

2019/20

# DUNEDIN CITY COUNCIL ANNUAL REPORT

## TE RIPOATA-A-TAU MŌ TE KAUNIHERA A-ROHE O ŌTEPOTI



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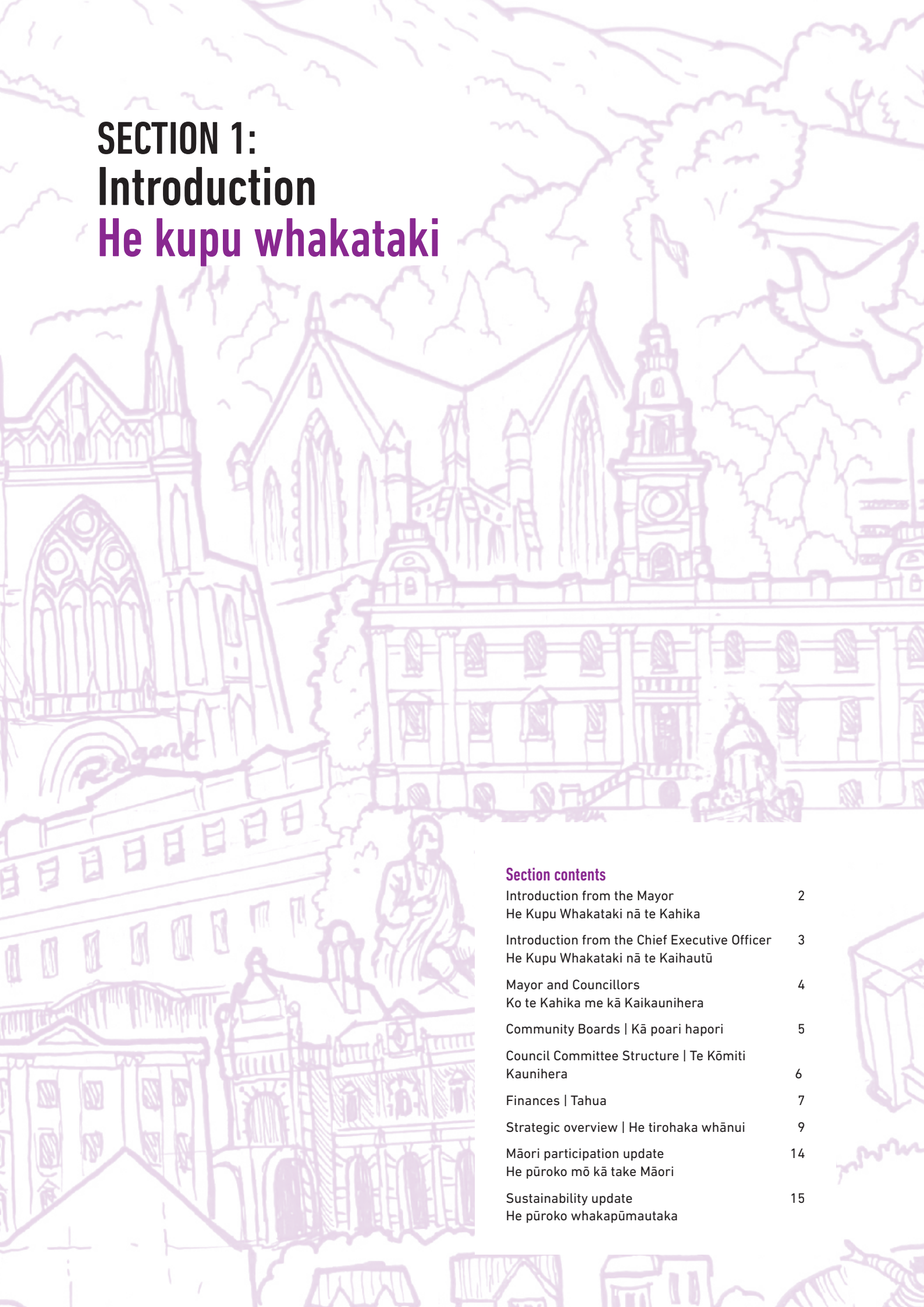
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# SECTION 1: Introduction He kupu whakataki

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# Introduction from the Mayor

## He Kupu Whakataki nā te Kahika

Thank you for your interest in the Dunedin City Council's Annual Report for 2019/20, as we reflect on the achievements and challenges contained within it. It was very much a 'year of two halves' – with the latter dominated by the response to the COVID-19 pandemic.

In September 2019, the DCC became only the second New Zealand council to become accredited as a Living Wage employer. On top of our own direct employees, the organisation has developed a plan for requiring its regular contractors to pay staff undertaking services for us at least a Living Wage. A plan has also been developed to work with wholly-owned council companies to commit to paying their staff the same.

In October, Dunedin was confirmed as New Zealand's new Centre of Digital Excellence – a national hub which aims to build a \$1 billion video game industry over the next decade. This will see \$10 million from the Government's Provincial Growth Fund invested into initiatives designed to develop the gaming industry and create new economic growth and sustainable employment opportunities.

The resilience of Dunedin's water supply took a major step forward in 2019/20, with the re-opening of the refurbished Ross Creek Reservoir Dam in October following a three-year strengthening and repair project. This marked an important milestone in our security of supply strategy to ensure the city has an alternative option if problems arise getting water from Dunedin's main water sources at Deep Creek and Deep Stream.

The next step in the wider project is to construct a pump station and pipe to Mount Grand, so that water from the Ross Creek Reservoir can be treated there if required.

The importance of this wider project was highlighted just a month after the dam re-opening, when a major fire tore through the Lammerlaw ranges. The fire meant the DCC stopped taking water from the Deep Creek catchment for several days and from the Deep Stream catchment for several weeks until testing and risk assessments confirmed the sources were safe again to drink.

Future planning was also a key theme for South Dunedin. In February, along with the Otago Regional Council, we launched a new, larger phase of community discussions about the effects of climate change in the area.

There's no fixed agenda or options for this phase of discussions. Long term adaptive planning will take several years to complete, so we want to first build awareness of the issues and develop good relationships to enable the community to be part of future decision making.

The public health response to COVID-19 brought the country to near standstill from late March, but our collective response to the pandemic worked. I'm proud of what Dunedin people did, and are continuing to do, as part of the 'Team of Five Million'.

I'm also proud of the way DCC staff were able to adapt the way we operated during this rapidly evolving situation.

The Council supported residents and businesses through and after the COVID-19 lockdown in numerous ways. We worked hard to ensure critical services like drinking water, wastewater and rubbish collection continued.

Car parking was free for several months; we offered rent relief to our commercial tenants; paid for a contact tracing app for businesses and organisations to use; and led an initiative to profile and promote local businesses as the nation came out of lockdown.

Some of these measures have had an impact on our bottom line for 2019/20. However, the health, safety and well-being of the community was, and still is, our top priority.

Naku noa, na

**Aaron Hawkins**  
**Mayor of Dunedin**

# Introduction from the Chief Executive Officer

## He Kupu Whakataki nā te Kaihautū

We are pleased to present the 2019/20 Annual Report. It outlines continued focus on renewals and improvements, despite COVID-19 impacts providing new challenges to the city.

The final annual report budgets for 2019/20 resulted in an overall rates increase of 5.11%, keeping close to the average of 5% as set out in the 10 year plan 2018-2028.

In total, our capital expenditure in 2019/20 was \$92.32 million.

Significant progress was made on the Peninsula Connection project to widen the narrow and winding Portobello and Harington Point roads to make them safer and more attractive to everyone who uses them. Construction neared completion on the Vauxhall to Macandrew Bay section of the project, while the retaining wall at Turnbolls Bay was finished. Work has also begun on the section from Company Bay to Broad Bay.

Work on several other transport safety improvements continued, including more Barnes Dance crossings, intersection and mobility improvements, school cluster safety work and improved guard railing. The installation of a city-wide LED lighting system is also underway, with work starting in the outer suburbs and moving in towards the city centre. This project, expected to be completed in mid-2021, will improve safety by providing better visibility for all road users and will also result in reduced energy consumption and on-going energy and maintenance cost savings.

The 'Our Coast Our Community: St Clair-St Kilda Coastal Plan' project was launched in March 2020, which sees the DCC working with mana whenua and the community over the coming months to create a vision and long-term management plan for the area. Further up the coast, a sand trap has been successful in combating erosion on the Karitane sand spit and the project earned the New Zealand Coastal Society national sustainability award.

The start of 2020 saw the COVID-19 pandemic impacting on everyone across the community. Moving through different alert levels meant adjusting our services according to Government mandate, but we ensured essential and critical services continued regardless of the situation. Efforts were made so processes such as consent applications could continue and digitising of content from cultural facilities enabled the community to continue reading, appreciating art and other cultural activities during the lockdown.

We also offered support to the community as the city adjusted back to relative norm, including free parking, rent relief for commercial tenants, and campaigns to promote local businesses. Providing this support did come at a cost, with revenue streams impacting the final budgets for the year. However, these initiatives were deemed important to support the community during a difficult time.

**Sandy Graham**  
Chief Executive Officer

# Mayor and Councillors | Ko te Kahika me kā Kaikaunihera



Aaron Hawkins (Mayor)



Doug Hall



Jules Radich



Christine Garey (Deputy Mayor)



Carmen Houlahan



Chris Staynes



Sophie Barker



Marie Laufiso



Lee Vandervis



David Benson-Pope



Mike Lord



Steve Walker



Rachel Elder



Jim O'Malley

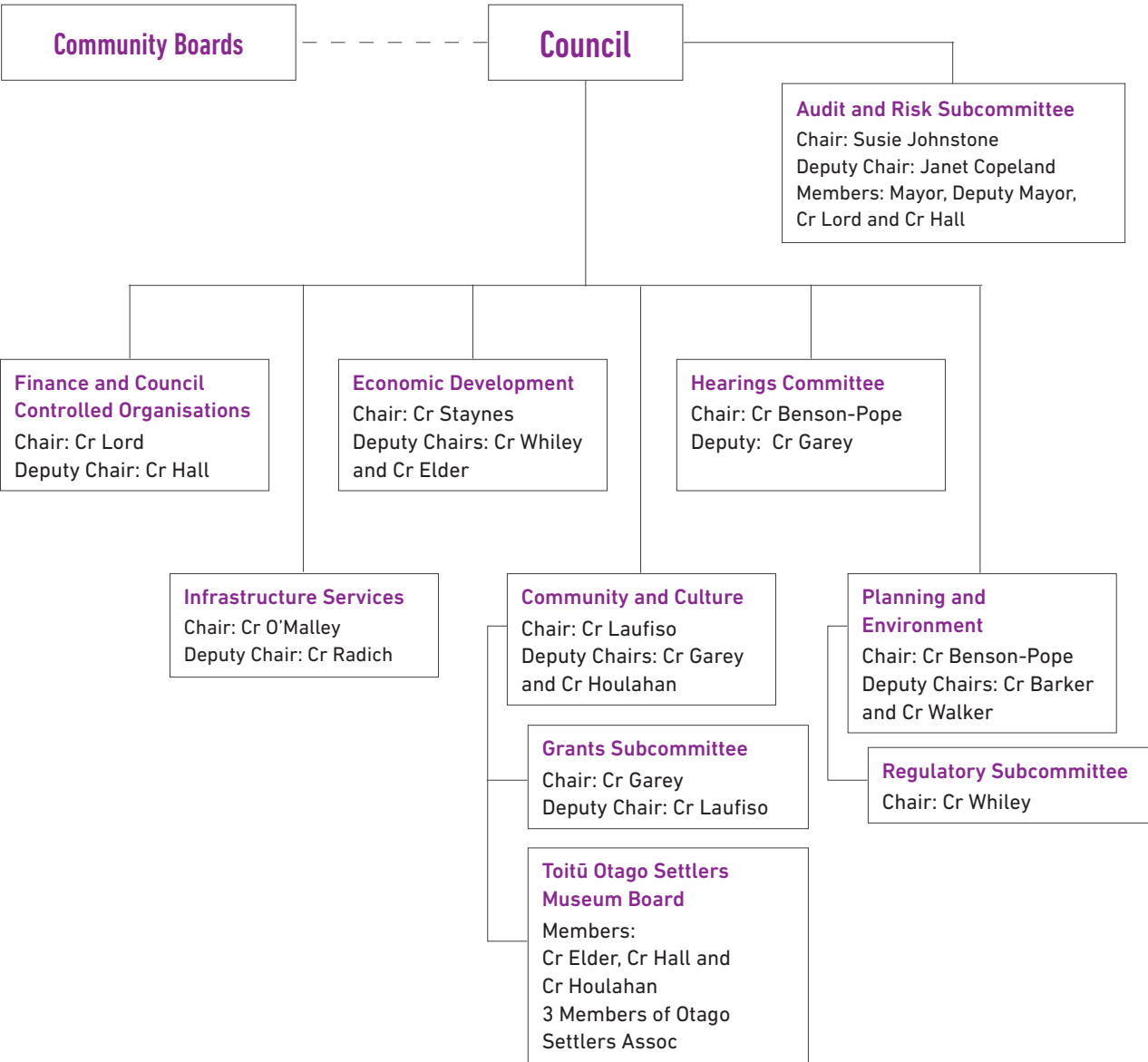


Andrew Whiley

# Community Boards | Kā poari hapori

| Mosgiel – Taieri               | Otago Peninsula                   | Saddle Hill                 | Strath Taieri                  | Waikouaiti Coast                 | West Harbour                     |
|--------------------------------|-----------------------------------|-----------------------------|--------------------------------|----------------------------------|----------------------------------|
| Joy Davis<br>(Chair)           | Paul Pope<br>(Chair)              | Scott Weatherall<br>(Chair) | Barry Williams<br>(Chair)      | Alasdair Morrison<br>(Chair)     | Francisca Griffin<br>(Chair)     |
| Dean McAlwee<br>(Deputy Chair) | Hoani Langsbury<br>(Deputy Chair) | Paul Weir<br>(Deputy Chair) | Mark O'Neill<br>(Deputy Chair) | Geraldine Tait<br>(Deputy Chair) | Trevor Johnson<br>(Deputy Chair) |
| Phillipa Bain                  | Lox Kellas                        | Christina McBratney         | Blair Dale                     | Andy Barratt                     | Duncan Eddy                      |
| Martin Dillon                  | Graham McArthur                   | Keith McFadyen              | David (Jock) Frew              | Sonya Billyard                   | Ange McErlane                    |
| Brian Miller                   | Cheryl Neill                      | John Moyle                  | Leeann McLew                   | Mark Brown                       | Jacque Ruston                    |
| Brian Peat                     | Edna Stevenson                    | Leanne Stenhouse            | Robin Thomas                   | Mandy Mayhem–<br>Bullock         | Jan Tucker                       |
| Cr Carmen<br>Houlahan          | Cr Andrew Whiley                  | Cr Jules Radich             | Cr Mike Lord                   | Cr Jim O'Malley                  | Cr Steve Walker                  |

# Council Committee structure | Te Kōmiti Kaunihera



## Other Bodies Reporting to Council

- District Licensing Committee**  
Chair: Colin Weatherall  
Deputy Chair: Andrew Noone and Mike Lord  
Members: David Benson-Pope, Karen Elliot, Katie Lane and Rakei Amohau
- Otago Civil Defence Emergency Management Group**
- Dunedin Heritage Trust Fund**



# Finances | **Tahua**

This section presents a summary of the financial results for the year ending 30 June 2020.

## Council Financial Results

|  | 2020<br>\$000  | 2019<br>\$000  | 2018<br>\$000  | 2017<br>\$000  | 2016<br>\$000  | 2015<br>\$000  |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Rates  | 156,949        | 149,312        | 138,306        | 134,186        | 130,315        | 125,394        |
| Dunedin City Holdings Limited                                      | 5,902          | 5,902          | 5,902          | 5,902          | 5,902          | 10,450         |
| Crown subsidies and grants   | 39,628         | 42,423         | 31,907         | 17,572         | 15,536         | 20,971         |
| Vested assets  | 4,867          | 4,634          | 8,128          | 10,006         | 8,968          | 543            |
| Other revenue including unrealised gains and capital receipts      | 71,571         | 84,138         | 74,218         | 70,567         | 67,213         | 69,290         |
| <b>Total revenue</b>   | <b>278,917</b> | <b>286,409</b> | <b>258,461</b> | <b>238,233</b> | <b>227,934</b> | <b>226,648</b> |
| Personnel expenses   | 67,488         | 62,353         | 57,429         | 53,536         | 49,728         | 48,300         |
| Operational expense  | 127,554        | 123,798        | 123,793        | 109,123        | 97,327         | 102,956        |
| Fair value losses  | 548            | 200            | 90             | 88             | 1,092          | 7,951          |
| Interest expense   | 9,822          | 10,324         | 11,900         | 13,705         | 16,074         | 15,283         |
| Depreciation expense   | 73,097         | 68,597         | 65,035         | 61,327         | 56,447         | 53,248         |
| <b>Total expenditure</b>   | <b>278,509</b> | <b>265,272</b> | <b>258,247</b> | <b>237,779</b> | <b>220,668</b> | <b>227,738</b> |
| <b>Operating surplus (deficit) before taxation</b>                 | <b>408</b>     | <b>21,137</b>  | <b>214</b>     | <b>454</b>     | <b>7,266</b>   | <b>(1,090)</b> |
| <b>Cash flow position</b>  |                |                |                |                |                |                |
| Cash flows from operating activities                               | 66,379         | 83,845         | 54,622         | 47,635         | 50,890         | 63,912         |
| Cash flows from investing activities including capital             | (87,922)       | (95,930)       | (51,250)       | (31,820)       | (31,126)       | (78,462)       |
| Cash flows from financing activities including debt raising        | 25,000         | 18,500         | (2,342)        | (14,023)       | (22,515)       | 18,906         |
| <b>Interest</b>  |                |                |                |                |                |                |
| Interest expense   | 9,822          | 10,324         | 11,900         | 13,705         | 16,074         | 15,283         |
| Capitalised interest   | -              | -              | -              | -              | -              | -              |
| <b>Total interest</b>  | <b>9,822</b>   | <b>10,324</b>  | <b>11,900</b>  | <b>13,705</b>  | <b>16,074</b>  | <b>15,283</b>  |
| <b>Financial position</b>  |                |                |                |                |                |                |
| Total assets   | 3,429,429      | 3,399,012      | 3,308,233      | 3,185,464      | 3,007,089      | 3,006,131      |
| Term loans   | 243,973        | 218,973        | 200,473        | 202,419        | 216,073        | 238,589        |
| Total equity   | 3,121,579      | 3,120,186      | 3,052,940      | 2,933,438      | 2,737,212      | 2,709,755      |
| Rates as a percentage of total revenue                             | 56.27%         | 52.13%         | 53.51%         | 56.33%         | 57.17%         | 55.33%         |
| Interest as % of operating revenue                                 | 3.52%          | 3.60%          | 4.60%          | 5.75%          | 7.05%          | 6.74%          |
| Interest as % of rates revenue                                     | 6.26%          | 6.91%          | 8.60%          | 10.21%         | 12.33%         | 12.19%         |
| Number of times that operating cash flow pays the interest expense | 6.8            | 8.1            | 4.6            | 3.5            | 3.2            | 4.2            |
| Number of times rates pays the interest expense                    | 16.0           | 14.5           | 11.6           | 9.8            | 8.1            | 8.2            |
| Net debt as % of total revenue                                     | 87%            | 76%            | 78%            | 85%            | 95%            | 105%           |
| Net debt as % of rates   | 155%           | 147%           | 145%           | 151%           | 166%           | 190%           |

## Overview of Financial Results

The full year operating result was impacted by a number of factors, including the Covid-19 pandemic. Total operating revenue was down due to: lower commercial volumes through the Green Island landfill and reduced Council activity over the nationwide lockdown period. This included support provided to the community through the provision of free parking across the city and rent relief for commercial tenants.

Total operating expenses were higher than budget reflecting increased depreciation costs driven by infrastructure asset revaluations, and personnel expenses being impacted in part by an increase in the annual leave liability.

The Waipori Fund experienced some volatility during the year as the impact of the pandemic become evident and the markets reacted accordingly. The fund was however able to retain its inflation adjusted value as at 30 June while making a cash distribution to Council as budgeted.

Capital expenditure for the year was lower than budget due to delays in the delivery of some projects pending completion of scoping, design and procurement activities. Capital expenditure was also impacted during the lockdown period with project delivery suspended.

Total debt as at 30 June was lower than budget at \$244 million reflecting the lower level of capital expenditure.

## Outlook

The Council approved its annual plan for 2020/21 in June. The budget included a short term reduction in external revenue reflecting the continuing impact of Covid-19 pandemic. The Council anticipates that this reduction will be temporary and therefore elected to fund the shortfall through debt. This resulted in a budgeted operating deficit for the financial year and the requirement for Council to formally approve an unbalanced budget in line with legislation.

The long term impact of the Covid-19 pandemic is yet to be determined. The Council is currently in the process of developing its 10 year plan 2021-2031. The challenge will be continuing to deliver the current levels of service, ensuring existing infrastructure is maintained and renewed as required, while being conscious of overall ratepayer affordability.

The 10 year plan will also need to consider whether the Council should take a lead role in the economic recovery, through increased investment across the city. .

## Consolidated Financial Results

|  | 2020<br>\$000 | 2019<br>\$000 | 2018<br>\$000 | 2017<br>\$000 | 2016<br>\$000 | 2015<br>\$000 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Operating revenue                            | 537,232       | 557,465       | 526,125       | 481,207       | 472,809       | 442,534       |
| Operating surplus (deficit) before taxation  | (6,223)       | 31,470        | 24,512        | 29,318        | 17,579        | 14,049        |
| <br>   |               |               |               |               |               |               |
| Total assets                                 | 4,391,673     | 4,285,125     | 4,108,552     | 3,921,700     | 3,683,375     | 3,640,829     |
| Total equity                                 | 3,316,855     | 3,329,799     | 3,277,135     | 3,143,328     | 2,906,991     | 2,861,651     |
| <br>   |               |               |               |               |               |               |
| Financial expenses *                         | 29,241        | 28,233        | 28,974        | 31,816        | 37,366        | 38,991        |
| Term loans                                   | 790,609       | 691,069       | 610,043       | 573,029       | 580,515       | 593,574       |
| <br>   |               |               |               |               |               |               |
| Financial expenses as % of operating revenue | 5%            | 5%            | 6%            | 7%            | 8%            | 9%            |
| Term loans as % of total assets              | 18%           | 16%           | 15%           | 15%           | 16%           | 16%           |

\* Financial expenses excludes fair value loss on investment properties

## Issuer Credit Rating

The achievement of a good credit rating is another important indication of prudent financial management and is an important factor in obtaining finance at a competitive interest rate. The Council as a Group is assessed by the rating agency Standard & Poor's. Below is the rating history for the Group. The most recent and full Standard & Poor's rating report is available on the Council website..

### Standard & Poor's Credit Rating

|                             |                |                |                |                |                |                |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Issuer Credit Rating as of; | 12/12/19       | 11/12/18       | 8/12/17        | 15/12/16       | 16/12/15       | 8/12/14        |
| Rating;                     | AA/Stable/A-1+ | AA/Stable/A-1+ | AA/Stable/A-1+ | AA/Stable/A-1+ | AA/Stable/A-1+ | AA/Stable/A-1+ |

# Strategic overview | He tirohaka whānui

Often people ask how the Council makes decisions and prioritises work to develop our city. The decision-making process starts with the vision of Dunedin as one of the world's great small cities.

Dunedin has a thriving economy, with connected and supportive communities. The distinctive built heritage and treasured natural environment are enjoyed by residents and visitors alike. The compact city is also safe and accessible and has great arts and culture.

The Council, working with the community and stakeholders, has developed a strategic framework to support decision-making with key priorities for investment, effort and development.



There are eight strategies focused on long-term outcomes and Dunedin's development.

- The *3 Waters Strategic Direction Statement* sets out how the DCC will ensure the city has safe, reliable and affordable water services.
- The *Spatial Plan* shapes the form of the city.
- The *Economic Development Strategy* sets out priorities for creating jobs, incomes and opportunities.
- The *Social Wellbeing Strategy* outlines how the DCC will foster inclusive communities and quality lifestyles.
- The *Integrated Transport Strategy* sets priorities for how the safe and efficient movement of people and goods will be supported.
- *Ara Toi Ōtepoti Arts and Culture Strategy* roadmaps strategic actions which support the creative sector in Dunedin and develop an environment which acknowledges the intrinsic value of the arts.
- *Te Ao Tūroa, Dunedin's Environment Strategy* delineates Dunedin's climate change impact plan and connects the communities with sustainable ecology and environmental actions.
- The *Parks and Recreation Strategy* develops the use of Dunedin's open spaces, recreation facilities and parks to connect and value our spaces and promote more active communities.

The Council's work to achieve these strategic goals is underpinned by two overarching principles: Te Tiriti o Waitangi/the Treaty of Waitangi – the Council's work and partnership with Māori is guided by the Treaty principles; and sustainability – the Council takes a sustainable development approach that takes into account the social, economic, environmental and cultural interests of Dunedin's communities and the needs of future generations.

## Achieving great outcomes as a community

The purpose of a strategic approach to decision-making is ultimately to achieve great outcomes for all of us. The hard work is done by everyone in the city when it comes to achieving our goals and the Council is just one of many stakeholders working to support Dunedin being one of the world's great small cities.

### Summary of community outcomes and indicators

A summary of the community outcomes for the city are below. These describe what Dunedin will be like if the city achieves its goals. The indicators for tracking progress, plus an update with the 2019/20 results (and Māori statistics if applicable) are also provided.

*Note: The Quality of Life (QoL) survey was postponed in 2020 due to COVID-19, therefore an update of QoL results will be provided in the 2020/21 Annual Report.*

| Outcome   | Indicators  | 2019/20 update   | Māori stats 2019/20 (if applicable)  |
|---|---|--|--|
| Vision  | Perception that Dunedin is one of the world's great small cities                                      | 86% (QoL, 2018)  | 87% (QoL, 2018)  |
| <b>Social Wellbeing:</b> A supportive city with caring communities and a great quality of life        | Percentage of residents who have experienced problems with damp or mould in their homes during winter | 19% (QoL, 2018)  | 31% (QoL, 2018)  |
|   | Residents' sense of community within their local neighbourhood  | 62% (ROS, 2019/20)   | 64% (ROS, 2019/20)   |
| <b>3 Waters:</b> A healthy city with reliable and quality water, wastewater and stormwater systems    | The water quality of Dunedin's lakes and rivers using Land Air Water Aotearoa measures                | Not measured, measure still in development   | N/A  |
|   | Satisfaction with the way the DCC manages the city's water related infrastructure                     | 56% (ROS, 2019/20)   | 50% (ROS, 2019/20)   |
| <b>Spatial Plan:</b> A compact city with a vibrant CBD and thriving suburban and rural centres        | Satisfaction with the way the city is developing in terms of its look and feel                        | 70% (ROS, 2019/20)   | 67% (ROS, 2019/20)   |
|   | Urban development capacity  | Not measured, measure still in development   | N/A  |
| <b>Economic development:</b> A successful city with a diverse, innovative and productive economy      | Growth in full time equivalent jobs   | 2.3% growth in filled jobs (Year to March 2019)<br>Note: Change of data sources mean a slight change in indicator measure (FTE to filled jobs) | 4.2% growth in filled jobs (Year to March 2019)<br>Note: Change of data sources mean a slight change in indicator measure (FTE to filled jobs) |
|   | Growth in real GDP per capita   | 1.6% growth (Year to March 2020)   | N/A  |
|   | Ability to cover costs of everyday needs  | 53% (QoL, 2018)  | 52% (QoL, 2018)  |
| <b>Ara Toi:</b> A creative city with a rich and diverse arts and culture scene                        | Percentage of residents rating Dunedin as creative  | 74% (ROS, 2019/20)   | 72% (ROS, 2019/20)   |
|   | Percentage of residents visiting one or more cultural facility within the last twelve months          | 100% (ROS, 2019/20)  | 100% (ROS, 2019/20)  |
| <b>Integrated Transport:</b> A connected city with a safe, accessible and low-carbon transport system | Percentage of residents who walk, jog, cycle or take public transport to work                         | 20% (ROS, 2019/20)   | 24% (ROS, 2019/20)   |
|   | Number of fatal and serious injury crashes  | 37   | 3  |



| Outcome   | Indicators   | 2019/20 update  | Māori stats 2019/20 (if applicable) |
|---|--|---|-------------------------------------|
| <b>Te Ao Tūroa:</b> A sustainable city with healthy and treasured natural environments                          | City greenhouse gas emissions  | 1,427,420 tCO <sub>2</sub> e (2014/15)  | N/A                                 |
|   | Total area of indigenous habitats in Dunedin protected by the District Plan, DCC reserve land and land held under QEII covenants and other statute-based protective mechanisms and/or recognised as Areas of Significant Conservation Value (ASCV) | ASCV = 10,687 ha<br>ASBV* = 19,938 ha<br>QEII = 755.18 ha (since 1995)<br>DoC Protected = 21,064 ha (since 1995)<br>Since there is overlap between the different protection types the total area is less than the sum of the above;<br>Total (with ASCV) = 32,432 ha<br>Total (with ASBV) = 35,035 ha | N/A                                 |
| <b>Parks &amp; Recreation:</b> An active city with quality and accessible recreational spaces and opportunities | Percentage of residents who participate in physical activity five or more days a week  | 45% (QoL, 2018)   | 40% (QoL, 2018)                     |
|   | Percentage of residents using a park, reserve and/or open space and/or recreation facility at least once a month   | 72% (ROS, 2019/20)  | 82% (ROS, 2019/20)                  |

\*ASBV = Areas of Significant Biodiversity Value. This is introduced in the Second Generation District Plan to recognise and protect areas of significant indigenous vegetation and significant habitats of indigenous fauna.

Highlights of activities and projects in the 2019/20 financial year are below.

### A supportive city with caring communities and a great quality of life

- Dunedin hosted the 2020 Otago Community Trust New Zealand Masters Games from 1 – 9 February. This was the 31st year of the Masters Games. Competitor numbers increased by 6% on the previous Games held in 2018, with a highlight being the record number of football competitors. A separate report on the Games, including a summary of participant feedback, was provided to Council on 30 June.
- In 2019 the Events Team coordinated the Puaka Matariki Festival, Armistice Day, the annual lighting of the city's Christmas Tree and New Year's Eve. In 2020 the team organised Chinese New Year and city activations for the Elton John and Queen concerts. Public ANZAC commemorations were cancelled due to COVID-19.
- Bidding for major events resulted in the city being announced as a host for the International Cricket Council Women's World Cup 2021 and FIFA Women's World Cup 2023, both major international events for women's sport.
- During the financial year more than \$2.5 million in grants was allocated to community, arts, environmental projects, and events.
- The Dunedin Youth Council supported youth engagement in the Local Body Elections, hosting a "speed date the Mayor" event for first time voters aged 18. This was the first in a series of engagements with youth throughout the year on topics as diverse as Black Lives Matter, vaping and climate change.
- The Community Development team supported the city's Civil Defence response to COVID-19. Staff across the DCC, with help from community and government groups assisted more than 400 people in need during lock down. The Community Development team also supported a network of community, place-based, ethnic and government groups to share information, resources and support the wider community during lock down.

### A healthy city with reliable and quality water, wastewater and stormwater systems

- Refurbishment of the Ross Creek Reservoir Dam was completed, with the official opening in October 2019. The Ross Creek area including tracks closed for the work were reopened to the public. The project received multiple construction industry awards. Art work is planned for the dam face, with artists working with mana whenua to install steel stars to reflect southern constellations.
- The 'Our Coast Our Community: St Clair-St Kilda Coastal Plan' project was launched in March 2020, which involves the DCC working with mana whenua and the community to create a vision and long-term plan for the area.
- Work on the Water System Plan and Wastewater System Plan is underway. These three-year programmes will develop improved long-term investment plans to meet the current and future needs of Dunedin. Baseline work has commenced, with treatment plant and key pump station process capability and capacity assessments (PCA) undertaken, work was started to undertake gap analysis on the wastewater network models (ICM), and the scope of the Environmental Monitoring project was agreed and taken to tender.

### A compact city with a vibrant CBD and thriving suburban and rural centres

- The Second Generation Dunedin City District Plan (2GP) moved into the appeal phase of the district plan review. 83 appeals were received, and the first round of mediation ran from 8 to 22 August 2019. This round saw seven topics mediated. The second round of mediation is scheduled for July – October 2020 with 12 topics scheduled. Two further rounds of mediation will be scheduled for late 2020 – early 2021 to attempt to resolve all other appeals. If mediation is unsuccessful then Environment Court hearings will be scheduled.
- A fine-scale vegetation cover map of Dunedin City was completed. The map provides detailed baseline information on the city's indigenous biodiversity and range of ecosystems and will be used for a variety of cross-department biodiversity and environmental programmes, including climate change mitigation. The map was presented to the New Zealand Ecological Society Conference in late 2019 and is already being used by the University of Otago and Landcare Research to underpin predator density modelling research for Predator Free Dunedin.
- The DCC continued to provide both expert and general heritage support services to the community. These ranged from public speaking, lecture and course support for the Otago Polytechnic heritage architecture paper, and individual support and advice to heritage building owners, developers and community organisations. This work also included support to the St Dominic's Priory feasibility team.
- 2019 saw the successful return of the Heritage Awards with over 150 people attending a city-wide celebration of heritage projects across the city. A public engagement programme on heritage windows and care of heritage buildings across the DCC was commenced. A cross-council project was progressed, looking at the return of the historic 1850s Dunedin Causeway to its original site on George Street. Further work is anticipated on the Railway Station, Town Hall and other DCC-owned heritage properties.

### A successful city with a diverse, innovative and productive economy

- \$10m was awarded from the Government's Provincial Growth Fund (PGF) to establish the Centre of Digital Excellence (CODE), to grow a \$1 billion video game development industry in New Zealand over the next decade. An establishment director was appointed, a \$700,000 grants process began, and a Memorandum of Understanding was signed with JP Games of Japan.
- Enterprise Dunedin worked with Tourism New Zealand's International Media Programme toward inclusion in features secured by the global content team. Dunedin was mentioned in 249 online, print and broadcast media stories, equivalent to advertising value of \$22,844,839. 24 destination stories were also secured within national and international publications. In collaboration with Tourism New Zealand, a dedicated Dunedin episode of Delish Destinations was produced, which aired in February 2020 on the Nine Network (the highest rated broadcast network in Australia).
- Dunedin Business Events actively engaged with a potential 29 business events for the city with an estimated economic value of \$11,013,830 and an event date range of 2020-2022.
- In response to COVID-19 pandemic effects – cancellation of national and international events – a Recovery Strategic Planning exercise for Dunedin Business Events was commenced.
- During COVID-19 lock down, Study Dunedin undertook the logistically complex task of assisting two large repatriation missions by the German and Thai governments, ensuring 13 Dunedin-based students taking up the offer could safely make connections to domestic and international flights.
- In partnership with several city organisations, a successful \$250,000 application was made to the Provincial Growth Fund for a construction labour forecasting project to assess skills requirements for construction activity across Otago.
- The Otago Regional Economic Development (ORED) Framework was completed and is intended to inform projects to address collective challenges and maximise collective strengths across the region. It was endorsed by the Otago Mayoral Forum in July 2019 and awarded \$400,000 by the Provincial Growth Fund to appoint a Coastal Otago Economic Development Advisor and an Inland Otago Advisor.

### A creative city with a rich and diverse arts and culture scene

- The Robert Burns Poetry competitions (adult, unpublished and youth sections) ran until 30 November with 49 entries received, 21 from young poets with entries from 9 different schools. The number of entries in the adult and unpublished sections was comparable to previous years, with more entries from Dunedin, possibly due to the migration theme introduced this year. The adult competition was judged by Emily Duncan (2019 Burns Fellow) and Carolyn McCurdie (Dunedin-based poet), while the youth section was judged by Jill O'Brien (Dunedin-based poet) and Donna Rutherford (Scottish writer, currently based in Canada). Sponsorship for the prizes was negotiated for the coming three years, confirming the competition is in good heart.
- A new partnership with the Dunedin Writers and Readers Festival and the Centre for Irish and Scottish Studies conceived the Celtic Noir event which took place at City Library over a weekend in October 2019. The event included author talks, panel discussions and other literary events, featuring international and national crime-writing greats, including Val McDermid, Liam McIlvanney, Fiona Kidman, Adrian McKinty, Vanda Symon, and Liz Nugent. The Festival was attended by close to 500 people.
- Staff were involved in the Communities of Readers project which is led by the National Library in partnership with the Ministry of Education, the Methodist Mission and DCC (including Ara Toi and the Dunedin Public Library). The project aims to build reading for pleasure in children aged three to seven in the South Dunedin community and has been generated in response to falling levels of literacy in Aotearoa that affects wellbeing and employment opportunities.

### A connected city with a safe, accessible and low-carbon transport system

- Construction neared completion on sections of the Peninsula road and cycleway between Vauxhall and MacAndrew Bay, and the construction of the retaining wall at Turnbulls Bay was completed. Work commenced on the section from Company Bay to Broad Bay. In addition, the Urban Cycleway programme continued, with work progressing on the arterial cycleway single stage business case.
- A number of safety improvement projects were undertaken across the transport network. These included a further Barnes Dance, intersection improvements, mobility improvements, school cluster safety work and improved guard railing. Investment in infrastructure continued to promote active transport in accordance with the Government Policy Statement.
- The installation of a city-wide LED lighting system commenced attracting an 85% central government subsidy. Work covers the installation of lighting luminaires, maintenance and a central management system that will control and vary lighting levels as and when required. An LED lighting system will also result in reduced energy consumption and on-going energy and maintenance cost savings.

### A sustainable city with healthy and treasured natural environments

- The third year of Te Ao Tūroa Grants saw a total of \$53,100 awarded to five community groups supporting their projects around climate change adaptation, the creation of backyard ecosanctuaries, practice of Mātauraka Māori in habitat restoration, community composting and marine education.
- The first trial of Te Ao Tūroa summer studentship was carried out, developing a guide for sustainable flatting and establishing a leadership development programme focusing on growing students' capabilities in regenerative and sustainable practice at the University of Otago and Otago Polytechnic.
- A pop-up shipping container garden was showcased to 1,000 Dunedin residents, across eight events and four locations, revealing how to make backyards more attractive for wildlife and residents.
- The online 'Story Map', which helps Dunedin residents and visitors discover the wealth of information about the Dunedin Town Belt, was made available to all Dunedin residents on the DCC website.
- A native planting guide and webmap to help plan small scale native planting projects was launched over lockdown. The planting guide booklet has overall information about native planting while the webmap can be used to find out more specific information about plant species suitable for a certain location or area.

### An active city with quality and accessible recreational spaces and opportunities

- The Botanic Garden Ranger initiative was introduced to raise public engagement and educate and inform visitors how best to use and access the different facilities and experiences at the Garden and to improve visitor safety and security of Council assets. The ranger's extended role is to support weekend volunteers at the Information Centre, inform and educate users on regulations and bylaws, and provide a point of contact for public enquiry and emergencies.
- 2019/20 was another busy freedom camping season with a 20% increase of visitors, 20% reduction in complaints and a 43% reduction in Camping Control Bylaw infringements. The Thomas Burns Street site finished its trial period and performed very well, accommodating 30% of all freedom campers visiting Dunedin during the trial period. The introduction of the Thomas Burns site as a freedom camping location has taken the pressure off Warrington Domain and Ocean View reserve sites. A Freedom Camping Bylaw review is underway, and public consultation will be starting in August 2020.
- Playground equipment and soft fall replacement across the city's playgrounds continued. In conjunction with this, the Playspaces Project neared completion, looking at trend analysis, provision and functionality assessments. Stakeholder engagement, community consultation and the finalised Play Space Plan will be completed by September 2020.

# Māori participation update | He pūroko mō kā take Māori

The Dunedin City Council is committed to the Treaty of Waitangi and enabling Māori to contribute to decision-making processes. The Council is committed to working in partnership with mana whenua across core activities and projects.

## Māori Participation Working Party

The Māori Participation Working Party has been the key governance mechanism giving effect to the 2006 Memorandum of Understanding between the Dunedin City Council and mana whenua - Te Rūnanga o Ōtākou and Kāti Huirapa Rūnaka ki Puketeraki. The Memorandum provides the framework within which the DCC and mana whenua work together to consult and provide opportunities for Māori to contribute to local government decision-making processes. The Araiteuru Marae Council has been representing Taurahere (non-Kāi Tahu Māori) in the city.

The aims of the Māori Participation Working Party are to:

- Provide a direct line of communication between the Council with Kāi Tahu Rūnanga and Taurahere in the Dunedin area.
- Facilitate communication and understanding at the executive/governance level of all parties.
- Provide a forum for discussion of strategic level issues.
- Provide advice to the Council on issues relating to Māori.
- Identify, set out and evaluate options for the participation of Māori in areas arising from the Local Government Act 2002.

The Council also works with, and seeks advice from, Aukaha Ltd, a consultancy service based in Dunedin, owned and working on behalf of five Ngāi Tahu papatipu rūnanga with interests in the Otago area, Te Roopu Taiao, the Otago-wide consultation model between Otago local authorities and the Papatipu Rūnanga of the Kāi Tahu Otago Takiwa.

All DCC staff reports to the Council and its Committees include a Māori impact statement. This outlines any opportunities Māori may have had to contribute to decision-making and includes, if relevant, reference to the Treaty of Waitangi, mana whenua, cultural implications, and social and environmental implications.

## 2019/20 Update

This is the second year that two performance measures have been included to track progress of the Council's commitment to the Treaty of Waitangi. These measures will be refined as the DCC works to embed Treaty of Waitangi principles across all work, and improve processes used to track progress.

| Te Tiriti o Waitangi/Treaty of Waitangi Indicator   | 2019/20  |
|---|--|
| Rūnaka satisfaction with the Māori Participation Working Party and other forms of engagement to be measured through an annual survey. | Rūnaka and Council continue to work on a strategic review, with completion expected in 2020/2021. An annual survey has not been undertaken due to dialogue with Rūnaka throughout the year on improvements to the partnership framework. |
| Percentage of key DCC printed publications that include Māori content and Te Reo translations   | 85%<br>Not measured in 2019/20. Work is underway with mana whenua to provide improved Treaty of Waitangi indicators for the next 10 year plan.   |

## Highlights

- In addition to partnering across a range of steering groups and projects, highlights of the work undertaken during 2019/20 include:
- Rūnaka and Council continue to work on a strategic review, with completion expected in 2020/2021.
- A Mana Whakahono ā Rohe was initiated by Te Rūnanga o Ngāi Tahu in July 2019. Mana Whakahono ā Rohe are agreements between iwi authorities and local government. It is designed to set the parameters of the relationship and engagement in relation to Resource Management Act matters. Completion is expected over 2020/2021.
- Kaiwhakamāherehere Senior Policy Manager Māori appointed February 2020.
- Partnership Protocol between DCC and Aukaha signed October 2019 to further define the operational working relationship.



# Sustainability update | He pūroko whakapūmautaka

The DCC is committed to its strategic principle of sustainability, that Dunedin works to become a sustainable city and that the DCC is a leader in encouraging the development of a sustainable city.

## Background

Alongside Te Tiriti o Waitangi/the Treaty of Waitangi, sustainability is a strategic principle underpinning Dunedin's vision of being one of the world's great small cities. Te Ao Tūroa, Dunedin's Environment Strategy, sets the strategic direction for improving Dunedin's environmental wellbeing, and connecting the Dunedin community with sustainable ecology and local environmental actions.

As part of the 2019/20 Annual Plan, Council approved the development and budget for a climate change work programme. This budget included funds for both mitigation and adaptation work, and covered both 2019/20 and 2020/21.

Carbon emissions reduction has been a strong focus of the programme since June 2019, when the Council declared a climate emergency and adopted a target of achieving city-wide net carbon neutrality (for all gases except biogenic methane) by 2030. As well as developing a work programme around city-wide emissions, the DCC continues its annual corporate emissions measurement and reporting through Toitū carbonreduce. Planning for future growth through the District Plan will also offer opportunities to reduce carbon emissions city-wide. Consistent with its commitment to climate change mitigation, the DCC maintains its Waipori Fund policy of divestment from fossil fuels, and a policy of formal opposition to offshore oil and gas.

Preparing to adapt to climate change continued to be a key part of DCC's business and planning in 2019/20. South Dunedin is one area where DCC has been planning major projects and upgrades to prepare stormwater and wastewater systems for the more frequent and intense rainfalls that are expected.

The DCC along with the ORC have planned a large phase of community discussions about the effects of climate change in South Dunedin. Staff will meet with many community, sports, religious and social groups active in the South Dunedin area, and hold a series of monthly public drop-in information sessions on a range of climate change-related topics. These discussions and sessions aim to involve as much of the community as possible in future decisions about how best to respond and adapt to climate change.

The DCC continues to report progress on its climate change work programme through the Global Covenant of Mayors (formerly Compact of Mayors).

The DCC will continue to take a sustainable approach to its activities and programmes by continuing to use resources responsibly, taking a long-term view, considering future generations and taking account of the social, economic, environmental and cultural effects of DCC's decisions.

## 2019/20 Update

This is the second year that two performance measures have been included to track progress of the Council's commitment to sustainability.

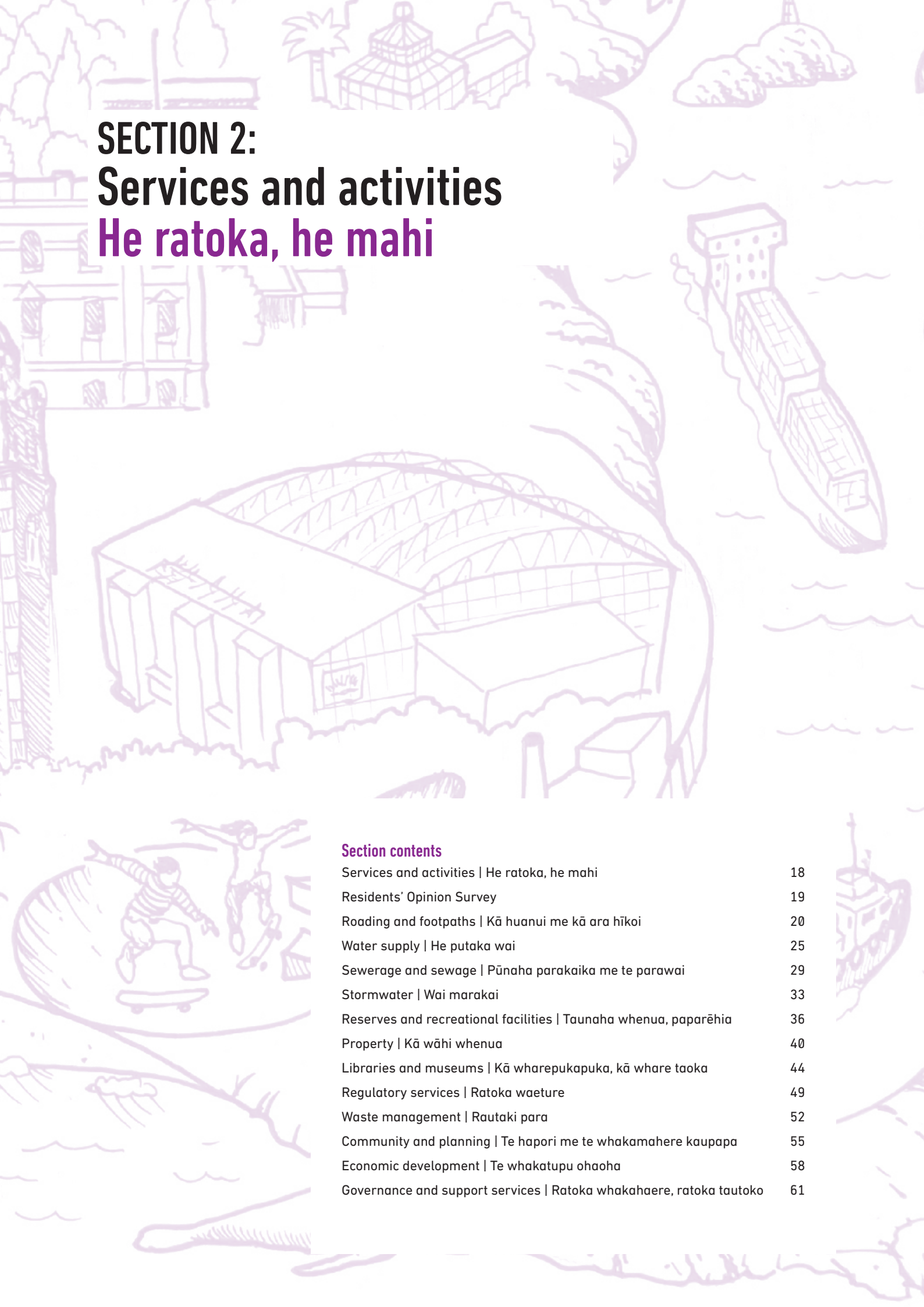
| Sustainability Indicator   | 2019/20            | Māori stats 2019/20 |
|--|--------------------|---------------------|
| Percentage of residents agreeing that 'Dunedin is a sustainable city'  | 46% (ROS, 2019/20) | 37% (ROS, 2019/20)  |
| Percentage of residents agreeing that 'the DCC is a leader in encouraging the development of a sustainable city' | 39% (ROS, 2019/20) | 29% (ROS, 2019/20)  |

## Highlights

Some of the highlights of the work undertaken by the DCC in the 2019/20 year include:

- Work towards a Dunedin action plan to reduce emissions continued. A Climate 2030 Rapid Review commenced, involving a stocktake of DCC's actions and activities, in order to determine DCC's contribution to reducing emissions and increasing climate resilience. Work on the Rapid Review continues into the first half of 2020/21.
- The DCC commissioned an update to the emissions inventory of the city, which is a key commitment of the Global Covenant of Mayors for Climate and Energy. The inventory is expected to be completed in 2020/21.
- The DCC commenced a review of its internal Emissions Reduction Plan and corporate emissions reductions targets during 2019/20. The DCC anticipates having a new Emissions Reduction Plan, including a new set of actions and targets, and new measurement and reporting processes, in place during 2020/21.

- As part of South Dunedin Future, the DCC and ORC planned a larger phase of community discussions about the effects of climate change in South Dunedin. Throughout 2020, staff are aiming to meet with more than 150 community, sports, religious and social groups active in the South Dunedin area. Seven community meetings were held prior to COVID-19 restrictions and initial feedback was positive. This is the first step in a multi-year process to involve as much of the community as possible in future decisions about how best to respond and adapt to climate change.
- As well as meeting face to face with individual groups, the DCC, ORC and partner agencies initiated a series of monthly public drop in information sessions on a range of climate change-related topics at the South Dunedin Community Pop Up throughout 2020. The first in the series was held in February prior to COVID-19 restrictions, and sessions will restart in 2020/21.



## SECTION 2:

# Services and activities

## He ratoka, he mahi

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## Services and activities | He ratoka, he mahi

This section of the Annual Report describes the services provided by the Council and shows the results of service performance monitoring and measurement for the Council's groups of activity. Services are grouped into 12 groups of activity based on their primary community outcome contribution.

This section describes how each group of activity fits into the strategic framework including links with community outcome and major strategies. The service rationale for the activities in the group are outlined and the service performance measurement results by level of service statement. Explanations regarding achievement/non-achievement of measures are also provided. An outline of some of the service achievements or effects on the community during the year, comparison of capital expenditure budgets vs actuals and a funding impact statement for each group is also provided.

| Group of Activity                    | Services and activities   |  |
|--------------------------------------|---|--|
| Roading and footpaths                | • Transport   |  |
| Water supply                         | • Water supply  |  |
| Sewerage and sewage                  | • Wastewater  |  |
| Stormwater                           | • Stormwater  |  |
| Reserves and recreational facilities | • Aquatic services<br>• Botanic Garden  | • Cemeteries and crematorium<br>• Parks and reserves   |
| Property                             | • Commercial property<br>• Community housing  | • Operational property   |
| Libraries and museums                | • Dunedin Chinese Garden<br>• Dunedin Public Art Gallery<br>• Dunedin Public Libraries  | • Olveston Historic Home<br>• Toitū Otago Settlers Museum  |
| Waste management                     | • Waste and environmental solutions   |  |
| Regulatory services                  | • Building services<br>• Compliance solutions   | • Parking operations<br>• Parking services   |
| Community and planning               | • City development<br>• Resource consents   | • Community development and events   |
| Economic development                 | • Business development<br>• Destination Dunedin   | • Dunedin i-SITE Visitor Centre  |
| Governance and support services      | • Business information services<br>• Civic and administration<br>• Communications and marketing<br>• Corporate leadership<br>• Corporate policy<br>• Customer services agency | • Finance (includes Warm Dunedin)<br>• Fleet operations<br>• Human resources<br>• Investment account<br>• Waipori Fund |



# Residents' Opinion Survey 2019/20

## The Residents' Opinion Survey is one of the DCC's main methods of measuring performance.

The Residents' Opinion Survey (ROS) uses a sequential mixed-mode methodology and is conducted continuously over the year.

Residents are randomly selected from the electoral roll to participate in the survey. Selected residents are sent a letter that invites them to complete the survey online. After two weeks, non-responding individuals are sent a reminder postcard and then a paper questionnaire a further one and a half weeks later.

In 2019/20, 1,373 responses were obtained over the course of 12 months, giving a response rate of 32% and a margin of error of +/- 2.6% at the 95% confidence interval. Recent ROS response rates were 28% in 2019, 26% in 2018 and 25% in 2017. Post data collection, the sample has been weighted to known population distributions according to the 2013 census using age, gender and ethnicity.

Technical note: Not all survey respondents answered all questions. The 2019/20 ROS has been conducted using standard analytical methods. Satisfaction with facilities are reported for respondents who have used that facility in the previous 12 months. Where a respondent has answered 'don't know', their response is not included in the percentage calculations.

The full results of the 2019/20 ROS and results of previous years are available at [www.dunedin.govt.nz/ros](http://www.dunedin.govt.nz/ros).

## Satisfaction Scale

A ten point scale is used to measure satisfaction although results are presented at the five point level and either a 'Don't know' or 'Not at all' option is provided as appropriate.

| Very dissatisfied |   | Dissatisfied |   | Neutral |   | Satisfied |   | Very satisfied |    |
|-------------------|---|--------------|---|---------|---|-----------|---|----------------|----|
| 1                 | 2 | 3            | 4 | 5       | 6 | 7         | 8 | 9              | 10 |

# Roading and footpaths | Kā huanui me kā ara hīkoi

## What we provide:

The roading and footpaths group includes activities and services related to transport.

The DCC provides for the planning, construction, maintenance, and upgrading of Dunedin's roads and footpaths. This includes making sure street lighting is adequate, traffic signals and road marking are functioning and clear, and cycle ways and footpaths are fit for purpose for Dunedin's communities.

The transport network is vital to Dunedin's economy and is an important contributor to the lifestyle of every Dunedin resident as they move about the city. It is DCC's role to maintain and upgrade the transport network to meet all relevant legislative requirements.

## Community outcomes

The roading and footpaths group contributes to the following community outcomes:

- A connected city with a safe, accessible and low-carbon transport system
- A supportive city with caring communities and a great quality of life
- A successful city with a diverse, innovative and productive economy
- An active city with quality and accessible recreational spaces and opportunities
- A sustainable city with healthy and treasured natural environments
- A compact city with a vibrant CBD and thriving suburban and rural centres



## Measuring performance

| Measure   |                               | Data Source                          | Target 2019/20 | Actual 2019/20                              | Actual 2018/19                              | Achievement       |
|---|-------------------------------|--------------------------------------|----------------|---|---|-------------------|
| Level of service: The transport network facilitates efficient travel  |                               |                                      |                |   |   |                   |
| Percentage of residents satisfied with overall roading and maintenance*   |                               | ROS                                  | ≥60%           | 30%   | 35%   | Not achieved. 1.  |
| Average travel time by vehicle on five key urban routes at peak time (7.30-9.30am)  | Route 1-St Clair to Octagon   | Travel Time Survey                   | <15 minutes    | 10.1 min                                    | 10.1 min                                    | Achieved. 2.      |
|   | Route 2-Normanby to Octagon   |                                      | <15 minutes    | 10.8 min                                    | 10.2 min                                    | Achieved. 3.      |
|   | Route 3-Mosgiel to Octagon    |                                      | <22 minutes    | 17.5 min                                    | 18.3 min                                    | Achieved. 4.      |
|   | Route 4-Brockville to Octagon |                                      | <15 minutes    | 8.4 min                                     | 8.2 min                                     | Achieved. 5.      |
|   | Route 5-Waverleyto Octagon    |                                      | <15 minutes    | 10.9 min                                    | 10.5 min                                    | Achieved. 6.      |
| Level of service: The transport network facilitates active travel   |                               |                                      |                |   |   |                   |
| Percentage of residents satisfied with the suitability of the road network for cyclists throughout the city   |                               | ROS                                  | ≥30%**         | 31%   | 34%   | Achieved. 7.      |
| Percentage of residents satisfied with condition of footpaths throughout the city   |                               | ROS                                  | ≥60%           | 49%   | 45%   | Not achieved. 8.  |
| Percentage of residents satisfied with the ease of pedestrian access throughout the city  |                               | ROS                                  | ≥65%           | 67%   | 68%   | Achieved. 9.      |
| Percentage of residents satisfied with the condition of the streetlights throughout the city  |                               | ROS                                  | ≥75%           | 65%   | 65%   | Not achieved. 10. |
| Level of service: The transport network facilitates accessibility   |                               |                                      |                |   |   |                   |
| Percentage of residents satisfied with parking availability in the central city   |                               | ROS                                  | ≥45%           | 20%   | 22%   | Not achieved. 11. |
| Level of service: The transport network facilitates safe travel   |                               |                                      |                |   |   |                   |
| The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number (DIA measure) |                               | NZTA Dunedin City Road Safety Report | Reducing       | 9 fewer crashes with fatalities or injuries | 3 fewer crashes with fatalities or injuries | Achieved. 12.     |

| Measure   | Data Source                     | Target 2019/20                                     | Actual 2019/20       | Actual 2018/19                           | Achievement       |
|---|---------------------------------|--|----------------------|--|-------------------|
| <b>Level of service: The transport network facilitates comfortable travel</b>   |                                 |  |                      |  |                   |
| The average quality of ride on local sealed road network measured by smooth travel exposure (DIA measure)                               | RAMM, NZTA                      | Smooth travel exposure $\geq 80\%$                 | 78.7%                | 77%                                      | Not achieved. 13. |
| <b>Level of service: The transport network facilitates sustainable maintenance</b>  |                                 |  |                      |  |                   |
| Percentage of sealed road network that is resurfaced (DIA measure)  | Work achieved reports           | Target (m <sup>2</sup> ) equating to 6% of network | 4.21% of the network | <del>4.64%</del> of the network 5.11%*** | Not achieved. 14. |
| Percentage of footpaths within the level of service standard adopted by the Council in its Asset Management Plan (DIA measure)          | RAMM Rating                     | <15% of network is rated poor or very poor         | 18%                  | 18.2%                                    | Not achieved. 15. |
| <b>Level of service: The network is maintained in a responsive manner</b>   |                                 |  |                      |  |                   |
| Percentage of service requests relating to roads and footpaths to which the response is provided within five working days (DIA measure) | Customer Service Agency Records | $\geq 90\%$  | 93%                  | 94%                                      | Achieved. 16.     |

\* This measure was previously "Percentage of residents satisfied with condition of roads throughout the city".

\*\* This target was previously " $\geq 28\%$ ".

\*\*\* Correction to align with the DIA measure to report on percentage of area resurfaced. Previous result reported the percentage of kilometres (length) resurfaced now reporting on the percentage of metres squared (area) of sealed road resurfaced.

## Explanations

- 30% of residents are satisfied with the condition of roads, a decrease of 5% from the 2018/19 financial year. Funding constraints are anticipated for the 2020/21 financial year which will significantly impact renewals.
- 3., 4., 5., & 6. Travel times remain consistent and within target over the previous years indicating consistently reliable travel times.
- 31% of residents are satisfied with the suitability of the road network for cyclists. This shows a decrease of 3% from the prior year and above the target of 30%. The Urban Cycleway Programme will improve pedestrian and cycleway connections across the city with further projects underway in the 2020/21 financial year.
- 49% of residents were satisfied with the condition of footpaths throughout the city. This is a increase of 4% on the prior year and below the target of 60%. Funding constraints are anticipated for the 2020/21 financial year which will impact footpath renewals.
- 67% of residents are satisfied with the ease of pedestrian access throughout the city which shows a decrease of 1% from the prior year and above the target of 65%. Minor improvement projects to improve pedestrian safety, projects such as the Central City Upgrade and Central Schools Cluster, all seek to improve pedestrian access in the city.
- 65% of residents are satisfied with the condition of street lights on the network, no change from prior year. Installation of the city-wide LED street light upgrade commenced in December 2019.
- 20% of residents are satisfied with parking availability in the central city. This is a decrease of 2% from the prior year and below the target of 45%.
- A safety improvement programme is delivered each year that looks to address engineering improvements to areas of the network identified as high risk. Fatalities and serious injuries have reduced by 9 from the prior year. There is continued Low Cost Low Risk (LCLR) safety improvements within the network and emphasis on safety education.
- 78.7% of the sealed network meets a comfortable travel experience as measured through the roughness of the road surface. This is a increase of 1.7% from the prior year and just below the target of 80%.
- 4.21% of the sealed network was re-surfaced in the year, a 0.90% reduction on the prior year and below annual target of 6%. The target reflects the expected average seal life of approximately 13 years, however this varies depending on various factors such as the composition of the seal and road use. Previously reported percentage of kilometres re-surfaced, now reporting metres squared of sealed road re-surfaced.
- 18% of the footpath network is rated in poor or very poor condition. This is an decrease of 0.2% from the prior year, and remains above the target of 15%. Funding constraints are anticipated for 2020/21 financial year which will impact footpath renewals.
- 93% of service requests were responded to within five working days, a 1% decrease on the prior year. This remains above target of 90%.

### Summary of Group Service Performance Results

| Activity              | Number of measures | Number of measures achieved | Number of measures not achieved | Number of measures not measured | % of measures achieved |
|-----------------------|--------------------|-----------------------------|---------------------------------|---------------------------------|------------------------|
| Roading and footpaths | 16                 | 9                           | 7                               | 0                               | 56%                    |

#### Some of our achievements in 2019/20:

**Schools Safety Improvements:** To improve pedestrian safety, speed management and parking around schools a number of road safety improvements have been programmed. The Central City School Cluster (five schools in total) has been the main focus. The safety improvements included kerb buildouts to pedestrian crossing distances and vehicular cornering speeds, raised platform crossing points, school gateways with variable speed limit signs and landscaping. Stages Two and Three on Brown Street was completed in the 2019/20 financial year. During the last quarter of the 2019/20 financial year trial gateways and variable speed limit signs were installed at these nine schools. A further four schools are scheduled to receive traffic calming and safer crossings.

**George Street Central City Upgrade:** Studies to inform design have been completed. These include public life assessment, economic resilience, parking studies and accessibility audit. Preliminary design work has been completed for Transport and Urban design, and 3 Waters infrastructure. NZTA has approved the indicative business case, providing funding for the detailed business case.

**Urban Cycleway Programme:** The single stage business case for the arterial cycleways is progressing and the design safety audit is currently underway. The topographical survey and scheme designs have been completed.

**The Peninsula Connection Safety Improvement Project:** The construction of the peninsula widening on section two (Vauxhall to MacAndrew Bay) is nearing completion. Section seven (Turnbolls Bay retaining wall) was completed which includes a new retaining wall at Turnbolls Bay and construction of section four (Company Bay) has commenced. This project improves the road safety and accessibility of the peninsula through road widening and the provision of shared pedestrian and cycleway space.

#### Works completed in 2019/20 included:

**Retaining Walls:** 1,265m<sup>2</sup> of retaining walls constructed in the 2019/20 financial year. This is an increase of 669m<sup>2</sup> on the 2018/19 financial year.

**Reseals:** A total of 41.6km of carriageway was resealed during the 2019/20 financial year. This is a decrease of 8.4km on the 2018/19 financial year. This is an achievement of 3.9% of the network versus a target of 6%. This shortfall is due to funding restrictions.

**Footpaths:** A total of 22.1km was resurfaced in the 2019/20 financial year. This is a decrease of 2.3km on the 2018/19 financial year.

**Pavement Rehabs:** One small site totalling 400 metres of pavement was rehabilitated in the 2019/20 financial year. Due to funding constraints planned rehabilitation sites have been deferred until the 2021/22 financial year when funding will be made available."

**Kerb and Channel:** A total of 7.13 kilometres of kerb and channel renewal was completed in the 2019/20 financial year. This is an increase of 0.97km on the 2018/19 financial year. Kerb and channel improves sealed road drainage protecting the road pavement condition.

**Pedestrian Improvements:** Pedestrian improvements have been made across the city. One of New Zealand's first smart pedestrian crossing systems have been installed outside Kaikorai Valley College. The system comprises of in-ground led lights and pedestrian warning signs that light up when a pedestrian is detected by the pedestrian crossing. In October 2019 the intersection of Great King Street/Frederick Street was converted to a Barnes Dance to improve pedestrian safety and amenity. Dunedin now has a total of 12 (including two on State Highway) Barnes Dance intersections. Following two successful trials where the Railway Forecourt was closed to vehicles, Council approved the permanent closure of the Railway Forecourt.

**Traffic Calming:** A number of traffic calming projects have been completed in the 2019/20 financial year. The works include raised pedestrian platform crossings and speed humps. This has involved five speed humps on Maori Road, two pedestrian crossing platforms and the extension of the south side footpath to Arthur Street.

**Safety Projects:** A business case was prepared for the shared path along Blackhead Road between Tunnel Beach Road and Emerson Street with roundabouts at both these intersections. As Blackhead Road is listed as a high-risk road due to the crash history, the DCC received a central government subsidy of 71.5%. The physical works started during level 3 and is currently being constructed, expecting to be finished in October 2020. 44 bluetooth sensors have been installed to record real time travel times and origin destination from vehicles in Dunedin. The system is intended to grow as further projects are able to use the data and fund additional sensors. "



## Capital Expenditure

|  | Note | 2019/20<br>Actual<br>\$'000 | 2019/20<br>Budget<br>\$'000 |
|--|------|-----------------------------|-----------------------------|
| <b>New Capital</b>                             |      |                             |                             |
| Transport - Central city upgrade               | 1    | 1,100                       | 750                         |
| Transport - City to waterfront connection      | 2    | -                           | 500                         |
| Transport - Dunedin urban cycleways            | 3    | 132                         | 2,100                       |
| Transport - LED street lights                  | 4    | 7,446                       | 6,000                       |
| Transport - Minor improvements                 | 5    | 4,291                       | 3,500                       |
| Transport - Mosgiel East plan change areas     |      | 69                          | 110                         |
| Transport - Mosgiel West plan change areas     | 6    | 109                         | 1,400                       |
| Transport - Peninsula connection               | 7    | 16,831                      | 22,000                      |
| Transport - Tertiary precinct upgrade          | 8    | -                           | 750                         |
|  |      | 29,978                      | 37,110                      |
| <b>Renewals</b>                                |      |                             |                             |
| Transport - Column replacement (street lights) | 9    | 28                          | 2,000                       |
| Transport - Flood reinstatement                | 10   | 1,860                       | -                           |
| Transport - Footpath renewals                  |      | 2,896                       | 3,100                       |
| Transport - Gravel road re-metaling            | 11   | 735                         | 1,150                       |
| Transport - Major drainage control             | 12   | 3,964                       | 3,500                       |
| Transport - Pavement rehabilitations           | 13   | 495                         | 1,500                       |
| Transport - Pavement renewals                  |      | 5,302                       | 5,250                       |
| Transport - Structure component replacement    |      | 1,681                       | 1,584                       |
| Transport - Traffic services renewal           |      | 649                         | 572                         |
|  |      | 17,610                      | 18,656                      |
| <b>Total Capital</b>                           |      | 47,588                      | 55,766                      |

## Explanation of variance

1. Project budget reprofiled in the 2020/21 Annual Plan.
2. Project budget reprofiled in the 2020/21 Annual Plan.
3. Cycleways programme budget reprofiled in the 2020/21 Annual Plan with delivery of the Harbour Link cycleway in 2020/21.
4. Project budget reprofiled in the 2020/21 Annual Plan.
5. Programme budget rephased for accelerated delivery of safety improvements.
6. Project budget reprofiled in the 2020/21 Annual Plan.
7. Project budget reprofiled in the 2020/21 Annual Plan.
8. Project budget reprofiled in the 2020/21 Annual Plan.
9. Project budget reprofiled in the 2020/21 Annual Plan.
10. Completion of emergency reinstatement works associated with the July 2017 flood event.
11. Delivered to Waka Kotahi NZTA budget while maintaining levels of service through targeted maintenance metalling.
12. Budget rephased to address ageing infrastructure.
13. Reduced spending due to Waka Kotahi NZTA funding constraints.

## Dunedin City Council: Funding impact statement for the year ended 30 June 2020 for

## Roading and footpaths

|  | 2019<br>Long-term plan<br>\$000 | 2020<br>Long-term plan<br>\$000 | 2020<br>Actual<br>\$000 |
|--|---------------------------------|---------------------------------|-------------------------|
| <b>Sources of operating funding</b>                                      |                                 |                                 |                         |
| General rates, uniform annual general charges, rates penalties           | 13,931                          | 14,613                          | 14,788                  |
| Targeted rates   | 30                              | 31                              | 29                      |
| Subsidies and grants for operating purposes                              | 8,841                           | 8,948                           | 10,472                  |
| Fees and charges   | 817                             | 835                             | 974                     |
| Internal charges and overheads recovered                                 | -                               | -                               | -                       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 841                             | 859                             | 806                     |
| <b>Total operating funding (A)</b>                                       | <b>24,460</b>                   | <b>25,286</b>                   | <b>27,069</b>           |
| <b>Application of operating funding</b>                                  |                                 |                                 |                         |
| Payments to staff and suppliers  | 19,222                          | 19,934                          | 22,169                  |
| Finance costs  | 1,191                           | 1,191                           | 1,191                   |
| Internal charges and overheads applied                                   | 1,788                           | 1,826                           | 1,883                   |
| Other operating funding applications                                     | -                               | -                               | -                       |
| <b>Total application of operating funding (B)</b>                        | <b>22,201</b>                   | <b>22,951</b>                   | <b>25,243</b>           |
| <b>Surplus (deficit) of operating funding (A-B)</b>                      | <b>2,259</b>                    | <b>2,335</b>                    | <b>1,826</b>            |
| <b>Sources of capital funding</b>  |                                 |                                 |                         |
| Subsidies and grants for capital expenditure                             | 17,272                          | 20,403                          | 27,364                  |
| Development and financial contributions                                  | 224                             | 224                             | 122                     |
| Increase (decrease) in debt  | -                               | -                               | -                       |
| Gross proceeds from sale of assets                                       | -                               | -                               | -                       |
| Lump sum contributions   | -                               | -                               | -                       |
| Other dedicated capital funding  | -                               | -                               | -                       |
| <b>Total sources of capital funding (C)</b>                              | <b>17,496</b>                   | <b>20,627</b>                   | <b>27,486</b>           |
| <b>Application of capital funding</b>                                    |                                 |                                 |                         |
| Capital expenditure  |                                 |                                 |                         |
| - to meet additional demand  | 1,240                           | 3,195                           | 1,881                   |
| - to improve the level of service  | 4,290                           | 12,505                          | 4,040                   |
| - to replace existing assets   | 29,205                          | 30,787                          | 41,667                  |
| Increase (decrease) in reserves  | -                               | -                               | -                       |
| Increase (decrease) of investments                                       | (14,980)                        | (23,525)                        | (18,276)                |
| <b>Total application of capital funding (D)</b>                          | <b>19,755</b>                   | <b>22,962</b>                   | <b>29,312</b>           |
| <b>Surplus (deficit) of capital funding (C-D)</b>                        | <b>(2,259)</b>                  | <b>(2,335)</b>                  | <b>(1,826)</b>          |
| <b>Funding balance ((A-B)+(C-D))</b>                                     | <b>-</b>                        | <b>-</b>                        | <b>-</b>                |

# Water supply | He putaka wai

## What we provide:

The water supply group includes activities and services related to water supply.

The DCC collects, stores and treats raw water to make it of a standard that is safe to drink. The water is supplied in adequate quantities for drinking and other uses to Dunedin homes, businesses and fire hydrants for use by Dunedin's communities and firefighters. This makes the reticulated water system which Dunedin has. Some residents use bore-water, surface water or other sources of water to meet their needs.

By delivering a reticulated water system, the DCC ensures that every customer connected to the network receives adequate quantities of safe water with a minimal impact on the environment and at an acceptable financial cost. This secures the DCC's ability to sustainably deliver appropriate services to future generations.

## Community outcomes

The water supply group contributes to the following community outcomes:

- A sustainable city with healthy and treasured natural environments
- A healthy city with reliable and quality water, wastewater and stormwater systems
- A supportive city with caring communities and a great quality of life



## Measuring performance

| Measure   |  | Data Source        | Target 2019/20             | Actual 2019/20           | Actual 2018/19           | Achievement      |
|---|--|--------------------|----------------------------|--------------------------|--------------------------|------------------|
| <b>Level of service: The water tastes and looks pleasant and is supplied at adequate pressure</b>   |  |                    |                            |                          |                          |                  |
| Percentage of residents satisfied with water pressure and quality   |  | ROS                | ≥70%                       | 72%                      | 72%                      | Achieved. 1.     |
| <b>Level of service: The water is safe to drink</b>   |  |                    |                            |                          |                          |                  |
| The extent to which the local authority's drinking water supply complies with:  | a) part 4 of the drinking-water standards (bacteria compliance criteria)   | Internal reporting | 100%                       | 100%                     | 100%                     | Achieved. 2.     |
|   | b) part 5 of drinking-water standards (protozoa compliance criteria)   | Internal reporting | 100%                       | 100%                     | 100%                     | Achieved. 3.     |
| <b>Level of service: Service calls are responded to promptly</b>  |  |                    |                            |                          |                          |                  |
| Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times are measured: | a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site                                     | Internal reporting | <60 minutes                | 39 minutes               | 43 minutes               | Achieved. 4.     |
|   | b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption     |                    | <240 minutes               | 112 minutes              | 118 minutes              | Achieved. 5.     |
|   | c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site                                 |                    | <1 day (1,440 minutes)     | 0.88 days (1273 minutes) | 0.93 days (1343 minutes) | Achieved. 6.     |
|   | d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption |                    | <1.67 days (2,400 minutes) | 1.83 days (2634 minutes) | 2.26 days (3256 minutes) | Not achieved. 7. |

|  |  |                           |                           |  |  |                |
|--|--|---------------------------|---------------------------|--|--|----------------|
| The total number of complaints received by the local authority about any of the following:   | Level of service: The water tastes and looks pleasant  |                           |                           |  |  |                |
|  | Drinking water clarity   | Internal reporting        | Not applicable            | 59 complaints                              | 80 complaints                              | Not applicable |
|  | Drinking water taste   | Internal reporting        | Not applicable            | 4 complaints                               | 5 complaints                               | Not applicable |
|  | Drinking water odour   | Internal reporting        | Not applicable            | 8 complaints                               | 5 complaints                               | Not applicable |
| The total number of complaints received by the local authority about any of the following:   | Level of service: Water is supplied at adequate pressure   |                           |                           |  |  |                |
|  | The total number of complaints received by the local authority about drinking water pressure or flow                               | Internal reporting        | Not applicable            | 111 complaints                             | 122 complaints                             | Not applicable |
|  | Level of service: The water supply is reliable   |                           |                           |  |  |                |
|  | The total number of complaints received by the local authority about continuity of supply  | Internal reporting        | Not applicable            | 344 complaints                             | 465 complaints                             | Not applicable |
|  | Level of service: The Council is responsive to customer concerns   |                           |                           |  |  |                |
|  | The local authority's response to any of these issues per 1,000 connections to the local authority's networked reticulation system | Internal reporting        | Not applicable            | 11 complaints (0.25 per 1,000 connections) | 12 complaints (0.27 per 1,000 connections) | Not applicable |
|  | Total complaints expressed per 1,000 connections to the local authority's networked reticulation system                            | Internal reporting        | <15 per 1,000 connections | 11.83 per 1,000 connections                | 15.70 per 1,000 connections                | Achieved. 8.   |
| Level of service: Water resources are used efficiently and sustainably   |  |                           |                           |  |  |                |
| The average consumption of drinking water per day per resident within the territorial authority district   | Internal reporting   | <240 litres               | 214 litres per day        | 235 litres per day                         | Achieved. 9.                               |                |
| The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology to calculate this)<br><br>Calculation Method:<br>1. Treatment plant production minus non-domestic minus domestic minus known unbilled = Estimated non-revenue water<br>2. Estimated non-revenue water divided by periods' treatment plant production = Percentage real water loss |  | Less than or equal to 20% | 25%                       | 22%  | Not achieved. 10.                          |                |

Total number of rated properties for water as at 30 June 2020: 44,132

### Explanations

1. Satisfaction with water quality and pressure remains stable and unchanged from the previous year.
2. & 3. Bacteria and protozoa levels were compliant for the 19/20 year. An infringement notice was received for an incident with the backwash discharge from the West Taieri Water Treatment Plant.
- 4., 5., 6. & 7. All but one target was achieved in 2018/19. An increasing amount of complex investigative work has been issued to the contractor over the life of the network maintenance contract, resulting in an increase in the average time to 'resolve' issues escalated to contractor. The target for such works under the contract is >5 days. The target of resolution of non-urgent call-outs will be reviewed.
8. Target was achieved, with number of complaints received across the different categories being lower than the previous year (in particular the continuity of water supply complaints).
9. Target was achieved with treated water demand in 2019/20 being slightly less than 2018/19.

10. This measure is subject to wide variance as coarse data is used to calculate the final result. The measure uses data from a small number of water meters installed on residential connections and extrapolates data from these connections to get an estimated usage figure for domestic demand across the city. A few thousand additional meters would need to be installed to get a statistically representative sample. As DCC does not use volumetric charging for residential connections, there is little incentive to prioritise meter installation over other capital expenditure projects.

### Summary of Group Service Performance Results

| Activity     | Number of measures | Number of measures achieved | Number of measures not achieved | Number of measures not measured | % of measures achieved |
|--------------|--------------------|-----------------------------|---------------------------------|---------------------------------|------------------------|
| Water Supply | 10                 | 8                           | 2                               | 0                               | 80%                    |

### Some of our achievements in 2019/20

**Southern Reservoir Spillway** – upgrade work on the reservoir spillway was completed.

**Silver Stream Erosion Protection Work** – considered as essential work during COVID-19 restrictions, therefore this work was successfully completed during alert Level 4. The work undertaken allows security for water supply.

**Waikouaiti Containerised Plant** – installed, commissioned and currently in operation. This project was also classified as essential work and work continued during alert level 4. This project will enable future work for permanent membrane replacement while continuing to supply compliant water to Waikouaiti.

**Renewals** – Pipeline renewals completed in North East Valley (NEV zones C & E), Mornington and Roslyn (renewals package A completed) areas.

**Dunedin and Waikouaiti Water Safety Plans** - lodged with Drinking Water Assessor and approved.

**Water Quality Sample Stations** - upgrade programme nearing completion.

### Capital Expenditure

|  | Note | 2019/20<br>Actual<br>\$'000 | 2019/20<br>Budget<br>\$'000 |
|--|------|-----------------------------|-----------------------------|
| <b>New Capital</b>   |      |                             |                             |
| Water Supply - Gladstone Road watermain stage 2            | 1    | -                           | 300                         |
| Water Supply - Ross Creek to Mount Grand transfer line     |      | (4)                         | -                           |
| Water Supply - Water new capital other                     |      | 374                         | 602                         |
|  |      | <b>370</b>                  | <b>902</b>                  |
| <b>Renewals</b>  |      |                             |                             |
| Water Supply - Careys Bay renewals                         |      | 2                           | -                           |
| Water Supply - Central city renewals                       |      | 143                         | 90                          |
| Water Supply - Karitane water main renewals                |      | 46                          | -                           |
| Water Supply - Mount Grand mid life upgrade                |      | 65                          | -                           |
| Water Supply - Other water renewals                        | 2    | 8,891                       | 4,030                       |
| Water Supply - Ross Creek Dam renewal                      | 3    | 440                         | 1,900                       |
| Water Supply - Water Treatment Plants membrane replacement | 4    | 1,129                       | 2,350                       |
|  |      | <b>10,716</b>               | <b>8,370</b>                |
| <b>Total Capital</b>                                       |      | <b>11,086</b>               | <b>9,272</b>                |

### Explanation of variance

1. Project not required.
2. Overspend related to emergency work and minor network projects.
3. Artwork fabrication and installation now planned for spring 2020.
4. Practical completion of containerised filtration plant. Scoping and design of membrane renewal at Waikouaiti treatment plant has begun and will continue into 2020/21.



## Dunedin City Council: Funding impact statement for the year ended 30 June 2020 for

## Water supply

|  | 2019<br>Long-term plan<br>\$000 | 2020<br>Long-term plan<br>\$000 | 2020<br>Actual<br>\$000 |
|--|---------------------------------|---------------------------------|-------------------------|
| <b>Sources of operating funding</b>                                      |                                 |                                 |                         |
| General rates, uniform annual general charges, rates penalties           | -                               | -                               | -                       |
| Targeted rates   | 20,206                          | 21,161                          | 21,217                  |
| Subsidies and grants for operating purposes                              | -                               | -                               | -                       |
| Fees and charges   | 5,976                           | 6,125                           | 5,440                   |
| Internal charges and overheads recovered                                 | -                               | -                               | -                       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -                               | -                               | -                       |
| <b>Total operating funding (A)</b>                                       | <b>26,182</b>                   | <b>27,286</b>                   | <b>26,657</b>           |
| <b>Application of operating funding</b>                                  |                                 |                                 |                         |
| Payments to staff and suppliers  | 13,080                          | 13,453                          | 13,807                  |
| Finance costs  | 1,575                           | 1,575                           | 1,487                   |
| Internal charges and overheads applied                                   | 1,412                           | 1,441                           | 1,582                   |
| Other operating funding applications                                     | -                               | -                               | -                       |
| <b>Total application of operating funding (B)</b>                        | <b>16,067</b>                   | <b>16,469</b>                   | <b>16,876</b>           |
| <b>Surplus (deficit) of operating funding (A-B)</b>                      | <b>10,115</b>                   | <b>10,817</b>                   | <b>9,781</b>            |
| <b>Sources of capital funding</b>  |                                 |                                 |                         |
| Subsidies and grants for capital expenditure                             | -                               | -                               | -                       |
| Development and financial contributions                                  | 117                             | 117                             | 528                     |
| Increase (decrease) in debt  | -                               | -                               | -                       |
| Gross proceeds from sale of assets                                       | -                               | -                               | -                       |
| Lump sum contributions   | -                               | -                               | -                       |
| Other dedicated capital funding  | -                               | -                               | -                       |
| <b>Total sources of capital funding (C)</b>                              | <b>117</b>                      | <b>117</b>                      | <b>528</b>              |
| <b>Application of capital funding</b>                                    |                                 |                                 |                         |
| Capital expenditure  |                                 |                                 |                         |
| - to meet additional demand  | 733                             | -                               | 86                      |
| - to improve the level of service  | -                               | -                               | 214                     |
| - to replace existing assets   | 5,203                           | 2,362                           | 10,786                  |
| Increase (decrease) in reserves  | -                               | -                               | -                       |
| Increase (decrease) of investments                                       | 4,296                           | 8,572                           | (777)                   |
| <b>Total application of capital funding (D)</b>                          | <b>10,232</b>                   | <b>10,934</b>                   | <b>10,309</b>           |
| <b>Surplus (deficit) of capital funding (C-D)</b>                        | <b>(10,115)</b>                 | <b>(10,817)</b>                 | <b>(9,781)</b>          |
| <b>Funding balance ((A-B)+(C-D))</b>                                     | <b>-</b>                        | <b>-</b>                        | <b>-</b>                |

# Sewerage and sewage | Pūnaha parakaika me te parawai

## What we provide:

The sewerage and sewage group includes activities and services related to wastewater.

Wastewater is the dirty water discharged from toilets, kitchens, bathrooms and laundries in dwellings and commercial premises. It also includes trade waste discharged from industrial premises into public sewers. The DCC collects domestic and trade wastewater via its systems of sewers and pumping stations, and transfers them to the wastewater treatment plants, where it is treated to a standard acceptable for discharge to the environment.

The DCC protects public health and safety by delivering effective wastewater services to every customer connected to the network with a minimal impact on the environment and at an acceptable financial cost. This secures the DCC's ability to sustainably deliver appropriate services to future generations.

## Community outcomes

The sewerage and sewage group contributes to the following community outcomes:

- A sustainable city with healthy and treasured natural environments
- A healthy city with reliable and quality water, wastewater and stormwater systems
- A supportive city with caring communities and a great quality of life



## Measuring Performance

| Measure  |   | Data Source        | Target 2019/20 | Actual 2019/20                      | Actual 2018/19                     | Achievement      |
|--|---|--------------------|----------------|-------------------------------------|------------------------------------|------------------|
| Level of service: Sewage is managed without adversely affecting the quality of the receiving environment   |   |                    |                |                                     |                                    |                  |
| The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1,000 sewerage connections to that sewerage system  |   | Internal Reporting | 0              | 1.8 overflows per 1,000 connections | 2 overflows per 1,000 connections* | Not achieved. 1. |
| Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of abatement notices, infringement notices, enforcement orders and convictions |   |                    | 0              | 0                                   | 0                                  | Achieved. 2.     |
| Level of service: Service calls are responded to promptly  |   |                    |                |                                     |                                    |                  |
| Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times are measured:   | a) attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site; and                               | Internal Reporting | <60 minutes    | 35 minutes                          | 36 minutes                         | Achieved. 3.     |
|  | b) resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault |                    | <240 minutes   | 123 minutes                         | 120 minutes                        | Achieved. 4.     |
| Level of service: The wastewater service is reliable and the Council is responsive to customer concerns  |   |                    |                |                                     |                                    |                  |
| Percentage of residents satisfied with the sewerage system**   |   | ROS                | ≥65%           | 62%                                 | 68%                                | Not achieved. 5. |

| Measure  |   | Data Source        | Target 2019/20           | Actual 2019/20                            | Actual 2018/19                            | Achievement      |
|--|---|--------------------|--------------------------|---|---|------------------|
| The total number of complaints received by the territorial authority about any of the following: | Sewage odour  | Internal Reporting | Not applicable           | 16  | 12  | Not applicable   |
|  | Sewerage system faults  |                    | Not applicable           | 110                                       | 109                                       | Not applicable   |
|  | Sewerage system blockages   |                    | Not applicable           | 123                                       | 136                                       | Not applicable   |
|  | The territorial authority's response to issues with its sewerage system, expressed per 1,000 connections to the territorial authority's sewerage system |                    | Not applicable           | 3 complaints (0.06 per 1,000 connections) | 5 complaints (0.10 per 1,000 connections) | Not applicable   |
|  | All of the above complaints expressed per 1,000 connections to the territorial authority's sewerage system  |                    | <5 per 1,000 connections | 5.07 per 1,000 connections                | 5.46 per 1,000 connections                | Not achieved. 6. |

\* For the 2018/19 year, the number of dry weather sewerage overflows reported was 0.02 per 1,000 connections. During the 2019/20 financial year, it was identified that not all overflows of this nature were included in our reported result. The 2018/19 comparative information has been updated to include all dry weather sewerage overflows.

\*\* This is a new performance measure.

Total number of rated properties for wastewater as at 30 June 2020: 49,132

### Explanations

1. There were 1.8 dry weather overflows per 1,000 connections in the sewerage system for the 2019/20 period. No constructed overflows were reported, however some customer complaints were received regarding issues such as overflows onto private property or the road due to blockages in the system.
2. No abatement notices, infringements notices, enforcement orders or convictions were received in relation sewerage systems.
3. & 4. The targets were achieved in the 2019/20 year due to excellent systems and processes in place for customer call outs.
5. Slight drop in satisfaction, which coincides with a minor decrease in complaints. It's possible that satisfaction has dropped as Central Government progresses with the national water reform agenda and expectations in the community increase.
6. A large number of customer complaints received relate to pump alarms triggering on the Allanton pressure sewer system where pumps service individual properties. Future upgrade to the Allanton system means alarms will alert the contractor to the system fault rather than the property owner, resulting in fewer customer complaints relating to this system.

### Summary of Group Service Performance Results

| Activity            | Number of measures | Number of measures achieved | Number of measures not achieved | Number of measures not measured | % of measures achieved |
|---------------------|--------------------|-----------------------------|---------------------------------|---------------------------------|------------------------|
| Sewerage and sewage | 6                  | 3                           | 3                               | 0                               | 50%                    |

### Some of our achievements in 2019/20:

**Renewals** – pipeline renewals completed in North East Valley (NEV zones C & E), Mornington and Roslyn (Renewals Package A completed) areas.

**Seacliff Waste Water Treatment Plant Upgrade** – preliminary design completed with successful stakeholder engagement and partnership with mana whenua. This project entered the next phase of consenting, land purchase negotiations and detailed design.

**Middlemarch Wastewater Treatment Plant** – discharge consent study commenced, strategic investment for the treatment plant prior to the discharge consent expiring.

**Kaikorai Valley Wastewater Overflow** – development of concept options and subsequent engagement with the ORC and mana whenua proved the acceptable solution was high cost, however the required funding has been applied for via the 'CIP' shovel ready programme.

**Proposed Trade Waste Bylaw 2020** – notified.

## Capital Expenditure

|  | Note | 2019/20<br>Actual<br>\$'000 | 2019/20<br>Budget<br>\$'000 |
|--|------|-----------------------------|-----------------------------|
| <b>New Capital</b>                                   |      |                             |                             |
| Wastewater - Green Island Wastewater Treatment Plant | 1    | 109                         | 680                         |
| Wastewater - Kaikorai Valley overflow                | 2    | 59                          | 570                         |
| Wastewater - Northern Wastewater Treatment Plants    | 3    | -                           | 1,000                       |
| Wastewater - Other water new capital                 |      | 28                          | -                           |
| Wastewater - Wastewater new capital other            |      | 387                         | 272                         |
|  |      | 583                         | 2,522                       |
| <b>Renewals</b>                                      |      |                             |                             |
| Wastewater - Careys Bay renewals                     |      | 4                           | -                           |
| Wastewater - Central city renewals                   |      | 152                         | -                           |
| Wastewater - Green Island Wastewater Treatment Plant |      | 30                          | 200                         |
| Wastewater - Mosgiel Wastewater Treatment Plant      |      | 236                         | 75                          |
| Wastewater - Musselburgh pumpstation                 |      | 61                          | -                           |
| Wastewater - North East Valley                       | 4    | 1,724                       | 2,172                       |
| Wastewater - Other wastewater renewals               | 5    | 5,791                       | 4,048                       |
| Wastewater - Tertiary precinct renewals              |      | 5                           | 40                          |
| Wastewater - Wastewater pumpstation renewals         | 6    | 5                           | 500                         |
|  |      | 8,008                       | 7,035                       |
| <b>Total Capital</b>                                 |      |                             |                             |
|  |      | 8,591                       | 9,557                       |

## Explanation of variance

1. Still in project planning phase.
2. Further discussion with mana whenua required before project can progress.
3. Delayed due to land purchase negotiations and resource consent process.
4. Project will continue into the 2020/21 year.
5. Overspend related to emergency work.
6. Project will continue into the 2020/21 year.

## Dunedin City Council: Funding impact statement for the year ended 30 June 2020 for

**Sewerage and sewage**

|  | 2019<br>Long-term plan<br>\$000 | 2020<br>Long-term plan<br>\$000 | 2020<br>Actual<br>\$000 |
|--|---------------------------------|---------------------------------|-------------------------|
| <b>Sources of operating funding</b>                                      |                                 |                                 |                         |
| General rates, uniform annual general charges, rates penalties           | -                               | -                               | -                       |
| Targeted rates   | 29,550                          | 31,026                          | 31,027                  |
| Subsidies and grants for operating purposes                              | 20                              | 20                              | 41                      |
| Fees and charges   | 358                             | 367                             | 597                     |
| Internal charges and overheads recovered                                 | -                               | -                               | -                       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -                               | -                               | -                       |
| <b>Total operating funding (A)</b>                                       | <b>29,928</b>                   | <b>31,413</b>                   | <b>31,665</b>           |
| <b>Application of operating funding</b>                                  |                                 |                                 |                         |
| Payments to staff and suppliers  | 12,974                          | 13,508                          | 13,864                  |
| Finance costs  | 4,613                           | 4,613                           | 4,355                   |
| Internal charges and overheads applied                                   | 2,221                           | 2,267                           | 2,488                   |
| Other operating funding applications                                     | -                               | -                               | -                       |
| <b>Total application of operating funding (B)</b>                        | <b>19,808</b>                   | <b>20,388</b>                   | <b>20,707</b>           |
| <b>Surplus (deficit) of operating funding (A-B)</b>                      | <b>10,120</b>                   | <b>11,025</b>                   | <b>10,958</b>           |
| <b>Sources of capital funding</b>  |                                 |                                 |                         |
| Subsidies and grants for capital expenditure                             | -                               | -                               | -                       |
| Development and financial contributions                                  | 188                             | 188                             | 433                     |
| Increase (decrease) in debt  | -                               | -                               | -                       |
| Gross proceeds from sale of assets                                       | -                               | -                               | -                       |
| Lump sum contributions   | -                               | -                               | -                       |
| Other dedicated capital funding  | -                               | -                               | -                       |
| <b>Total sources of capital funding (C)</b>                              | <b>188</b>                      | <b>188</b>                      | <b>433</b>              |
| <b>Application of capital funding</b>                                    |                                 |                                 |                         |
| Capital expenditure  |                                 |                                 |                         |
| - to meet additional demand  | 32                              | 467                             | 211                     |
| - to improve the level of service  | 238                             | 1,055                           | 346                     |
| - to replace existing assets   | 4,027                           | 3,770                           | 8,034                   |
| Increase (decrease) in reserves  | -                               | -                               | -                       |
| Increase (decrease) of investments                                       | 6,011                           | 5,921                           | 2,800                   |
| <b>Total application of capital funding (D)</b>                          | <b>10,308</b>                   | <b>11,213</b>                   | <b>11,391</b>           |
| <b>Surplus (deficit) of capital funding (C-D)</b>                        | <b>(10,120)</b>                 | <b>(11,025)</b>                 | <b>(10,958)</b>         |
| <b>Funding balance ((A-B)+(C-D))</b>                                     | <b>-</b>                        | <b>-</b>                        | <b>-</b>                |



# Stormwater | Wai marakai

## What we provide:

The stormwater group includes activities and services related to managing stormwater.

Stormwater is rainwater that flows across ground and does not get absorbed into the soil. It flows into stormwater pipes and streams, and from there into the sea. The DCC owns and maintains a large network of pipes, pumping stations and other infrastructure to safely dispose of stormwater.

By ensuring adequate stormwater provision to Dunedin communities, we can protect public safety with a minimal impact on the environment. This secures our ability to sustainably deliver appropriate services to future generations.

Effective management of stormwater is essential to prevent the flooding of properties and businesses. Controls are also necessary to ensure that stormwater does not become excessively contaminated and cause pollution of the watercourses, the harbour and the ocean.

## Community outcomes

The stormwater group contributes to the following community outcomes:

- A sustainable city with healthy and treasured natural environments
- A healthy city with reliable and quality water, wastewater and stormwater systems
- A supportive city with caring communities and a great quality of life



## Measuring Performance

| Measure  |   | Data Source        | Target 2019/20           | Actual 2019/20                        | Actual 2018/19                        | Achievement      |
|--|---|--------------------|--------------------------|---------------------------------------|---------------------------------------|------------------|
| Level of service: Stormwater services perform adequately and reliably  |   |                    |                          |                                       |                                       |                  |
| Percentage of residents satisfied with the stormwater system*  |   | ROS                | ≥50%                     | 49%                                   | 53%                                   | Not achieved. 1. |
| System and adequacy  | The number of flooding events** that occur in a territorial authority district.   | Internal Reporting | 0                        | 0                                     | 3                                     | Achieved. 2.     |
|  | For each flooding event, the number of habitable floors affected. (Expressed per 1,000 properties connected to the territorial authority's stormwater system) | Internal Reporting | 0                        | Not measured                          | Not measured                          | Not measured. 3. |
| Level of service: Stormwater is managed without adversely affecting the quality of the receiving environment   |   |                    |                          |                                       |                                       |                  |
| Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of:   | Abatement notices   | Internal Reporting | 0                        | 0                                     | 0                                     | Achieved. 4.     |
|  | Infringement notices  |                    | 0                        | 0                                     | 0                                     | Achieved. 5.     |
|  | Enforcement orders  |                    | 0                        | 0                                     | 0                                     | Achieved. 6.     |
|  | Successful prosecutions   |                    | 0                        | 0                                     | 0                                     | Achieved. 7.     |
| Level of service: Service calls are responded to promptly  |   |                    |                          |                                       |                                       |                  |
| The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site                     |   | Internal Reporting | <60 minutes              | 50 minutes                            | 199 minutes                           | Achieved. 8.     |
| The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1,000 properties connected to the territorial authority's stormwater system |   | Internal Reporting | <1 per 1,000 connections | 0.31 complaints per 1,000 connections | 1.05 complaints per 1,000 connections | Achieved. 9.     |

\* This is a new performance measure.

\*\* A flooding event means an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor. A habitable floor refers to a floor of a building (including a basement) but does not include ancillary structures such as stand-alone garden sheds or garages.

Total number of rated properties for stormwater as at 30 June 2020: 48,503

### Explanations

1. Slight drop in satisfaction, which coincides with a minor decrease in complaints. It's possible that satisfaction has dropped as Central Government progress with the national water reform agenda and expectations in the community increase.
2. & 3. There were no rainfall events resulting in reported habitable floor flooding in 2019/20.
- 4., 5., 6., & 7. No abatement notices, infringements notices, enforcement orders or convictions were received in relation to stormwater systems.
8. Targets were achieved in the 2019/20 year due to excellent systems and processes in place for customer call outs. The targets were met by the contractor City Care Ltd.
9. Target was achieved in 2019/20. A total of 28 complaints were received in the 12 month period.

### Summary of Group Service Performance Results

| Activity   | Number of measures | Number of measures achieved | Number of measures not achieved | Number of measures not measured | % of measures achieved |
|------------|--------------------|-----------------------------|---------------------------------|---------------------------------|------------------------|
| Stormwater | 9                  | 7                           | 1                               | 1                               | 78%                    |

### Some of our achievements in 2019/20:

**Renewals** – pipeline renewals completed in North East Valley (NEV zones C & E), Mornington and Roslyn (Renewals Package A completed) areas.

**New capital** – watercourses programme successfully started, with urgent emergency work undertaken in high risk areas such as Motu Street and Bath Street with long term solutions underway. Beaconsfield Road is completed. Willis Street and Cannington Street are under design and emergency work has started at Careys Bay Hotel and St Leonards Drive.

2019/20 saw continued progress to **alleviate stormwater flooding** in Mosgiel.

**Assessment** of the existing hydraulic models for the city's stormwater system and funding of an action plan to improve the models to assist in solution development for South Dunedin.

**Proposed Stormwater Quality Bylaw 2020** has been notified.

**A sand trap** has been successful in combating erosion on the Karitane sand spit, and earned the New Zealand Coastal Society national sustainability award and was highly commended at the SOLGM Excellence Awards.

### Capital Expenditure

|  | Note | 2019/20<br>Actual<br>\$'000 | 2019/20<br>Budget<br>\$'000 |
|--|------|-----------------------------|-----------------------------|
| <b>New Capital</b>                                       |      |                             |                             |
| Stormwater - Forbury Road stormwater improvements        |      | -                           | 150                         |
| Stormwater - Portobello Road stormwater improvements     |      | (5)                         | 100                         |
| Stormwater - South Dunedin flood alleviation             | 1    | -                           | 500                         |
| Stormwater - Stormwater new capital other                | 2    | 3,562                       | 198                         |
|  |      | 3,557                       | 948                         |
| <b>Renewals</b>  |      |                             |                             |
| Stormwater - Central city renewals                       | 3    | 389                         | -                           |
| Stormwater - Mosgiel Stormwater Pumpstations and network | 4    | 237                         | 5,200                       |
| Stormwater - Musselburgh pumpstation                     |      | (53)                        | -                           |
| Stormwater - Other stormwater renewals                   | 5    | 1,573                       | 453                         |
| Stormwater - Private stormwater renewals                 | 6    | -                           | 3,500                       |
|  |      | 2,146                       | 9,153                       |
| <b>Total Capital</b>                                     |      |                             |                             |
|  |      | 5,703                       | 10,101                      |

### Explanation of variance

1. Still in project planning phase.
2. Budget allocated from renewals.
3. Expenditure on Central City incurred earlier than anticipated.
4. Project budget reprofiled in the 2020/21 Annual Plan
5. Emergency works on the Silverstream and Greenock Street culvert.
6. Budget allocated to new capital.

## Dunedin City Council: Funding impact statement for the year ended 30 June 2020 for

## Stormwater

|  | 2019<br>Long-term plan<br>\$000 | 2020<br>Long-term plan<br>\$000 | 2020<br>Actual<br>\$000 |
|--|---------------------------------|---------------------------------|-------------------------|
| <b>Sources of operating funding</b>                                      |                                 |                                 |                         |
| General rates, uniform annual general charges, rates penalties           | -                               | -                               | -                       |
| Targeted rates   | 5,673                           | 5,957                           | 5,957                   |
| Subsidies and grants for operating purposes                              | -                               | -                               | -                       |
| Fees and charges   | 90                              | 92                              | 41                      |
| Internal charges and overheads recovered                                 | -                               | -                               | -                       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -                               | -                               | -                       |
| <b>Total operating funding (A)</b>                                       | <b>5,763</b>                    | <b>6,049</b>                    | <b>5,998</b>            |
| <b>Application of operating funding</b>                                  |                                 |                                 |                         |
| Payments to staff and suppliers  | 3,212                           | 3,310                           | 3,397                   |
| Finance costs  | 79                              | 79                              | 75                      |
| Internal charges and overheads applied                                   | 492                             | 503                             | 552                     |
| Other operating funding applications                                     | -                               | -                               | -                       |
| <b>Total application of operating funding (B)</b>                        | <b>3,783</b>                    | <b>3,892</b>                    | <b>4,024</b>            |
| <b>Surplus (deficit) of operating funding (A-B)</b>                      | <b>1,980</b>                    | <b>2,157</b>                    | <b>1,974</b>            |
| <b>Sources of capital funding</b>  |                                 |                                 |                         |
| Subsidies and grants for capital expenditure                             | -                               | -                               | -                       |
| Development and financial contributions                                  | 17                              | 17                              | 50                      |
| Increase (decrease) in debt  | -                               | -                               | -                       |
| Gross proceeds from sale of assets                                       | -                               | -                               | -                       |
| Lump sum contributions   | -                               | -                               | -                       |
| Other dedicated capital funding  | -                               | -                               | -                       |
| <b>Total sources of capital funding (C)</b>                              | <b>17</b>                       | <b>17</b>                       | <b>50</b>               |
| <b>Application of capital funding</b>                                    |                                 |                                 |                         |
| Capital expenditure  |                                 |                                 |                         |
| - to meet additional demand  | -                               | 215                             | 256                     |
| - to improve the level of service  | -                               | 2,785                           | 3,301                   |
| - to replace existing assets   | 2,526                           | 1,316                           | 2,146                   |
| Increase (decrease) in reserves  | -                               | -                               | -                       |
| Increase (decrease) of investments                                       | (529)                           | (2,142)                         | (3,679)                 |
| <b>Total application of capital funding (D)</b>                          | <b>1,997</b>                    | <b>2,174</b>                    | <b>2,024</b>            |
| <b>Surplus (deficit) of capital funding (C-D)</b>                        | <b>(1,980)</b>                  | <b>(2,157)</b>                  | <b>(1,974)</b>          |
| <b>Funding balance ((A-B)+(C-D))</b>                                     | <b>-</b>                        | <b>-</b>                        | <b>-</b>                |

# Reserves and recreational facilities

## Taunaha whenua, papa rēhia

### What we provide:

The reserves and recreational facilities group includes activities and services related to:

- Aquatic services
- Botanic Garden
- Cemeteries and crematorium
- Parks and reserves

The DCC operates three community swimming pools and over 100 playgrounds, sportsgrounds, parks and reserves maintained every day to meet the leisure, fitness and lifestyle needs of Dunedin. The DCC also maintains open green spaces and reserves like the Botanic Gardens and other important facilities like cemeteries and a crematorium.

Green spaces, aquatic facilities and the other activities in this group are central to the wellbeing of Dunedin's communities. The maintenance of these activities allows a breadth of leisure opportunities and the pursuit of 'active' lifestyles in parks, pools, gardens and reserves so that Dunedin's communities can be fit, active and connected in natural spaces.

### Community outcomes

The reserves and recreational facilities group contributes to the following community outcomes:

- An active city with quality and accessible recreational spaces and opportunities
- A supportive city with caring communities and a great quality of life
- A sustainable city with healthy and treasured natural environments



### Measuring Performance

| Measure  |                             | Data Source   | Target 2019/20 | Actual 2019/20 | Actual 2018/19 | Achievement       |
|--|-----------------------------|---------------|----------------|----------------|----------------|-------------------|
| <b>Level of service: Aquatic facilities are accessible to everyone</b>   |                             |               |                |                |                |                   |
| Percentage of residents who visit a DCC swimming pool at least once a year*  |                             | ROS           | ≥50%           | 52%            | 59%            | Achieved. 1.      |
| Number of annual attendances at DCC swimming pools   | Moana Pool                  | Internal data | ≥600,000       | 489,093        | 613,783        | Not achieved. 2.  |
|  | St Clair Hot Saltwater Pool | Internal data | ≥36,000        | 43,883         | 96,491         | Achieved. 3.      |
|  | Mosgiel Pool                | Internal data | ≥35,000        | 25,733         | 63,474         | Not achieved. 4.  |
|  | Port Chalmers Pool          | Internal data | ≥14,500        | 11,362         | 33,633         | Not achieved. 5.  |
| <b>Level of service: Aquatic facilities are well maintained and meet the needs of users</b>                                  |                             |               |                |                |                |                   |
| Percentage of users satisfied with Moana Pool**  |                             | ROS           | ≥85%           | 83%            | 81%            | Not achieved. 6.  |
| Percentage of users satisfied with community swimming pools (St Clair Salt Water Pool, Mosgiel Pool and Port Chalmers Pool)* |                             | ROS           | ≥85%           | 71%            | 79%            | Not achieved. 7.  |
| <b>Level of service: The Botanic Garden and its facilities are well maintained and meet the needs of users</b>               |                             |               |                |                |                |                   |
| Percentage of residents who visit the Botanic Gardens at least once in a year  |                             | ROS           | ≥75%           | 76%            | 77%            | Achieved. 8.      |
| Percentage of users satisfied with the Botanic Garden  |                             | ROS           | ≥90%           | 96%            | 95%            | Achieved. 9.      |
| <b>Level of service: Parks and reserves facilities are accessible to everyone</b>  |                             |               |                |                |                |                   |
| Percentage of respondents that agree sites and facilities are satisfactorily accessible                                      |                             | ROS           | ≥80%           | 75%            | 78%            | Not achieved. 10. |

| Measure   | Data Source | Target 2019/20 | Actual 2019/20 | Actual 2018/19 | Achievement       |
|---|-------------|----------------|----------------|----------------|-------------------|
| <b>Level of service: Parks and reserves facilities are well maintained and meet the needs of users</b>          |             |                |                |                |                   |
| Percentage of users satisfied with DCC playgrounds  | ROS         | ≥80%           | 71%            | 73%            | Not achieved. 11. |
| Percentage of users satisfied with DCC sportsfields   | ROS         | ≥80%           | 75%            | 76%            | Not achieved. 12. |
| Percentage of users satisfied with DCC tracks   | ROS         | ≥80%           | 84%            | 84%            | Achieved. 13.     |
| Percentage of users satisfied with DCC scenic, bush and coastal reserves  | ROS         | ≥80%           | 86%            | 87%            | Achieved. 14.     |
| <b>Level of service: Cemetery and crematorium services meet the needs of funeral directors and the bereaved</b> |             |                |                |                |                   |
| Percentage of users satisfied with the cemeteries***  | ROS         | ≥80%           | 82%            | 77%            | Achieved. 15.     |

\* This is a new performance measure.

\*\* This performance measure was previously "percentage of users satisfied with all swimming pools".

\*\*\* This performance measure was previously "percentage of users satisfied with the range of services provided at, and the presentation of, Dunedin cemeteries managed by the DCC".

## Explanations

1. Target was achieved despite all DCC swimming pools being either closed earlier or for a period of time due to COVID-19.
2. The average attendance for March over the last 3 years is 54,454. Average attendance for the following three months were 50,016 for April, 59,938 for May, and 51,558 for June. According to this data COVID-19 has reduced attendance at Moana Pool over this period by 132,470 attendances.
3. Target achieved, although due to COVID-19 all community pools closed early including St Clair.
4. Due to COVID-19 all community pools closed early including Mosgiel. Attendance in March was down by over 6,000 when compared to the average attendance over the years of 9,739. As well, the pool usually opens a couple of weeks into April where another 2,000 would be counted for the season, which didn't occur this year due to closure.
5. Due to COVID-19 all community pools closed early. The average attendance for March at Port Chalmers is 3,333, which for this year was down by 2,350 due to the early closure.
6. Moana Pool is in line for upgrading, the condition of the changing rooms and lack of café feature heavily in the surveys.
7. Mosgiel Pool upgrade has featured heavily in the surveys and that has brought the percentage down significantly.
8. Achieved with a slight drop from the 2018/19 results possibly as a result of travel restrictions during COVID-19 lockdown.
9. Satisfaction with the Botanic Garden has been consistently high over the last few years.
10. Result was under target. No work is currently programmed in 2020/21 to assess the accessibility of our facilities.
11. The level 4 and 5 playground upgrades have caused some disruption while works have occurred. These are all but complete now so access to playgrounds will be returning to normal capacity.
12. Some sports facilities in the south have not been serviced to the contractual level. Staff have been working with the contractor to rectify the situation.
13. Regular maintenance and upgrades of tracks have ensured satisfaction remains high.
14. Ecological and pest control contracts are in place as well as the Biodiversity Officer role which have ensured that high satisfaction with scenic, bush and coastal reserves is maintained.
15. Staff have worked proactively to manage the level of service delivery through our maintenance contracts to increase satisfaction level.

## Summary of Group Service Performance Results

| Activity                             | Number of measures | Number of measures achieved | Number of measures not achieved | Number of measures not measured | % of measures achieved |
|--------------------------------------|--------------------|-----------------------------|---------------------------------|---------------------------------|------------------------|
| Reserves and recreational facilities | 15                 | 7                           | 8                               | 0                               | 47%                    |

### Some of our achievements in 2019/20:

**Moana Pool** - Successfully bid to host 5 Swimming New Zealand run events over the next 2 years including the Division II Championships for both years and the South Island Secondary Schools Championships in 2022.

**The playground condition assessment** completed in 2018 allowed Parks and Recreation staff to plan and implement a remedial scope of work and contract for playground equipment and soft fall replacement. The works have been completed across the city over the 2018/19 and 2019/20 period.

**Waitati Toilet** – A new toilet was opened for use to service the community.



**Parks Buildings** – The Botanic Garden Information Centre has been re-roofed, the Chingford Stables slate roof has been replaced and works are underway to refurbish the Botanic Garden Aviary.

**Sportsfield Pavilions** – Jubilee Park, Brockville, Opoho and Waikouaiti sports pavilions, toilet blocks and Brighton toilets and changing rooms were all repainted.

**Sportsfield Lighting** – 60 poor condition floodlights have been replaced across the city.

**Coastal Structures** – Wellers Rock Pontoon was replaced and Back Beach Pontoons have been refurbished.

**Cemetery Assessment** – Staff are working with consultants to carry out a cemetery assessment to determine the capacity of the DCC's existing cemetery land holdings for future burials. The first stage involves four cemeteries: Allanton, Green Park, Dunedin and Waikouaiti. The geotechnical survey work has been completed, providing maps that show burial zones for each site. This has informed a design layout for infrastructure such as roads and paths to ensure the cemeteries are set out in the most efficient way to access the burial areas. The next stage is to produce cost estimates and a staging plan.

## Capital Expenditure

|   | Note | 2019/20<br>Actual<br>\$'000 | 2019/20<br>Budget<br>\$'000 |
|---|------|-----------------------------|-----------------------------|
| <b>New Capital</b>                                      |      |                             |                             |
| Aquatic Services - Moana Pool improvements              |      | 28                          | 20                          |
| Aquatic Services - Mosgiel Pool (DCC Contribution only) | 1    | 325                         | 4,150                       |
| Cemeteries and Crematorium - City wide beam expansion   |      | 22                          | 40                          |
| Parks and Reserves - Logan Park                         |      | 4                           | -                           |
| Parks and Reserves - Pontoon purchase                   |      | 25                          | -                           |
| Parks and Reserves - Public toilets                     |      | -                           | 180                         |
| Parks and Reserves - Track network development          |      | 2                           | 50                          |
|   |      | 406                         | 4,440                       |
| <b>Renewals</b>   |      |                             |                             |
| Aquatic Services - Hydroslide renewals                  | 2    | -                           | 300                         |
| Aquatic Services - Moana Pool renewals                  | 3    | 159                         | 1,912                       |
| Aquatic Services - Mosgiel Pool renewals                |      | 8                           | 20                          |
| Aquatic Services - Port Chalmers pool renewals          |      | 6                           | 66                          |
| Aquatic Services - St Clair pool renewal                |      | 18                          | 51                          |
| Cemeteries and Crematorium - Structures renewals        |      | 8                           | 20                          |
| Parks and Reserves - Greenspace renewals                | 4    | -                           | 472                         |
| Parks and Reserves - Playground renewals                |      | 1,380                       | 1,326                       |
| Parks and Reserves - Recreation facilities renewals     | 5    | 1,404                       | 2,050                       |
| Parks and Reserves - Sports field lighting              | 6    | 649                         | 300                         |
|   |      | 3,632                       | 6,517                       |
| <b>Total Capital</b>                                    |      | 4,038                       | 10,957                      |

## Explanation of variance

1. Delay in physical works commencement, project currently out to tender.
2. Delayed project to include in the broader Moana Pool Masterplan. Procurement will now commence in 2020/21.
3. Delayed projects to include in the broader Moana Pool Masterplan. Procurement will now commence in 2020/21.
4. This expenditure will be incurred in the 2020/21 year.
5. Some projects deferred to 2020/21. Budget used to offset overspend on sportsfield lighting.
6. Deferred work from 2018/19 into 2019/20 and increase in light replacements.

## Dunedin City Council: Funding impact statement for the year ended 30 June 2020 for

**Reserves and recreational facilities**

|  | 2019<br>Long-term plan<br>\$000 | 2020<br>Long-term plan<br>\$000 | 2020<br>Actual<br>\$000 |
|--|---------------------------------|---------------------------------|-------------------------|
| <b>Sources of operating funding</b>                                      |                                 |                                 |                         |
| General rates, uniform annual general charges, rates penalties           | 19,426                          | 20,378                          | 19,601                  |
| Targeted rates   | 11,367                          | 11,924                          | 11,789                  |
| Subsidies and grants for operating purposes                              | 639                             | 646                             | 664                     |
| Fees and charges   | 5,196                           | 5,300                           | 4,560                   |
| Internal charges and overheads recovered                                 | 9                               | 9                               | 2                       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -                               | -                               | 33                      |
| <b>Total operating funding (A)</b>                                       | <b>36,637</b>                   | <b>38,257</b>                   | <b>36,649</b>           |
| <b>Application of operating funding</b>                                  |                                 |                                 |                         |
| Payments to staff and suppliers  | 28,624                          | 29,018                          | 27,426                  |
| Finance costs  | 729                             | 729                             | 729                     |
| Internal charges and overheads applied                                   | 3,170                           | 3,236                           | 3,019                   |
| Other operating funding applications                                     | -                               | -                               | -                       |
| <b>Total application of operating funding (B)</b>                        | <b>32,523</b>                   | <b>32,983</b>                   | <b>31,174</b>           |
| <b>Surplus (deficit) of operating funding (A-B)</b>                      | <b>4,114</b>                    | <b>5,274</b>                    | <b>5,475</b>            |
| <b>Sources of capital funding</b>  |                                 |                                 |                         |
| Subsidies and grants for capital expenditure                             | -                               | -                               | -                       |
| Development and financial contributions                                  | 126                             | 126                             | 75                      |
| Increase (decrease) in debt  | -                               | -                               | -                       |
| Gross proceeds from sale of assets                                       | -                               | -                               | 1                       |
| Lump sum contributions   | -                               | -                               | -                       |
| Other dedicated capital funding  | -                               | -                               | -                       |
| <b>Total sources of capital funding (C)</b>                              | <b>126</b>                      | <b>126</b>                      | <b>76</b>               |
| <b>Application of capital funding</b>                                    |                                 |                                 |                         |
| Capital expenditure  |                                 |                                 |                         |
| - to meet additional demand  | 3                               | 3                               | -                       |
| - to improve the level of service  | 2,345                           | 2,330                           | 305                     |
| - to replace existing assets   | 4,442                           | 10,009                          | 3,733                   |
| Increase (decrease) in reserves  | -                               | -                               | -                       |
| Increase (decrease) of investments                                       | (2,550)                         | (6,942)                         | 1,513                   |
| <b>Total application of capital funding (D)</b>                          | <b>4,240</b>                    | <b>5,400</b>                    | <b>5,551</b>            |
| <b>Surplus (deficit) of capital funding (C-D)</b>                        | <b>(4,114)</b>                  | <b>(5,274)</b>                  | <b>(5,475)</b>          |
| <b>Funding balance ((A-B)+(C-D))</b>                                     | <b>-</b>                        | <b>-</b>                        | <b>-</b>                |

# Property | Kā wāhi whenua

## What we provide:

The property group includes activities and services related to:

- Community housing
- Commercial property (includes miscellaneous and investment portfolios)
- Operational property

The DCC manages property to maintain core services and provide social housing, and provide non-rates revenue. The property portfolio includes: the management of housing units for the qualifying elderly and lower socio-economic residents, arts and culture facilities like the Regent Theatre, sports facilities like the Edgar Centre and the Ice Sports Stadium; and non-rates revenue from the statutory management of the Dunedin City Endowment Land.

Property management is essential to the Council's influence in economic development, arts and culture, social housing, and libraries and museums and maintaining the range of services provided to Dunedin's communities. It supports all of the DCC's activities and services.

## Community outcomes

The property group contributes to the following community outcomes:

- A creative community with a rich and diverse arts and culture scene
- A supportive city with caring communities and a great quality of life
- An active city with quality and accessible recreational spaces and opportunities
- A compact city with a vibrant CBD and thriving suburban and rural centres.



## Measuring performance

| Measure  | Data Source               | Target 2019/20 | Actual 2019/20 | Actual 2018/19 | Achievement      |
|--|---------------------------|----------------|----------------|----------------|------------------|
| <b>Level of service: The housing provided by the Council meets the needs of tenants and rental values will not exceed operating expenses</b> |                           |                |                |                |                  |
| Percentage of tenants satisfied with Council provided rental housing   | Tenant survey             | ≥95%           | 91%            | 91%            | Not achieved. 1. |
| Percentage occupancy of Council provided rental housing  | Internal review           | ≥94%           | 97%            | 97%            | Achieved. 2.     |
| <b>Level of service: Council investment properties are appropriately managed*</b>  |                           |                |                |                |                  |
| Percentage overall occupancy of Council investment properties  | Internal property records | ≥95%           | 89.0%          | 91.1%          | Not achieved. 3. |
| <b>Level of service: Council operational properties are appropriately managed**</b>  |                           |                |                |                |                  |
| Percentage of service request response times met***  | Internal property records | ≥75%           | 91%            | 95%            | Achieved. 4.     |

\* This level of service statement was previously "The City Property Investment Portfolio generates returns that can be offset against rates requirements".

\*\* This level of service statement was previously "Properties in the City Property Miscellaneous Portfolio are appropriately managed".

\*\*\* This performance measure was previously "Percentage of miscellaneous property portfolio assets maintained and developed to the City Property quality standard".

## Explanations

1. Tenant satisfaction has increased by 8% over the last four years. There were 6% of our tenants (3% did not respond) who indicated that their housing did not meet their needs and this was primarily due to accessibility-related needs such as requiring a modified bathroom.
2. Occupancy remains high with increasing demand for community housing. Timeframes between tenancy turnovers are actively managed to ensure a high occupancy rate is achieved.
3. The presence of vacant properties in the investment portfolio is due to a number of factors; ongoing capital project work on the property, challenging retail environment including the effects of COVID-19, and property held vacant for strategic purposes.
4. The completion of maintenance work continues to exceed target performance. Reduction in results from last year is largely due to the impacts of COVID-19.

## Summary of Group Service Performance Results

| Activity | Number of measures | Number of measures achieved | Number of measures not achieved | Number of measures not measured | % of measures achieved |
|----------|--------------------|-----------------------------|---------------------------------|---------------------------------|------------------------|
| Property | 4                  | 2                           | 2                               | 0                               | 50%                    |

### Some of our achievements in 2019/20:

**Community Housing** - Refurbishment of 38 public housing units at the Palmyra site is underway. Refurbishment includes: improved insulation, new bathrooms, double glazing, electrical work, and safety improvements. The first block of units to be refurbished started in February 2020 and is now complete, the second block to be refurbished started in July 2020 and will be completed later this year, with blocks three and four to follow over 2021 and 2022.

Work has also begun on replacing nine units at the School Street site. The units were in very poor condition and were demolished in early 2020. They are being replaced with 10 completely new units, designed to meet Homestar 8 standard, and will be some of the most environmentally friendly public housing units in the country. Work on this site is scheduled for completion in early 2021.

**Edgar Centre** - Seismic strengthening work to the Edgar Centre was completed in February 2020, and the building is no longer classified as earthquake prone. Parts of the main building and the More FM Arena were temporarily closed during the structural upgrade works started in early 2019, and all works were completed on time and within budget.

**South Dunedin Library & Community Complex** - Following the long awaited purchase of a site for the new South Dunedin Library & Community Complex in early 2019, the co-design process has moved the project from the discovery phase to concept design stage. Long standing commercial tenants vacated the premises in June 2020, allowing for enabling works to commence later in 2020. A concept design is due by the end of 2020, with the development of this multi-year project due to open its doors to the public in 2022.

**Property Services** provided a range of support during the various levels of the COVID-19 pandemic, firstly to help maintain our essential services in a safe way, and secondly to support Council tenants. This included rent relief, welfare support, and applications to central government for projects to help get people back to work.

A new roof was installed at the **Mosgiel Library**, along with new lighting, additional insulation, and a new air conditioning system. This work improved the energy efficiency of the building, and improved the comfort levels for library users. The work was completed in February 2020.

A new roof was installed over various parts of the **Toitū Otago Settlers Museum**. Commencing in late 2019, parts of the building were scaffolded, and the old roof removed. The project was completed in July 2020.

New lifts were installed in the **Central City Library and the Civic Centre** with all six new lifts operational by December 2019. The Library was also re-roofed, and repairs were carried out to the concrete exterior. Roofing works and similar concrete repairs to the Civic Centre commenced in June 2020, and are due for completion in early 2021.

A review of DCC's existing **Social Housing policies and strategy** commenced in May 2020, in partnership with Community Housing Aotearoa. This work follows on from the Mayoral Taskforce for Housing, which resulted in a Housing Action Plan being approved by Council in 2019, and is due for completion by the end of 2020.

## Capital Expenditure

|   | Note | 2019/20<br>Actual<br>\$'000 | 2019/20<br>Budget<br>\$'000 |
|---|------|-----------------------------|-----------------------------|
| <b>New Capital</b>  |      |                             |                             |
| Commercial Property - Commercial                                  | 1    | 321                         | 1,000                       |
| Commercial Property - Commercial and operational                  | 2    | 34                          | 500                         |
| Commercial Property - Sammy's building                            |      | -                           | 100                         |
| Commercial Property - South Dunedin Library and Community Complex | 3    | 399                         | 1,000                       |
| Community Housing - Housing                                       | 4    | 404                         | 2,650                       |
| Operational Property - Commercial                                 |      | 50                          | -                           |
|   |      | 1,208                       | 5,250                       |
| <b>Renewals</b>   |      |                             |                             |
| Commercial Property - Commercial and operational                  | 5    | 767                         | 1,060                       |
| Commercial Property - Community                                   | 6    | 1,431                       | 2,725                       |
| Community Housing - Housing renewals                              | 7    | 1,668                       | 2,155                       |
| Operational Property - Central Library refurbishment              | 8    | -                           | 400                         |
| Operational Property - Civic                                      | 9    | 3,956                       | 5,440                       |
|   |      | 7,822                       | 11,780                      |
| <b>Total Capital</b>  |      |                             |                             |
|   |      | 9,030                       | 17,030                      |

## Explanation of variance

1. Full budget not required.
2. Project will continue into the 2020/21 year.
3. Project will continue into the 2020/21 year.
4. Project will continue into the 2020/21 year.
5. Projects will continue into the 2020/21 year.
6. Projects will continue into the 2020/21 year.
7. Projects will continue into the 2020/21 year.
8. Project expenditure occurred in other budget lines.
9. Projects will continue into the 2020/21 year.



## Dunedin City Council: Funding impact statement for the year ended 30 June 2020 for

## Property

|  | 2019<br>Long-term plan<br>\$000 | 2020<br>Long-term plan<br>\$000 | 2020<br>Actual<br>\$000 |
|--|---------------------------------|---------------------------------|-------------------------|
| <b>Sources of operating funding</b>                                      |                                 |                                 |                         |
| General rates, uniform annual general charges, rates penalties           | 4,148                           | 4,351                           | 5,454                   |
| Targeted rates   | -                               | -                               | -                       |
| Subsidies and grants for operating purposes                              | -                               | -                               | -                       |
| Fees and charges   | 17,726                          | 18,099                          | 16,836                  |
| Internal charges and overheads recovered                                 | 8,169                           | 8,341                           | 8,090                   |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -                               | -                               | -                       |
| <b>Total operating funding (A)</b>                                       | <b>30,043</b>                   | <b>30,791</b>                   | <b>30,380</b>           |
| <b>Application of operating funding</b>                                  |                                 |                                 |                         |
| Payments to staff and suppliers  | 17,425                          | 17,825                          | 18,526                  |
| Finance costs  | 3,266                           | 3,266                           | 3,266                   |
| Internal charges and overheads applied                                   | 2,923                           | 2,984                           | 2,994                   |
| Other operating funding applications                                     | -                               | -                               | -                       |
| <b>Total application of operating funding (B)</b>                        | <b>23,614</b>                   | <b>24,075</b>                   | <b>24,786</b>           |
| <b>Surplus (deficit) of operating funding (A-B)</b>                      | <b>6,429</b>                    | <b>6,716</b>                    | <b>5,594</b>            |
| <b>Sources of capital funding</b>  |                                 |                                 |                         |
| Subsidies and grants for capital expenditure                             | -                               | -                               | -                       |
| Development and financial contributions                                  | -                               | -                               | 7                       |
| Increase (decrease) in debt  | -                               | -                               | -                       |
| Gross proceeds from sale of assets                                       | -                               | -                               | 610                     |
| Lump sum contributions   | -                               | -                               | -                       |
| Other dedicated capital funding  | -                               | -                               | -                       |
| <b>Total sources of capital funding (C)</b>                              | <b>-</b>                        | <b>-</b>                        | <b>617</b>              |
| <b>Application of capital funding</b>                                    |                                 |                                 |                         |
| Capital expenditure  |                                 |                                 |                         |
| - to meet additional demand  | -                               | -                               | -                       |
| - to improve the level of service  | 900                             | 4,500                           | 1,698                   |
| - to replace existing assets   | 4,100                           | 6,200                           | 7,332                   |
| Increase (decrease) in reserves  | -                               | -                               | -                       |
| Increase (decrease) of investments                                       | 1,429                           | (3,984)                         | (2,819)                 |
| <b>Total application of capital funding (D)</b>                          | <b>6,429</b>                    | <b>6,716</b>                    | <b>6,211</b>            |
| <b>Surplus (deficit) of capital funding (C-D)</b>                        | <b>(6,429)</b>                  | <b>(6,716)</b>                  | <b>(5,594)</b>          |
| <b>Funding balance ((A-B)+(C-D))</b>                                     | <b>-</b>                        | <b>-</b>                        | <b>-</b>                |

# Libraries and museums | Kā wharepukapuka, kā whare taoka

## What we provide:

The libraries and museums group includes activities and services related to:

- Dunedin Public Libraries (including City of Literature)
- Dunedin Public Art Gallery
- Toitū Otago Settlers Museum
- Dunedin Chinese Garden
- Olveston Historic Home

The DCC owns and operates the Dunedin Public Libraries, Dunedin Public Art Gallery, Toitū Otago Settlers Museum, Dunedin Chinese Garden and Olveston. The DCC provides opportunities to access and experience visual arts and culture by viewing art collections held in a safe and quality environment. The DCC maintains and preserves a rich heritage of stories, treasures and knowledge through its cultural institutions.

The Council is one of four local authorities in Otago that contribute to the management and funding of the Otago Museum under the Otago Museum Trust Board Act 1996.

## Community outcomes

The libraries and museums group contributes to the following community outcomes:

- A creative city with a rich and diverse arts and culture scene
- A supportive city with caring communities and a great quality of life
- A successful city with a diverse, innovative and productive economy



## Measuring Performance

| Measure   | Data Source                                  | Target 2019/20 | Actual 2019/20 | Actual 2018/19 | Achievement      |
|---|--|----------------|----------------|----------------|------------------|
| <b>Level of service: Library facilities are accessible, and collections are maintained and updated to meet the needs of the community</b>   |  |                |                |                |                  |
| Percentage of residents who visit Dunedin Public Libraries at least once a year   | ROS  | ≥60%*          | 64%            | 63%            | Achieved. 1.     |
| Percentage of residents who visited and were satisfied with Dunedin Public Libraries  | ROS  | ≥90%           | 89%            | 90%            | Not achieved. 2. |
| Total number of visits to Dunedin Public Libraries annually   | Electronic Door Count                        | ≥1,100,000     | 920,579        | 1,148,380      | Not achieved. 3. |
| Number of participants in lifelong learning programmes conducted by the library annually  | Monthly statistics                           | ≥35,000**      | 35,086         | 54,088         | Achieved. 4.     |
| <b>Level of service: The Dunedin Public Art Gallery provides access to a diverse visual art experience which meets the expectations of visitors and the collection is managed according to international best practice***</b> |  |                |                |                |                  |
| Percentage of residents who visit Dunedin Public Art Gallery at least once in a year****  | ROS  | ≥40%           | 51%            | 50%            | Achieved. 5.     |
| Percentage of residents who visited and were satisfied with their visit to Dunedin Public Art Gallery   | ROS  | ≥90%           | 90%            | 92%            | Achieved. 6.     |
| Total number of visits to Dunedin Public Art Gallery annually   | Electronic Door Counter                      | ≥195,000       | 198,046        | 228,128        | Achieved. 7.     |
| Level of visitor satisfaction with Dunedin Public Art Gallery   | Visitor surveys                              | ≥90%           | 97%            | 97%            | Achieved. 8.     |
| Percentage of designated exhibition galleries that are committed to displays from the permanent collection (in order to provide access to the city's holding of nationally significant art)                                   | Calculation based on floor areas versus time | ≥40%           | 56.6%          | 59.4%          | Achieved. 9.     |

| Measure  | Data Source                    | Target 2019/20                                | Actual 2019/20 | Actual 2018/19 | Achievement       |
|--|--------------------------------|---|----------------|----------------|-------------------|
| <b>Level of service: The Toitū Otago Settlers Museum (Toitū) facilities provide access to a diverse social history experience which meets the expectations of visitors</b> |                                |   |                |                |                   |
| Percentage of residents who visit Toitū at least once a year   | ROS                            | ≥75%  | 71%            | 71%            | Not achieved. 10. |
| Percentage of residents who visited and were satisfied with their visit to Toitū   | ROS                            | ≥95%  | 94%            | 94%            | Not achieved. 11. |
| Total number of visits to Toitū annually   | Electronic Door Counter        | ≥250,000                                      | 216,656        | 290,291        | Not achieved. 12. |
| Number of special exhibitions, public programs and events staged per year at Toitū and the Dunedin Chinese Garden  | Annual status analysis         | ≥100  | 86             | 157            | Not achieved. 13. |
| Level of visitor satisfaction with Toitū****   | Trip Advisor                   | ≥4.5 out of 5 stars (as at 30 June each year) | 4.8            | 5              | Achieved. 14.     |
| <b>Level of service: Visitors enjoy an authentic Chinese architectural and cultural experience</b>   |                                |   |                |                |                   |
| Percentage of residents who visit the Dunedin Chinese Garden at least once a year  | ROS                            | ≥15%  | 24%            | 23%            | Achieved. 15.     |
| Percentage of residents who visited and were satisfied with their visit to Dunedin Chinese Garden  | ROS                            | ≥85%****                                      | 83%            | 82%            | Not achieved. 16. |
| Total number of visits to Dunedin Chinese Garden annually  | Manual count plus ticket sales | ≥40,000                                       | 34,676         | 44,857         | Not achieved. 17. |
| Level of visitor satisfaction with Dunedin Chinese Garden****  | Trip Advisor                   | ≥4.0 out of 5 stars (as at 30 June each year) | 4.5            | 4              | Achieved. 18.     |
| <b>Level of service: Visitors enjoy an authentic historical experience at Olveston*****</b>  |                                |   |                |                |                   |
| Percentage of residents who visit Olveston at least once a year  | ROS                            | ≥10%  | 10%            | 10%            | Achieved. 19.     |
| Percentage of visitors who visited and were satisfied with their visit to Olveston   | ROS                            | ≥90%  | 92%            | 95%            | Achieved. 20.     |
| Total number of visits to Olveston annually  | Ticket sales                   | ≥35,000                                       | 24,527         | 28,122         | Not achieved. 21. |
| Level of visitor satisfaction with Olveston  | Trip Advisor                   | ≥4.5 out of 5 stars (as at 30 June each year) | 4.5            | 4.5            | Achieved. 22.     |

\* This performance target was previously "≥35%".

\*\* This performance target was previously "45,000".

\*\*\* This is a revised level of service statement from 2017/18.

\*\*\*\* This is a new performance measure.

\*\*\*\*\* This performance target was previously "≥90%".

\*\*\*\*\* This is a new level of service statement for a major aspect of the libraries and museums group.

## Explanations

1. Visitation exceeded target which is a good result in view of the COVID-19 lockdown from 23 March to 19 May 2020.
2. Satisfaction below target and impacted by the closure of libraries from 23 March to 19 May 2020 due to the COVID-19 lockdown.
3. Libraries were closed to the public from 23 March to 19 May (Alert Levels 3 & 4), re-opening with restricted hours and services from 20 May to 14 June (Alert Level 2), and full re-opening from 15 June (Alert Level 1).
4. Public programmes were discontinued in mid-March due to COVID-19 mass gathering restrictions and were progressively recommenced from 15 June 2020.

- 5., 6., 7., & 8. Satisfaction level remains high, and visitation numbers were overall lower than previous year due to COVID-19 lockdown and having to be closed for a period of time. Visitation numbers were otherwise above target prior to lockdown due to popular exhibitions such as the 'Opavivara!' and France Hodgkin's exhibitions.
9. There is a consistent effort made to utilise DPAG collection items where appropriate.
10. Percentage of residents visiting Toitu has remained consistent, despite COVID-19 impacts on closure.
11. Although not quite on target, satisfaction has remained high and stable.
12. Visitor numbers were on target throughout the year until COVID-19 lockdown, which forced the Gallery to be closed for a period of time and losing the usual number of visitors for the April-June quarter. This impacted overall numbers for 2019/20.
13. 2019/20 was an interesting year with COVID-19 playing a role with the number of events, public programmes etc being held. Some public programs were taken online over lockdown.
14. High satisfaction level on Trip Advisor is consistent with high satisfaction results from the ROS.
15. Well above target and slight increase on last year.
16. Although not quite achieved, satisfaction still remains high and slightly increased from previous year.
17. Visitation numbers were impacted by COVID-19 lockdown, which forced the Garden to be closed for a period of time and losing the usual number of visitors for the April-June quarter. When the Garden was reopened, visitation numbers remained low due to restrictions on international visitors.
18. High satisfaction level on Trip Advisor is consistent with high satisfaction results from ROS.
19. Olveston Dunedin residential numbers still held on the previous year.
20. Satisfaction is a little down on last year but still achieved. Olveston saw its first Summer Music Series with 'Jazz on the Lawn' aimed at attracting Dunedin residents to Olveston to enjoy their stunning property and we continue to work on other concerts and events this coming year for the Dunedin residents.
21. Olveston visitation numbers were lower than previous year. This is due to seven cruise ships being cancelled before COVID-19 due to bad weather and Whakaari/White Island eruption. Coach and independent international visitors to Olveston were severely affected from the beginning of March due to international health warnings, with most cancelling. Olveston closed on the 23rd of March due to New Zealand moving to Level Three and two days later to full lockdown. Olveston re-opened on 25th of May. The closing over this period meant a major drop in revenue for 2019/20.
22. High level of satisfaction, with 1 hour guided tours receiving 5 stars.

### Summary of Group Service Performance Results

| Activity              | Number of measures | Number of measures achieved | Number of measures not achieved | Number of measures not measured | % of measures achieved |
|-----------------------|--------------------|-----------------------------|---------------------------------|---------------------------------|------------------------|
| Libraries and museums | 22                 | 13                          | 9                               | 0                               | 59%                    |

### Some of our achievements in 2019/20:

The **2019 Latin America and Spain Film Festival** was hosted by Dunedin City Library during late September and early October, featuring 12 films chosen by the 12 Latin American and Spanish Embassies to New Zealand. Deputy Head of Mission of the Spanish Embassy in Wellington attended the opening reception and around 144 people attended the Festival. The event brought together people from the Spanish-speaking communities of Dunedin, along with film buffs from around the city. This annual event continues to provide a platform for the Otago Hispanic Community to share aspects of their culture with the community, and this year encouraged attendance by young children, who were entertained with traditional Spanish and Portuguese children's games while their parents enjoyed the films.

The **Ignition Kids Book Festival** took place in early November 2019, with events at City Library, Port Chalmers Library, University Book Shop Otago, Dunedin Public Art Gallery, Toitū Otago Settlers Museum and Dunedin Athenaeum Library. An author event for schools was held at City Library, which attracted 185 school students from schools across Dunedin and South Otago and around 30 teachers and parents. The Festival took to the road this year, providing outreach to schools in South and North Otago who would not otherwise have been able to attend.

**Digital Outreach** - During the COVID-19 lockdown period, the Dunedin Public Libraries focused on increasing its range of digital services and support, including: establishment of a digital only membership category where new members could join and use the digital products available (during the period 2 April to 20 May 2020, there were 208 new digital only membership registrations); establishment of a digital support line through the Customer Services Agency; establishment of 'Links for Lockdown' and 'Lockdown Fun' targeting adults and young people respectively, with an extensive range of links to information and activities as well as free eBooks; and increasing the range of new eBooks and eAudio titles in line with the targeted redirection of the Libraries collection budget for 2019/20.

**Arts grants** – The promotion, assessment and administration of arts grants, along with the assistance and advice provided to applicants remains a significant focus for the Ara Toi team and approximately \$650,000 in arts grants was distributed in the 2019/20 financial year.

**Performing Arts Feasibility Study** – In partnership with Creative New Zealand, Ara Toi staff are working closely with consultants Charcoalblue and the performing arts community to complete the Performing Arts Feasibility Study which will inform future decision making for the performing arts in Dunedin.

**Vocational Pathways** – Creative Industries – A Dunedin focused Creative Workforce Development Committee has formed with members from the Ministry of Education, the Dunedin School of Art and the local secondary school's Careers Advisors group (CATE) along with Ara Toi and Enterprise Dunedin staff. The goal of this group is to work collaboratively, and across the region to identify and develop opportunities that build clearer pathways and help students into a meaningful creative career.

**Boosted** – Aotearoa's only crowdfunding platform dedicated to the arts. The DCC's partnership with Boosted supports the Dunedin Boosted mentor to work on the ground in Ōtepoti Dunedin to support artists and creatives create and run successful crowdfunding campaigns.

**Art Creativity and Infrastructure** – Staff are involved in the following new and ongoing ACII projects: Ross Creek Reservoir, Te Rauone Reserve Refurbishment, Tomahawk Carpark Project, Coastal Plan Management and the Dunedin Public Library refurbishment.

**Public Art Framework** – The Public Art Selection Panel chose Ayesha Green's (Kāi Tahu, Ngāti Kahungunu) Ko te Tūhono as Dunedin's new public artwork for the Octagon. The artist and DCC staff are working together to finalise the site and are in discussions about the requirements and timeframes for the installation of Ko te Tūhono.

**Exhibition Programme** – Opavivara!, Kapa Ma by Kalisoaite 'Uhila and Ka paroro o haumumu: Coastal Flows by Alex Monteith were successful in activating audiences, drawing new people to the Art Gallery and ensuring a diversity of cultural positions were reflected in the programme. Style and Substance in July 2019 and Additions and Alternations this March 2020 have been demonstrations of the ongoing commitment to making new exhibitions using the DPAG collection.

**Digital Outreach** – Programmes produced during the COVID-19 lockdown activated global audiences for the Gallery. Art@home programmes for children, online curatorial tours, artist talks and a weekly e-newsletter ensured that gallery content continued to be accessed by audiences while the building was closed. Like the Art Gallery, Toitu produced many online programmes during the COVID lockdown – Curator's Corner, Talking Pictures, History in the Making, History From Home and the Toitu To You online newsletter. These were picked up by the Otago Daily Times online edition and shared many thousands of times.

**Chinese Garden** – Thousands of people gathered to celebrate the Moon Festival in October 2019 and Chinese New Year in January 2020. These events are important in activating community participation at the Garden and strengthening links with the Chinese community.

## Capital Expenditure

|   | Note | 2019/20<br>Actual<br>\$'000 | 2019/20<br>Budget<br>\$'000 |
|---|------|-----------------------------|-----------------------------|
| <b>New Capital</b>  |      |                             |                             |
| Dunedin Public Art Gallery - Acquisitions DPAG Society funded         |      | 32                          | 30                          |
| Dunedin Public Art Gallery - Acquisitions donation funded             |      | -                           | 35                          |
| Dunedin Public Art Gallery - Acquisitions rates funded                |      | 71                          | 70                          |
| Dunedin Public Art Gallery - Art in public places                     |      | 3                           | 100                         |
| Dunedin Public Art Gallery - Minor capital works                      |      | 11                          | 20                          |
| Dunedin Public Libraries - Heritage collection purchases rates funded |      | 56                          | 56                          |
| Dunedin Public Libraries - Heritage collection purchases Trust funded |      | -                           | 10                          |
| Toitu Otago Settlers Museum - Acquisitions rates funded               |      | -                           | 50                          |
| Toitu Otago Settlers Museum - Minor capital works                     |      | 19                          | 20                          |
|   |      | 192                         | 391                         |
| <b>Renewals</b>   |      |                             |                             |
| Dunedin Public Art Gallery - Chilled water pipe replacement           |      | -                           | 140                         |
| Dunedin Public Art Gallery - Exhibition lighting                      |      | 10                          | 10                          |
| Dunedin Public Art Gallery - Goods lift renewal                       | 1    | -                           | 400                         |
| Dunedin Public Art Gallery - Heating and ventilation system           |      | -                           | 177                         |
| Dunedin Public Art Gallery - Security cameras                         |      | -                           | 30                          |
| Dunedin Public Libraries - Acquisitions operational collection        |      | 898                         | 898                         |
| Dunedin Public Libraries - Minor capital equipment                    |      | 42                          | 85                          |
| Olveston Historic Home - Minor capital renewals                       |      | 1                           | 61                          |
| Toitu Otago Settlers Museum - HVAC and building management            |      | -                           | 50                          |
| Toitu Otago Settlers Museum - Minor equipment renewals                |      | 10                          | -                           |
|   |      | 961                         | 1,851                       |
| <b>Total Capital</b>  |      | 1,153                       | 2,242                       |

## Explanation of variance

1. Budget not required while future renewal expenditure is determined by Property.

## Dunedin City Council: Funding impact statement for the year ended 30 June 2020 for

## Libraries and museums

|  | 2019<br>Long-term plan<br>\$000 | 2020<br>Long-term plan<br>\$000 | 2020<br>Actual<br>\$000 |
|--|---------------------------------|---------------------------------|-------------------------|
| <b>Sources of operating funding</b>                                      |                                 |                                 |                         |
| General rates, uniform annual general charges, rates penalties           | 24,734                          | 25,945                          | 25,367                  |
| Targeted rates   | -                               | -                               | -                       |
| Subsidies and grants for operating purposes                              | 255                             | 261                             | 332                     |
| Fees and charges   | 1,824                           | 1,860                           | 1,562                   |
| Internal charges and overheads recovered                                 | 17                              | 18                              | 30                      |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 91                              | 93                              | 55                      |
| <b>Total operating funding (A)</b>                                       | <b>26,921</b>                   | <b>28,177</b>                   | <b>27,346</b>           |
| <b>Application of operating funding</b>                                  |                                 |                                 |                         |
| Payments to staff and suppliers  | 17,873                          | 18,292                          | 18,421                  |
| Finance costs  | 939                             | 939                             | 939                     |
| Internal charges and overheads applied                                   | 6,374                           | 6,508                           | 6,507                   |
| Other operating funding applications                                     | -                               | -                               | -                       |
| <b>Total application of operating funding (B)</b>                        | <b>25,186</b>                   | <b>25,739</b>                   | <b>25,867</b>           |
| <b>Surplus (deficit) of operating funding (A-B)</b>                      | <b>1,735</b>                    | <b>2,438</b>                    | <b>1,479</b>            |
| <b>Sources of capital funding</b>  |                                 |                                 |                         |
| Subsidies and grants for capital expenditure                             | 30                              | 31                              | -                       |
| Development and financial contributions                                  | -                               | -                               | -                       |
| Increase (decrease) in debt  | -                               | -                               | -                       |
| Gross proceeds from sale of assets                                       | -                               | -                               | -                       |
| Lump sum contributions   | -                               | -                               | -                       |
| Other dedicated capital funding  | -                               | -                               | -                       |
| <b>Total sources of capital funding (C)</b>                              | <b>30</b>                       | <b>31</b>                       | <b>-</b>                |
| <b>Application of capital funding</b>                                    |                                 |                                 |                         |
| Capital expenditure  |                                 |                                 |                         |
| - to meet additional demand  | -                               | -                               | -                       |
| - to improve the level of service  | 212                             | 220                             | 140                     |
| - to replace existing assets   | 1,400                           | 1,877                           | 1,013                   |
| Increase (decrease) in reserves  | -                               | -                               | -                       |
| Increase (decrease) of investments                                       | 153                             | 372                             | 326                     |
| <b>Total application of capital funding (D)</b>                          | <b>1,765</b>                    | <b>2,469</b>                    | <b>1,479</b>            |
| <b>Surplus (deficit) of capital funding (C-D)</b>                        | <b>(1,735)</b>                  | <b>(2,438)</b>                  | <b>(1,479)</b>          |
| <b>Funding balance ((A-B)+(C-D))</b>                                     | <b>-</b>                        | <b>-</b>                        | <b>-</b>                |



# Regulatory services | Ratoka waeture

## What we provide:

The regulatory services group includes activities and services related to:

- Building services
- Compliance solutions (includes animal services, environmental health and alcohol licensing)
- Parking operations
- Parking services (enforcement)

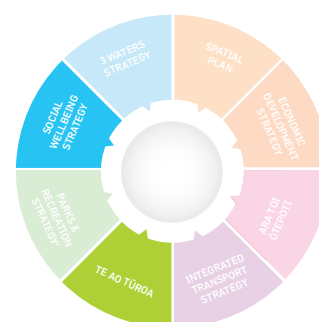
The DCC provides: monitoring services to enforce standards of public safety with the control of dogs; building services that meet customer needs and statutory requirements; protection for the public by monitoring and enforcing standards of public health; and services to reduce alcohol-related harm by monitoring and enforcing standards within licensed premises.

The regulatory services group contributes directly to the safety and health of residents. By monitoring and enforcement standards of public safety, the Council fulfils its role as the authority for a range of regulatory frameworks which help to make Dunedin a great place to live.

## Community outcomes

The regulatory services group contributes to the following community outcomes:

- A supportive city with caring communities and a great quality of life
- A sustainable city with healthy and treasured natural environments



## Measuring Performance

| Measure   | Data Source                  | Target 2019/20                    | Actual 2019/20       | Actual 2018/19      | Achievement      |
|---|------------------------------|-----------------------------------|----------------------|---------------------|------------------|
| <b>Level of service: Legislative standards and bylaws are enforced to protect the public</b>                              |                              |                                   |                      |                     |                  |
| Percentage of residents satisfied with the control of roaming dogs  | ROS                          | ≥60%                              | 69%                  | 68%                 | Achieved. 1.     |
| Percentage of "A" graded food premises  | DCC internal reporting       | ≥70%*                             | 90%                  | 85%                 | Achieved. 2.     |
| Percentage of residents satisfied with the control of noise**   | ROS                          | ≥60%                              | 66%                  | 62%                 | Achieved. 3.     |
| <b>Level of service: Statutory timeframes for processing of building consents applications and certifications are met</b> |                              |                                   |                      |                     |                  |
| Percentage of building consent applications processed in accordance with statutory timeframes                             | Internal processing analysis | 100%                              | 97.1%                | 99%                 | Not achieved. 4. |
| Percentage of Code Compliance Certificates issued in accordance with statutory timeframes                                 | Internal processing analysis | 100%                              | 97.6%                | 99%                 | Not achieved. 5. |
| <b>Level of service: Monitoring of legislative standards and bylaws is undertaken to protect the public</b>               |                              |                                   |                      |                     |                  |
| Percentage of registered health premises inspected in accordance with the statutory timeframes                            | DCC internal reporting       | 100%                              | 90%                  | 100%                | Not achieved. 6. |
| Number of alcohol licensing monitoring visits completed each quarter  | DCC internal reporting       | ≥50 compliance visits per quarter | 129 completed visits | 89 completed visits | Not achieved. 7. |
| <b>Level of service: Car parking is available, meets the demands of users and parking regulations are enforced</b>        |                              |                                   |                      |                     |                  |
| Percentage of residents satisfied with the availability of metered on-street parking in the central city                  | ROS                          | ≥40%                              | 23%                  | 25%                 | Not achieved. 8. |

\* This performance target was previously "≥65%".

\*\* This is a new performance measure.

## Explanations

1. This is a 1% improvement on last year's results. Staff continue to respond to complaints in a timely manner and are actively patrolling the city suburbs for roaming dogs.
2. This is a 5% improvement on last year's results. Overall food safety in Dunedin food premises is at a very high standard.
3. This is a 4% improvement on last year's results. This result is consistent with the high level of customer satisfaction received throughout the year.
4. Target was not achieved primarily due to the inability to process paper based applications during the COVID-19 lockdown.
5. Target was not achieved primarily due to the inability to process paper based applications during the COVID-19 lockdown.
6. This is a 10% reduction on last year's result. This result is due to COVID-19 lockdown period when staff were unable to undertake normal level of inspection work.
7. While this target was not achieved, the number of visits increased from the previous year but was impacted by the COVID-19 lockdown period when staff were unable to carry out the normal level of inspection work.
8. Ongoing work on the transport network has continued to put pressure on on-street parking in the central city. COVID-19 may also have had an impact.

## Summary of Group Service Performance Results

| Activity            | Number of measures | Number of measures achieved | Number of measures not achieved | Number of measures not measured | % of measures achieved |
|---------------------|--------------------|-----------------------------|---------------------------------|---------------------------------|------------------------|
| Regulatory services | 8                  | 3                           | 5                               | 0                               | 38%                    |

### Some of our achievements in 2019/20 were:

**IANZ audit of Building Services** - The Building Consent Authority was noted as low risk following the IANZ (Internal Accreditation New Zealand) biennial audit.

**Earthquake Prone Building work commenced** – Work began on identifying potentially earthquake-prone buildings and notifying owners following the 2017 legislative amendments to the Building Act. This is a long term project with completion estimated in 10 years which is within statutory requirements.

**IANZ accreditation of Environmental Health Quality Management System** – This was achieved for licensed food premises, with the assessment carried out remotely during lockdown.

**Body worn cameras** – Use of body worn cameras was rolled out to the Animal Control Officers following successful introduction of these devices for Parking Officers.

**Parking Services improvement** – A project to improve the function of hand held ticket writers was completed and this has improved customer service in relation to parking related complaints.

## Capital Expenditure

|   | Note | 2019/20<br>Actual<br>\$'000 | 2019/20<br>Budget<br>\$'000 |
|---|------|-----------------------------|-----------------------------|
| <b>New Capital</b>  |      |                             |                             |
| Compliance Solutions - Dog Exercise Areas                     |      | 8                           | -                           |
| Compliance Solutions - Radio telephone system                 |      | 19                          | 25                          |
|   |      | 27                          | 25                          |
| <b>Renewals</b>   |      |                             |                             |
| Parking Operations - Parking buildings parking meter renewals | 1    | -                           | 260                         |
| Parking Operations - Parking meter renewals                   |      | -                           | 100                         |
|   |      | -                           | 360                         |
| <b>Total Capital</b>  |      | 27                          | 385                         |

## Explanation of variance

1. This expenditure will be incurred in the 2020/21 year.

## Dunedin City Council: Funding impact statement for the year ended 30 June 2020 for

## Regulatory services

|  | 2019<br>Long-term plan<br>\$000 | 2020<br>Long-term plan<br>\$000 | 2020<br>Actual<br>\$000 |
|--|---------------------------------|---------------------------------|-------------------------|
| <b>Sources of operating funding</b>                                      |                                 |                                 |                         |
| General rates, uniform annual general charges, rates penalties           | -                               | -                               | -                       |
| Targeted rates   | -                               | -                               | -                       |
| Subsidies and grants for operating purposes                              | -                               | -                               | -                       |
| Fees and charges   | 13,616                          | 13,819                          | 14,007                  |
| Internal charges and overheads recovered                                 | 92                              | 94                              | 142                     |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 2,269                           | 2,272                           | 2,005                   |
| <b>Total operating funding (A)</b>                                       | <b>15,977</b>                   | <b>16,185</b>                   | <b>16,154</b>           |
| <b>Application of operating funding</b>                                  |                                 |                                 |                         |
| Payments to staff and suppliers  | 9,650                           | 9,980                           | 10,899                  |
| Finance costs  | 72                              | 72                              | 72                      |
| Internal charges and overheads applied                                   | 5,547                           | 5,663                           | 5,609                   |
| Other operating funding applications                                     | -                               | -                               | -                       |
| <b>Total application of operating funding (B)</b>                        | <b>15,269</b>                   | <b>15,715</b>                   | <b>16,580</b>           |
| <b>Surplus (deficit) of operating funding (A-B)</b>                      | <b>708</b>                      | <b>470</b>                      | <b>(426)</b>            |
| <b>Sources of capital funding</b>  |                                 |                                 |                         |
| Subsidies and grants for capital expenditure                             | -                               | -                               | -                       |
| Development and financial contributions                                  | -                               | -                               | -                       |
| Increase (decrease) in debt  | -                               | -                               | -                       |
| Gross proceeds from sale of assets                                       | -                               | -                               | 10                      |
| Lump sum contributions   | -                               | -                               | -                       |
| Other dedicated capital funding  | -                               | -                               | -                       |
| <b>Total sources of capital funding (C)</b>                              | <b>-</b>                        | <b>-</b>                        | <b>10</b>               |
| <b>Application of capital funding</b>                                    |                                 |                                 |                         |
| Capital expenditure  |                                 |                                 |                         |
| - to meet additional demand  | -                               | -                               | -                       |
| - to improve the level of service  | 8                               | 19                              | 20                      |
| - to replace existing assets   | 252                             | 366                             | 7                       |
| Increase (decrease) in reserves  | -                               | -                               | -                       |
| Increase (decrease) of investments                                       | 448                             | 85                              | (443)                   |
| <b>Total application of capital funding (D)</b>                          | <b>708</b>                      | <b>470</b>                      | <b>(416)</b>            |
| <b>Surplus (deficit) of capital funding (C-D)</b>                        | <b>(708)</b>                    | <b>(470)</b>                    | <b>426</b>              |
| <b>Funding balance ((A-B)+(C-D))</b>                                     | <b>-</b>                        | <b>-</b>                        | <b>-</b>                |

# Waste management | Rautaki para

## What we provide:

The waste management group includes activities and services related to waste and environmental solutions.

The DCC provides collection, resource recovery, and residual disposal service for domestic and some commercial residents in Dunedin. It includes large waste management facilities like the Green Island landfill and inner-city recycling hubs on Moray Place and Vogel Street. It also provides education on e-waste minimisation and public education on Council's sustainability practices in Dunedin's unique waste management context.

The DCC currently manages the collections and environmental monitoring contracts, one open and five closed landfill facilities, one recovery store, three Transfer Stations, and two recycling drop-off facilities to provide effective waste and recycling collection services and waste disposal facilities in a way that protects public health, minimises impact on the environment and promotes waste minimisation.

## Community outcomes

The waste management group contributes to the following community outcomes:

- A sustainable city with healthy and treasured natural environments
- A healthy city with reliable and quality water, wastewater and stormwater systems
- A supportive city with caring communities and a great quality of life

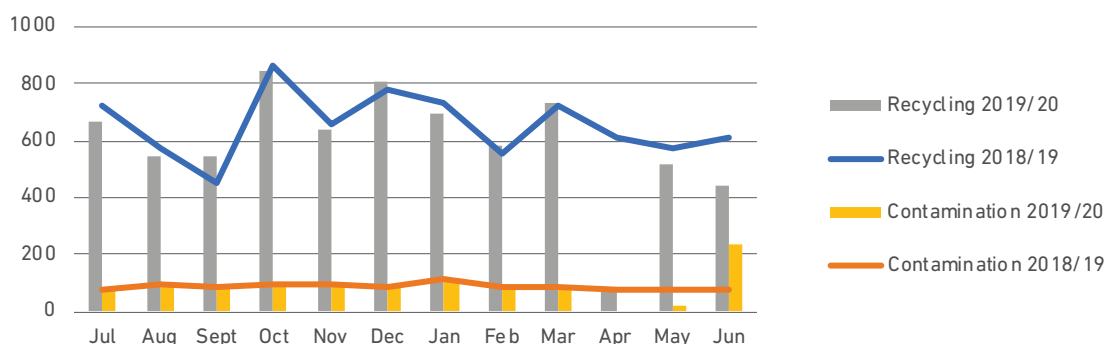


## Measuring Performance

| Measure  | Data Source                | Target 2019/20                               | Actual 2019/20                       | Actual 2018/19                      | Achievement      |
|--|----------------------------|--|--------------------------------------|-------------------------------------|------------------|
| <b>Level of service: Refuse collection and kerbside recycling meet customer expectations</b>                   |                            |  |                                      |                                     |                  |
| Overall satisfaction with rubbish disposal service*  | ROS                        | ≥70%   | 64%                                  | 68%                                 | Not achieved. 1. |
| <b>Level of service: Waste minimisation targets are met</b>  |                            |  |                                      |                                     |                  |
| The quantity and quality of diverted material collected via the DCC's collection service for diverted material | Internal Quarterly Reports | >2% annual growth in diverted materials sold | 7085 tonnes. 10% decrease on 2018/19 | 7846 tonnes. 5% decrease on 2017/18 | Not achieved. 2. |

\* This performance measure was previously "Number of complaints regarding missed collections".

## Total waste diverted and sold during 2019/20 by month (tonnes)



## Explanations

1. Overall satisfaction has decreased from 68% to 64%, with the primary causes of dissatisfaction being the continued use of pre-paid plastic rubbish bags for kerbside waste collection, and the lack of an organics collection service. Public engagement on additional collection services was conducted alongside the 2020/21 Annual Plan, with a preferred option to be included in the 2021/31 10 year plan.
2. A reduction in the number of available markets for recyclable material in line with the China National Sword Policy, combined with higher acceptance standards for the quality of the recyclable materials, has resulted in a 10% reduction in diverted materials sold. Kerbside Recycling services were suspended during April 2020 and the first three weeks of May 2020 due to COVID-19 lockdown. During this time recycling bins were used as general waste bins which caused contamination rates to more than double when normal services resumed.

## Summary of Group Service Performance Results

| Activity         | Number of measures | Number of measures achieved | Number of measures not achieved | Number of measures not measured | % of measures achieved |
|------------------|--------------------|-----------------------------|---------------------------------|---------------------------------|------------------------|
| Waste management | 2                  | 0                           | 2                               | 0                               | 0%                     |

### Some of our achievements in 2019/20:

**Waste Minimisation Grants** - \$133,467 of contestable funding was awarded to community groups/schools and organisations for waste minimisation initiatives.

**Community Recycling Facilities** - Two new facilities have been opened for use. The first facility is hosted by Countdown on Moray Place and is intended for residents living in the CBD. The second facility is hosted by the Otago Polytechnic on Forth Street and is intended to supplement the kerbside recycling service in the Tertiary Precinct. A third facility to supplement kerbside recycling in the Tertiary Precinct is due to open on 27 July 2020 and will be located next to the Marsh Study Centre on Castle Street.

**Waste Minimisation and Management Plan 2020 (WMMP 2020) and Supporting Waste Assessment 2018** - The review of Dunedin City Council's WMMP commenced in 2018 with the Waste Assessment 2018 which is appended to the WMMP 2020 and provides for a description of the collection, recycling, treatment, and disposal services within the Dunedin district. It also aims to assess the Future Forecast of Demand for waste and resource recovery services, including education and facilities i.e.; service level improvements and infrastructure needs. In preparing the Waste Assessment, Territorial Authorities must ensure that public health is adequately protected, and effective and efficient waste management and minimisation is promoted.

**The Draft WMMP 2020 and Waste Assessment 2018** were presented to the Planning and Environment Committee on 11 February 2020 and received approval to proceed through public consultation alongside the 2020/21 Annual Plan. Due to the COVID-19 lockdown the public consultation period was extended from 12 March 2020 to 24 April 2020 to ensure the public had opportunity to participate in the consultation process and lessen the disruption caused by the lockdown. 306 submissions were received with 80% of submitters in support of the Proposed WMMP 2020. The WMMP 2020 and Waste Assessment 2018 were adopted by Council on 25 May 2020. The WMMP 2020 and Waste Assessment 2018 directly aligns with the Waste Futures Project.

**Waste Futures Project** - The Waste Futures project involves using the Better Business Case methodology to develop a future waste and diverted materials system for Dunedin. It also includes feasibility studies for operating the Green Island landfill until an alternative landfill is available, and investigated the technical feasibility of a new landfill facility at the designated Smooth Hill site. Phase One of this project focused on the Strategic Case and Programme Business Case and is now complete. Phase Two is now almost complete and the economic, financial, commercial, and management business cases are undergoing final review.

## Capital Expenditure

|  | Note | 2019/20<br>Actual<br>\$'000 | 2019/20<br>Budget<br>\$'000 |
|--|------|-----------------------------|-----------------------------|
| <b>New Capital</b>   |      |                             |                             |
| Waste and Environmental Solutions - Bin replacements                           |      | 93                          | -                           |
| Waste and Environmental Solutions - City recycling facilities                  |      | 255                         | 180                         |
| Waste and Environmental Solutions - Green Island Landfill and Transfer Station | 1    | 1,080                       | 730                         |
| Waste and Environmental Solutions - Landfill gas collection system             |      | 117                         | 170                         |
| Waste and Environmental Solutions - Middlemarch Landfill and Transfer Station  |      | -                           | 30                          |
| Waste and Environmental Solutions - Waikouaiti Transfer Station                |      | 77                          | 230                         |
|  |      | 1,622                       | 1,340                       |
| <b>Renewals</b>  |      |                             |                             |
| Waste and Environmental Solutions - Bin replacements                           |      | (6)                         | 75                          |
| Waste and Environmental Solutions - Green Island Landfill renewals             |      | 126                         | 110                         |
|  |      | 120                         | 185                         |
| <b>Total Capital</b>   |      | 1,742                       | 1,525                       |

## Explanation of variance

1. Overspend relates to the completion of projects commenced in the 2018/19 year.

## Dunedin City Council: Funding impact statement for the year ended 30 June 2020 for

## Waste management

|  | 2019<br>Long-term plan<br>\$000 | 2020<br>Long-term plan<br>\$000 | 2020<br>Actual<br>\$000 |
|--|---------------------------------|---------------------------------|-------------------------|
| <b>Sources of operating funding</b>                                      |                                 |                                 |                         |
| General rates, uniform annual general charges, rates penalties           | 576                             | 604                             | 508                     |
| Targeted rates   | 2,841                           | 2,981                           | 2,863                   |
| Subsidies and grants for operating purposes                              | -                               | -                               | -                       |
| Fees and charges   | 14,232                          | 13,838                          | 11,250                  |
| Internal charges and overheads recovered                                 | 982                             | 1,002                           | 1,372                   |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -                               | -                               | -                       |
| <b>Total operating funding (A)</b>                                       | <b>18,631</b>                   | <b>18,425</b>                   | <b>15,993</b>           |
| <b>Application of operating funding</b>                                  |                                 |                                 |                         |
| Payments to staff and suppliers  | 12,450                          | 13,270                          | 14,197                  |
| Finance costs  | 179                             | 179                             | 179                     |
| Internal charges and overheads applied                                   | 913                             | 932                             | 830                     |
| Other operating funding applications                                     | -                               | -                               | -                       |
| <b>Total application of operating funding (B)</b>                        | <b>13,542</b>                   | <b>14,381</b>                   | <b>15,206</b>           |
| <b>Surplus (deficit) of operating funding (A-B)</b>                      | <b>5,089</b>                    | <b>4,044</b>                    | <b>787</b>              |
| <b>Sources of capital funding</b>  |                                 |                                 |                         |
| Subsidies and grants for capital expenditure                             | -                               | -                               | -                       |
| Development and financial contributions                                  | -                               | -                               | -                       |
| Increase (decrease) in debt  | -                               | -                               | -                       |
| Gross proceeds from sale of assets                                       | -                               | -                               | -                       |
| Lump sum contributions   | -                               | -                               | -                       |
| Other dedicated capital funding  | -                               | -                               | -                       |
| <b>Total sources of capital funding (C)</b>                              | <b>-</b>                        | <b>-</b>                        | <b>-</b>                |
| <b>Application of capital funding</b>                                    |                                 |                                 |                         |
| Capital expenditure  |                                 |                                 |                         |
| - to meet additional demand  | -                               | -                               | -                       |
| - to improve the level of service  | 897                             | 702                             | 1,214                   |
| - to replace existing assets   | 686                             | 632                             | 528                     |
| Increase (decrease) in reserves  | -                               | -                               | -                       |
| Increase (decrease) of investments                                       | 3,506                           | 2,710                           | (955)                   |
| <b>Total application of capital funding (D)</b>                          | <b>5,089</b>                    | <b>4,044</b>                    | <b>787</b>              |
| <b>Surplus (deficit) of capital funding (C-D)</b>                        | <b>(5,089)</b>                  | <b>(4,044)</b>                  | <b>(787)</b>            |
| <b>Funding balance ((A-B)+(C-D))</b>                                     | <b>-</b>                        | <b>-</b>                        | <b>-</b>                |



# Community and planning

## Te hāpori me te whakamahere kaupapa

### What we provide:

The community and planning group includes activities and services related to:

- Community development and events
- City development
- Resource consents

The DCC is responsible for promoting the sustainable management of the natural and physical resources within Dunedin. This includes developing, reviewing and administering the District Plan, Spatial Plan and related policies, and processing applications for resource consents under the District Plan. The DCC also provides heritage, biodiversity and urban design advice to the Council and residents, and administers the heritage fund.

The community and planning group provides advice and support to community providers and administers a range of community support and grants, and organises community events. The community and planning group contributes to the vibrancy of the city for Dunedin residents and visitors, and works with community groups to provide a better quality of life, while driving development and delivery of the city's key strategies.

### Community outcomes

The community and planning group contributes to the following community outcomes:

- A creative city with a rich and diverse arts and culture scene
- A successful city with a diverse, innovative and productive economy
- A supportive city with caring communities and a great quality of life
- A sustainable city with healthy and treasured natural environments
- A compact city with a vibrant CBD and thriving suburban and rural centres



### Measuring Performance

| Measure  | Data Source                  | Target 2019/20 | Actual 2019/20 | Actual 2018/19 | Achievement      |
|--|------------------------------|----------------|----------------|----------------|------------------|
| <b>Level of service: Advice and support is provided to the community and key stakeholders, and grants funding and contract support is appropriately administered and monitored</b> |                              |                |                |                |                  |
| Percentage of customers satisfied with advice, support, and assistance provided by Community Development   | Annual survey                | ≥95%           | 91%            | 95%            | Not achieved. 1. |
| <b>Level of service: Council-funded events meet the needs of residents</b>   |                              |                |                |                |                  |
| Percentage of residents satisfied with city festivals and events   | ROS                          | ≥70%           | 70%            | 76%            | Achieved. 2.     |
| <b>Level of service: Residents are satisfied with the look and feel of the city</b>  |                              |                |                |                |                  |
| Percentage of residents satisfied with the overall look and feel of the city   | ROS                          | ≥75%           | 70%            | 75%            | Not achieved. 3. |
| <b>Level of service: Resource consents are processed efficiently and meet statutory timeframes and customer information needs are met</b>  |                              |                |                |                |                  |
| Percentage of resource consents processed within statutory timeframes  | Internal processing analysis | 100%           | 99%            | 97%            | Not achieved. 4. |

### Explanations

1. The Community Development and Events Team has a number of new staff, still making connections with the wider community and undertaking their induction. Lower satisfaction may be due to staff not being fully knowledgeable in all areas at this stage, which will change over time.
2. The satisfaction meets the city's target but is lower than in previous years. There is a higher expectation from the public of events and event organisers within the city to continue being innovative and fresh.

3. The Central City Plan and other amenity projects programmed in the coming years seek to address residents' concerns about the overall appearance of the city. Through stakeholder and community consultation, the community has informed the design proposals of the city through the Central City Plan and other amenity projects design stages. This will continue across all projects.
4. The first three quarters were very busy and COVID-19 impacted on the last quarter of 2019/20. Despite the challenges, staff were still able to process a total of 99% (744 of 749) of resource consents within statutory timeframes.

### Summary of Group Service Performance Results

| Activity               | Number of measures | Number of measures achieved | Number of measures not achieved | Number of measures not measured | % of measures achieved |
|------------------------|--------------------|-----------------------------|---------------------------------|---------------------------------|------------------------|
| Community and planning | 4                  | 1                           | 3                               | 0                               | 25%                    |

#### Some of our achievements in 2019/20 were:

99% of **resource consent applications** were processed in statutory timeframe. Planning applications processed in the first six months was the 4th busiest total since 1998/99, while the full year was the 7th busiest (1,037 applications and average of 980 since 1998/99). RMA complaints were 64% above average for the previous seven years (252 versus 154).

Other business as usual work completed include: 1,329 Development contribution assessments with 243 development contributions being required; 2,673 planning checks of building consent applications; 5,581 planning enquiries (approximately 113 for each working week); 187 HAIL requests (contamination record search); 155 subdivision certification (s223); and 2,136 LIM requests (planning part) processed.

**Taskforce Green** volunteers undertook around 22,000 hours of work to support DCC and community projects.

**Enviroschools** supported more than 30 Dunedin primary, intermediate and secondary schools in their focus on sustainability – assisting with a range of waste minimisation, climate change, and energy-wise projects.

A comprehensive review of the operations of the **Dunedin Heritage Fund** has been undertaken and included a series of recommendations that will be implemented during 2020-22. This included establishing the Fund on a stronger legal footing to address its current financial structure in relation to the DCC. The Heritage Fund itself has grown in financial capacity with the consolidation of the DCC's heritage grant schemes into the Fund in mid-2018; its grant from the DCC is currently \$670,000.

A total of 29 grants were offered for heritage projects totalling \$934,375.50; the additional funds given out derived from unspent legacy amounts held back from previous financial years.

On 20 November 2019, **Variation 1 (minor amendments) to the 2GP** was notified for public submissions. The submission period closed on 18 December 2019, and the further submission period closed on 13 February. Eight submissions and no further submissions were received, and a hearing was held on 5 June 2020. Decisions on Variation 1 were notified on 18 July 2020. The deadline for lodging an appeal on Variation 1 is Friday 28 August 2020.

This year's **Urban Design** work programme included designing schemes for Tunnel Beach, Te Raoune Reserve, Schools Speed projects, Glow Dunedin, Octagon Experience, playground strategy development, and Sutton Bridge. The DCC has been working alongside Aukaha and mana whenua in the development of guidance documents to inform future development in the city.

Major projects still ongoing are the Central City Plan: George Street Project, Tertiary Streets, North East Valley Cycleway project, South Dunedin Community Library, Peninsula Connection, and Dunedin Waterfront projects. This work has included stakeholder and community engagement, preliminary design and urban design advice.

### Capital Expenditure

|  | Note | 2019/20<br>Actual<br>\$'000 | 2019/20<br>Budget<br>\$'000 |
|--|------|-----------------------------|-----------------------------|
| <b>New Capital</b>                                 |      |                             |                             |
| City Development - Caversham BBQ / picnic hub      |      | -                           | 20                          |
| City Development - Minor amenity centres upgrades  | 1    | 87                          | 500                         |
| City Development - Street trees and furniture      |      | 232                         | 176                         |
| City Development - Warehouse Precinct upgrades     | 2    | -                           | 1,020                       |
| Community Development and Events - Christmas Tree  |      | 64                          | 70                          |
| Community Development and Events - Minor equipment |      | 1                           | 3                           |
|  |      | 384                         | 1,789                       |
| <b>Total Capital</b>                               |      |                             |                             |
|  |      | 384                         | 1,789                       |

### Explanation of variance

1. Project will continue into the 2020/21 year.
2. Project budget reprofiled in the 2020/21 Annual Plan to occur in the 2021/22 financial year.

## Dunedin City Council: Funding impact statement for the year ended 30 June 2020 for

## Community and planning

|  | 2019<br>Long-term plan<br>\$000 | 2020<br>Long-term plan<br>\$000 | 2020<br>Actual<br>\$000 |
|--|---------------------------------|---------------------------------|-------------------------|
| <b>Sources of operating funding</b>                                      |                                 |                                 |                         |
| General rates, uniform annual general charges, rates penalties           | 10,699                          | 11,223                          | 11,771                  |
| Targeted rates   | -                               | -                               | -                       |
| Subsidies and grants for operating purposes                              | 143                             | 146                             | 221                     |
| Fees and charges   | 1,262                           | 1,375                           | 1,698                   |
| Internal charges and overheads recovered                                 | 252                             | 257                             | 236                     |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -                               | -                               | 3                       |
| <b>Total operating funding (A)</b>                                       | <b>12,356</b>                   | <b>13,001</b>                   | <b>13,929</b>           |
| <b>Application of operating funding</b>                                  |                                 |                                 |                         |
| Payments to staff and suppliers  | 10,227                          | 10,433                          | 12,414                  |
| Finance costs  | 209                             | 209                             | 209                     |
| Internal charges and overheads applied                                   | 1,918                           | 1,959                           | 1,948                   |
| Other operating funding applications                                     | -                               | -                               | -                       |
| <b>Total application of operating funding (B)</b>                        | <b>12,354</b>                   | <b>12,601</b>                   | <b>14,571</b>           |
| <b>Surplus (deficit) of operating funding (A-B)</b>                      | <b>2</b>                        | <b>400</b>                      | <b>(642)</b>            |
| <b>Sources of capital funding</b>  |                                 |                                 |                         |
| Subsidies and grants for capital expenditure                             | -                               | -                               | 20                      |
| Development and financial contributions                                  | -                               | -                               | -                       |
| Increase (decrease) in debt  | -                               | -                               | -                       |
| Gross proceeds from sale of assets                                       | -                               | -                               | -                       |
| Lump sum contributions   | -                               | -                               | -                       |
| Other dedicated capital funding  | -                               | -                               | -                       |
| <b>Total sources of capital funding (C)</b>                              | <b>-</b>                        | <b>-</b>                        | <b>20</b>               |
| <b>Application of capital funding</b>                                    |                                 |                                 |                         |
| Capital expenditure  |                                 |                                 |                         |
| - to meet additional demand  | -                               | -                               | -                       |
| - to improve the level of service  | 1,238                           | 375                             | 288                     |
| - to replace existing assets   | 412                             | 125                             | 96                      |
| Increase (decrease) in reserves  | -                               | -                               | -                       |
| Increase (decrease) of investments                                       | (1,648)                         | (100)                           | (1,006)                 |
| <b>Total application of capital funding (D)</b>                          | <b>2</b>                        | <b>400</b>                      | <b>(622)</b>            |
| <b>Surplus (deficit) of capital funding (C-D)</b>                        | <b>(2)</b>                      | <b>(400)</b>                    | <b>642</b>              |
| <b>Funding balance ((A-B)+(C-D))</b>                                     | <b>-</b>                        | <b>-</b>                        | <b>-</b>                |

# Economic development | Te whakatupu ohaoha

## What we provide:

The economic development group includes activities and services related to:

- Business development
- Marketing Dunedin
- Visitor centre (i-SITE)

The DCC supports and encourages business vitality, alliances for innovation, a hub for skills and talent, linkages beyond our borders and a compelling destination to make Dunedin a great place to live, work, study, visit and invest in.

The economic development group works in partnership with other agencies to: promote the city, attract visitors and migrants; and encourages and support business, job growth and entrepreneurial activity.

## Community outcomes

The economic development group contributes to the following community outcomes:

- A creative city with a rich and diverse arts and culture scene
- A successful city with a diverse, innovative and productive economy
- A supportive city with caring communities and a great quality of life



## Measuring Performance

| Measure   | Data Source                      | Target 2019/20                  | Actual 2019/20                                | Actual 2018/19   | Achievement        |
|---|----------------------------------|---------------------------------|---|--|--------------------|
| <b>Level of service: Enterprise Dunedin provides business sector support and coordinates the marketing of the city for tourism and education and attracting investment and skilled migrants</b> |                                  |                                 |   |  |                    |
| Percentage of residents satisfied with the Council's support for economic development*  | ROS                              | ≥50%                            | 46%   | 54%  | Not achieved. 1.   |
| Percentage growth in Dunedin's total visitor nights   | Commercial accommodation monitor | ≥1.6% increase on previous year | -4.60%pa growth (12 months to September 2019) | -3.5%pa growth, taking total over 12 months to 916,597 | Not applicable. 2. |
| Dunedin's market share of total NZ convention capacity (percentage increase on previous year)   | Convention Activity Survey       | ≥5% increase on previous year   | N/A   | 3.0% market share to March 2019                        | Not applicable. 3. |
| <b>Level of service: The i-site Visitor Centre provides an accessible, accurate tourism information and booking service</b>   |                                  |                                 |   |  |                    |
| Percentage of external customers satisfied with the i-SITE/Visitor Centre   | Independent external survey**    | ≥90%***                         | 100%  | 96%  | Achieved. 4.       |

\* This performance measure was previously "Percentage of clients satisfied with the work of the Economic Development Unit" and the data source was an internal survey.

\*\* This data source was previously an internal survey.

\*\*\* This performance target was previously "≥95%".

## Explanations:

1. Survey results are influenced by uncontrollable effects of COVID-19 affecting short-term economic development outcomes.
2. The Commercial Accommodation Monitor was discontinued in November 2019. The last data released was to September 2019 - so figures given are growth for the 12 months to September 2019 compared to a year earlier. Weakness was concentrated on the international market, as international visitor arrivals growth softened even ahead of the COVID-19 pandemic.
3. No updated survey has been available from MBIE since June 2019.
4. The period of the year where satisfaction can slip below 100% tends to be February to Easter when due to increased business, customers have longer wait times. That situation did not occur this year due to COVID-19.

## Summary of Group Service Performance Results

| Activity             | Number of measures | Number of measures achieved | Number of measures not achieved | Number of measures not measured | % of measures achieved |
|----------------------|--------------------|-----------------------------|---------------------------------|---------------------------------|------------------------|
| Economic development | 4                  | 1                           | 1                               | 2                               | 25%                    |

### Some of our achievements in 2019/20:

**Destination Marketing** – ‘A pretty good Plan D’ was launched as an ongoing, domestic city marketing response to COVID-19 aimed at redirecting the interest of people unable to travel overseas towards Dunedin and its many sites comparable to popular overseas destinations. The yearly Tourism Sentiment Index showed a 6% increase in positive on-line conversations around Dunedin tourism.

**Enterprise Dunedin** business clinics were held with 36 businesses to support their development.

**Film Dunedin** – 95 screen enquiries were received during the year. A submission was made to Crown Infrastructure Partner (CIP) projects to develop a Council-owned Parry Street property as a film studio. The property and city increasingly attracts interest from domestic and international screen production companies.

**i-SITE Visitor Centre** – The Visitor Centre reported a strong start to the cruise season, with the COVID-19 pandemic impacting from late January onwards. The centre assisted thousands of visitors to the city for events such as Masters Games, Elton John, Fleetwood Mac and Queen concerts. Staff ensured these visitors also had concert transfers etc. when accommodation was in rural areas or outlying suburbs.

**JobDun** – This programme created 52 internships for students from the University of Otago and Otago Polytechnic within 28 start-ups and high growth small and medium enterprises (SMEs) from nine sectors – particularly the Information Communications Technology and technology sector, as well as engineering and niche manufacturing, marketing and media, sport and recreation.

**A Memorandum of Understanding** was signed between Enterprise Dunedin and Zino Ventures’ investment funding enterprise to support local companies and startups wishing to explore export and investment opportunities in China.

The DCC partnered with Otago Polytechnic to bid for the **New Zealand Institute of Skills & Technology (NZIST) Headquarters**. This was a two-stage process with the Panel visiting the city just before lockdown. While Hamilton won the final bid, Enterprise Dunedin used feedback from the Panel to support future bids for other functions still to be rolled out as part of the Reform of Vocational Education (RoVE).

## Capital Expenditure

|   | Note | 2019/20<br>Actual<br>\$'000 | 2019/20<br>Budget<br>\$'000 |
|---|------|-----------------------------|-----------------------------|
| <b>New Capital</b>                      |      |                             |                             |
| Economic Development - Office equipment |      | 8                           | -                           |
|   |      | 8                           | -                           |
| <b>Total Capital</b>                    |      | 8                           | -                           |

## Dunedin City Council: Funding impact statement for the year ended 30 June 2020 for

**Economic development**

|  | 2019<br>Long-term plan<br>\$000 | 2020<br>Long-term plan<br>\$000 | 2020<br>Actual<br>\$000 |
|--|---------------------------------|---------------------------------|-------------------------|
| <b>Sources of operating funding</b>                                      |                                 |                                 |                         |
| General rates, uniform annual general charges, rates penalties           | 4,645                           | 4,872                           | 5,249                   |
| Targeted rates   | 500                             | 525                             | 500                     |
| Subsidies and grants for operating purposes                              | -                               | -                               | -                       |
| Fees and charges   | 1,220                           | 1,245                           | 1,418                   |
| Internal charges and overheads recovered                                 | 2                               | 2                               | 5                       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -                               | -                               | -                       |
| <b>Total operating funding (A)</b>                                       | <b>6,367</b>                    | <b>6,644</b>                    | <b>7,172</b>            |
| <b>Application of operating funding</b>                                  |                                 |                                 |                         |
| Payments to staff and suppliers  | 5,260                           | 5,266                           | 5,972                   |
| Finance costs  | -                               | -                               | -                       |
| Internal charges and overheads applied                                   | 1,086                           | 1,109                           | 1,107                   |
| Other operating funding applications                                     | -                               | -                               | -                       |
| <b>Total application of operating funding (B)</b>                        | <b>6,346</b>                    | <b>6,375</b>                    | <b>7,079</b>            |
| <b>Surplus (deficit) of operating funding (A-B)</b>                      | <b>21</b>                       | <b>269</b>                      | <b>93</b>               |
| <b>Sources of capital funding</b>  |                                 |                                 |                         |
| Subsidies and grants for capital expenditure                             | -                               | -                               | -                       |
| Development and financial contributions                                  | -                               | -                               | -                       |
| Increase (decrease) in debt  | -                               | -                               | -                       |
| Gross proceeds from sale of assets                                       | -                               | -                               | -                       |
| Lump sum contributions   | -                               | -                               | -                       |
| Other dedicated capital funding  | -                               | -                               | -                       |
| <b>Total sources of capital funding (C)</b>                              | <b>-</b>                        | <b>-</b>                        | <b>-</b>                |
| <b>Application of capital funding</b>                                    |                                 |                                 |                         |
| Capital expenditure  |                                 |                                 |                         |
| - to meet additional demand  | -                               | -                               | -                       |
| - to improve the level of service  | -                               | -                               | 8                       |
| - to replace existing assets   | -                               | -                               | -                       |
| Increase (decrease) in reserves  | -                               | -                               | -                       |
| Increase (decrease) of investments                                       | 21                              | 269                             | 85                      |
| <b>Total application of capital funding (D)</b>                          | <b>21</b>                       | <b>269</b>                      | <b>93</b>               |
| <b>Surplus (deficit) of capital funding (C-D)</b>                        | <b>(21)</b>                     | <b>(269)</b>                    | <b>(93)</b>             |
| <b>Funding balance ((A-B)+(C-D))</b>                                     | <b>-</b>                        | <b>-</b>                        | <b>-</b>                |



# Governance and support services

## Ratoka whakahaere, ratoka tautoko

### What we provide:

The governance and support services group includes activities and services related to:

- Business Information Services
- Civic and administration
- Communications and marketing
- Corporate leadership
- Corporate policy
- Customer services agency
- Finance
- Fleet operations
- Human resources
- Investment account
- Waipori fund
- Warm Dunedin

The governance and support services group provides technical and administrative support for the key delivery activities of the DCC. In some instances, an external service to residents and the public is provided (e.g. the provision of the Council's website). The support services are largely funded by an internal charge to the other activities in this section. The charge is based on an allocation method that endeavours to reflect the true cost to the key delivery activities.

### Community outcomes

The governance and support services group contributes to the following community outcomes:

- A healthy city with reliable and quality water, wastewater and stormwater
- A compact city with a vibrant CBD and thriving suburban and rural centres
- A successful city with a diverse, innovative and productive economy
- A creative city with a rich and diverse arts and culture scene
- A connected city with a safe, accessible and low-carbon transport system
- A sustainable city with healthy and treasured natural environments
- An active city with quality and accessible recreational spaces and opportunities
- A supportive city with caring communities and a great quality of life



### Measuring Performance

| Measure  | Data Source                            | Target 2019/20 | Actual 2019/20 | Actual 2018/19 | Achievement      |
|--|--|----------------|----------------|----------------|------------------|
| <b>Level of service: The information required to participate in the democratic process is appropriately available</b>              |  |                |                |                |                  |
| Percentage of non-public material that is assessed for proactive release to the public during each Council Committee meeting round | Internal assessment of Committee       | 100%           | 100%           | 100%           | Achieved. 1.     |
| Percentage of LGOIMA official information requests that are responded to within 20 working days                                    | Internal analysis of LGOIMA processing | 100%           | 79%            | 98%            | Not achieved. 2. |
| Percentage of residents satisfied with the amount of public consultation undertaken  | ROS                                    | ≥50%           | 38%            | 48%            | Not achieved. 3. |
| <b>Level of service: The information residents require is appropriately available*</b>   |  |                |                |                |                  |
| Percentage of residents satisfied with the Council's website**   | ROS                                    | ≥65%           | 62%            | 63%            | Not achieved. 4. |

| Measure  | Data Source                | Target 2019/20     | Actual 2019/20 | Actual 2018/19 | Achievement      |
|--|----------------------------|--------------------|----------------|----------------|------------------|
| <b>Level of service: Staff communicate with residents appropriately*</b>   |                            |                    |                |                |                  |
| Percentage of residents satisfied with how staff communicate**   | ROS                        | ≥80%               | 78%            | 79%            | Not achieved. 5. |
| <b>Level of service: The Waipori Fund achieves the annual target for non-rates income for offsetting against rates requirements (Note: target excludes inflation adjustment)</b> |                            |                    |                |                |                  |
| Cash received from the Waipori Fund  | Annual financial reporting | ≥\$3.27 million*** | \$3.39m        | \$3.20m        | Achieved. 6.     |
| <b>Level of service: The Investment Account receives budgeted dividend*</b>  |                            |                    |                |                |                  |
| Dividend received from Dunedin City Holdings Limited (all paid as Interest on Shareholder's Advance)   | Annual financial reporting | \$5.902 million    | \$5.902m       | \$5.902m       | Achieved. 7.     |

\* This is a new level of service statement for a major aspect of the governance and support services group.

\*\* This is a new performance measure.

\*\*\* This target is inflation adjusted annually – see the significant forecasting assumptions in section 4.3 of the 10 year plan 2018-2028 for the annual percentage change.

### Explanations:

1. All 2019/20 non-public material was assessed for proactive release to the public.
2. A total of 248 LGOIMAs were received for 2019/20. Of these 194 were responded to within the timeframe stated. The ability access information in order for the requests to be responded to in time were impacted by COVID-19 and the national lockdown.
3. Satisfaction with consultations have decreased from the previous year. Notable consultations over 2019/20 included the Octagon Experience which garnered diverse opinions and high interest, and the Annual Plan 2020/21, which was impacted by COVID-19 and alternative means of consultation were put in place to accommodate new restrictions.
4. Target not quite achieved, and with a slight decrease on the previous years result. This is largely affected by a drop in satisfaction in the under 30's age group, however there was a marked increase in satisfaction with the website in the 50-64 years age group.
5. While the target was not quite achieved, the DCC customer services team responded to 295,000 customer requests during 2019/20. Customer satisfaction is surveyed continually to identify areas for improvement and work is underway to improve customer experiences and how complaints and compliments are managed.
6. Net cash received from the fund was 4% higher than budgeted.
7. Interest on advance received as budgeted.

### Summary of Group Service Performance Results

| Activity                        | Number of measures | Number of measures achieved | Number of measures not achieved | Number of measures not measured | % of measures achieved |
|---------------------------------|--------------------|-----------------------------|---------------------------------|---------------------------------|------------------------|
| Governance and support services | 7                  | 3                           | 4                               | 0                               | 43%                    |

### Some of our achievements in 2019/20:

The Dunedin City Council has become the second New Zealand council to be accredited as a **living wage employer**. This means that as well as paying its own staff the living wage or above, the organisation has developed a plan for requiring the DCC's regular contractors to pay staff undertaking services for the DCC the living wage as a minimum. A plan has also been developed to work with wholly-owned council companies to commit to paying their staff a living wage. These plans will be implemented over several years.

The Dunedin City Council and Otago Regional Council have started a new, larger phase of community discussions about the effects of **climate change in South Dunedin**. Throughout the engagement council staff will try to meet with every one of the more than 150 community, sports, religious and social groups active in the South Dunedin area. Seven community meetings were held before the lockdown restrictions, and initial feedback was positive. Another 31 groups were also lined up or keen to meet prior to lockdown.

**COVID-19 response welfare hotline** – Customer Services Agency provided a welfare hotline for Otago during the lockdown period. Essential customer services continued to operate and a high level of service for the community was maintained.

## Capital Expenditure

|  | Note | 2019/20<br>Actual<br>\$'000 | 2019/20<br>Budget<br>\$'000 |
|--|------|-----------------------------|-----------------------------|
| <b>New Capital</b>                                       |      |                             |                             |
| Business Information Services - ICT systems and services | 1    | 425                         | 2,600                       |
| Fleet operations - Book bus replacement                  | 2    | -                           | 600                         |
| Customer Services Agency - CSA self service kiosk        |      | -                           | 25                          |
|  |      | 425                         | 3,225                       |
| <b>Renewals</b>  |      |                             |                             |
| Business Information Services - ICT renewals             | 3    | 2,379                       | 2,755                       |
| Fleet operations - Fleet replacement                     |      | 162                         | 354                         |
|  |      | 2,541                       | 3,109                       |
| <b>Total Capital</b>                                     |      | 2,966                       | 6,334                       |

## Explanation of variance

1. Project budget reprofiled in the 2020/21 Annual Plan.
2. This expenditure will be incurred in the 2020/21 year.
3. Project budget reprofiled in the 2020/21 Annual Plan.

## Dunedin City Council: Funding impact statement for the year ended 30 June 2020 for

## Governance and support services

|  | 2019<br>Long-term plan<br>\$000 | 2020<br>Long-term plan<br>\$000 | 2020<br>Actual<br>\$000 |
|--|---------------------------------|---------------------------------|-------------------------|
| <b>Sources of operating funding</b>                                      |                                 |                                 |                         |
| General rates, uniform annual general charges, rates penalties           | 720                             | 722                             | 1,030                   |
| Targeted rates   | 524                             | 585                             | 585                     |
| Subsidies and grants for operating purposes                              | -                               | -                               | 136                     |
| Fees and charges   | 12,316                          | 12,513                          | 10,518                  |
| Internal charges and overheads recovered                                 | 24,921                          | 25,444                          | 25,472                  |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -                               | -                               | -                       |
| <b>Total operating funding (A)</b>                                       | <b>38,481</b>                   | <b>39,264</b>                   | <b>37,741</b>           |
| <b>Application of operating funding</b>                                  |                                 |                                 |                         |
| Payments to staff and suppliers  | 27,688                          | 29,536                          | 33,452                  |
| Finance costs  | 85                              | 322                             | (2,680)                 |
| Internal charges and overheads applied                                   | 6,601                           | 6,739                           | 6,830                   |
| Other operating funding applications                                     | -                               | -                               | -                       |
| <b>Total application of operating funding (B)</b>                        | <b>34,374</b>                   | <b>36,597</b>                   | <b>37,602</b>           |
| <b>Surplus (deficit) of operating funding (A-B)</b>                      | <b>4,107</b>                    | <b>2,667</b>                    | <b>139</b>              |
| <b>Sources of capital funding</b>  |                                 |                                 |                         |
| Subsidies and grants for capital expenditure                             | -                               | -                               | -                       |
| Development and financial contributions                                  | -                               | -                               | -                       |
| Increase (decrease) in debt  | 8,164                           | 23,092                          | 25,000                  |
| Gross proceeds from sale of assets                                       | 60                              | 60                              | 109                     |
| Lump sum contributions   | -                               | -                               | -                       |
| Other dedicated capital funding  | -                               | -                               | -                       |
| <b>Total sources of capital funding (C)</b>                              | <b>8,224</b>                    | <b>23,152</b>                   | <b>25,109</b>           |
| <b>Application of capital funding</b>                                    |                                 |                                 |                         |
| Capital expenditure  |                                 |                                 |                         |
| - to meet additional demand  | -                               | -                               | -                       |
| - to improve the level of service  | 937                             | 506                             | 318                     |
| - to replace existing assets   | 2,960                           | 2,839                           | 2,648                   |
| Increase (decrease) in reserves  | -                               | -                               | -                       |
| Increase (decrease) of investments                                       | 8,434                           | 22,474                          | 22,282                  |
| <b>Total application of capital funding (D)</b>                          | <b>12,331</b>                   | <b>25,819</b>                   | <b>25,248</b>           |
| <b>Surplus (deficit) of capital funding (C-D)</b>                        | <b>(4,107)</b>                  | <b>(2,667)</b>                  | <b>(139)</b>            |
| <b>Funding balance ((A-B)+(C-D))</b>                                     | <b>-</b>                        | <b>-</b>                        | <b>-</b>                |



## SECTION 3:

# Finances | **Tahua**

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# Financial statements | He pūroko tahua

## Dunedin City Council

### Statement of comprehensive revenue and expense for the year ended 30 June 2020

|   |      |                         | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|---|------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Note | Actual<br>2020<br>\$000 | Budget<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| <b>Revenue continuing operations</b>                          |      |                         |                         |                         |                         |                         |
| Rates revenue   | 2    | 156,949                 | 156,711                 | 149,312                 | 156,949                 | 149,312                 |
| Development and financial contributions                       | 3    | 1,216                   | 831                     | 1,358                   | 1,216                   | 1,358                   |
| Subsidies and grants  | 4    | 40,057                  | 43,359                  | 45,519                  | 40,057                  | 45,519                  |
| Financial revenue   | 5    | 12,454                  | 11,489                  | 15,680                  | 8,125                   | 10,957                  |
| Other revenue   | 6    | 68,241                  | 74,016                  | 74,540                  | 330,885                 | 350,319                 |
| <b>Total operating revenue</b>                                |      | <b>278,917</b>          | <b>286,406</b>          | <b>286,409</b>          | <b>537,232</b>          | <b>557,465</b>          |
| <b>Expenses</b>   |      |                         |                         |                         |                         |                         |
| Other expenses  | 7    | 127,017                 | 130,149                 | 123,082                 | 272,681                 | 272,268                 |
| Personnel expenses  | 12   | 67,488                  | 64,973                  | 62,353                  | 138,110                 | 128,353                 |
| Audit fees  | 8    | 195                     | 184                     | 176                     | 943                     | 543                     |
| Financial expenses  | 9    | 10,712                  | 12,833                  | 11,064                  | 29,241                  | 28,233                  |
| Depreciation and amortisation                                 | 10   | 73,097                  | 68,984                  | 68,597                  | 104,298                 | 98,392                  |
| <b>Total operating expenses</b>                               |      | <b>278,509</b>          | <b>277,123</b>          | <b>265,272</b>          | <b>545,273</b>          | <b>527,789</b>          |
| <b>Operating surplus (deficit) from continuing operations</b> |      | <b>408</b>              | <b>9,283</b>            | <b>21,137</b>           | <b>(8,041)</b>          | <b>29,676</b>           |
| Share of associate surplus (deficit)                          |      | –                       | –                       | –                       | 1,818                   | 1,794                   |
| <b>Surplus (deficit) before taxation</b>                      |      | <b>408</b>              | <b>9,283</b>            | <b>21,137</b>           | <b>(6,223)</b>          | <b>31,470</b>           |
| Less taxation   | 13   | (1,154)                 | (564)                   | (1,296)                 | (2,353)                 | 4,897                   |
| <b>Surplus (deficit) after taxation</b>                       |      | <b>1,562</b>            | <b>9,847</b>            | <b>22,433</b>           | <b>(3,870)</b>          | <b>26,573</b>           |
| <i>Surplus (deficit) attributable to:</i>                     |      |                         |                         |                         |                         |                         |
| Dunedin City Council and Group                                |      | 1,562                   | 9,847                   | 22,433                  | (3,870)                 | 26,607                  |
| Non-controlling interest                                      |      | –                       | –                       | –                       | –                       | (34)                    |

Explanations of major variances against budget are provided in Note 38.

The accompanying notes and accounting policies form an integral part of these financial statements.



## Dunedin City Council

# Statement of other comprehensive revenue and expense for the year ended 30 June 2020

|   |      | CORE COUNCIL            |                         |                         | CONSOLIDATED            |                         |
|---|------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Note | Actual<br>2020<br>\$000 | Budget<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| <b>Other comprehensive revenue and expense</b>  |      |                         |                         |                         |                         |                         |
| Gain (loss) on property, plant and equipment revaluations                                     |      | (1,882)                 | 37,500                  | 42,280                  | (1,882)                 | 42,280                  |
| Gain (loss) on property, plant and equipment disposals  |      | (500)                   | (667)                   | –                       | (500)                   | –                       |
| Gain (loss) on forestry land revaluations   |      | –                       | –                       | –                       | 2,874                   | 4,734                   |
| Gain (loss) of comprehensive revenue in associates  |      | –                       | –                       | –                       | 2,101                   | (116)                   |
| Gain (loss) of cash flow hedges at fair value through other comprehensive revenue and expense |      | 2,213                   | 2,370                   | 2,533                   | (17,645)                | (23,158)                |
| Gain (loss) on foreign exchange hedges  |      | –                       | –                       | –                       | (32)                    | 497                     |
| Gain (loss) on carbon credit revaluation  |      | –                       | –                       | –                       | 8,454                   | 2,846                   |
| Income tax on other comprehensive income  |      | –                       | –                       | –                       | (2,444)                 | (992)                   |
| <b>Total other comprehensive revenue and expense</b>  |      | <b>(169)</b>            | <b>39,203</b>           | <b>44,813</b>           | <b>(9,074)</b>          | <b>26,091</b>           |
| Surplus (deficit) after taxation  |      | 1,562                   | 9,847                   | 22,433                  | (3,870)                 | 26,573                  |
| <b>Total comprehensive revenue and expense</b>  |      | <b>1,393</b>            | <b>49,050</b>           | <b>67,246</b>           | <b>(12,944)</b>         | <b>52,664</b>           |

Total comprehensive revenue and expense attributable to:

|                                |       |        |        |          |        |
|--------------------------------|-------|--------|--------|----------|--------|
| Dunedin City Council and Group | 1,393 | 49,050 | 67,246 | (12,944) | 52,698 |
| Non-controlling interest       | –     | –      | –      | –        | (34)   |

# Statement of changes in equity for the year ended 30 June 2020

|   |      | CORE COUNCIL            |                         |                         | CONSOLIDATED            |                         |
|---|------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Note | Actual<br>2020<br>\$000 | Budget<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| <b>Movements in equity</b>              |      |                         |                         |                         |                         |                         |
| Opening equity                          |      | 3,120,186               | 3,111,216               | 3,052,940               | 3,329,799               | 3,277,135               |
| Total comprehensive revenue and expense |      | 1,393                   | 49,050                  | 67,246                  | (12,944)                | 52,664                  |
| <b>Closing equity</b>                   |      | <b>3,121,579</b>        | <b>3,160,266</b>        | <b>3,120,186</b>        | <b>3,316,855</b>        | <b>3,329,799</b>        |

The accompanying notes and accounting policies form an integral part of these financial statements.

## Dunedin City Council

## Statement of financial position as at 30 June 2020

|   |      | CORE COUNCIL            |                         |                         | CONSOLIDATED            |                         |
|---|------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Note | Actual<br>2020<br>\$000 | Budget<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| <b>Current assets</b>                             |      |                         |                         |                         |                         |                         |
| Cash and cash equivalents                         | 15   | 15,362                  | 6,417                   | 11,905                  | 65,716                  | 29,348                  |
| Other current financial assets                    | 19   | 7,163                   | 6,114                   | 7,723                   | 8,065                   | 9,112                   |
| Derivative financial instruments                  | 33   | –                       | –                       | –                       | 1,226                   | –                       |
| Trade and other receivables                       | 16   | 22,813                  | 15,528                  | 18,238                  | 47,746                  | 46,675                  |
| Taxation refund receivable                        |      | 868                     | 564                     | 954                     | 6,565                   | 6,632                   |
| Inventories                                       | 17   | 352                     | 260                     | 288                     | 9,001                   | 11,181                  |
| Non-current assets held for sale                  | 18   | –                       | –                       | 1,287                   | 1,770                   | 1,287                   |
| Prepayments                                       |      | 676                     | 572                     | 699                     | 1,614                   | 1,552                   |
| <b>Total current assets</b>                       |      | <b>47,234</b>           | <b>29,455</b>           | <b>41,094</b>           | <b>141,703</b>          | <b>105,787</b>          |
| <b>Non-current assets</b>                         |      |                         |                         |                         |                         |                         |
| Term receivables                                  | 16   | –                       | –                       | –                       | 10,023                  | 11,041                  |
| Other non-current financial assets                | 19   | 190,897                 | 195,835                 | 192,477                 | 78,906                  | 80,487                  |
| Shares in subsidiary companies                    | 20   | 126,139                 | 126,139                 | 123,589                 | –                       | –                       |
| Derivative financial instruments                  | 33   | –                       | –                       | –                       | 13,921                  | 10,560                  |
| Investments accounted for using the equity method | 21   | –                       | –                       | –                       | 34,574                  | 31,841                  |
| Intangible assets                                 | 29   | 4,923                   | 1,468                   | 3,395                   | 8,995                   | 4,346                   |
| Intangible assets carbon credits                  | 31   | –                       | –                       | –                       | 31,970                  | 26,894                  |
| Investment property                               | 28   | 95,740                  | 91,660                  | 93,480                  | 95,740                  | 93,480                  |
| Forestry assets                                   | 30   | –                       | –                       | –                       | 169,150                 | 164,010                 |
| Property, plant and equipment                     | 27   | 2,964,496               | 3,035,043               | 2,944,977               | 3,806,691               | 3,756,679               |
| <b>Total non-current assets</b>                   |      | <b>3,382,195</b>        | <b>3,450,145</b>        | <b>3,357,918</b>        | <b>4,249,970</b>        | <b>4,179,338</b>        |
| <b>Total assets</b>                               |      | <b>3,429,429</b>        | <b>3,479,600</b>        | <b>3,399,012</b>        | <b>4,391,673</b>        | <b>4,285,125</b>        |
| <b>Current liabilities</b>                        |      |                         |                         |                         |                         |                         |
| Short term borrowings                             | 23   | –                       | –                       | –                       | 1,194                   | 620                     |
| Trade and other payables                          | 24   | 32,234                  | 30,228                  | 31,143                  | 61,466                  | 65,175                  |
| Revenue received in advance                       | 24   | 8,712                   | 3,676                   | 6,212                   | 8,712                   | 6,212                   |
| Employee entitlements                             | 24   | 8,638                   | 5,958                   | 6,812                   | 15,304                  | 13,217                  |
| Derivative financial instruments                  | 33   | 703                     | –                       | 957                     | 3,011                   | 956                     |
| Provision for tax                                 |      | –                       | –                       | –                       | 5,168                   | 6,934                   |
| Current portion of term loans                     | 25   | –                       | –                       | –                       | –                       | –                       |
| <b>Total current liabilities</b>                  |      | <b>50,287</b>           | <b>39,862</b>           | <b>45,124</b>           | <b>94,855</b>           | <b>93,114</b>           |
| <b>Non-current liabilities</b>                    |      |                         |                         |                         |                         |                         |
| Term loans  | 25   | 243,973                 | 268,473                 | 218,973                 | 790,609                 | 691,069                 |
| Provisions  | 26   | 11,941                  | 9,454                   | 11,192                  | 12,979                  | 12,178                  |
| Derivative financial instruments                  | 33   | 1,349                   | 1,316                   | 3,308                   | 59,767                  | 43,512                  |
| Other non-current liabilities                     |      | 300                     | 229                     | 229                     | 948                     | 760                     |
| Deferred taxation                                 | 13   | –                       | –                       | –                       | 115,660                 | 114,693                 |
| <b>Total non-current liabilities</b>              |      | <b>257,563</b>          | <b>279,472</b>          | <b>233,702</b>          | <b>979,963</b>          | <b>862,212</b>          |

## Dunedin City Council

## Statement of financial position as at 30 June 2020 (continued)

|   | Note | CORE COUNCIL            |                         |                         | CONSOLIDATED            |                         |
|---|------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   |      | Actual<br>2020<br>\$000 | Budget<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| <b>Equity</b>                           |      |                         |                         |                         |                         |                         |
| Accumulated funds                       |      | 1,692,509               | 1,696,398               | 1,690,660               | 1,831,741               | 1,833,264               |
| Minority interest in subsidiary company |      | –                       | –                       | –                       | –                       | 512                     |
| <b>Total accumulated funds</b>          | 14   | 1,692,509               | 1,696,398               | 1,690,660               | 1,831,741               | 1,833,776               |
| Revaluation reserves                    | 14   | 1,420,815               | 1,454,954               | 1,423,197               | 1,439,628               | 1,439,909               |
| Restricted reserves                     | 14   | 10,307                  | 10,230                  | 10,594                  | 10,307                  | 10,594                  |
| Cash flow hedge reserves                | 14   | (2,052)                 | (1,316)                 | (4,265)                 | (58,269)                | (40,342)                |
| Carbon credit reserve                   | 14   | –                       | –                       | –                       | 8,019                   | 5,697                   |
| Forest revaluation reserve              | 14   | –                       | –                       | –                       | 85,429                  | 80,165                  |
| <b>Total equity</b>                     |      | <b>3,121,579</b>        | <b>3,160,266</b>        | <b>3,120,186</b>        | <b>3,316,855</b>        | <b>3,329,799</b>        |
| <b>Total liabilities and equity</b>     |      | <b>3,429,429</b>        | <b>3,479,600</b>        | <b>3,399,012</b>        | <b>4,391,673</b>        | <b>4,285,125</b>        |

Explanations of major variances against budget are provided in Note 38.

## Dunedin City Council

## Statement of cash flows for the year ended 30 June 2020

|  | CORE COUNCIL            |                         |                         | CONSOLIDATED            |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2020<br>\$000 | Budget<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| <b>Cash flow from operating activities</b>                 |                         |                         |                         |                         |                         |
| <i>Cash was provided from operating activities</i>         |                         |                         |                         |                         |                         |
| Rates received   | 156,509                 | 156,555                 | 150,163                 | 156,509                 | 150,163                 |
| Other revenue  | 100,246                 | 121,530                 | 116,532                 | 351,994                 | 370,214                 |
| Interest received  | 7,563                   | 8,041                   | 8,106                   | 1,304                   | 3,040                   |
| Dividend received  | 1,661                   | 1,509                   | 1,519                   | 2,847                   | 2,223                   |
| Taxation refund received                                   | 1,248                   | 450                     | 1,174                   | 1,380                   | 1,660                   |
|  | <b>267,227</b>          | <b>288,085</b>          | <b>277,494</b>          | <b>514,034</b>          | <b>527,300</b>          |
| <i>Cash was applied to:</i>                                |                         |                         |                         |                         |                         |
| Suppliers and employees                                    | (191,276)               | (193,913)               | (182,531)               | (402,415)               | (382,046)               |
| Interest paid  | (9,572)                 | (13,088)                | (11,118)                | (26,288)                | (27,885)                |
| Taxation paid  | –                       | –                       | –                       | (2,436)                 | (1,917)                 |
|  | <b>(200,848)</b>        | <b>(207,001)</b>        | <b>(193,649)</b>        | <b>(431,139)</b>        | <b>(411,848)</b>        |
| <b>Net cash inflow (outflow) from operating activities</b> | <b>66,379</b>           | <b>81,084</b>           | <b>83,845</b>           | <b>82,895</b>           | <b>115,452</b>          |
| <b>Cash flow from investing activities</b>                 |                         |                         |                         |                         |                         |
| <i>Cash was provided from investing activities</i>         |                         |                         |                         |                         |                         |
| Sale of assets   | 731                     | 120                     | 508                     | 1,453                   | 903                     |
| Reduction in loans and advances                            | –                       | –                       | –                       | –                       | –                       |
| Carbon credits sold  | –                       | –                       | –                       | 8,240                   | 7,215                   |
| Decrease in investments                                    | 4,499                   | –                       | 4,307                   | 7,405                   | 6,080                   |
|  | <b>5,230</b>            | <b>120</b>              | <b>4,815</b>            | <b>17,098</b>           | <b>14,198</b>           |
| <i>Cash was applied to:</i>                                |                         |                         |                         |                         |                         |
| Increase in investments                                    | (2,550)                 | (2,550)                 | (2,550)                 | –                       | (70)                    |
| Capital expenditure  | (90,602)                | (121,901)               | (98,195)                | (159,714)               | (179,670)               |
|  | <b>(93,152)</b>         | <b>(124,451)</b>        | <b>(100,745)</b>        | <b>(159,714)</b>        | <b>(179,740)</b>        |
| <b>Net cash inflow (outflow) from investing activities</b> | <b>(87,922)</b>         | <b>(124,331)</b>        | <b>(95,930)</b>         | <b>(142,616)</b>        | <b>(165,542)</b>        |
| <b>Cash flow from financing activities</b>                 |                         |                         |                         |                         |                         |
| <i>Cash was provided from financing activities</i>         |                         |                         |                         |                         |                         |
| Loans raised   | 25,000                  | 43,000                  | 18,500                  | 96,089                  | 71,905                  |
| Increase in short term borrowings                          | –                       | –                       | –                       | –                       | –                       |
|  | <b>25,000</b>           | <b>43,000</b>           | <b>18,500</b>           | <b>96,089</b>           | <b>71,905</b>           |
| <i>Cash was applied to:</i>                                |                         |                         |                         |                         |                         |
| Loans repaid   | –                       | –                       | –                       | –                       | –                       |
| Decrease in short term borrowings                          | –                       | –                       | –                       | –                       | –                       |
|  | <b>–</b>                | <b>–</b>                | <b>–</b>                | <b>–</b>                | <b>–</b>                |
| <b>Net cash inflow (outflow) from financing activities</b> | <b>25,000</b>           | <b>43,000</b>           | <b>18,500</b>           | <b>96,089</b>           | <b>71,905</b>           |
| <b>Net increase (decrease) in cash held</b>                | <b>3,457</b>            | <b>(247)</b>            | <b>6,415</b>            | <b>36,368</b>           | <b>21,815</b>           |
| Opening cash and cash equivalents balance                  | 11,905                  | 6,664                   | 5,490                   | 29,348                  | 7,533                   |
| <b>Closing cash and cash equivalents balance</b>           | <b>15,362</b>           | <b>6,417</b>            | <b>11,905</b>           | <b>65,716</b>           | <b>29,348</b>           |

Explanations of major variances against budget are provided in Note 38.

The accompanying notes and accounting policies form an integral part of these financial statements.

## Dunedin City Council

# Reconciliation of operating surplus (deficit) to net cash flows from operating activities

|   | CORE COUNCIL            |                         |                         | CONSOLIDATED            |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2020<br>\$000 | Budget<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Surplus (deficit) after taxation  | 1,562                   | 9,847                   | 22,433                  | (3,870)                 | 26,573                  |
| Share of retained surplus in associated companies                       | –                       | –                       | –                       | (1,818)                 | (1,794)                 |
| <b>Add (less) non-cash items</b>  |                         |                         |                         |                         |                         |
| Depreciation and amortisation   | 73,097                  | 68,984                  | 68,597                  | 104,298                 | 98,392                  |
| Depletion of forest   | –                       | –                       | –                       | 9,441                   | 8,860                   |
| Forestry revaluation  | –                       | –                       | –                       | (11,628)                | (20,333)                |
| New Zealand carbon credits  | –                       | –                       | –                       | (4,862)                 | (4,247)                 |
| Asset impairment  | –                       | –                       | –                       | 5,372                   | –                       |
| After-care provision adjustment   | 611                     | –                       | 1,773                   | 611                     | 1,773                   |
| Investment property fair value loss (gain)                              | (784)                   | –                       | (1,791)                 | (784)                   | (1,791)                 |
| Unrealised loss (gain) on investments                                   | (2,609)                 | –                       | (5,882)                 | (2,609)                 | (5,882)                 |
| Vested assets   | (4,867)                 | (2,500)                 | (4,634)                 | (4,867)                 | (4,634)                 |
| Increase (decrease) in cash flow hedge valuation                        | –                       | –                       | –                       | (827)                   | 436                     |
| Add (less) non cash adjustments   | (217)                   | (480)                   | 66                      | (5,834)                 | 710                     |
| <b>Total non-cash items</b>   | <b>65,231</b>           | <b>66,004</b>           | <b>58,129</b>           | <b>88,311</b>           | <b>73,284</b>           |
| <b>Add (less) movements in working capital items</b>                    |                         |                         |                         |                         |                         |
| (Increase) decrease in trade and other receivables                      | (4,575)                 | (1,583)                 | 520                     | (1,071)                 | (538)                   |
| (Increase) decrease in term receivables                                 | –                       | –                       | –                       | 1,018                   | 927                     |
| (Increase) decrease in inventories                                      | (64)                    | –                       | (29)                    | 2,180                   | 437                     |
| (Increase) decrease in prepayments                                      | 23                      | (61)                    | (127)                   | (62)                    | (35)                    |
| (Increase) decrease tax refund receivable                               | 86                      | (114)                   | (113)                   | 67                      | (3,137)                 |
| Increase (decrease) in trade and other payables                         | 1,091                   | 5,895                   | 2,906                   | (3,709)                 | 9,368                   |
| Movement in capital creditors in accounts payable                       | (1,717)                 | –                       | (3,116)                 | (4,737)                 | (1,900)                 |
| Increase (decrease) in other current liabilities                        | 4,326                   | 1,096                   | 3,011                   | 4,587                   | 3,877                   |
| Increase (decrease) in other provisions                                 | 138                     | –                       | (81)                    | 190                     | (62)                    |
| Increase (decrease) provision for tax                                   | –                       | –                       | –                       | 2,299                   | 4,065                   |
| Increase (decrease) deferred tax  | –                       | –                       | –                       | 2,175                   | 5,857                   |
| <b>Net movement in working capital items</b>                            | <b>(692)</b>            | <b>5,233</b>            | <b>2,971</b>            | <b>2,937</b>            | <b>18,859</b>           |
| <b>Add (less) items classified as investing or financing activities</b> |                         |                         |                         |                         |                         |
| Profit on sale of investments   | (106)                   | –                       | (208)                   | (106)                   | (208)                   |
| Loss on sale of investments   | 342                     | –                       | 540                     | 342                     | 540                     |
| Profit on sale of property, plant and equipment                         | (117)                   | –                       | (35)                    | (224)                   | (44)                    |
| Loss on sale of property, plant and equipment                           | 159                     | –                       | 15                      | 159                     | 15                      |
| Investment in financial instrument                                      | –                       | –                       | –                       | (2,836)                 | (1,773)                 |
| <b>Total items classified as investing or financing activities</b>      | <b>278</b>              | <b>–</b>                | <b>312</b>              | <b>(2,665)</b>          | <b>(1,470)</b>          |
| <b>Net cash flow from operating activities</b>                          | <b>66,379</b>           | <b>81,084</b>           | <b>83,845</b>           | <b>82,895</b>           | <b>115,452</b>          |

The accompanying notes and accounting policies form an integral part of these financial statements.

## Dunedin City Council

# Funding impact statement for the year ended 30 June 2020 (whole of Council)

|  | CORE COUNCIL                 |                         |                              |                         |
|--|------------------------------|-------------------------|------------------------------|-------------------------|
|  | Annual Plan<br>2019<br>\$000 | Actual<br>2019<br>\$000 | Annual Plan<br>2020<br>\$000 | Actual<br>2020<br>\$000 |
| <b>Sources of operating funding</b>                                      |                              |                         |                              |                         |
| General rates, uniform annual general charges, rates penalties           | 78,877                       | 79,581                  | 83,605                       | 83,767                  |
| Targeted rates   | 70,691                       | 70,669                  | 73,967                       | 73,967                  |
| Subsidies and grants for operating purposes                              | 9,898                        | 11,654                  | 11,346                       | 11,867                  |
| Fees and charges   | 63,253                       | 64,734                  | 68,106                       | 59,709                  |
| Interest and dividends from investments                                  | 11,379                       | 9,390                   | 9,764                        | 9,190                   |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 3,200                        | 3,368                   | 3,441                        | 2,902                   |
| <b>Total operating funding (A)</b>                                       | <b>237,298</b>               | <b>239,396</b>          | <b>250,229</b>               | <b>241,402</b>          |
| <b>Applications of operating funding</b>                                 |                              |                         |                              |                         |
| Payments to staff and suppliers  | 177,686                      | 185,596                 | 195,307                      | 194,543                 |
| Finance costs  | 12,937                       | 10,324                  | 12,833                       | 9,821                   |
| Other operating funding applications                                     | –                            | –                       | –                            | –                       |
| <b>Total applications of operating funding (B)</b>                       | <b>190,623</b>               | <b>195,920</b>          | <b>208,140</b>               | <b>204,364</b>          |
| <b>Surplus (deficit) of operating funding (A-B)</b>                      | <b>46,675</b>                | <b>43,476</b>           | <b>42,089</b>                | <b>37,038</b>           |
| <b>Sources of capital funding</b>  |                              |                         |                              |                         |
| Subsidies and grants for capital expenditure                             | 17,302                       | 32,941                  | 31,121                       | 27,384                  |
| Development and financial contributions                                  | 672                          | 1,358                   | 832                          | 1,216                   |
| Increase (decrease) in debt  | 8,164                        | 18,500                  | 43,000                       | 25,000                  |
| Gross proceeds from sale of assets                                       | 60                           | 450                     | 120                          | 731                     |
| Lump sum contributions   | –                            | –                       | –                            | –                       |
| Other dedicated capital funding  | –                            | –                       | –                            | –                       |
| <b>Total sources of capital funding (C)</b>                              | <b>26,198</b>                | <b>53,249</b>           | <b>75,073</b>                | <b>54,331</b>           |
| <b>Application of capital funding</b>                                    |                              |                         |                              |                         |
| Capital expenditure  |                              |                         |                              |                         |
| – to meet additional demand  | 2,008                        | 3,316                   | 4,675                        | 2,434                   |
| – to improve the level of service  | 11,065                       | 41,386                  | 22,336                       | 11,892                  |
| – to replace existing assets   | 55,213                       | 56,580                  | 97,947                       | 77,990                  |
| Increase (decrease) in reserves  | –                            | –                       | –                            | –                       |
| Increase (decrease) of investments                                       | 4,587                        | (4,557)                 | (7,796)                      | (947)                   |
| <b>Total applications of capital funding (D)</b>                         | <b>72,873</b>                | <b>96,725</b>           | <b>117,162</b>               | <b>91,369</b>           |
| <b>Surplus (deficit) of capital funding (C-D)</b>                        | <b>(46,675)</b>              | <b>(43,476)</b>         | <b>(42,089)</b>              | <b>(37,038)</b>         |
| <b>Funding balance ((A-B)+(C-D))</b>                                     | <b>–</b>                     | <b>–</b>                | <b>–</b>                     | <b>–</b>                |



## Dunedin City Council

# Statement of financial involvement in Council controlled organisations as at 30 June 2020

Dunedin City Holdings Limited is Dunedin City Council's wholly owned investment company. Its purpose is to monitor and provide leadership to subsidiary and associate companies, and to deliver financial returns to the Dunedin City Council.

The provision of financial assistance by Dunedin City Council to Dunedin City Holdings Limited is by way of share capital and shareholder loan. The financial return for the current year is as follows:

|                               | Dividend 2020<br>\$000 | Interest 2020<br>\$000 | Total 2020<br>\$000 |
|-------------------------------|------------------------|------------------------|---------------------|
| Dunedin City Holdings Limited | –                      | 5,902                  | 5,902               |

## Structure of the Dunedin City Council Group (Consolidated)

| Organisation   | Ownership | Nature and scope of the activities   |
|--|-----------|--|
| 1. Dunedin City Holdings Limited                             | 100%      | Input into the statements of intent of subsidiaries.<br>Input into the strategic direction of the subsidiaries.<br>Performance monitoring.<br>Ensuring individual subsidiaries receive maximum benefits from membership of the group of companies.<br>Approve all decisions in accordance with subsidiary constitutions. |
| 2. Dunedin (New Zealand) Masters Games Trust                 |           | Principal activity is the running of the biennial Masters Games in Dunedin.  |
| <b>Associated companies of the Dunedin City Council</b>      |           |  |
| 1. Golden Block Investments Limited                          | 49%       | Investment rental building.  |
| <b>Subsidiaries of Dunedin City Holdings Limited</b>         |           |  |
| 1. City Forests Limited                                      | 100%      | Sustainable production of logs for local and export markets.   |
| 2. Dunedin City Treasury Limited                             | 100%      | Management of financial risks and liquidity of the Dunedin City Council Group.   |
| 3. Aurora Energy Limited                                     | 100%      | Provision of electricity distribution services in Dunedin City and Central Otago.  |
| 4. Otago Power Limited                                       | 100%      | Non trading company.   |
| 5. Delta Utility Services Limited                            | 100%      | Infrastructure specialist providing a range of electrical and environmental services to local authority and private sector customers with service depots throughout the South Island.  |
| 6. Lakes Contract Services Limited                           | 100%      | Non trading company.   |
| 7. Dunedin Venues Management Limited                         | 100%      | Event, turf and stadium and facilities management company currently operating out of the Forsyth Barr Stadium, Dunedin Centre/Town Hall Complex and the University of Otago Oval.  |
| 8. Dunedin Stadium Property Limited                          | 100%      | Ownership of the Forsyth Barr Stadium.   |
| 9. Dunedin Railways Limited                                  | 100%      | Operates a tourist and excursion train on the Taieri Gorge railway line and on the Seaside line north of Dunedin.  |
| <b>Associated companies of Dunedin City Holdings Limited</b> |           |  |
| 1. Dunedin International Airport Limited                     | 50%       | Provision of airport services at Momona.   |

This statement should be read in conjunction with Note 20 and 21 on investments.

# Notes to the financial statements | He whakamārama mō te pūroko tahua

## Dunedin City Council

## Notes to the financial statements for the year ended 30 June 2020

### 1 Statement of accounting policies

#### REPORTING ENTITY

Dunedin City Council (the Council) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The financial statements presented are for the reporting entity Dunedin City Council (the Council) and the consolidated financial statements of the Group comprising Dunedin City Council and its subsidiary and associate companies; Dunedin City Holdings Limited and its subsidiary and associate companies.

The registered address of the Council is 50 The Octagon, Dunedin.

The Council and Group provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

The Council has designated itself and the group as public benefit entities (PBEs) for the purposes of complying with generally accepted accounting practice.

The financial statements of the Council and group are for the year ended 30 June 2020. The financial statements were authorised for issue by the Council on 14 December 2020.

#### BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain property, plant and equipment, investment properties, biological assets, derivative financial instruments, financial instruments classified as available for sale and financial instruments held for trading.

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the year.

#### Statement of compliance

The financial statements of the Council and group have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with and comply with PBE Standards.

#### Presentation currency and rounding

The financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Council and Group operates. All values are rounded to the nearest thousand dollars (\$000), other than the remuneration and severance payment disclosures (note 12). The remuneration and severance payments are rounded to the nearest dollar.

#### Standards issued and not yet effective that have been early adopted

##### Financial instruments

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. This replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with earlier adoption permitted.

The Council early adopted this standard to ensure consistency of treatment with its non-PBE subsidiaries when they adopted IFRS 9 Financial Instruments. This new standard had minimal impact on Group reporting.

Under PBE IFRS 9 Financial Instruments, all financial assets and liabilities are measured at amortised cost, fair value through profit or loss, or fair value through OCI on the basis of the Group's business model for managing the financial instrument and contractual cash flow characteristics of the financial instrument.

Financial instruments include cash, trade and other receivables, Waipori investments, trade and other payables, and term borrowings. For each of these specific categories it has been assessed that there has been no change in category and no change in the measurement of the carrying value.

### Other changes in accounting policies

There have been no changes in accounting policy in the current year.

### Standards issued and not yet effective, and not early adopted

The following standards and amendments, issued but not yet effective and not early adopted, are relevant to the Council. In all instances, the Council and group have not yet assessed the effects of the new standard.

#### *Service Performance Reporting*

In November 2017, the XRB issued PBE FRS 48 Service Performance Reporting. There has been no PBE Standard dealing solely with service performance reporting. This standard establishes new requirements for public benefit entities (PBEs) to select and present service performance information. PBE FRS 48 is effective for annual periods beginning on or after 1 January 2021, with early adoption permitted.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements.

#### *Statement of Cashflows*

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted.

The Council plans to apply this amendment in preparing its 30 June 2022 financial statements.

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

#### **Basis of consolidation**

The Council consolidates in the Group financial statements those entities it controls (its subsidiaries). Control exists where the Council is exposed, or has rights, to variable benefits (either financial or non-financial) and has the ability to affect the nature and amount of those benefits from its power over the entity. Power can exist over an entity if, by virtue of its purpose and design, the relevant activities and the way in which the relevant activities of the entity can be directed has been predetermined by the Council.

Investments in subsidiaries are measured at cost in the Council's parent financial statements.

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses, and cash flows of entities in the group on a line-by-line basis. All intragroup balances, transactions, revenues, and expenses are eliminated on consolidation except rates charged by the Council to Group entities (note 2).

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group, with the exception of the valuation of Dunedin Stadium Property's fixed assets and the related depreciation expense.

#### **Foreign currency transactions**

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements the results and financial position of each entity are expressed in New Zealand dollars, which is the functional currency of the Council and Group.

Transactions in currencies other than New Zealand dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. The group does not hold non-monetary assets and liabilities denominated in foreign currencies.

In order to hedge its exposure to certain foreign exchange risks, the group may enter into forward contracts and options (see below for details of the group's accounting policies in respect of such derivative financial instruments).

#### **Goods and services tax**

Items in the financial statements are stated exclusive of GST, except for receivables and payables which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

### Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year include:

- landfill provision (note 26);
- valuation of forestry assets (note 30);
- valuation of property, plant and equipment (note 27);
- valuation of derivative financial instruments (note 33);
- carrying value of the deferred tax liability (note 13).

## 2 Rates revenue

|                                   | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|-----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                   | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| General rates                     | 82,982                  | 78,643                  | 82,982                  | 78,643                  |
| Community services rate           | 11,789                  | 11,367                  | 11,789                  | 11,367                  |
| Kerbside recycling rate           | 2,863                   | 2,845                   | 2,863                   | 2,845                   |
| Citywide water rate               | 21,217                  | 20,206                  | 21,217                  | 20,206                  |
| Citywide drainage rate            | 36,963                  | 35,203                  | 36,963                  | 35,203                  |
| Allanton drainage rate            | 19                      | 19                      | 19                      | 19                      |
| Blanket Bay drainage rate         | 1                       | 1                       | 1                       | 1                       |
| Curles Point drainage rate        | 1                       | 1                       | 1                       | 1                       |
| Private street lighting rate      | 29                      | 29                      | 29                      | 29                      |
| Tourism/economic development rate | 500                     | 500                     | 500                     | 500                     |
| Warm Dunedin rate                 | 585                     | 498                     | 585                     | 498                     |
|                                   | 156,949                 | 149,312                 | 156,949                 | 149,312                 |

The total amount of rates charged on Council owned properties that have not been eliminated from revenue and expenditure is \$10.54m (2019: \$10.04m). For the Group, rates of \$11.53m have not been eliminated (2019: \$10.99m).

### Rating base information

|   | 2020             | 2019             | 2018             |
|---|------------------|------------------|------------------|
| The number of rating units                  | 55,936           | 55,705           | 55,405           |
| The total capital value of the rating units | \$25.625 billion | \$25.376 billion | \$25.095 billion |
| The total land value of the rating units    | \$10.130 billion | \$10.102 billion | \$10.068 billion |

Under the Council's Rate Remission Policies, which provide for rates to be remitted in cases of Extreme Financial Hardship, during the year the Council allowed remissions totalling \$1,451 (2019: Nil).

### Relevant significant accounting policies

Rates are set annually by resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

Revenue from water rates by meter is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.

Revenue from rates penalties is recognised when the penalty is imposed.

Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

### 3 Development and financial contributions

|   | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Development and financial contributions | 1,216                   | 1,358                   | 1,216                   | 1,358                   |
|   | <b>1,216</b>            | <b>1,358</b>            | <b>1,216</b>            | <b>1,358</b>            |

#### Relevant significant accounting policies

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the services for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

### 4 Subsidies and grants

|  | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| New Zealand Transport Agency roading subsidies | 38,221                  | 40,038                  | 38,221                  | 40,038                  |
| Government and government agency grants        | 1,407                   | 2,385                   | 1,407                   | 2,385                   |
| Other grants                                   | 429                     | 3,096                   | 429                     | 3,096                   |
|  | <b>40,057</b>           | <b>45,519</b>           | <b>40,057</b>           | <b>45,519</b>           |

#### Relevant significant accounting policies

The Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other grants received are recognised as revenue when they become receivable unless there is an obligation in substance to return funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

### 5 Financial revenue

|   | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Profit on sale of investments                     | 106                     | 208                     | 106                     | 208                     |
| Gain on fair value of investments                 | 3,157                   | 6,082                   | 3,157                   | 6,082                   |
| Gain on foreign currency transactions             | –                       | –                       | –                       | –                       |
| Dividend received – Dunedin City Holdings Limited | –                       | –                       | –                       | –                       |
| Other dividends received                          | 1,663                   | 1,516                   | 1,663                   | 1,516                   |
| Interest received – Dunedin City Holdings Limited | 5,902                   | 5,902                   | –                       | –                       |
| Other interest received                           | 1,626                   | 1,972                   | 3,199                   | 3,151                   |
|   | <b>12,454</b>           | <b>15,680</b>           | <b>8,125</b>            | <b>10,957</b>           |

#### Relevant significant accounting policies

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

## 6 Other revenue

|   | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Rental from investment properties               | 7,281                   | 8,119                   | 7,281                   | 8,119                   |
| Regulatory services rendered                    | 4,472                   | 3,965                   | 4,472                   | 3,965                   |
| Gain on fair value of investment property       | 784                     | 1,791                   | 784                     | 1,791                   |
| Forest revaluation                              | –                       | –                       | 11,628                  | 20,333                  |
| Vested assets                                   | 4,867                   | 4,634                   | 4,867                   | 4,634                   |
| Profit on sale of property, plant and equipment | 117                     | 35                      | 224                     | 44                      |
| Line charges                                    | –                       | –                       | 66,637                  | 62,562                  |
| Pass-through and recoverable cost revenue       | –                       | –                       | 36,415                  | 35,321                  |
| Electrical services                             | –                       | –                       | 50,291                  | 47,591                  |
| Greenspace services                             | –                       | –                       | 16,952                  | 18,573                  |
| Forestry sales revenue                          | –                       | –                       | 46,638                  | 58,810                  |
| Covid-19 wage subsidy                           | –                       | –                       | 4,365                   | –                       |
| Other fees and charges                          | 50,720                  | 55,996                  | 80,331                  | 88,576                  |
|   | <b>68,241</b>           | <b>74,540</b>           | <b>330,885</b>          | <b>350,319</b>          |

### Relevant significant accounting policies

Revenue is measured at fair value. The specific policies for significant revenue items included in other revenue are explained below:

#### *Rental from investment properties*

Lease rentals (net of any incentives given) are recognised on a straight line basis over the term of the lease.

#### *Regulatory services rendered*

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

#### *Vested assets*

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

#### *Gain on fair value of investment property*

Investment properties are held primarily to earn lease revenue and/or for capital growth. All investment properties are measured at fair value, determined annually by an independent registered valuer. Any gain or loss arising is recognised in the surplus or deficit for the period in which the gain or loss arises. Investment properties are not depreciated.

#### *Line charges and pass-through and recoverable cost revenue*

Line charges and pass-through and recoverable cost revenue is recognised at the fair value of services provided. These revenue streams relate to the provision of distribution services for electricity. Prices are regulated and customers are charged through a mix of fixed charges which are recognised on a straight line basis and variable charges which are recognised based on the volume of distribution services provided. This revenue is recognised during the period in which the service is delivered.

#### *Electrical services*

Electrical Services revenue includes both capital and maintenance work for a variety of customers predominantly in the South Island. These works generally create or enhance an existing asset which the customer controls and that customer simultaneously receives / consumes the benefit as Delta performs the work. Work is generally performed based on a quoted price, a schedule of rates or a contract milestone. Revenue is generally recognised as invoiced for services rendered on a monthly basis, Work in progress based on stage of completion or Work in progress based on an approved claim.

#### *Greenspace services*

Greenspace services works are mainly provided to councils and electricity distribution businesses throughout the South Island. These works generally create or enhance an existing asset which the customer controls and that customer simultaneously receives / consumes the benefit as Delta performs the work. Work is generally performed based on a quoted price or a schedule of rates. Revenue is generally recognised as invoiced for services rendered on a monthly basis.

#### *Forestry sales revenue*

In respect of export sales, the largest category of forestry sales revenue, the Group has determined that there are two performance obligations. The Group is obligated under the contract to supply the specified goods and also to arrange and pay for shipping and insurance on behalf of the customer. Control of the goods passes, and the service of arranging shipping and insurance is complete, at the point when the goods have been loaded onto a ship at the port of departure, to be delivered to the customer's chosen destination. Revenue is recognised at this point in time. In respect of domestic sales within New Zealand, control is considered to be transferred to the customer on delivery of the goods.



**Covid-19 wage subsidy**

The Covid-19 wage subsidy was a subsidy applied for through the Ministry of Social Development (MSD) during the Covid-19 lockdown. City Forests, Delta, Dunedin Venues and Dunedin Railways all met the criteria to be eligible for the subsidy. The subsidy was physically received during the 2020 financial year and has been recognised in full in the period most significantly impacted by the Covid-19 lockdown.

**Other fees and charges**

Entrance fees are charged to users of the Council's local facilities, such as pools, museum exhibitions and Dunedin Chinese Garden. Revenue from entrance fees is recognised upon entry to such facilities.

Fees for disposing of waste at the Council's landfill are recognised as waste is disposed by users.

Infringement fees and fines which mostly relate to traffic and parking infringements, and library overdue book fines, are recognised when the infringement notice is issued or when the fines/penalties are otherwise imposed.

Rental income from operating leases, such as social housing, is recognised on a straight line basis over the term of the relevant lease.

Revenue from the sale of goods is recognised when significant risks and rewards of owning the goods are transferred to the buyer, when the revenue can be measured reliably and when management effectively ceases involvement or control.

Revenue from other services rendered is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity. The stage of completion at balance date is assessed based on the value of services performed to date as a percentage of the total services to be performed.

## 7 Other expenses

|   | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| General grants                                    | 5,796                   | 4,936                   | 5,700                   | 4,842                   |
| Otago Museum levy                                 | 4,240                   | 4,105                   | 4,240                   | 4,105                   |
| Directors' remuneration                           | –                       | –                       | 1,166                   | 1,242                   |
| Research and development                          | –                       | –                       | 170                     | 214                     |
| Bad debts written off                             | 305                     | 16                      | 671                     | 104                     |
| Increase (decrease) in after-care provision       | 611                     | 1,773                   | 611                     | 1,773                   |
| Increase (decrease) in doubtful debt provision    | (1)                     | 436                     | (95)                    | 753                     |
| Loss on disposal of property, plant and equipment | 159                     | 15                      | 159                     | 15                      |
| Impairment of intangible assets                   | –                       | –                       | 10                      | 18                      |
| Impairment of DRL property, plant and equipment   | –                       | –                       | 4,486                   | –                       |
| Elected members' remuneration and expenses        | 1,723                   | 1,567                   | 1,723                   | 1,567                   |
| Rental expense operating leases                   | 62                      | 65                      | 4,897                   | 4,434                   |
| Investment property operating expenses            | 2,915                   | 3,007                   | 2,915                   | 3,007                   |
| Inventories expensed                              | 44                      | 132                     | 44                      | 132                     |
| Other expenditure                                 | 111,163                 | 107,030                 | 245,984                 | 250,062                 |
|   | <b>127,017</b>          | <b>123,082</b>          | <b>272,681</b>          | <b>272,268</b>          |

**Relevant significant accounting policies****General grants**

Non-discretionary grants are grants that awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant.

**Operating lease expenses**

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

**Finance leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee whether or not title is eventually transferred.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is

included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

#### Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

#### Impairment losses

At each balance sheet date, the carrying amounts of assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which the assets belongs is estimated.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is immediately recognised as an expense, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent of any previous revaluation increase for that asset (or cash-generating unit) that remains in the revaluation reserve. Any additional impairment is immediately recognised as an expense.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is immediately recognised as revenue.

## 8 Audit fees

|   | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| <i>Fees paid to Audit New Zealand for:</i>                  |                         |                         |                         |                         |
| Financial statements  | 179                     | 176                     | 511                     | 483                     |
| Long-term plan audit  | 16                      | –                       | 16                      | –                       |
| Regulatory (information disclosure) reporting               | –                       | –                       | 40                      | 35                      |
| Price and quality thresholds and other regulatory reporting | –                       | –                       | 25                      | 25                      |
| Customised price-quality path application                   | –                       | –                       | 351                     | –                       |
|   | <b>195</b>              | <b>176</b>              | <b>943</b>              | <b>543</b>              |

## 9 Financial expenses

|   | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Overdraft interest                            | 1                       | 3                       | 1                       | 3                       |
| Loss on sale of investments                   | 342                     | 540                     | 342                     | 540                     |
| Loss on sale of foreign currency transactions | –                       | –                       | 1,360                   | 799                     |
| Fair value loss on investments                | 548                     | 200                     | 548                     | 200                     |
| Interest paid to subsidiaries                 | 9,821                   | 10,321                  | –                       | –                       |
| Term interest                                 | –                       | –                       | 26,990                  | 26,691                  |
|   | <b>10,712</b>           | <b>11,064</b>           | <b>29,241</b>           | <b>28,233</b>           |

#### Relevant significant accounting policies

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the financial year in which they are incurred.

## 10 Depreciation and amortisation

|  | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| – Operational                                | 13,903                  | 13,668                  | 44,135                  | 42,880                  |
| – Infrastructural                            | 54,329                  | 50,592                  | 54,329                  | 50,592                  |
| – Restricted and heritage                    | 3,952                   | 3,497                   | 3,952                   | 3,497                   |
| As per note 27 Property, plant and equipment | 72,184                  | 67,757                  | 102,416                 | 96,969                  |
| – Intangible                                 | 913                     | 840                     | 1,882                   | 1,423                   |
|  | <b>73,097</b>           | <b>68,597</b>           | <b>104,298</b>          | <b>98,392</b>           |

### Depreciation and amortisation expense by group of activity

|                                      | CORE COUNCIL            |                         |
|--------------------------------------|-------------------------|-------------------------|
|                                      | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Roading and footpaths                | 23,128                  | 20,792                  |
| Water supply                         | 13,731                  | 13,226                  |
| Sewerage and sewage                  | 12,502                  | 11,878                  |
| Stormwater                           | 4,643                   | 4,440                   |
| Reserves and recreational facilities | 4,702                   | 4,197                   |
| Property                             | 9,997                   | 9,578                   |
| Libraries and museums                | 1,658                   | 2,026                   |
| Regulatory services                  | 446                     | 449                     |
| Waste management                     | 527                     | 488                     |
| Community and planning               | 8                       | 1                       |
| Economic development                 | 58                      | 61                      |
| Governance and support services      | 1,697                   | 1,461                   |
|                                      | <b>73,097</b>           | <b>68,597</b>           |

## 11 Total group expenditure

|  | CORE COUNCIL            |                         |                         |
|--|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2020<br>\$000 | Budget<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Roading and footpaths                      | 48,370                  | 46,826                  | 44,736                  |
| Water supply                               | 30,606                  | 29,932                  | 29,518                  |
| Sewerage and sewage                        | 33,208                  | 32,506                  | 32,048                  |
| Stormwater                                 | 8,666                   | 8,012                   | 8,302                   |
| Reserves and recreational facilities       | 35,878                  | 37,384                  | 37,582                  |
| Property                                   | 34,916                  | 34,168                  | 33,855                  |
| Libraries and museums                      | 27,526                  | 27,734                  | 28,147                  |
| Regulatory services                        | 17,048                  | 16,974                  | 15,968                  |
| Waste management                           | 15,733                  | 15,744                  | 16,174                  |
| Community and planning                     | 14,579                  | 13,802                  | 13,268                  |
| Economic development                       | 7,139                   | 6,885                   | 6,182                   |
| Governance and support services            | 40,191                  | 42,461                  | 35,169                  |
| Total expenditure per activity             | 313,860                 | 312,428                 | 300,949                 |
| Less: Internal expenditure                 | (35,351)                | (35,305)                | (35,677)                |
| Total expenditure per financial statements | <b>278,509</b>          | <b>277,123</b>          | <b>265,272</b>          |

## 12 Remuneration and staffing

### Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity. This includes Councillors and senior management.

|  | CORE COUNCIL            |                         |
|--|-------------------------|-------------------------|
|  | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| <b>Mayor and Councillors</b>                       |                         |                         |
| Remuneration                                       | 1,229                   | 1,086                   |
| <b>Executive Leadership Team</b>                   |                         |                         |
| Remuneration                                       | 1,988                   | 1,947                   |
| <b>Total key management personnel remuneration</b> | <b>3,217</b>            | <b>3,033</b>            |

Key management personnel comprises: 15 full-time equivalent elected members and 7 full-time equivalent executive leaders (2020 and 2019).

### Remuneration paid to elected members

This information is required under Schedule 10, Part 3, Clause 32 of the Local Government Act 2002. Differences in remuneration between elected members is the result of different responsibilities assigned to elected members.

| Mayor and Councillors                |       | Council<br>Remuneration | Role                   |
|--------------------------------------|-------|-------------------------|------------------------|
| Hawkins A G                          | 2     | 138,102                 | Mayor                  |
| Barker S (elected October 2019)      |       | 48,392                  |                        |
| Benson-Pope D H                      | 2,3,4 | 84,075                  |                        |
| Elder R A                            |       | 68,583                  |                        |
| Garey C P                            | 2,3   | 82,409                  | Deputy Mayor           |
| Hall D W                             |       | 68,583                  |                        |
| Houlahan C (elected October 2019)    |       | 48,392                  |                        |
| Laufiso M E                          |       | 78,262                  |                        |
| Lord M L                             | 2,4,5 | 83,624                  |                        |
| O'Malley J P                         | 2,5   | 78,602                  |                        |
| Radich J (elected October 2019)      |       | 48,392                  |                        |
| Staynes C J                          |       | 84,319                  | Deputy Mayor part-year |
| Vandervis L                          | 4     | 68,660                  |                        |
| Walker S A (elected October 2019)    |       | 48,392                  |                        |
| Whiley A P                           |       | 80,203                  |                        |
| <b>Outgoing members October 2019</b> |       |                         |                        |
| Cull D C                             | 1     | 51,862                  | Mayor                  |
| Newell D J                           |       | 20,192                  |                        |
| Stedman C L                          |       | 20,192                  |                        |
| Wilson K M H                         | 4,5   | 27,855                  |                        |
|                                      |       | <b>1,229,091</b>        |                        |

1. Mayoral car full private use.
2. Includes Consent Hearing fees
3. Includes Second Generation Variation 1 Plan Hearing fees
4. Includes District Licencing fees
5. Includes mileage allowance

### Employee compensation – Core Council

#### Severance payments

There were six severance payments made during the year; \$33,500; \$32,500; \$15,000; \$9,500; \$5,000; \$1,400. (2019 – \$39,513; \$25,912; \$20,000.)

**Chief Executive remuneration**

Sue Bidrose; 1 July 2019 to 30 June 2020 \$435,204.

Sue Bidrose; 1 July 2018 to 30 June 2019 \$453,477 which includes \$35,513 unused annual leave cashed up at the completion of 5-year fixed term contract.

**Employee staffing levels and remuneration**

Schedule 10 paragraph 32A of the Local Government Act 2002 requires the following information to be disclosed in the Annual Financial Statements. The approach and interpretation of these disclosures follow the recommendations of the Society of Local Government Managers, who have consulted widely through-out the industry.

The number of full-time employees who were employed as at 30 June 2020 610.28 (2019: 596.90)

The number of full-time equivalent other employees as at 30 June 2020 156.43 (2019: 150.11)

(The Council definition of 'full-time equivalent other employees' is derived from the full time ordinary hours of work specified for each position, being either 75 or 80 hours per fortnight and calculated on a prorate basis where part-time hours apply.)

The number of employees as at 30 June 2020 receiving;

|                        |     |
|------------------------|-----|
| *Less than \$60,000    | 505 |
| \$60,000 to \$79,999   | 193 |
| \$80,000 to \$99,999   | 169 |
| \$100,000 to \$119,999 | 80  |
| \$120,000 to \$139,999 | 20  |
| \$140,000 to \$159,999 | 13  |
| \$160,000 to \$179,999 | 8   |
| \$180,000 to \$279,999 | 8   |
| \$280,000 to \$439,999 | 2   |

The number of employees as at 30 June 2019 receiving;

|                        |     |
|------------------------|-----|
| *Less than \$60,000    | 528 |
| \$60,000 to \$79,999   | 188 |
| \$80,000 to \$99,999   | 159 |
| \$100,000 to \$119,999 | 50  |
| \$120,000 to \$139,999 | 19  |
| \$140,000 to \$159,999 | 15  |
| \$160,000 to \$199,999 | 9   |
| \$200,000 to \$459,999 | 6   |

\* Remuneration is the package of each staff member employed at 30 June and includes the salary plus annualised benefits such as superannuation, car parks and any market allowance.

\* The application of salary bands is determined by legislation and five or less in a band is prohibited as is an aggregation into a lower band. It is for this reason the top band in 2020 and the top two bands in 2019 exceed a \$20,000 movement. The more than five criterion does not apply to the top band.

**Superannuation schemes**

|  | CORE COUNCIL            |                         |
|--|-------------------------|-------------------------|
|  | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Defined contribution plan employer contributions | 2,151                   | 1,979                   |
|  | <b>2,151</b>            | <b>1,979</b>            |

**Relevant significant accounting policies****Defined contribution schemes**

Employer contributions to Kiwisaver, the Local Government Superannuation Scheme SuperEasy and other defined contribution superannuation schemes are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit when incurred.

### 13 Taxation

The Dunedin City Council is liable for tax on any income derived from an assessable source, such as a Council owned subsidiary.

|   | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Surplus (deficit) before taxation                       | 408                     | 21,137                  | (6,223)                 | 31,470                  |
| (Gain) loss on fair value of investment property        | (784)                   | (1,791)                 | (784)                   | (1,791)                 |
| Vested assets   | (4,867)                 | (4,634)                 | (4,867)                 | (4,634)                 |
| Net non-taxable other income/non-deductible expenditure | 2,143                   | (18,149)                | 18,239                  | (8,278)                 |
| <b>Income subject to taxation</b>                       | <b>(3,100)</b>          | <b>(3,437)</b>          | <b>6,365</b>            | <b>16,767</b>           |
| Prima facie taxation at 28%                             | (868)                   | (962)                   | 1,782                   | 4,695                   |
| Plus other adjustments                                  | –                       | –                       | 1,541                   | 440                     |
| Imputation credits                                      | –                       | –                       | –                       | –                       |
| Less tax effect of subvention payments                  | –                       | –                       | (73)                    | (4)                     |
| Group recognition of deferred tax in current year       | –                       | –                       | (3,652)                 | –                       |
| Under (over) provisions prior years                     | (286)                   | (334)                   | (1,951)                 | (234)                   |
| <b>Taxation charge</b>                                  | <b>(1,154)</b>          | <b>(1,296)</b>          | <b>(2,353)</b>          | <b>4,897</b>            |
| <b>The taxation charge is represented by:</b>           |                         |                         |                         |                         |
| – Current taxation                                      | (868)                   | (962)                   | (303)                   | (255)                   |
| – Deferred taxation                                     | –                       | –                       | (93)                    | 5,390                   |
| – Under (over) tax provision in prior years             | (286)                   | (334)                   | (1,926)                 | (279)                   |
| – Under (over) deferred tax in prior years              | –                       | –                       | (31)                    | 41                      |
|   | <b>(1,154)</b>          | <b>(1,296)</b>          | <b>(2,353)</b>          | <b>4,897</b>            |

As from 1 July, 2009 the Council joined a consolidated group for income tax purposes. The consolidated group is comprised of Council Controlled Organisations, including Dunedin City Holdings Limited, and a number of its subsidiaries. The members of the consolidated group are treated as a single entity for income tax purposes and file a single return of income for the tax year with each member of the group jointly and severally liable for the income tax liability. The Council has applied to Inland Revenue to be excluded from being joint and severally liable for income tax liabilities of the consolidated group for the 2020 income year.

Tax losses in the Council are automatically offset against the tax profits of other entities in the consolidated group. The amount shown by the Council for current tax receivable relates to the tax effect of those losses.

Imputation credit account. The Group has access to consolidated Group imputation credits that relate to 30 June 2020 and earlier years which will be available for use in subsequent reporting periods totalling \$17,562,341 (2019: \$17,101,000). This is after taking into account imputation credits attached to accrued dividends and known income tax payments/refunds.



## Deferred taxation

|   | Group<br>2020<br>\$000<br>Opening<br>Balance<br>Sheet | Group<br>2020<br>\$000<br>Charged<br>to Equity | Group<br>2020<br>\$000<br>Charged<br>to Income | Group<br>2020<br>\$000<br>Closing<br>Balance<br>Sheet<br>Assets | Group<br>2020<br>\$000<br>Closing<br>Balance<br>Sheet<br>Liabilities | Group<br>2020<br>\$000<br>Closing<br>Balance<br>Sheet Net |
|---|---|--|--|---|--|---|
| Property, plant and equipment                     | 63,139  | 78   | 1,818  | (105)   | 65,204   | 65,099  |
| Employee benefits                                 | 3,654   | –  | (185)  | (2,667)   | 6,201  | 3,534   |
| Forest  | 31,900  | –  | 959  | –   | 32,859   | 32,859  |
| Forest capitalised costs                          | 9,829   | –  | 327  | –   | 10,156   | 10,156  |
| Other investments                                 | 7,342   | 2,664  | (582)  | (497)   | 9,106  | 8,609   |
| Hedge reserve – foreign exchange contracts        | (85)  | (8)  | –  | (93)  | –  | (93)  |
| Hedge reserve – interest rate swaps               | (1,086)   | 234  | –  | (852)   | –  | (852)   |
| Group recognition of deferred tax in current year | –   | –  | (3,652)  | (3,652)   | –  | (3,652)   |
| <b>Balance at the end of the year</b>             | <b>114,693</b>  | <b>2,968</b>                                   | <b>(1,315)</b>                                 | <b>(7,866)</b>  | <b>123,526</b>   | <b>115,660</b>  |

|  | Group<br>2019<br>\$000<br>Opening<br>Balance<br>Sheet | Group<br>2019<br>\$000<br>Charged<br>to Equity | Group<br>2019<br>\$000<br>Charged<br>to Income | Group<br>2019<br>\$000<br>Closing<br>Balance<br>Sheet<br>Assets | Group<br>2019<br>\$000<br>Closing<br>Balance<br>Sheet<br>Liabilities | Group<br>2019<br>\$000<br>Closing<br>Balance<br>Sheet Net |
|--|---|--|--|---|--|---|
| Property, plant and equipment              | 59,872  | –  | 3,268  | (276)   | 63,416   | 63,140  |
| Employee benefits                          | 3,944   | –  | (290)  | (2,135)   | 5,789  | 3,654   |
| Forest                                     | 28,200  | –  | 3,700  | –   | 31,900   | 31,900  |
| Forest capitalised costs                   | 9,794   | –  | 35   | –   | 9,829  | 9,829   |
| Other investments                          | 7,388   | 796  | (748)  | (49)  | 7,391  | 7,342   |
| Hedge reserve – foreign exchange contracts | (223)   | 138  | –  | (85)  | –  | (85)  |
| Hedge reserve – interest rate swaps        | (1,028)   | (59)   | –  | (1,087)   | –  | (1,087)   |
| <b>Balance at the end of the year</b>      | <b>107,947</b>  | <b>875</b>                                     | <b>5,965</b>                                   | <b>(3,632)</b>  | <b>118,325</b>   | <b>114,693</b>  |
| <b>Balance at the end of the year</b>      | <b>107,947</b>  | <b>875</b>                                     | <b>5,965</b>                                   | <b>(3,632)</b>  | <b>118,325</b>   | <b>114,693</b>  |

## Relevant significant accounting policies

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net surplus as reported in the Statement of Comprehensive Revenue and Expense because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the surplus or deficit, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

## 14 Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into components. The components are accumulated funds, revaluation reserves, restricted reserves, cash flow hedge reserves, carbon credit reserve and forest revaluation reserve.

### a) Accumulated funds

|   | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Opening balance   | 1,690,660               | 1,668,710               | 1,833,776               | 1,812,435               |
| Surplus (deficit)   | 1,562                   | 22,433                  | (3,870)                 | 26,573                  |
| Adjustments   | –                       | –                       | 250                     | –                       |
| Transfers to:   |                         |                         |                         |                         |
| – Gains (losses) on interest rate swaps and foreign exchange transactions | –                       | –                       | –                       | –                       |
| – Forestry reserves   | –                       | –                       | (2,468)                 | (9,512)                 |
| – Carbon credit reserve   | –                       | –                       | 3,766                   | 4,763                   |
| – Restricted reserves   | (1,107)                 | (1,615)                 | (1,107)                 | (1,615)                 |
| Transfers from:   |                         |                         |                         |                         |
| – Restricted reserves   | 1,394                   | 1,132                   | 1,394                   | 1,132                   |
| Closing balance   | 1,692,509               | 1,690,660               | 1,831,741               | 1,833,776               |

### Capital management strategy

The Council manages its capital to ensure that all entities under its control will be able to continue as going concerns. Capital includes Accumulated Funds, Revaluation Reserves, Restricted Reserves, Cash Flow Hedge Reserves, Forestry Revaluation Reserves and Carbon Credit Reserves. It is the nature of a Local Authority Statement of Financial Position to have the capital structure de-emphasised as a significant measure owing to the fact the local authorities rarely seek an economic return from infrastructure assets. The value of the long-term fixed assets in relation to the public debt is not as significant as the impact of the interest component on the potential rate charge. The measure contained in the Borrowing and Investment Policy provide an indication of the meeting or otherwise of the objectives.

### b) Revaluation reserves

|  | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Opening balance                                | 1,423,197               | 1,380,917               | 1,439,909               | 1,397,745               |
| Gain (loss) recognised on assets of associates | –                       | –                       | 2,101                   | (116)                   |
| Property, plant and equipment revaluations     | (2,382)                 | 42,280                  | (2,382)                 | 42,280                  |
| Closing balance                                | 1,420,815               | 1,423,197               | 1,439,628               | 1,439,909               |

This reserve relates to the revaluation of property, plant and equipment and assets of Associates to fair value.

## c) Restricted reserves Core Council and Consolidated

| Name and brief description of the purpose of the reserve<br>where not indicated in the reserve name. | Opening<br>Balance<br>2020<br>\$000 | Transfers<br>Inwards<br>2020<br>\$000 | Transfers<br>Outwards<br>2020<br>\$000 | Closing<br>Balance<br>2020<br>\$000 |
|--|-------------------------------------|---------------------------------------|--|-------------------------------------|
| A. H. Reed Capital Account to extend the Reed library collections                                    | 247                                 | 6                                     | –                                      | 253                                 |
| R. J. Trust Capital Account to extend library collections  | 299                                 | 7                                     | –                                      | 306                                 |
| G. McKay Housebound Capital Account to extend library collections                                    | 11                                  | –                                     | –                                      | 11                                  |
| Clive R. B. Lister Capital Account to maintain the Clive Lister garden                               | 238                                 | 6                                     | –                                      | 244                                 |
| A. H. Reed Current Account to extend the Reed library collections                                    | 13                                  | –                                     | –                                      | 13                                  |
| R. J. Trust Current Account to extend the library collections  | 1                                   | –                                     | –                                      | 1                                   |
| E. E. Carpenter Current Account to extend the consumer library collections                           | 46                                  | 1                                     | –                                      | 47                                  |
| DCC Recreation Loans Reserve to fund small loans to recreation clubs                                 | 253                                 | 6                                     | –                                      | 259                                 |
| Self Funded Insurance Reserve  | 307                                 | 7                                     | –                                      | 314                                 |
| Library Dunningham Bequest   | 13                                  | –                                     | –                                      | 13                                  |
| Air Development Capital Reserve to develop the Taieri aerodrome                                      | 369                                 | 9                                     | –                                      | 378                                 |
| CARS Bethunes Operations Reserve   | 18                                  | –                                     | –                                      | 18                                  |
| Dog Control Operations Reserve   | 13                                  | –                                     | –                                      | 13                                  |
| Roading Property Reserve for property purchases  | 17                                  | –                                     | –                                      | 17                                  |
| Road Maintenance 7 View St Waitati   | 9                                   | –                                     | –                                      | 9                                   |
| Trans Net Mosgiel East   | 126                                 | 3                                     | –                                      | 129                                 |
| Library General operations Fund Reserve  | 93                                  | 2                                     | –                                      | 95                                  |
| Sportsground Upgrade Logan Park Reserve of development contributions                                 | (186)                               | –                                     | 4                                      | (190)                               |
| Sportsground Upgrade Bathgate Park Reserve of development contributions                              | 20                                  | –                                     | –                                      | 20                                  |
| Sportsground Upgrade Hancock Park Reserve of development contributions                               | 31                                  | 1                                     | –                                      | 32                                  |
| Playground Upgrade Reserve of development contributions  | 8                                   | –                                     | –                                      | 8                                   |
| Mosgiel East Reserve   | 240                                 | 6                                     | –                                      | 246                                 |
| Mere Mere Over View Subsidiary Reserve   | 72                                  | 2                                     | –                                      | 74                                  |
| Aviary Bird Fund Operations Reserve  | 27                                  | 1                                     | –                                      | 28                                  |
| Mediterranean Garden Development Reserve   | 15                                  | –                                     | –                                      | 15                                  |
| Craigie Burn Operations Reserve  | 354                                 | 8                                     | –                                      | 362                                 |
| Ocean View Sand Sausage Reserve  | 150                                 | 4                                     | –                                      | 154                                 |
| Waikouaiti Forest  | 405                                 | 9                                     | –                                      | 414                                 |
| Walton Park Forest   | 58                                  | 1                                     | –                                      | 59                                  |
| Cemetery Service Fund Maintenance Reserve  | 2,187                               | –                                     | –                                      | 2,187                               |
| Art Gallery Funded Operations Reserve  | 392                                 | 30                                    | –                                      | 422                                 |
| Sale of Reserve Land Reserve   | 17                                  | –                                     | –                                      | 17                                  |
| Hillary Commission General Subsidies Reserve   | 33                                  | 1                                     | –                                      | 34                                  |
| Bateman Bequest (AG)   | 524                                 | 12                                    | –                                      | 536                                 |
| Harding Bequest Art Gallery Operations Reserve   | 31                                  | 1                                     | –                                      | 32                                  |
| Wastewater Mosgiel East  | 43                                  | 1                                     | –                                      | 44                                  |
| Waste Minimisation Reserve   | 981                                 | 910                                   | 1,390                                  | 501                                 |
| EPH Renewal Fund Reserve   | 2,050                               | 48                                    | –                                      | 2,098                               |
| Endowment Property Investment Reserve  | 1,069                               | 25                                    | –                                      | 1,094                               |
| <b>Totals</b>  | <b>10,594</b>                       | <b>1,107</b>                          | <b>1,394</b>                           | <b>10,307</b>                       |

## Last Year

| Name and brief description of the purpose of the reserve<br>where not indicated in the reserve name. | Opening<br>Balance<br>2019<br>\$000 | Transfers<br>Inwards<br>2019<br>\$000 | Transfers<br>Outwards<br>2019<br>\$000 | Closing<br>Balance<br>2019<br>\$000 |
|--|-------------------------------------|---------------------------------------|--|-------------------------------------|
| A. H. Reed Capital Account to extend the Reed library collections                                    | 241                                 | 6                                     | –                                      | 247                                 |
| R. J. Trust Capital Account to extend library collections  | 292                                 | 7                                     | –                                      | 299                                 |
| G. McKay Housebound Capital Account to extend library collections                                    | 10                                  | 1                                     | –                                      | 11                                  |
| Clive R. B. Lister Capital Account to maintain the Clive Lister garden                               | 233                                 | 5                                     | –                                      | 238                                 |
| A. H. Reed Current Account to extend the Reed library collections                                    | 13                                  | –                                     | –                                      | 13                                  |
| R. J. Trust Current Account to extend the library collections  | 1                                   | –                                     | –                                      | 1                                   |
| E. E. Carpenter Current Account to extend the consumer library collections                           | 45                                  | 1                                     | –                                      | 46                                  |
| DCC Recreation Loans Reserve to fund small loans to recreation clubs                                 | 247                                 | 6                                     | –                                      | 253                                 |
| Self Funded Insurance Reserve  | 300                                 | 7                                     | –                                      | 307                                 |
| Library Dunningham Bequest   | 13                                  | –                                     | –                                      | 13                                  |
| Air Development Capital Reserve to develop the Taieri aerodrome                                      | 360                                 | 9                                     | –                                      | 369                                 |
| CARS Bethunes Operations Reserve   | 17                                  | 1                                     | –                                      | 18                                  |
| Dog Control Operations Reserve   | 12                                  | 1                                     | –                                      | 13                                  |
| Roading Property Reserve for property purchases  | 16                                  | 1                                     | –                                      | 17                                  |
| Road Maintenance 7 View St Waitati   | 9                                   | –                                     | –                                      | 9                                   |
| Trans Net Mosgiel East   | 123                                 | 3                                     | –                                      | 126                                 |
| Library General operations Fund Reserve  | 91                                  | 2                                     | –                                      | 93                                  |
| Sportsground Upgrade Logan Park Reserve of development contributions                                 | (182)                               | –                                     | 4                                      | (186)                               |
| Sportsground Upgrade Bathgate Park Reserve of development contributions                              | 20                                  | –                                     | –                                      | 20                                  |
| Sportsground Upgrade Hancock Park Reserve of development contributions                               | 30                                  | 1                                     | –                                      | 31                                  |
| Playground Upgrade Reserve of development contributions  | 8                                   | –                                     | –                                      | 8                                   |
| Mosgiel East Reserve   | 235                                 | 5                                     | –                                      | 240                                 |
| Mere Mere Over View Subsidiary Reserve   | 70                                  | 2                                     | –                                      | 72                                  |
| Aviary Bird Fund Operations Reserve  | 26                                  | 1                                     | –                                      | 27                                  |
| Mediterranean Garden Development Reserve   | 15                                  | –                                     | –                                      | 15                                  |
| Craigie Burn Operations Reserve  | 346                                 | 8                                     | –                                      | 354                                 |
| Ocean View Sand Sausage Reserve  | 147                                 | 3                                     | –                                      | 150                                 |
| Waikouaiti Forest  | 397                                 | 8                                     | –                                      | 405                                 |
| Walton Park Forest   | 57                                  | 1                                     | –                                      | 58                                  |
| Cemetery Service Fund Maintenance Reserve  | 2,187                               | –                                     | –                                      | 2,187                               |
| Art Gallery Funded Operations Reserve  | 518                                 | 12                                    | 138                                    | 392                                 |
| Sale of Reserve Land Reserve   | 17                                  | –                                     | –                                      | 17                                  |
| Hillary Commission General Subsidies Reserve   | 32                                  | 1                                     | –                                      | 33                                  |
| Bateman Bequest (AG)   | 512                                 | 12                                    | –                                      | 524                                 |
| Harding Bequest Art Gallery Operations Reserve   | 30                                  | 1                                     | –                                      | 31                                  |
| Wastewater Mosgiel East  | 42                                  | 1                                     | –                                      | 43                                  |
| Waste Minimisation Reserve   | 532                                 | 1,439                                 | 990                                    | 981                                 |
| EPH Renewal Fund Reserve   | 2,004                               | 46                                    | –                                      | 2,050                               |
| Endowment Property Investment Reserve  | 1,045                               | 24                                    | –                                      | 1,069                               |
| <b>Totals</b>  | <b>10,111</b>                       | <b>1,615</b>                          | <b>1,132</b>                           | <b>10,594</b>                       |

## Relevant significant accounting policies

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves include those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

**d) Cash flow hedge reserves**

|   | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Opening balance   | (4,265)                 | (6,798)                 | (40,342)                | (17,484)                |
| Gains (losses) on interest rate swaps and foreign exchange transactions | 2,213                   | 2,533                   | (17,927)                | (22,858)                |
| Closing balance   | (2,052)                 | (4,265)                 | (58,269)                | (40,342)                |

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedging instruments relating to interest payments and foreign exchange transactions that have not yet occurred.

**e) Carbon credit reserves**

|  | CONSOLIDATED            |                         |
|--|-------------------------|-------------------------|
|  | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Opening balance  | 5,697                   | 8,411                   |
| Transfer from retained earning                         | (5,014)                 | (4,704)                 |
| Gain in carbon credits above initial recognition value | 7,336                   | 1,990                   |
| Closing balance  | 8,019                   | 5,697                   |

**f) Forestry reserves**

|                                | CONSOLIDATED            |                         |
|--------------------------------|-------------------------|-------------------------|
|                                | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Opening balance                | 80,165                  | 65,917                  |
| Net revaluation of forest      | 2,468                   | 9,513                   |
| Net revaluation of forest land | 2,796                   | 4,735                   |
| Closing balance                | 85,429                  | 80,165                  |

**15 Cash and cash equivalents**

|                          | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                          | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Cash in bank and on hand | 15,362                  | 11,905                  | 65,716                  | 29,348                  |
|                          | 15,362                  | 11,905                  | 65,716                  | 29,348                  |

**Relevant significant accounting policies**

Cash and cash equivalents comprise of cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

## 16 Trade and other receivables and term receivables

### Trade and other receivables

|  | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Trade debtors                          | 20,247                  | 16,432                  | 45,026                  | 37,641                  |
| Rate accounts issued and owing         | 3,785                   | 3,082                   | 3,785                   | 3,082                   |
| Other debtor accounts issued and owing | 1,545                   | 1,488                   | 2,548                   | 9,621                   |
| Less: provision for uncollectability   | (2,764)                 | (2,764)                 | (3,613)                 | (3,669)                 |
|  | <b>22,813</b>           | <b>18,238</b>           | <b>47,746</b>           | <b>46,675</b>           |

#### Total trade and other receivables comprise:

|   |        |        |        |        |
|---|--------|--------|--------|--------|
| Receivables from non-exchange transactions – this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates | 19,767 | 15,006 | 19,767 | 15,006 |
| Receivables from exchange transactions – this includes outstanding amounts for fees and charges that have not been subsidised by rates including commercial sales         | 3,046  | 3,232  | 27,979 | 31,669 |

#### Provision for uncollectability of receivables movements

|  |                |                |                |                |
|--|----------------|----------------|----------------|----------------|
| Opening balance provision for uncollectability | (2,764)        | (2,328)        | (3,669)        | (2,924)        |
| Additional provisions made during the year     | (833)          | (1,113)        | (1,143)        | (1,556)        |
| Provisions reversed during the year            | 528            | 661            | 528            | 707            |
| Receivables written-off during the year        | 305            | 16             | 671            | 104            |
| Closing balance provision for uncollectability | <b>(2,764)</b> | <b>(2,764)</b> | <b>(3,613)</b> | <b>(3,669)</b> |

#### Provision for uncollectability of receivables analysis

|                      |                |                |                |                |
|----------------------|----------------|----------------|----------------|----------------|
| Impaired credit loss | (2,093)        | (2,090)        | (2,093)        | (2,090)        |
| Expected credit loss | (671)          | (674)          | (1,520)        | (1,579)        |
|                      | <b>(2,764)</b> | <b>(2,764)</b> | <b>(3,613)</b> | <b>(3,669)</b> |

### Term receivables

|                  | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                  | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Term receivables | –                       | –                       | 10,023                  | 11,041                  |
|                  | <b>–</b>                | <b>–</b>                | <b>10,023</b>           | <b>11,041</b>           |

The term receivable arose from Delta Utility Services Limited's supply of infrastructure services on a Christchurch development property and it is secured by a second mortgage over that development property. Interest is payable on this balance and loan repayments commenced in February 2019.

#### Relevant significant accounting policies

Trade and other receivables are stated at cost less any allowances for estimated irrecoverable amounts.

The carrying amount of trade and other receivables approximates their fair value.

Normally no interest is charged on the accounts receivable although in specific instances interest may be charged.

All past due balances are considered collectable (except those specific debtors identified as requiring an impaired credit loss), however, in line with NZ PBE IFRS 9 the Group applies a simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure credit losses, trade receivables are grouped based on similar credit risk and aging. The expected loss rates factor in the credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for where necessary based on current and forward-looking macroeconomic factors affecting customers.



The Dunedin City Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then the Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

## 17 Inventories

|                                  | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                  | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Raw materials in store (at cost) | 352                     | 288                     | 6,677                   | 6,733                   |
| Work in progress (at cost)       | –                       | –                       | 2,316                   | 4,393                   |
| Finished goods (at cost)         | –                       | –                       | 8                       | 55                      |
|                                  | <b>352</b>              | <b>288</b>              | <b>9,001</b>            | <b>11,181</b>           |

The Council inventories are not pledged as security for liabilities (2019: \$nil).

### Relevant significant accounting policies

Inventories are stated at the lower of cost and net realisable value. Log inventories are initially valued at fair value less estimated point of sale costs. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

## 18 Non-current assets held for sale

|                    | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|--------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                    | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Land and buildings | –                       | 1,287                   | 1,770                   | 1,287                   |
| Other assets       | –                       | –                       | –                       | –                       |
|                    | <b>–</b>                | <b>1,287</b>            | <b>1,770</b>            | <b>1,287</b>            |

### Relevant significant accounting policies

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale (including those that are part of a disposal group).

## 19 Other financial assets

### Other current financial assets

|  | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Waipori Fund interest bearing securities | 7,163                   | 7,723                   | 7,163                   | 7,723                   |
| Other financial assets                   | –                       | –                       | 902                     | 1,389                   |
|  | <b>7,163</b>            | <b>7,723</b>            | <b>8,065</b>            | <b>9,112</b>            |

Other current financial assets are classified as fair value through Statement of Comprehensive Revenue and Expense. Fair value is determined by reference to the appropriate market. These investments are of short-term duration being between an on call position and twelve months. The effective interest rate is between 1.03% and 5.52%.

## Other non-current financial assets

|  | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Waipori Fund interest bearing securities | 33,207                  | 35,848                  | 33,207                  | 35,848                  |
| Waipori Fund equity investments          | 45,209                  | 44,144                  | 45,209                  | 44,144                  |
| Other shares                             | 481                     | 485                     | 490                     | 495                     |
| Advances to subsidiaries                 | 112,000                 | 112,000                 | –                       | –                       |
| Other loans, advances                    | –                       | –                       | –                       | –                       |
|  | <b>190,897</b>          | <b>192,477</b>          | <b>78,906</b>           | <b>80,487</b>           |

Advances to subsidiaries and other loans, advances and community loans are measured at amortised cost. With the exception of shares in subsidiaries, all other non-current financial assets are classified as fair value through Statement of Comprehensive Revenue and Expense and are measured at fair value with any changes in value going to the Statement of Comprehensive Revenue and Expense. These investments are of greater duration than twelve months.

The advance from the Dunedin City Council to the group is subordinated and unsecured. The terms of the advance agreement between the Dunedin City Council and the group are such that there is no obligation on Dunedin City Holdings Limited to transfer economic benefit at any specific time. In 2020, the interest rate on the advance was 5.27% (2019 5.27%).

## Relevant significant accounting policies

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Investments in debt and equity securities are financial instruments classified as held for trading and are measured at fair value in the surplus or deficit at balance date. Any resultant gains or losses are recognised in the surplus or deficit for the period.

Loans and advances are financial instruments that are measured at amortised cost using the effective interest method. This type of financial instrument includes deposits, term deposits, inter company loans, community loans and mortgages.

## 20 Shares in subsidiary companies

|                                      | CORE COUNCIL |         |
|--------------------------------------|--------------|---------|
|                                      | 2020         | 2019    |
| Shares Dunedin City Holdings Limited | 126,139      | 123,589 |

On incorporation, Dunedin City Holdings Limited issued 100,000,000 ordinary shares in favour of the Dunedin City Council. Only \$100,000 was called. During the year ended 30 June 2020 a further 2,550,000 ordinary shares were issued and called, and a further 125,100,000 ordinary shares were issued but remained uncalled.

Since incorporation Dunedin City Holdings Ltd has issued additional shares of \$1 each in favour of the Dunedin City Council. The shares carry equal voting rights and 975,900,000 are uncalled. The amounts and dates of issue are:

|  |                      |
|--|----------------------|
| – Incorporation                        | 100,000,000          |
| – May 1996                             | 75,000,000           |
| – March 1999                           | 100,000,000          |
| – June 2002                            | 75,000,000           |
| – September 2008                       | 250,000,000          |
| – April 2011                           | 250,000,000          |
| – June 2016                            | 115,839,000          |
| – June 2017                            | 2,550,000            |
| – June 2018                            | 2,550,000            |
| – June 2019                            | 2,550,000            |
| – April 2020                           | 125,100,000          |
| – June 2020                            | 2,550,000            |
| <b>Total number of shares</b>          | <b>1,101,139,000</b> |
| – Incorporation call                   | (100,000)            |
| – June 2016 call                       | (115,839,000)        |
| – June 2017 call                       | (2,550,000)          |
| – June 2018 call                       | (2,550,000)          |
| – June 2019 call                       | (2,550,000)          |
| – June 2020 call                       | (2,550,000)          |
| <b>Total number of uncalled shares</b> | <b>975,000,000</b>   |

## 21 Investment in associates

|   | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Interest and advances in associate company        | –                       | –                       | 34,574                  | 31,841                  |
| Golden Block Investments Limited (Property)       | 49%                     | 49%                     | 49%                     | 49%                     |
| Dunedin International Airport Limited (Transport) |                         |                         | 50%                     | 50%                     |

For the purpose of applying the equity method of accounting, the financial statements of Golden Block Investments Limited and Dunedin International Airport Limited for the year ended 30 June 2020 have been used.

None of the associate companies are listed and therefore there are no published price quotations to establish the fair value of these investments.

The only contingent liabilities arising from the group's involvement in the associate companies is for Golden Block Investments Limited which is detailed in note 35.

### Summarised balance sheet

|  | Other Associates |               | Dunedin International<br>Airport Limited |               |
|--|------------------|---------------|--|---------------|
|  | As at 30 June    |               | As at 30 June                            |               |
|  | 2020<br>\$000    | 2019<br>\$000 | 2020<br>\$000                            | 2019<br>\$000 |
| <b>Current assets</b>                                    |                  |               |  |               |
| Cash and cash equivalents                                | 475              | 316           | 975                                      | 473           |
| Other current assets                                     | 13               | 13            | 1,175                                    | 1,784         |
| <b>Total current assets</b>                              | <b>488</b>       | <b>329</b>    | <b>2,150</b>                             | <b>2,257</b>  |
| <b>Non-current assets</b>                                | <b>2,364</b>     | <b>2,371</b>  | <b>102,599</b>                           | <b>92,377</b> |
| <b>Total assets</b>                                      | <b>2,852</b>     | <b>2,700</b>  | <b>104,749</b>                           | <b>94,634</b> |
| <b>Current liabilities</b>                               | <b>52</b>        | <b>79</b>     | <b>6,676</b>                             | <b>8,072</b>  |
| <b>Non-current liabilities</b>                           |                  |               |  |               |
| Financial liabilities                                    | 2,600            | 2,600         | 14,750                                   | 8,000         |
| Other financial liabilities                              | –                | –             | 14,130                                   | 14,834        |
| <b>Total non-current liabilities</b>                     | <b>2,600</b>     | <b>2,600</b>  | <b>28,880</b>                            | <b>22,834</b> |
| <b>Total liabilities</b>                                 | <b>2,652</b>     | <b>2,679</b>  | <b>35,556</b>                            | <b>30,906</b> |
| <b>Net assets</b>  | <b>200</b>       | <b>21</b>     | <b>69,193</b>                            | <b>63,728</b> |
| Less impairment  | –                | –             | –  | –             |
| Other adjustments  | (200)            | (21)          | (46)                                     | (46)          |
| <b>Net assets after impairment and other adjustments</b> | <b>–</b>         | <b>–</b>      | <b>69,147</b>                            | <b>63,682</b> |
| <b>Carrying value of associates</b>                      | <b>–</b>         | <b>–</b>      | <b>34,574</b>                            | <b>31,841</b> |
|  | 49.0%            | 49.0%         | 50.0%                                    | 50.0%         |

| Summarised statement of comprehensive income | Other Associates |               | Dunedin International Airport Limited |               |
|--|------------------|---------------|---------------------------------------|---------------|
|  | As at 30 June    |               | As at 30 June                         |               |
|  | 2020<br>\$000    | 2019<br>\$000 | 2020<br>\$000                         | 2019<br>\$000 |
| Total revenue                                | 563              | 641           | 15,031                                | 17,190        |
| Less expenses                                |                  |               |                                       |               |
| Other expenses                               | 209              | 420           | 8,898                                 | 8,460         |
| Interest expense                             | 107              | 116           | 541                                   | 472           |
| Depreciation and amortisation                | 1                | 1             | 3,251                                 | 3,075         |
| <b>Total expenses</b>                        | <b>317</b>       | <b>537</b>    | <b>12,690</b>                         | <b>12,007</b> |
| Operating surplus (deficit) before tax       | 246              | 104           | 2,341                                 | 5,183         |
| Less income tax                              | 67               | 27            | (1,295)                               | 1,596         |
| Operating surplus (deficit) after tax        | 179              | 77            | 3,636                                 | 3,587         |
| Other comprehensive income                   | –                | –             | 4,201                                 | (232)         |
| <b>Total comprehensive income (deficit)</b>  | <b>179</b>       | <b>77</b>     | <b>7,837</b>                          | <b>3,355</b>  |
| Dividend received from associate             | –                | 107           | 1,186                                 | 704           |

### Relevant significant accounting policies

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments in associates are accounted for in the Group financial statements using the equity method of accounting.

Investments in associates are measured at cost in the Council's parent financial statements.

Under the equity method of accounting, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of the change in net assets of the entity after the date of acquisition. The Group's share of the surplus or deficit is recognised in the group surplus or deficit. Distributions received from the investee reduce the carrying amount of the investment in the Group financial statements.

If the share of deficits of the associate equals or exceeds the interest in the associate, the Group discontinues recognising its share of further deficits. After the Group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the entity. If the entity subsequently reports surpluses, the group will resume recognising its share of the those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where the Group transacts with an associate, surpluses or deficits are eliminated to the extent of the Group's interest in the associate.

### Critical judgements in applying accounting policies

Dunedin International Airport (DIAL) is a key part of Dunedin's infrastructure. The investment in this infrastructure is to support and provide benefit to the city. DIAL is owned 50% by the Group and 50% by the Crown. With equal voting rights control is shared with the Crown.

Golden Block Investments Limited owns and manages a retail property in the central business area of Dunedin and is owned 49.99% by Dunedin City Council. The Council has concluded that it is in a position to exercise significant influence but as it does not have a majority shareholding does not control Golden Block Investments Limited for financial reporting purposes.

## 22 Non-quantifiable ownership interests

### Otago Museum

Dunedin City Council (the Council) is a major contributor of operational funding to the Otago Museum through payment of an annual levy (2020: \$4.240m; 2019: \$4.105m). This funding is based on a statutory requirement. The Council has limited ability to modify the level of this financial support as in any given year the contribution cannot be less than the previous year. The Council has the power to appoint 4 of the 10 board members on the Otago Museum Trust Board. As each matter before the board requires majority voting the Council is unable to enact decisions unilaterally. There are limited financial benefits to the Council through rent/rates paid. Indirect financial and non-financial benefits are received through the betterment of the city and contributing to the relevant strategies of Council.

## 23 Short term borrowings

|                       | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                       | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Short term borrowings | –                       | –                       | 1,194                   | 620                     |
|                       | –                       | –                       | 1,194                   | 620                     |

The Group's short term borrowings are unsecured and are arranged at floating interest rates thus exposing the Group to cash flow interest rate risk.

## 24 Accounts payable, accrued expenditure and employee entitlements

|   | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| <b>Trade and other payables</b>                 |                         |                         |                         |                         |
| Trade creditors                                 | 4,241                   | 5,266                   | 24,855                  | 31,476                  |
| Contract retentions                             | 671                     | 1,028                   | 671                     | 1,028                   |
| Accrued expenditure                             | 26,266                  | 23,977                  | 24,826                  | 29,021                  |
| Other payables                                  | 1,056                   | 872                     | 11,114                  | 3,650                   |
|   | 32,234                  | 31,143                  | 61,466                  | 65,175                  |
| <b>Total trade and other payables comprise:</b> |                         |                         |                         |                         |
| Payables from exchange transactions             | 31,850                  | 30,690                  | 61,082                  | 59,722                  |
| Payables from non-exchange transactions         | 384                     | 453                     | 384                     | 5,453                   |
| <b>Revenue received in advance</b>              |                         |                         |                         |                         |
| Rates in advance                                | 1,043                   | 941                     | 1,043                   | 941                     |
| Other revenue in advance                        | 7,669                   | 5,271                   | 7,669                   | 5,271                   |
|   | 8,712                   | 6,212                   | 8,712                   | 6,212                   |
| <b>Employee entitlements</b>                    |                         |                         |                         |                         |
| Accrued leave                                   | 5,743                   | 4,688                   | 11,589                  | 9,776                   |
| Accrued long service leave                      | 417                     | 391                     | 734                     | 671                     |
| Sick leave over and above annual average        | 147                     | 147                     | 204                     | 242                     |
| Accrued pay                                     | 2,049                   | 1,228                   | 2,230                   | 1,947                   |
| Gratuities provision current                    | 282                     | 358                     | 547                     | 581                     |
|   | 8,638                   | 6,812                   | 15,304                  | 13,217                  |

### Relevant significant accounting policies

Trade and other payables are stated at cost.

#### Short-term employee entitlements

Employee benefits that are expected to be settled wholly before twelve months after the reporting period in which the employees render the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned to but not yet taken at balance date.

The Group recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year.

The current portion of the retirement gratuities provision has been calculated on an actuarial basis and is based on the reasonable likelihood that it will be earned by employees and paid by the Group.

## 25 Term loans

|                            | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                            | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Total loan balance         | 243,973                 | 218,973                 | 790,609                 | 691,069                 |
| Less current portion       | –                       | –                       | –                       | –                       |
| <b>Non-current portion</b> | <b>243,973</b>          | <b>218,973</b>          | <b>790,609</b>          | <b>691,069</b>          |
| <i>Non-current portion</i> |                         |                         |                         |                         |
| Promissory notes issued    | –                       | –                       | 129,875                 | 159,313                 |
| Bonds issued               | –                       | –                       | 660,261                 | 531,283                 |
| Related parties            | 243,500                 | 218,500                 | –                       | –                       |
| Suspensory loan            | 473                     | 473                     | 473                     | 473                     |
|                            | <b>243,973</b>          | <b>218,973</b>          | <b>790,609</b>          | <b>691,069</b>          |

Accrued interest of \$1.338m on the loan balance of \$243.5m has been included in accrued expenditure in trade and other payables (note 24).

Core Council term loans are secured by rates revenue and are borrowed from Dunedin City Treasury Limited.

The Group has an \$975 million Multi Option Debt Issuance Facility which is secured against certain assets and undertakings of the Dunedin City Council Group. Debt is raised by issuing long dated bonds, floating rate notes or by the issue of Promissory Notes usually issued for three month terms.

Three independent banks have provided committed facilities to the amount of \$195 million (2019: \$170 million).

The amount of unamortised premium or (discount) on bonds on issue at 30 June 2020 is nil (2019: nil).

The tender of promissory notes under the multi-option facility generally raises debt for a term of three months before being re-tendered. In addition to this, the issue of floating rate notes under the multi-option facility also raises floating rate debt. This type of borrowing is executed at the floating rate at the date of drawdown or at the start of the floating rate reset and exposes the Group to cash flow interest rate risk. Interest rate derivatives are taken out to manage that risk. Floating rate debt is also created by converting fixed rate bond issuance from fixed to floating using interest rate swaps. The credit risk from each derivative is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

### Analysis term loans non-current

|                              |                   | Group<br>2020<br>\$'000 | Group<br>2020<br>\$'000 |
|------------------------------|-------------------|-------------------------|-------------------------|
|                              | Interest Rate     |                         |                         |
| Promissory Notes             |                   | 129,875                 | 159,313                 |
| Floating rate notes 15/11/19 | 50bp over BKBM    | –                       | 50,000                  |
| Floating rate notes 16/10/20 | 43bp over BKBM    | 45,000                  | 45,000                  |
| Bonds 16/11/20               | Coupon rate 5.56% | 50,000                  | 50,000                  |
| Bonds 15/4/21                | Coupon rate 3.15% | 30,000                  | 30,000                  |
| Bonds 15/4/21                | Coupon rate 1.25% | 75,000                  | –                       |
| Bonds 25/11/21               | Coupon rate 4.88% | 70,000                  | 70,000                  |
| Floating notes 15/10/22      | 56bp over BKBM    | 50,000                  | 50,000                  |
| Bonds 15/11/22               | Coupon rate 1.51% | 45,000                  | –                       |
| Floating notes 15/02/24      | 65bp over BKBM    | 25,000                  | 25,000                  |
| Bonds 16/10/24               | Coupon rate 3.79% | 35,000                  | 35,000                  |
| Bonds 17/7/25                | Coupon rate 3.61% | 50,000                  | 50,000                  |
| Bonds 15/4/26                | Coupon rate 3.98% | 65,000                  | 65,000                  |
| Bonds 15/3/26                | Coupon rate 2.90% | 50,000                  | 50,000                  |
| Bonds 15/11/26               | Coupon rate 2.09% | 55,000                  | –                       |
| Fair value impact on bonds   |                   | 15,261                  | 11,283                  |
| Housing NZ loan              |                   | 473                     | 473                     |
|                              |                   | <b>790,609</b>          | <b>691,069</b>          |

The fair value of the debt and maturity profile is disclosed in note 33.



### Contractual maturity analysis of term loans

The following is a maturity analysis of the term loans

|                                     | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|-------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                     | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Repayable less than one year        | –                       | –                       | 330,399                 | 209,313                 |
| Repayable between one to five years | –                       | –                       | 230,057                 | 275,623                 |
| Repayable later than five years     | 243,973                 | 218,973                 | 230,153                 | 206,133                 |
|                                     | <b>243,973</b>          | <b>218,973</b>          | <b>790,609</b>          | <b>691,069</b>          |

While these are the contractual maturities of the consolidated term loans, the Group expects and has the discretion to refinance term borrowings under the multi-option debt issuance facility. As per the face of the accounts, the Group has therefore determined that all term borrowings are non-current as per the provisions of NZ IAS1.

### Relevant significant accounting policies

Borrowings are initially recorded net of directly attributable transaction costs. Finance charges, premiums payable on settlement or redemption and direct costs are accounted for on an accrual basis to the surplus or deficit using the effective interest method.

## 26 Provisions

### Core Council movement in provisions

|   | Landfill<br>aftercare<br>2020<br>\$000 | Accrued<br>long service<br>leave<br>2020<br>\$000 | Gratuities<br>2020<br>\$000 | Total<br>2020<br>\$000 |
|---|--|---|-----------------------------|------------------------|
| Opening balance                           | 9,908                                  | 509   | 775                         | 11,192                 |
| Provisions released                       | (100)                                  | –   | –                           | (100)                  |
| Provisions current year                   | 475                                    | –   | –                           | 475                    |
| Adjustment due to change in discount rate | 236                                    | –   | –                           | 236                    |
| Other net movements                       | –                                      | 65  | 73                          | 138                    |
| Closing balance                           | <b>10,519</b>                          | <b>574</b>  | <b>848</b>                  | <b>11,941</b>          |

|   | Landfill<br>aftercare<br>2019<br>\$000 | Accrued<br>long service<br>leave<br>2019<br>\$000 | Gratuities<br>2019<br>\$000 | Total<br>2019<br>\$000 |
|---|--|---|-----------------------------|------------------------|
| Opening balance                           | 8,135                                  | 460   | 905                         | 9,500                  |
| Provisions released                       | (431)                                  | –   | –                           | (431)                  |
| Provisions current year                   | 516                                    | –   | –                           | 516                    |
| Adjustment due to change in discount rate | 1,688                                  | –   | –                           | 1,688                  |
| Other net movements                       | –                                      | 49  | (130)                       | (81)                   |
| Closing balance                           | <b>9,908</b>                           | <b>509</b>  | <b>775</b>                  | <b>11,192</b>          |

### Consolidated movement in provisions

|   | Landfill<br>aftercare<br>2020<br>\$000 | Accrued<br>long service<br>leave<br>2020<br>\$000 | Gratuities<br>2020<br>\$000 | Total<br>2020<br>\$000 |
|---|--|---|-----------------------------|------------------------|
| Opening balance                           | 9,908                                  | 1,122   | 1,148                       | 12,178                 |
| Provisions released                       | (100)                                  | –   | –                           | (100)                  |
| Provisions current year                   | 475                                    | –   | –                           | 475                    |
| Adjustment due to change in discount rate | 236                                    | –   | –                           | 236                    |
| Other net movements                       | –                                      | 147   | 43                          | 190                    |
| Closing balance                           | <b>10,519</b>                          | <b>1,269</b>                                      | <b>1,191</b>                | <b>12,979</b>          |

|   | Landfill<br>aftercare<br>2019<br>\$000 | Accrued<br>long service<br>leave<br>2019<br>\$000 | Gratuities<br>2019<br>\$000 | Total<br>2019<br>\$000 |
|---|--|---|-----------------------------|------------------------|
| Opening balance                           | 8,135                                  | 1,038   | 1,294                       | 10,467                 |
| Provisions released                       | (431)                                  | –   | –                           | (431)                  |
| Provisions current year                   | 516                                    | –   | –                           | 516                    |
| Adjustment due to change in discount rate | 1,688                                  | –   | –                           | 1,688                  |
| Other net movements                       | –                                      | 84  | (146)                       | (62)                   |
| <b>Closing balance</b>                    | <b>9,908</b>                           | <b>1,122</b>                                      | <b>1,148</b>                | <b>12,178</b>          |

#### **Landfill aftercare provision**

There are five landfill aftercare provisions dealing with the closed North Taieri landfill, the Green Island landfill and three other provisions dealing with the remaining smaller landfills.

The Council has responsibility to provide ongoing maintenance and monitoring of landfills after the sites are closed.

The Green Island landfill is still operational with the current resource consent scheduled to expire in 2023.

The cash outflow for the closure of this landfill and subsequent maintenance and monitoring has been included in this provision. The current provision includes costs out to 2045.

The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and known legal requirements.

The following significant assumptions have been made in calculating the provision:

- the landfill will close when the current resource consent expires;
- an inflation factor of 1.65%
- a discount rate of 1.61% per Treasury Guidelines (2019 2.19%)

#### **Long-term employee entitlements**

Employee benefits that are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

#### **Relevant significant accounting policies**

Entitlements to the non-current portion of accrued long service leave and retirement gratuities are calculated on an actuarial basis and are based on the reasonable likelihood that they will be earned by employees and paid by the Group.

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring that has been communicated to affected parties.

## **27 Property, plant and equipment**

The Council assesses the fair valuation of core Council land and buildings at the carrying values shown below.

### **COUNCIL ASSET VALUATIONS**

#### **Operational assets**

##### **Land and buildings**

Land and buildings have been valued at fair value by David Paterson and Juliet Abrahams of Quotable Value Limited as at 30 June 2018.

#### **Infrastructure assets**

As required under section 6 paragraph 3 (c) of the Local Government (Financial Reporting and Prudence) Regulations 2014, the estimated replacement cost of core infrastructure assets is stated as follows: roading assets, \$1,713,500,180; water treatment plant and facilities, \$149,629,179; water other assets, \$833,024,332; sewerage treatment plant and facilities \$181,363,350; sewerage other assets, \$778,604,830; stormwater assets; \$491,041,774.

### **Roadways and bridges**

The most recent valuation of infrastructural assets comprising roads, bridges, footpaths, lights, traffic signals and signs was performed by Larissa Curzon of Beca Limited and reviewed by Brian Smith of Brian Smith Advisory Services Limited. The valuation is effective 30 June 2020.

The assets are valued using the depreciated replacement cost method. The key assumptions used are:

- Rates from the 2019 valuation have been used with the Cost Adjustment Factor from the Latest Values for Infrastructures Cost Indexes from the NZ Transport Agency Procurement Manual Tools applied, supported by current contract rates where available. The indexes used were March 2019 to March 2020.
- No asset, except for timber bridges, has a residual value.
- All replacement rates, where appropriate, have an amount for removal and disposal of the existing asset that is being replaced included in the rate.
- Where installation/constructed dates are unknown, assets were valued using a default construction date, which is 50% of the assets total useful life.
- Useful lives are generally based upon NZ Infrastructure Asset Valuation and Depreciation Guidelines – Version 2.0. In specific cases these have been modified where in the opinion of Beca and the Council a different life is appropriate. The changes are justified in the valuation report.
- The component level of the data used for the valuation is sufficient to calculate depreciation separately for those assets that have different useful lives.

### **3 waters and waste management**

The most recent valuation of infrastructural assets comprising water reticulation, water plant and facilities, wastewater reticulation, wastewater plant and facilities, stormwater reticulation, stormwater plant and facilities, and landfill plant and facilities was performed by Council staff and independently reviewed by independent consultant Gary Dent of Fluent Infrastructure Solutions Limited. The valuation is effective as at 1 July 2019.

The assets are valued using the depreciated replacement cost method. The key assumptions used are:

- Estimating the replacement cost of the asset. In order to calculate the Gross Replacement Cost of assets, the current Optimised Replacement Costs and Residual Values for assets valued in previous years have been updated using price movement indices published by Statistics New Zealand. Various asset groups require different adjustments to account for the annual capital goods price level changes. To account for price level changes, Dunedin specific Capital Goods Price Indices are applied to the three major asset types namely reticulation assets, fixed plant assets, and building and civil assets. Council pays Statistics NZ to produce a “Capital Goods Price Index” (Index PPI.SPZDCC) for the construction of urban drainage and sewerage work in the Dunedin area. This along with the national Pipelines CGPI (S2CB), Plant and Machinery CGPI (S2GF), Buildings and Structures – CGPI (S2BI) is used by Fluent to establish Dunedin’s replacement cost of assets.
- The useful lives and ages are satisfactorily justified in the Valuation Report. The data is based on the condition assessment programme and methodology developed by DCC in conjunction with Opus (now WSP Opus) and subsequent condition assessments revealing cohorts to have a range of expected lives rather than applying a blanket life to all pipes based on material only. This is also reflected in the Asset Management system and Asset Management Plans.

### **Restricted assets**

#### **Land and buildings**

Land has been valued at fair value by David Paterson and Juliet Abrahams of Quotable Value Limited as at 30 June 2018.

Buildings and structures have been valued at depreciated replacement cost by Vaibhav Gandhi and Lionel Musson of Beca Projects NZ Limited as at 30 June 2018.

#### **Hard surfaces and reticulation systems**

Hard surfaces have been valued by Council staff at depreciated replacement cost and peer reviewed by independent consultant Pauline True of Stantec as at 30 June 2017.

Roading infrastructure assets have been valued at depreciated replacement cost by Pauline True and Mathew Anderson of Stantec as at 30 June 2017 and reviewed by Brian Smith of Brian Smith Advisory Services Limited.

Underground services assets have been valued by Council staff at depreciated replacement cost as at 1 July 2017 and peer reviewed by independent consultant Gary Dent of Fluent Infrastructure Solutions Ltd.

#### **Playground and soft-fall areas**

Playground and soft-fall areas have been valued by Alistair McGaughan of MWH NZ Limited as at 30 June 2016.

### **Heritage assets**

Heritage assets include; the Art Gallery Collection at the Dunedin Public Art Gallery, the Theomin Collection at Olveston, the Collection at Toitū Otago Settlers Museum, the Rare Book Collection at the Dunedin Public Library and the monuments, statues and outdoor art.

The Art Gallery Collection has been valued by the Council Collection Manager as a “heritage collection” at estimated current values as at 30 June 1993. The value represents its deemed cost.

The Theomin Collection has been valued as a heritage collection by staff employed by the Theomin Gallery Management Committee. The collection was valued at estimated current values as at 30 June 1993. The value represents its deemed cost.

The Toitū Otago Settlers Museum Collection has been valued at its estimated insurance value in 2002. The value represents the deemed cost.

The Rare Book Collection has been valued at market value by independent valuer Stuart Strachan and library staff member Anthony Tedeschi, as at 30 June 2011. The value represents its deemed cost.

Monuments, statues and outdoor art have been valued at depreciated replacement value by Vaibhav Gandhi and Lionel Musson of Beca Projects NZ Limited as at 30 June 2018.

The heritage land and buildings of the Railway Station and the Olveston historic house have been valued at fair value by David Paterson and Juliet Abrahams of Quotable Value Limited as at 30 June 2018.

#### Current year

|  | Balance as at<br>1 July 2019<br>\$000 | Additions (assets<br>constructed or<br>purchased)<br>\$000 | Vested assets<br>(assets<br>transferred)<br>\$000 | Disposals<br>\$000 | Net revaluation/<br>(decrements)<br>\$000 | Depreciation<br>\$000 | Impairment<br>\$000 | Reclassification<br>\$000 | Total at<br>30 June 2020<br>\$000 |
|--|---------------------------------------|--|---|--------------------|---|-----------------------|---------------------|---------------------------|-----------------------------------|
| <b>Operational assets</b>  |                                       |  |   |                    |   |                       |                     |                           |                                   |
| <b>Gross carrying amount</b>                                     |                                       |  |   |                    |   |                       |                     |                           |                                   |
| Land   | 107,317                               | 387  | –   | –                  | –   | –                     | –                   | –                         | 107,704                           |
| Buildings and structures   | 219,417                               | 6,959  | –   | –                  | –   | –                     | –                   | –                         | 226,376                           |
| Fixed plant and equipment  | 17,277                                | 1,077  | –   | (83)               | –   | –                     | –                   | –                         | 18,271                            |
| Vehicle, mobile plant  | 4,294                                 | 167  | –   | (306)              | –   | –                     | –                   | –                         | 4,155                             |
| Office equipment   | 30,298                                | 837  | –   | (6)                | –   | –                     | –                   | –                         | 31,129                            |
| Library collection   | 11,229                                | 876  | –   | –                  | –   | –                     | –                   | –                         | 12,105                            |
| <b>Total</b>   | <b>389,832</b>                        | <b>10,303</b>  | <b>–</b>  | <b>(395)</b>       | <b>–</b>                                  | <b>–</b>              | <b>–</b>            | <b>–</b>                  | <b>399,740</b>                    |
| <b>Accumulated depreciation/<br/>amortisation and impairment</b> |                                       |  |   |                    |   |                       |                     |                           |                                   |
| Land   | –                                     | –  | –   | –                  | –   | –                     | –                   | –                         | –                                 |
| Buildings and structures   | (10,051)                              | –  | –   | –                  | –   | (10,447)              | –                   | –                         | (20,498)                          |
| Fixed plant and equipment  | (12,297)                              | –  | –   | 43                 | –   | (928)                 | –                   | –                         | (13,182)                          |
| Vehicle, mobile plant  | (2,989)                               | –  | –   | 251                | –   | (307)                 | –                   | –                         | (3,045)                           |
| Office equipment   | (26,354)                              | –  | –   | 4                  | –   | (1,344)               | –                   | –                         | (27,694)                          |
| Library collection   | (9,031)                               | –  | –   | –                  | –   | (877)                 | –                   | –                         | (9,908)                           |
| <b>Total</b>   | <b>(60,722)</b>                       | <b>–</b>   | <b>–</b>  | <b>298</b>         | <b>–</b>                                  | <b>(13,903)</b>       | <b>–</b>            | <b>–</b>                  | <b>(74,327)</b>                   |
| <b>Net book value</b>  |                                       |  |   |                    |   |                       |                     |                           |                                   |
| Land   | 107,317                               | 387  | –   | –                  | –   | –                     | –                   | –                         | 107,704                           |
| Buildings and structures   | 209,366                               | 6,959  | –   | –                  | –   | (10,447)              | –                   | –                         | 205,878                           |
| Fixed plant and equipment  | 4,980                                 | 1,077  | –   | (40)               | –   | (928)                 | –                   | –                         | 5,089                             |
| Vehicle, mobile plant  | 1,305                                 | 167  | –   | (55)               | –   | (307)                 | –                   | –                         | 1,110                             |
| Office equipment   | 3,944                                 | 837  | –   | (2)                | –   | (1,344)               | –                   | –                         | 3,435                             |
| Library collection   | 2,198                                 | 876  | –   | –                  | –   | (877)                 | –                   | –                         | 2,197                             |
| <b>Total net book value</b>                                      | <b>329,110</b>                        | <b>10,303</b>  | <b>–</b>  | <b>(97)</b>        | <b>–</b>                                  | <b>(13,903)</b>       | <b>–</b>            | <b>–</b>                  | <b>325,413</b>                    |

## Current year

|  | Balance as at<br>1 July 2019 | Additions (assets<br>constructed or<br>purchased) | Vested assets<br>(assets<br>transferred) | Disposals | Net revaluation/<br>(decrements) | Depreciation    | Impairment | Reclassification | Total at<br>30 June 2020 |
|--|------------------------------|---|--|-----------|----------------------------------|-----------------|------------|------------------|--------------------------|
|  | \$000                        | \$000   | \$000                                    | \$000     | \$000                            | \$000           | \$000      | \$000            | \$000                    |
| <b>Infrastructural assets</b>                                    |                              |   |  |           |                                  |                 |            |                  |                          |
| <b>Gross carrying amount</b>                                     |                              |   |  |           |                                  |                 |            |                  |                          |
| Land   | 25,858                       | –   | –  | –         | –                                | –               | –          | –                | 25,858                   |
| Landfill provision capitalised                                   | 2,763                        | –   | –  | –         | –                                | –               | –          | –                | 2,763                    |
| Roadways and bridges   | 1,067,637                    | 47,368  | 2,014                                    | –         | (59,961)                         | –               | –          | –                | 1,057,058                |
| Water reticulation   | 324,389                      | 8,832   | 947                                      | –         | (427)                            | –               | –          | –                | 333,741                  |
| Water plant and facilities                                       | 77,574                       | 3,651   | –  | –         | (1,960)                          | –               | –          | –                | 79,265                   |
| Wastewater reticulation  | 335,961                      | 7,877   | 401                                      | –         | 6,688                            | –               | –          | –                | 350,927                  |
| Wastewater plant and facilities                                  | 96,737                       | 2,878   | –  | –         | (2,116)                          | –               | –          | –                | 97,499                   |
| Stormwater reticulation  | 161,807                      | 1,099   | 907                                      | –         | 2,902                            | –               | –          | –                | 166,715                  |
| Stormwater plant and facilities                                  | 1,159                        | –   | –  | –         | 130                              | –               | –          | –                | 1,289                    |
| Landfill plant and facilities                                    | 6,760                        | 787   | –  | –         | (157)                            | –               | –          | –                | 7,390                    |
| <b>Total</b>   | <b>2,100,645</b>             | <b>72,492</b>                                     | <b>4,269</b>                             | <b>–</b>  | <b>(54,901)</b>                  | <b>–</b>        | <b>–</b>   | <b>–</b>         | <b>2,122,505</b>         |
| <b>Accumulated depreciation/<br/>amortisation and impairment</b> |                              |   |  |           |                                  |                 |            |                  |                          |
| Land fill provision capitalised                                  | (2,111)                      | –   | –  | –         | –                                | (162)           | –          | –                | (2,273)                  |
| Roadways and bridges   | –                            | –   | –  | –         | 23,093                           | (23,093)        | –          | –                | –                        |
| Water reticulation   | (9,707)                      | –   | –  | –         | 9,708                            | (10,158)        | –          | –                | (10,157)                 |
| Water plant and facilities                                       | (3,323)                      | –   | –  | –         | 3,277                            | (3,407)         | –          | –                | (3,453)                  |
| Wastewater reticulation  | (7,245)                      | –   | –  | –         | 7,204                            | (7,633)         | –          | –                | (7,674)                  |
| Wastewater plant and facilities                                  | (4,636)                      | –   | –  | –         | 4,569                            | (4,869)         | –          | –                | (4,936)                  |
| Stormwater reticulation  | (4,308)                      | –   | –  | –         | 4,304                            | (4,505)         | –          | –                | (4,509)                  |
| Stormwater plant and facilities                                  | (134)                        | –   | –  | –         | 134                              | (137)           | –          | –                | (137)                    |
| Landfill plant and facilities                                    | (328)                        | –   | –  | –         | 311                              | (365)           | –          | –                | (382)                    |
| <b>Total</b>   | <b>(31,792)</b>              | <b>–</b>  | <b>–</b>                                 | <b>–</b>  | <b>52,600</b>                    | <b>(54,329)</b> | <b>–</b>   | <b>–</b>         | <b>(33,521)</b>          |
| <b>Net book value</b>  |                              |   |  |           |                                  |                 |            |                  |                          |
| Land   | 25,858                       | –   | –  | –         | –                                | –               | –          | –                | 25,858                   |
| Land fill provision capitalised                                  | 652                          | –   | –  | –         | –                                | (162)           | –          | –                | 490                      |
| Roadways and bridges   | 1,067,637                    | 47,368  | 2,014                                    | –         | (36,868)                         | (23,093)        | –          | –                | 1,057,058                |
| Water reticulation   | 314,682                      | 8,832   | 947                                      | –         | 9,281                            | (10,158)        | –          | –                | 323,584                  |
| Water plant and facilities                                       | 74,251                       | 3,651   | –  | –         | 1,317                            | (3,407)         | –          | –                | 75,812                   |
| Wastewater reticulation  | 328,716                      | 7,877   | 401                                      | –         | 13,892                           | (7,633)         | –          | –                | 343,253                  |
| Wastewater plant and facilities                                  | 92,101                       | 2,878   | –  | –         | 2,453                            | (4,869)         | –          | –                | 92,563                   |
| Stormwater reticulation  | 157,499                      | 1,099   | 907                                      | –         | 7,206                            | (4,505)         | –          | –                | 162,206                  |
| Stormwater plant and facilities                                  | 1,025                        | –   | –  | –         | 264                              | (137)           | –          | –                | 1,152                    |
| Landfill plant and facilities                                    | 6,432                        | 787   | –  | –         | 154                              | (365)           | –          | –                | 7,008                    |
| <b>Total net book value</b>                                      | <b>2,068,853</b>             | <b>72,492</b>                                     | <b>4,269</b>                             | <b>–</b>  | <b>(2,301)</b>                   | <b>(54,329)</b> | <b>–</b>   | <b>–</b>         | <b>2,088,984</b>         |

## Current year

|  | Balance as at<br>1 July 2019<br>\$000 | Additions (assets<br>constructed or<br>purchased)<br>\$000 | Vested assets<br>(assets<br>transferred)<br>\$000 | Disposals<br>\$000 | Net revaluation/<br>(decrements)<br>\$000 | Depreciation<br>\$000 | Impairment<br>\$000 | Reclassification<br>\$000 | Total at<br>30 June 2020<br>\$000 |
|--|---------------------------------------|--|---|--------------------|---|-----------------------|---------------------|---------------------------|-----------------------------------|
| <b>Restricted assets</b>   |                                       |  |   |                    |   |                       |                     |                           |                                   |
| <b>Gross carrying amount</b>                                     |                                       |  |   |                    |   |                       |                     |                           |                                   |
| Land   | 169,515                               | 136  | 116   | (4)                | –   | –                     | –                   | –                         | 169,763                           |
| Buildings and structures   | 46,391                                | 675  | –   | –                  | –   | –                     | –                   | –                         | 47,066                            |
| Road reserve   | 192,908                               | 213  | 482   | –                  | –   | –                     | –                   | –                         | 193,603                           |
| Hard surfaces and reticulation systems                           | 16,507                                | 460  | –   | –                  | –   | –                     | –                   | 3,267                     | 20,234                            |
| Fixed plant and equipment  | 3,252                                 | 5  | –   | –                  | –   | –                     | –                   | –                         | 3,257                             |
| Playground and soft-fall areas                                   | 10,862                                | 1,047  | –   | –                  | –   | –                     | –                   | (3,267)                   | 8,642                             |
| <b>Total</b>   | <b>439,435</b>                        | <b>2,536</b>   | <b>598</b>  | <b>(4)</b>         | <b>–</b>                                  | <b>–</b>              | <b>–</b>            | <b>–</b>                  | <b>442,565</b>                    |
| <b>Accumulated depreciation/<br/>amortisation and impairment</b> |                                       |  |   |                    |   |                       |                     |                           |                                   |
| Land   | –                                     | –  | –   | –                  | –   | –                     | –                   | –                         | –                                 |
| Buildings and structures   | (1,515)                               | –  | –   | –                  | –   | (1,556)               | –                   | –                         | (3,071)                           |
| Road reserve   | –                                     | –  | –   | –                  | –   | –                     | –                   | –                         | –                                 |
| Hard surfaces and reticulation systems                           | (1,417)                               | –  | –   | –                  | –   | (1,081)               | –                   | (82)                      | (2,580)                           |
| Fixed plant and equipment  | (824)                                 | –  | –   | –                  | –   | (99)                  | –                   | –                         | (923)                             |
| Playground and soft-fall areas                                   | (1,532)                               | –  | –   | –                  | –   | (659)                 | –                   | 82                        | (2,109)                           |
| <b>Total</b>   | <b>(5,288)</b>                        | <b>–</b>   | <b>–</b>  | <b>–</b>           | <b>–</b>                                  | <b>(3,395)</b>        | <b>–</b>            | <b>–</b>                  | <b>(8,683)</b>                    |
| <b>Net book value</b>  |                                       |  |   |                    |   |                       |                     |                           |                                   |
| Land   | 169,515                               | 136  | 116   | (4)                | –   | –                     | –                   | –                         | 169,763                           |
| Buildings and structures   | 44,876                                | 675  | –   | –                  | –   | (1,556)               | –                   | –                         | 43,995                            |
| Road reserve   | 192,908                               | 213  | 482   | –                  | –   | –                     | –                   | –                         | 193,603                           |
| Hard surfaces and reticulation systems                           | 15,090                                | 460  | –   | –                  | –   | (1,081)               | –                   | 3,185                     | 17,654                            |
| Fixed plant and equipment  | 2,428                                 | 5  | –   | –                  | –   | (99)                  | –                   | –                         | 2,334                             |
| Playground and soft-fall areas                                   | 9,330                                 | 1,047  | –   | –                  | –   | (659)                 | –                   | (3,185)                   | 6,533                             |
| <b>Total net book value</b>                                      | <b>434,147</b>                        | <b>2,536</b>   | <b>598</b>  | <b>(4)</b>         | <b>–</b>                                  | <b>(3,395)</b>        | <b>–</b>            | <b>–</b>                  | <b>433,882</b>                    |



## Current year

|  | Balance as at<br>1 July 2019 | Additions (assets<br>constructed or<br>purchased) | Vested assets<br>(assets<br>transferred) | Disposals    | Net revaluation/<br>(decrements) | Depreciation    | Impairment | Reclassification | Total at<br>30 June 2020 |
|--|------------------------------|---|--|--------------|----------------------------------|-----------------|------------|------------------|--------------------------|
|  | \$000                        | \$000   | \$000                                    | \$000        | \$000                            | \$000           | \$000      | \$000            | \$000                    |
| <b>Heritage assets</b>   |                              |   |  |              |                                  |                 |            |                  |                          |
| <b>Gross carrying amount</b>                                     |                              |   |  |              |                                  |                 |            |                  |                          |
| Land   | 4,710                        | –   | –  | –            | –                                | –               | –          | –                | 4,710                    |
| Buildings  | 7,723                        | –   | –  | –            | –                                | –               | –          | –                | 7,723                    |
| Collections  | 66,747                       | 186   | –  | –            | –                                | –               | –          | –                | 66,933                   |
| Monuments  | 10,150                       | –   | –  | –            | –                                | –               | –          | –                | 10,150                   |
| <b>Total</b>   | <b>89,330</b>                | <b>186</b>  | <b>–</b>                                 | <b>–</b>     | <b>–</b>                         | <b>–</b>        | <b>–</b>   | <b>–</b>         | <b>89,516</b>            |
| <b>Accumulated depreciation/<br/>amortisation and impairment</b> |                              |   |  |              |                                  |                 |            |                  |                          |
| Land   | –                            | –   | –  | –            | –                                | –               | –          | –                | –                        |
| Buildings  | (346)                        | –   | –  | –            | –                                | (346)           | –          | –                | (692)                    |
| Collections  | (495)                        | –   | –  | –            | –                                | –               | –          | –                | (495)                    |
| Monuments  | (211)                        | –   | –  | –            | –                                | (211)           | –          | –                | (422)                    |
| <b>Total</b>   | <b>(1,052)</b>               | <b>–</b>  | <b>–</b>                                 | <b>–</b>     | <b>–</b>                         | <b>(557)</b>    | <b>–</b>   | <b>–</b>         | <b>(1,609)</b>           |
| <b>Net book value</b>  |                              |   |  |              |                                  |                 |            |                  |                          |
| Land   | 4,710                        | –   | –  | –            | –                                | –               | –          | –                | 4,710                    |
| Buildings  | 7,377                        | –   | –  | –            | –                                | (346)           | –          | –                | 7,031                    |
| Collections  | 66,252                       | 186   | –  | –            | –                                | –               | –          | –                | 66,438                   |
| Monuments  | 9,939                        | –   | –  | –            | –                                | (211)           | –          | –                | 9,728                    |
| <b>Total net book value</b>                                      | <b>88,278</b>                | <b>186</b>  | <b>–</b>                                 | <b>–</b>     | <b>–</b>                         | <b>(557)</b>    | <b>–</b>   | <b>–</b>         | <b>87,907</b>            |
| <b>Capital work in progress</b>                                  |                              |   |  |              |                                  |                 |            |                  |                          |
| Water and waste systems  | 16,465                       | 1,769   | –  | –            | –                                | –               | –          | –                | 18,234                   |
| Land and buildings   | 5,651                        | 1,041   | –  | –            | –                                | –               | –          | –                | 6,692                    |
| Other assets   | 2,473                        | 911   | –  | –            | –                                | –               | –          | –                | 3,384                    |
| <b>Total capital work in progress</b>                            | <b>24,589</b>                | <b>3,721</b>                                      | <b>–</b>                                 | <b>–</b>     | <b>–</b>                         | <b>–</b>        | <b>–</b>   | <b>–</b>         | <b>28,310</b>            |
| <b>Council total net book value</b>                              | <b>2,944,977</b>             | <b>89,238</b>                                     | <b>4,867</b>                             | <b>(101)</b> | <b>(2,301)</b>                   | <b>(72,184)</b> | <b>–</b>   | <b>–</b>         | <b>2,964,496</b>         |

## Current year

|  | Balance as at<br>1 July 2019<br>\$000 | Additions (assets<br>constructed or<br>purchased)<br>\$000 | Vested assets<br>(assets<br>transferred)<br>\$000 | Disposals<br>\$000 | Net revaluation/<br>(decrements)<br>\$000 | Depreciation<br>\$000 | Impairment<br>\$000 | Reclassification<br>\$000 | Total at<br>30 June 2020<br>\$000 |
|--|---------------------------------------|--|---|--------------------|---|-----------------------|---------------------|---------------------------|-----------------------------------|
| <b>Subsidiaries assets</b>                                       |                                       |  |   |                    |   |                       |                     |                           |                                   |
| <b>Gross carrying amount</b>                                     |                                       |  |   |                    |   |                       |                     |                           |                                   |
| Land   | 11,087                                | 336  | –   | (90)               | –   | –                     | –                   | (713)                     | 10,620                            |
| Forest land  | 54,072                                | 8,560  | –   | –                  | 2,874                                     | –                     | –                   | –                         | 65,506                            |
| Buildings and structures   | 27,100                                | 587  | –   | (426)              | –   | –                     | (21)                | (945)                     | 26,295                            |
| Fixed plant and equipment  | 22,606                                | 3,060  | –   | (1,000)            | –   | –                     | (1,063)             | (91)                      | 23,512                            |
| Roadways and bridges   | 8,140                                 | 627  | –   | –                  | –   | –                     | –                   | –                         | 8,767                             |
| Stadium  | 223,614                               | –  | –   | –                  | –   | –                     | –                   | –                         | 223,614                           |
| Networks   | 671,699                               | 35,525   | –   | (1,400)            | –   | –                     | –                   | –                         | 705,824                           |
| Vehicle, mobile plant  | 28,589                                | 1,859  | –   | (1,732)            | –   | –                     | (347)               | 174                       | 28,543                            |
| Rolling stock and rail track                                     | 6,218                                 | 551  | –   | (48)               | –   | –                     | 6,528               | –                         | 193                               |
| Construction   | 42,876                                | 14,258   | –   | (289)              | –   | –                     | –                   | (325)                     | 56,520                            |
| Office equipment   | 1,220                                 | 216  | –   | (75)               | –   | –                     | –                   | –                         | 1,361                             |
| <b>Total</b>   | <b>1,097,221</b>                      | <b>65,579</b>  | <b>–</b>  | <b>(5,060)</b>     | <b>2,874</b>                              | <b>–</b>              | <b>(7,959)</b>      | <b>(1,900)</b>            | <b>1,150,755</b>                  |
| <b>Accumulated depreciation/<br/>amortisation and impairment</b> |                                       |  |   |                    |   |                       |                     |                           |                                   |
| Land   | –                                     | –  | –   | –                  | –   | –                     | –                   | –                         | –                                 |
| Forest land  | (2,309)                               | –  | –   | –                  | –   | (69)                  | –                   | –                         | (2,378)                           |
| Buildings and structures   | (4,360)                               | –  | –   | 79                 | –   | (481)                 | 18                  | 32                        | (4,712)                           |
| Fixed plant and equipment  | (15,668)                              | –  | –   | 937                | –   | (2,006)               | 717                 | 19                        | (16,001)                          |
| Roadways and bridges   | (4,444)                               | –  | –   | –                  | –   | (203)                 | –                   | –                         | (4,647)                           |
| Stadium  | (59,525)                              | –  | –   | –                  | –   | (6,193)               | –                   | –                         | (65,718)                          |
| Networks   | (178,424)                             | –  | –   | 479                | –   | (18,458)              | –                   | –                         | (196,403)                         |
| Vehicle, mobile plant  | (17,557)                              | –  | –   | 1,655              | –   | (2,392)               | 259                 | –                         | (18,035)                          |
| Rolling stock and rail track                                     | (2,624)                               | –  | –   | 41                 | –   | (303)                 | 2,885               | –                         | (1)                               |
| Construction   | –                                     | –  | –   | –                  | –   | –                     | –                   | –                         | –                                 |
| Office equipment   | (608)                                 | –  | –   | 70                 | –   | (127)                 | –                   | –                         | (665)                             |
| <b>Total</b>   | <b>(285,519)</b>                      | <b>–</b>   | <b>–</b>  | <b>3,261</b>       | <b>–</b>                                  | <b>(30,232)</b>       | <b>3,879</b>        | <b>51</b>                 | <b>(308,560)</b>                  |
| <b>Net book value</b>  |                                       |  |   |                    |   |                       |                     |                           |                                   |
| Land   | 11,087                                | 336  | –   | (90)               | –   | –                     | –                   | (713)                     | 10,620                            |
| Forest land  | 51,763                                | 8,560  | –   | –                  | 2,874                                     | (69)                  | –                   | –                         | 63,128                            |
| Buildings and structures   | 22,740                                | 587  | –   | (347)              | –   | (481)                 | (3)                 | (913)                     | 21,583                            |
| Fixed plant and equipment  | 6,938                                 | 3,060  | –   | (63)               | –   | (2,006)               | (346)               | (72)                      | 7,511                             |
| Roadways and bridges   | 3,696                                 | 627  | –   | –                  | –   | (203)                 | –                   | –                         | 4,120                             |
| Stadium  | 164,089                               | –  | –   | –                  | –   | (6,193)               | –                   | –                         | 157,896                           |
| Networks   | 493,275                               | 35,525   | –   | (921)              | –   | (18,458)              | –                   | –                         | 509,421                           |
| Vehicle, mobile plant  | 11,032                                | 1,859  | –   | (77)               | –   | (2,392)               | (88)                | 174                       | 10,508                            |
| Rolling stock and rail track                                     | 3,594                                 | 551  | –   | (7)                | –   | (303)                 | (3,643)             | –                         | 192                               |
| Construction   | 42,876                                | 14,258   | –   | (289)              | –   | –                     | –                   | (325)                     | 56,520                            |
| Office equipment   | 612                                   | 216  | –   | (5)                | –   | (127)                 | –                   | –                         | 696                               |
| <b>Total net book value</b>                                      | <b>811,702</b>                        | <b>65,579</b>  | <b>–</b>  | <b>(1,799)</b>     | <b>2,874</b>                              | <b>(30,232)</b>       | <b>(4,080)</b>      | <b>(1,849)</b>            | <b>842,195</b>                    |
| <b>Group total net book value</b>                                | <b>3,756,679</b>                      | <b>154,817</b>   | <b>4,867</b>                                      | <b>(1,900)</b>     | <b>573</b>                                | <b>(102,416)</b>      | <b>(4,080)</b>      | <b>(1,849)</b>            | <b>3,806,691</b>                  |

## Last year

|  | Balance as at<br>1 July 2018<br>\$000 | Additions (assets<br>constructed or<br>purchased)<br>\$000 | Vested assets<br>(assets<br>transferred)<br>\$000 | Disposals<br>\$000 | Net revaluation/<br>(decrements)<br>\$000 | Depreciation<br>\$000 | Impairment<br>\$000 | Reclassification<br>\$000 | Total at<br>30 June 2019<br>\$000 |
|--|---------------------------------------|--|---|--------------------|---|-----------------------|---------------------|---------------------------|-----------------------------------|
| <b>Operational assets</b>  |                                       |  |   |                    |   |                       |                     |                           |                                   |
| <b>Gross carrying amount</b>                                     |                                       |  |   |                    |   |                       |                     |                           |                                   |
| Land   | 101,104                               | 6,513  | –   | –                  | (300)                                     | –                     | –                   | –                         | 107,317                           |
| Buildings and structures   | 215,426                               | 3,991  | –   | –                  | –   | –                     | –                   | –                         | 219,417                           |
| Fixed plant and equipment  | 16,055                                | 1,246  | –   | (24)               | –   | –                     | –                   | –                         | 17,277                            |
| Vehicle, mobile plant  | 4,068                                 | 429  | –   | (203)              | –   | –                     | –                   | –                         | 4,294                             |
| Office equipment   | 29,343                                | 958  | –   | (3)                | –   | –                     | –                   | –                         | 30,298                            |
| Library collection   | 10,325                                | 904  | –   | –                  | –   | –                     | –                   | –                         | 11,229                            |
| <b>Total</b>   | <b>376,321</b>                        | <b>14,041</b>  | <b>–</b>  | <b>(230)</b>       | <b>(300)</b>                              | <b>–</b>              | <b>–</b>            | <b>–</b>                  | <b>389,832</b>                    |
| <b>Accumulated depreciation/<br/>amortisation and impairment</b> |                                       |  |   |                    |   |                       |                     |                           |                                   |
| Land   | –                                     | –  | –   | –                  | –   | –                     | –                   | –                         | –                                 |
| Buildings and structures   | –                                     | –  | –   | –                  | –   | (10,051)              | –                   | –                         | (10,051)                          |
| Fixed plant and equipment  | (11,494)                              | –  | –   | 23                 | –   | (826)                 | –                   | –                         | (12,297)                          |
| Vehicle, mobile plant  | (2,925)                               | –  | –   | 173                | –   | (237)                 | –                   | –                         | (2,989)                           |
| Office equipment   | (24,732)                              | –  | –   | 3                  | –   | (1,625)               | –                   | –                         | (26,354)                          |
| Library collection   | (8,102)                               | –  | –   | –                  | –   | (929)                 | –                   | –                         | (9,031)                           |
| <b>Total</b>   | <b>(47,253)</b>                       | <b>–</b>   | <b>–</b>  | <b>199</b>         | <b>–</b>                                  | <b>(13,668)</b>       | <b>–</b>            | <b>–</b>                  | <b>(60,722)</b>                   |
| <b>Net book value</b>  |                                       |  |   |                    |   |                       |                     |                           |                                   |
| Land   | 101,104                               | 6,513  | –   | –                  | (300)                                     | –                     | –                   | –                         | 107,317                           |
| Buildings and structures   | 215,426                               | 3,991  | –   | –                  | –   | (10,051)              | –                   | –                         | 209,366                           |
| Fixed plant and equipment  | 4,561                                 | 1,246  | –   | (1)                | –   | (826)                 | –                   | –                         | 4,980                             |
| Vehicle, mobile plant  | 1,143                                 | 429  | –   | (30)               | –   | (237)                 | –                   | –                         | 1,305                             |
| Office equipment   | 4,611                                 | 958  | –   | –                  | –   | (1,625)               | –                   | –                         | 3,944                             |
| Library collection   | 2,223                                 | 904  | –   | –                  | –   | (929)                 | –                   | –                         | 2,198                             |
| <b>Total net book value</b>                                      | <b>329,068</b>                        | <b>14,041</b>  | <b>–</b>  | <b>(31)</b>        | <b>(300)</b>                              | <b>(13,668)</b>       | <b>–</b>            | <b>–</b>                  | <b>329,110</b>                    |

## Last year

|  | Balance as at<br>1 July 2018<br>\$000 | Additions (assets<br>constructed or<br>purchased)<br>\$000 | Vested assets<br>(assets<br>transferred)<br>\$000 | Disposals<br>\$000 | Net revaluation/<br>(decrements)<br>\$000 | Depreciation<br>\$000 | Impairment<br>\$000 | Reclassification<br>\$000 | Total at<br>30 June 2019<br>\$000 |
|--|---------------------------------------|--|---|--------------------|---|-----------------------|---------------------|---------------------------|-----------------------------------|
| <b>Infrastructural assets</b>                                    |                                       |  |   |                    |   |                       |                     |                           |                                   |
| <b>Gross carrying amount</b>                                     |                                       |  |   |                    |   |                       |                     |                           |                                   |
| Land   | 25,858                                | –  | –   | –                  | –   | –                     | –                   | –                         | 25,858                            |
| Landfill provision capitalised                                   | 2,763                                 | –  | –   | –                  | –   | –                     | –                   | –                         | 2,763                             |
| Roadways and bridges   | 1,027,333                             | 51,554   | 2,102   | –                  | (13,352)                                  | –                     | –                   | –                         | 1,067,637                         |
| Water reticulation   | 320,142                               | 2,274  | 799   | –                  | 1,174                                     | –                     | –                   | –                         | 324,389                           |
| Water plant and facilities                                       | 71,738                                | 8,574  | –   | –                  | (2,738)                                   | –                     | –                   | –                         | 77,574                            |
| Wastewater reticulation  | 323,373                               | 2,822  | 721   | –                  | 9,045                                     | –                     | –                   | –                         | 335,961                           |
| Wastewater plant and facilities                                  | 97,279                                | 2,199  | –   | –                  | (2,741)                                   | –                     | –                   | –                         | 96,737                            |
| Stormwater reticulation  | 157,633                               | 269  | 732   | –                  | 3,173                                     | –                     | –                   | –                         | 161,807                           |
| Stormwater plant and facilities                                  | 1,503                                 | –  | –   | –                  | (344)                                     | –                     | –                   | –                         | 1,159                             |
| Landfill plant and facilities                                    | 6,185                                 | 780  | –   | –                  | (205)                                     | –                     | –                   | –                         | 6,760                             |
| <b>Total</b>   | <b>2,033,807</b>                      | <b>68,472</b>  | <b>4,354</b>                                      | <b>–</b>           | <b>(5,988)</b>                            | <b>–</b>              | <b>–</b>            | <b>–</b>                  | <b>2,100,645</b>                  |
| <b>Accumulated depreciation/<br/>amortisation and impairment</b> |                                       |  |   |                    |   |                       |                     |                           |                                   |
| Land fill provision capitalised                                  | (1,949)                               | –  | –   | –                  | –   | (162)                 | –                   | –                         | (2,111)                           |
| Roadways and bridges   | –                                     | –  | –   | –                  | 20,762                                    | (20,762)              | –                   | –                         | –                                 |
| Water reticulation   | (8,511)                               | –  | –   | –                  | 8,504                                     | (9,700)               | –                   | –                         | (9,707)                           |
| Water plant and facilities                                       | (3,053)                               | –  | –   | –                  | 3,053                                     | (3,323)               | –                   | –                         | (3,323)                           |
| Wastewater reticulation  | (7,106)                               | –  | –   | –                  | 7,104                                     | (7,243)               | –                   | –                         | (7,245)                           |
| Wastewater plant and facilities                                  | (4,430)                               | –  | –   | –                  | 4,430                                     | (4,636)               | –                   | –                         | (4,636)                           |
| Stormwater reticulation  | (4,168)                               | –  | –   | –                  | 4,166                                     | (4,306)               | –                   | –                         | (4,308)                           |
| Stormwater plant and facilities                                  | (122)                                 | –  | –   | –                  | 122                                       | (134)                 | –                   | –                         | (134)                             |
| Landfill plant and facilities                                    | (429)                                 | –  | –   | –                  | 427                                       | (326)                 | –                   | –                         | (328)                             |
| <b>Total</b>   | <b>(29,768)</b>                       | <b>–</b>   | <b>–</b>  | <b>–</b>           | <b>48,568</b>                             | <b>(50,592)</b>       | <b>–</b>            | <b>–</b>                  | <b>(31,792)</b>                   |
| <b>Net book value</b>  |                                       |  |   |                    |   |                       |                     |                           |                                   |
| Land   | 25,858                                | –  | –   | –                  | –   | –                     | –                   | –                         | 25,858                            |
| Landfill provision capitalised                                   | 814                                   | –  | –   | –                  | –   | (162)                 | –                   | –                         | 652                               |
| Roadways and bridges   | 1,027,333                             | 51,554   | 2,102   | –                  | 7,410                                     | (20,762)              | –                   | –                         | 1,067,637                         |
| Water reticulation   | 311,631                               | 2,274  | 799   | –                  | 9,678                                     | (9,700)               | –                   | –                         | 314,682                           |
| Water plant and facilities                                       | 68,685                                | 8,574  | –   | –                  | 315                                       | (3,323)               | –                   | –                         | 74,251                            |
| Wastewater reticulation  | 316,267                               | 2,822  | 721   | –                  | 16,149                                    | (7,243)               | –                   | –                         | 328,716                           |
| Wastewater plant and facilities                                  | 92,849                                | 2,199  | –   | –                  | 1,689                                     | (4,636)               | –                   | –                         | 92,101                            |
| Stormwater reticulation  | 153,465                               | 269  | 732   | –                  | 7,339                                     | (4,306)               | –                   | –                         | 157,499                           |
| Stormwater plant and facilities                                  | 1,381                                 | –  | –   | –                  | (222)                                     | (134)                 | –                   | –                         | 1,025                             |
| Landfill plant and facilities                                    | 5,756                                 | 780  | –   | –                  | 222                                       | (326)                 | –                   | –                         | 6,432                             |
| <b>Total net book value</b>                                      | <b>2,004,039</b>                      | <b>68,472</b>  | <b>4,354</b>                                      | <b>–</b>           | <b>42,580</b>                             | <b>(50,592)</b>       | <b>–</b>            | <b>–</b>                  | <b>2,068,853</b>                  |

## Last year

|  | Balance as at<br>1 July 2018 | Additions (assets<br>constructed or<br>purchased) | Vested assets<br>(assets<br>transferred) | Disposals | Net revaluation/<br>(decrements) | Depreciation   | Impairment | Reclassification | Total at<br>30 June 2019 |
|--|------------------------------|---|--|-----------|----------------------------------|----------------|------------|------------------|--------------------------|
|  | \$000                        | \$000   | \$000                                    | \$000     | \$000                            | \$000          | \$000      | \$000            | \$000                    |
| <b>Restricted assets</b>   |                              |   |  |           |                                  |                |            |                  |                          |
| <b>Gross carrying amount</b>                                     |                              |   |  |           |                                  |                |            |                  |                          |
| Land   | 169,775                      | –   | –  | –         | –                                | –              | –          | (260)            | 169,515                  |
| Buildings and structures   | 45,036                       | 1,495   | 108                                      | –         | –                                | –              | –          | (248)            | 46,391                   |
| Road reserve   | 192,908                      | –   | –  | –         | –                                | –              | –          | –                | 192,908                  |
| Hard surfaces and reticulation<br>systems                        | 16,238                       | 261   | 8  | –         | –                                | –              | –          | –                | 16,507                   |
| Fixed plant and equipment  | 3,073                        | 179   | –  | –         | –                                | –              | –          | –                | 3,252                    |
| Playground and soft-fall areas                                   | 5,822                        | 4,876   | 164                                      | –         | –                                | –              | –          | –                | 10,862                   |
| <b>Total</b>   | <b>432,852</b>               | <b>6,811</b>                                      | <b>280</b>                               | <b>–</b>  | <b>–</b>                         | <b>–</b>       | <b>–</b>   | <b>(508)</b>     | <b>439,435</b>           |
| <b>Accumulated depreciation/<br/>amortisation and impairment</b> |                              |   |  |           |                                  |                |            |                  |                          |
| Land   | –                            | –   | –  | –         | –                                | –              | –          | –                | –                        |
| Buildings and structures   | –                            | –   | –  | –         | –                                | (1,523)        | –          | 8                | (1,515)                  |
| Road reserve   | –                            | –   | –  | –         | –                                | –              | –          | –                | –                        |
| Hard surfaces and reticulation<br>systems                        | (705)                        | –   | –  | –         | –                                | (712)          | –          | –                | (1,417)                  |
| Fixed plant and equipment  | (728)                        | –   | –  | –         | –                                | (96)           | –          | –                | (824)                    |
| Playground and soft-fall areas                                   | (923)                        | –   | –  | –         | –                                | (609)          | –          | –                | (1,532)                  |
| <b>Total</b>   | <b>(2,356)</b>               | <b>–</b>  | <b>–</b>                                 | <b>–</b>  | <b>–</b>                         | <b>(2,940)</b> | <b>–</b>   | <b>8</b>         | <b>(5,288)</b>           |
| <b>Net book value</b>  |                              |   |  |           |                                  |                |            |                  |                          |
| Land   | 169,775                      | –   | –  | –         | –                                | –              | –          | (260)            | 169,515                  |
| Buildings and structures   | 45,036                       | 1,495   | 108                                      | –         | –                                | (1,523)        | –          | (240)            | 44,876                   |
| Road reserve   | 192,908                      | –   | –  | –         | –                                | –              | –          | –                | 192,908                  |
| Hard surfaces and reticulation<br>systems                        | 15,533                       | 261   | 8  | –         | –                                | (712)          | –          | –                | 15,090                   |
| Fixed plant and equipment  | 2,345                        | 179   | –  | –         | –                                | (96)           | –          | –                | 2,428                    |
| Playground and soft-fall areas                                   | 4,899                        | 4,876   | 164                                      | –         | –                                | (609)          | –          | –                | 9,330                    |
| <b>Total net book value</b>                                      | <b>430,496</b>               | <b>6,811</b>                                      | <b>280</b>                               | <b>–</b>  | <b>–</b>                         | <b>(2,940)</b> | <b>–</b>   | <b>(500)</b>     | <b>434,147</b>           |

## Last year

|  | Balance as at<br>1 July 2018<br>\$000 | Additions (assets<br>constructed or<br>purchased)<br>\$000 | Vested assets<br>(assets<br>transferred)<br>\$000 | Disposals<br>\$000 | Net revaluation/<br>(decrements)<br>\$000 | Depreciation<br>\$000 | Impairment<br>\$000 | Reclassification<br>\$000 | Total at<br>30 June 2019<br>\$000 |
|--|---------------------------------------|--|---|--------------------|---|-----------------------|---------------------|---------------------------|-----------------------------------|
| <b>Heritage assets</b>   |                                       |  |   |                    |   |                       |                     |                           |                                   |
| <b>Gross carrying amount</b>                                     |                                       |  |   |                    |   |                       |                     |                           |                                   |
| Land   | 4,710                                 | –  | –   | –                  | –   | –                     | –                   | –                         | 4,710                             |
| Buildings  | 7,723                                 | –  | –   | –                  | –   | –                     | –                   | –                         | 7,723                             |
| Collections  | 66,512                                | 235  | –   | –                  | –   | –                     | –                   | –                         | 66,747                            |
| Monuments  | 10,150                                | –  | –   | –                  | –   | –                     | –                   | –                         | 10,150                            |
| <b>Total</b>   | <b>89,095</b>                         | <b>235</b>   | <b>–</b>  | <b>–</b>           | <b>–</b>                                  | <b>–</b>              | <b>–</b>            | <b>–</b>                  | <b>89,330</b>                     |
| <b>Accumulated depreciation/<br/>amortisation and impairment</b> |                                       |  |   |                    |   |                       |                     |                           |                                   |
| Land   | –                                     | –  | –   | –                  | –   | –                     | –                   | –                         | –                                 |
| Buildings  | –                                     | –  | –   | –                  | –   | (346)                 | –                   | –                         | (346)                             |
| Collections  | (495)                                 | –  | –   | –                  | –   | –                     | –                   | –                         | (495)                             |
| Monuments  | –                                     | –  | –   | –                  | –   | (211)                 | –                   | –                         | (211)                             |
| <b>Total</b>   | <b>(495)</b>                          | <b>–</b>   | <b>–</b>  | <b>–</b>           | <b>–</b>                                  | <b>(557)</b>          | <b>–</b>            | <b>–</b>                  | <b>(1,052)</b>                    |
| <b>Net book value</b>  |                                       |  |   |                    |   |                       |                     |                           |                                   |
| Land   | 4,710                                 | –  | –   | –                  | –   | –                     | –                   | –                         | 4,710                             |
| Buildings  | 7,723                                 | –  | –   | –                  | –   | (346)                 | –                   | –                         | 7,377                             |
| Collections  | 66,017                                | 235  | –   | –                  | –   | –                     | –                   | –                         | 66,252                            |
| Monuments  | 10,150                                | –  | –   | –                  | –   | (211)                 | –                   | –                         | 9,939                             |
| <b>Total net book value</b>                                      | <b>88,600</b>                         | <b>235</b>   | <b>–</b>  | <b>–</b>           | <b>–</b>                                  | <b>(557)</b>          | <b>–</b>            | <b>–</b>                  | <b>88,278</b>                     |
| <b>Capital work in progress</b>                                  |                                       |  |   |                    |   |                       |                     |                           |                                   |
| Water and waste systems  | 13,225                                | 3,240  | –   | –                  | –   | –                     | –                   | –                         | 16,465                            |
| Land and buildings   | 1,062                                 | 4,589  | –   | –                  | –   | –                     | –                   | –                         | 5,651                             |
| Other assets   | 1,660                                 | 813  | –   | –                  | –   | –                     | –                   | –                         | 2,473                             |
| <b>Total capital work in progress</b>                            | <b>15,947</b>                         | <b>8,642</b>   | <b>–</b>  | <b>–</b>           | <b>–</b>                                  | <b>–</b>              | <b>–</b>            | <b>–</b>                  | <b>24,589</b>                     |
| <b>Council total net book value</b>                              | <b>2,868,150</b>                      | <b>98,201</b>  | <b>4,634</b>                                      | <b>(31)</b>        | <b>42,280</b>                             | <b>(67,757)</b>       | <b>–</b>            | <b>(500)</b>              | <b>2,944,977</b>                  |



## Last year

|  | Balance as at<br>1 July 2018 | Additions (assets<br>constructed or<br>purchased) | Vested assets<br>(assets<br>transferred) | Disposals      | Net revaluation/<br>(decrements) | Depreciation    | Impairment   | Reclassification | Total at<br>30 June 2019 |
|--|------------------------------|---|--|----------------|----------------------------------|-----------------|--------------|------------------|--------------------------|
|  | \$000                        | \$000   | \$000                                    | \$000          | \$000                            | \$000           | \$000        | \$000            | \$000                    |
| <b>Subsidiaries assets</b>                                       |                              |   |  |                |                                  |                 |              |                  |                          |
| <b>Gross carrying amount</b>                                     |                              |   |  |                |                                  |                 |              |                  |                          |
| Land   | 10,073                       | 1,132   | –  | (118)          | –                                | –               | –            | –                | 11,087                   |
| Forest land  | 43,322                       | 6,015   | –  | –              | 4,735                            | –               | –            | –                | 54,072                   |
| Buildings and structures   | 19,575                       | 7,504   | –  | (19)           | –                                | –               | –            | 40               | 27,100                   |
| Fixed plant and equipment  | 20,743                       | 2,599   | –  | (719)          | –                                | –               | –            | (17)             | 22,606                   |
| Roadways and bridges   | 7,886                        | 254   | –  | –              | –                                | –               | –            | –                | 8,140                    |
| Stadium  | 223,614                      | –   | –  | –              | –                                | –               | –            | –                | 223,614                  |
| Networks   | 601,654                      | 71,446  | –  | (1,401)        | –                                | –               | –            | –                | 671,699                  |
| Vehicle, mobile plant  | 26,718                       | 2,250   | –  | (447)          | –                                | –               | –            | 68               | 28,589                   |
| Rolling stock and rail track                                     | 4,914                        | 1,304   | –  | –              | –                                | –               | –            | –                | 6,218                    |
| Construction   | 58,941                       | (15,252)  | –  | (705)          | –                                | –               | –            | (108)            | 42,876                   |
| Office equipment   | 1,090                        | 227   | –  | (87)           | –                                | –               | –            | (10)             | 1,220                    |
| <b>Total</b>   | <b>1,018,530</b>             | <b>77,479</b>                                     | <b>–</b>                                 | <b>(3,496)</b> | <b>4,735</b>                     | <b>–</b>        | <b>–</b>     | <b>(27)</b>      | <b>1,097,221</b>         |
| <b>Accumulated depreciation/<br/>amortisation and impairment</b> |                              |   |  |                |                                  |                 |              |                  |                          |
| Land   | –                            | –   | –  | –              | –                                | –               | –            | –                | –                        |
| Forest land  | (1,847)                      | –   | –  | –              | –                                | –               | (462)        | –                | (2,309)                  |
| Buildings and structures   | (4,001)                      | –   | –  | 7              | –                                | (364)           | (2)          | –                | (4,360)                  |
| Fixed plant and equipment  | (14,438)                     | –   | –  | 570            | –                                | (1,817)         | –            | 17               | (15,668)                 |
| Roadways and bridges   | (4,252)                      | –   | –  | –              | –                                | (192)           | –            | –                | (4,444)                  |
| Stadium  | (52,889)                     | –   | –  | –              | –                                | (6,636)         | –            | –                | (59,525)                 |
| Networks   | (161,372)                    | –   | –  | 356            | –                                | (17,408)        | –            | –                | (178,424)                |
| Vehicle, mobile plant  | (15,639)                     | –   | –  | 436            | –                                | (2,354)         | –            | –                | (17,557)                 |
| Rolling stock and rail track                                     | (2,286)                      | –   | –  | –              | –                                | (313)           | (25)         | –                | (2,624)                  |
| Construction   | –                            | –   | –  | –              | –                                | –               | –            | –                | –                        |
| Office equipment   | (573)                        | –   | –  | 83             | –                                | (128)           | –            | 10               | (608)                    |
| <b>Total</b>   | <b>(257,297)</b>             | <b>–</b>  | <b>–</b>                                 | <b>1,452</b>   | <b>–</b>                         | <b>(29,212)</b> | <b>(489)</b> | <b>27</b>        | <b>(285,519)</b>         |
| <b>Net book value</b>  |                              |   |  |                |                                  |                 |              |                  |                          |
| Land   | 10,073                       | 1,132   | –  | (118)          | –                                | –               | –            | –                | 11,087                   |
| Forest land  | 41,475                       | 6,015   | –  | –              | 4,735                            | –               | (462)        | –                | 51,763                   |
| Buildings and structures   | 15,574                       | 7,504   | –  | (12)           | –                                | (364)           | (2)          | 40               | 22,740                   |
| Fixed plant and equipment  | 6,305                        | 2,599   | –  | (149)          | –                                | (1,817)         | –            | –                | 6,938                    |
| Roadways and bridges   | 3,634                        | 254   | –  | –              | –                                | (192)           | –            | –                | 3,696                    |
| Stadium  | 170,725                      | –   | –  | –              | –                                | (6,636)         | –            | –                | 164,089                  |
| Networks   | 440,282                      | 71,446  | –  | (1,045)        | –                                | (17,408)        | –            | –                | 493,275                  |
| Vehicle, mobile plant  | 11,079                       | 2,250   | –  | (11)           | –                                | (2,354)         | –            | 68               | 11,032                   |
| Rolling stock and rail track                                     | 2,628                        | 1,304   | –  | –              | –                                | (313)           | (25)         | –                | 3,594                    |
| Construction   | 58,941                       | (15,252)  | –  | (705)          | –                                | –               | –            | (108)            | 42,876                   |
| Office equipment   | 517                          | 227   | –  | (4)            | –                                | (128)           | –            | –                | 612                      |
| <b>Total net book value as at 30 June</b>                        | <b>761,233</b>               | <b>77,479</b>                                     | <b>–</b>                                 | <b>(2,044)</b> | <b>4,735</b>                     | <b>(29,212)</b> | <b>(489)</b> | <b>–</b>         | <b>811,702</b>           |
| <b>Group total net book value</b>                                | <b>3,629,383</b>             | <b>175,680</b>                                    | <b>4,634</b>                             | <b>(2,075)</b> | <b>47,015</b>                    | <b>(96,969)</b> | <b>(489)</b> | <b>(500)</b>     | <b>3,756,679</b>         |

### Relevant significant accounting policies

Property, plant and equipment are those assets held by the Group for the purpose of carrying on its business activities on an ongoing basis.

#### a) CCO property, plant and equipment

All CCO property, plant and equipment, apart from forestry land, is stated at cost less any subsequent accumulated depreciation and any accumulated impairment losses.

**Revaluations** are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase is credited to the appropriate revaluation reserve, except to the extent that it reverses a revaluation decrease previously recognised as an expense, in which case the increase is credited to the surplus or deficit to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that class of asset.

**Self-constructed assets** include the direct cost of construction to the extent that they relate to bringing the fixed assets to the location and condition for their intended service.

**Depreciation** is charged so as to write off the cost or valuation of assets, other than land, forestry land, properties under construction and capital work in progress, on the straight-line basis. Rates used have been calculated to allocate the asset's cost or valuation less estimated residual value over their estimated remaining useful lives.

Depreciation of these assets commences when the assets are ready for their intended use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation on revalued assets, excluding land, is charged to the surplus or deficit. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the appropriate property revaluation reserve is transferred directly to retained earnings.

Assets held under finance leases are depreciated.

The Group has had its forestry land assets independently valued as at 30 June 2020 by Morice & Co using the Fair Value approach. This method is consistent with the previous period and the market values recommended by Morice & Co are incorporated into the financial statements. The land is valued at the component level and the valuation methodology takes into account the key factors impacting land value such as location, productivity, size, ETS status, altitude, contour, local authority zoning and development potential relative to market evidence.

The uncertainty related to the Covid-19 pandemic is impacting the real estate market. The value assessed for the Group's forestry land assets has been reported on the basis of "significant market uncertainty", meaning less certainty and a higher degree of caution should be applied. The opinion of value has been determined at the valuation date based on a certain set of assumptions used by the valuer, however these could change significantly and unexpectedly over a relatively short period of time.

Depreciation rates and methods used by all companies except for City Forests are as follows:

|                               | Rate            | Method |
|-------------------------------|-----------------|--------|
| Buildings                     | 1% to 17%       | SL     |
| Metering equipment            | 7% to 100%      | SL     |
| Electricity network assets    | 1% to 20%       | SL     |
| Plant and equipment           | 1% to 1000%     | SL     |
| Motor vehicles                | 5% to 33%       | SL     |
| Railway assets                | 1% to 50%       | SL     |
| Office equipment and fittings | 5% to 48%       | SL     |
| Construction in progress      | not depreciated |        |
| Software                      | 20% to 100%     | SL     |

Depreciation rates and methods used by City Forests Limited are as follows:

|                     |             |    |
|---------------------|-------------|----|
| Buildings           | 2% to 3%    | SL |
| Roads               | 5% to 24%   | DV |
| Bridges             | 2% to 2.4%  | DV |
| Plant and equipment | 6% to 80.4% | DV |
| Fences              | 10% to 13%  | DV |
| Motor vehicles      | 9.6% to 36% | DV |
| Office equipment    | 10% to 60%  | DV |

### Stadium

The Stadium is a separate class of asset and is recorded at cost less any accumulated depreciation and any accumulated impairment losses.

The carrying amounts of property, plant and equipment are reviewed at each balance date to determine whether there is any indication of impairment. If such impairment exists, the recoverable amount of assets is estimated to determine the extent of any impairment loss. The recoverable amount is the higher of an asset's net selling price and value in use. An impairment loss is recognised whenever the carrying amount of assets exceeds its recoverable amount. Impairment losses are recognised in the statement of profit and loss.

In assessing the recoverable amount of Aurora Energy's electricity network and fibre assets the directors have relied on the assessment completed by Aurora Energy. The directors of Aurora Energy have reviewed the results of impairment testing undertaken by Aurora Energy's management with assistance from Deloitte as at 30 June 2020. The impairment testing was performed on a "no growth" basis in accordance with NZ IAS 36 Impairment of Assets.

The impairment testing used the discounted cashflow (DCF) methodology to arrive at an estimated valuation range based on Free Cash Flows (FCF) for a 20 year period from 1 July 2020. The key assumptions utilised in the impairment testing were that:

- For the 10 years from 1 July 2020, the estimated network revenues follow the Commerce Commission building blocks allowable revenue approach, but exclude revenue related to expansionary growth.
- For the regulatory period from 1 April 2020, the operating and capital expenditure will equate to the regulatory expenditure allowances approved by the Commerce Commission in its Default Price-Quality Path Determination for the five years ended 31 March 2025.
- For the regulatory period from 1 April 2021 to 31 March 2030 the operating and capital expenditure will mirror the 10 year expenditure forecasts in Aurora Energy's 2020-2030 Asset Management Plan, and equate to the regulatory expenditure allowances included in Aurora Energy's Customised Price-Quality Path (CPP) application (which is currently under consideration by the Commerce Commission and if approved will take effect from 1 April 2021) and subsequent Determinations.
- The forecast cash flows assume all expenditure in Aurora Energy's recent CCP application to the Commerce Commission will be approved. The CPP application has not yet been approved. A draft decision was made on 12 November 2020 and the Commerce Commission will issue its final decision on the CPP application by 31 March 2021. Refer to note 40 Events after balance date, for further information about the Commerce Commission's draft determination.
- The valuation cash flows beyond the 10 years from 1 July 2030 are assumed to grow at 2% per annum.
- In applying the DCF methodology Aurora Energy considered a range of discount rates from 4.5% to 5.5%. The discount rate is a matter of professional judgement.
- In applying the balance date impairment testing Aurora Energy noted that at a discount rate of 4.8% the present value of future FCF was approximately equal to the carrying value of the network related assets. It follows that a discount rate of higher than 4.8% could have given rise to an impairment in the absence of any other offsetting factors as at balance date.
- In determining the discount rate for year-end impairment testing, the 10 year Government bond rate at valuation date was used as a basis for the risk-free rate. The risk-free rate was used in conjunction with a view of an appropriate post-tax market risk premium.
- The discount rates used in the impairment testing were based on the same level of asset beta and similar level of leverage as set by the Commerce Commission for the 5 year regulatory period from 1 April 2020.

Sensitivity analysis showed a 0.25% decrease/(increase) in the DCF discount rate used for impairment testing would increase/(decrease) the indicative value range by about \$30 million.

On reviewing the DCF analysis the Directors assessed that there was no impairment to the carrying value of the network assets as at 30 June 2020.

Aurora Energy considered the impact of COVID-19 on its FCF forecasts and after deferring 2-3 growth related projects considered that its forecasts remain reasonable in the context of potential COVID-19 effects. As disclosed under COVID-19 Impact (Note 39), Aurora Energy considers it has not experienced any material impact attributable to COVID-19 on profitability.

The value of the assets is fundamentally linked to Aurora Energy's ability to operate within the future expenditure allowances approved by the Commerce Commission.

Aurora Energy will undertake further impairment testing on receipt of the Commerce Commission's final determination on its CPP application.

In assessing the recoverable amount of Dunedin Railways' assets the directors considered that the potential to earn revenue from the assets was minimal, given the Company's transition to hibernation and wider uncertainty in the tourism sector. The directors then considered the asset's net selling price. Dunedin Railways' assets are relatively specialised and, in some instances, unique; therefore, making it difficult to obtain independent evidence of their fair value less costs to sell.

On balance, and with the benefit of industry and commercial knowledge, the directors considered it appropriate to write-down the Dunedin Railways' asset to \$297,000, being the best estimate of the fair value less costs to sell. An associated impairment expense of \$4,486,000 has been recorded in the Statement of Financial Performance.

## **b) The Council property, plant and equipment**

### ***Operational assets***

These include land, buildings, improvements, library books, plant and equipment, and motor vehicles.

#### ***Land and buildings***

Land and buildings are stated at revalued amounts being fair value at date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The revaluations are performed by an independent valuer on a three-yearly cycle.

#### ***Fixed plant and equipment***

Fixed plant and equipment is stated at cost, less any subsequent accumulated depreciation and any accumulated impairment losses.

#### ***Vehicles, mobile plant***

Motor vehicles and other mobile plant and equipment are stated at cost less any subsequent accumulated depreciation and any accumulated impairment losses.

#### ***Office equipment***

Office equipment and fittings are stated at cost less any subsequent accumulated depreciation less any accumulated impairment losses.

#### ***Library collection***

Library collections are stated at cost less any subsequent accumulated depreciation and any impairment losses.

### ***Infrastructural assets***

Infrastructure assets are the fixed utility systems owned by the Council. Each asset type includes all items that are required for the network to function; for example, sewer reticulation includes reticulation piping and sewer pump stations.

Land is stated at revalued amounts being fair value at date of valuation less any subsequent accumulated impairment losses. The revaluations are performed by an independent valuer on a three-yearly cycle.

Landfill assets being earthworks, plant and machinery and the estimate of site restoration, are stated at cost less any accumulated depreciation and any accumulated impairment losses. The useful life of the Green Island Landfill is considered to be the period of time to the expiring of the associated consents in 2023.

Roadways and bridges have been stated at their revalued amounts being fair value based on depreciated replacement cost as at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Roadways and bridges are valued annually by an independent valuer.

Plant and facilities have been stated at their revalued amounts being fair value based on depreciated replacement cost as at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Plant and facilities are valued annually in-house and peer reviewed by an independent valuer. Additions are recorded at cost and depreciated.

Reticulation assets, being the reticulation system and networks of water and drainage, have been stated at their revalued amounts being fair value based on depreciated replacement cost as at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Reticulation assets are valued annually in-house and peer reviewed by an independent valuer.

### ***Restricted assets***

Restricted assets are parks and reserves owned by the Council which cannot be disposed of because of legal or other restrictions, and provide a benefit or service to the community.

Land, buildings and structures are stated at revalued amounts being fair value at date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The revaluations are performed by an independent valuer on a three-yearly cycle.

Hard surfaces and reticulation systems are stated at revalued amounts being fair value at date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The revaluations are performed by an independent valuer on a three-yearly cycle.

Road reserve was last revalued based on fair value at 30 June 2012 by Quotable Value Limited. The Council has since elected to use this value as deemed cost and road reserve will no longer be revalued. Subsequent additions are recorded at cost.

Playground and soft-fall areas are stated at revalued amounts being fair value at date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed by an independent valuer on a four-yearly cycle.

Fixed plant and equipment has been stated at their deemed cost being fair value at the date of valuation based on depreciated replacement cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Additions are recorded at cost and depreciated.

**Heritage assets**

These include, but are not limited to, assets held by the Council subject to deeds of agreement, terms and conditions of bequests, donations, trusts or other restrictive legal covenants. The Council's control of these assets is restricted to a management/custodial role.

Heritage assets included are the Art Gallery Collection at the Dunedin Public Art Gallery, the Theomin Collection at Olveston, the Toitū Otago Settlers Museum and the monuments, statues and outdoor art as well as land and buildings of the railway station and Olveston.

Except land and buildings, all other heritage assets are stated at cost less any subsequent accumulated depreciation and accumulated impairment losses.

**Vested assets**

Vested assets are fixed assets given to the Council by a third party and could typically include water, drainage and roading assets created in the event of a subdivision. Vested assets also occur in the event of the donation of heritage or art assets by third parties. The value of assets vested are recorded at fair value which could include as sale or acquisition the cost price to the third party to create or purchase that asset and equates to its fair value at the date of acquisition. Vested assets, other than those pertaining to collections, are subsequently depreciated.

**Revaluations**

Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Revaluation increases and decreases relating to individual assets within a class of assets are offset. Revaluation increases and decreases in respect of assets in different classes are not offset.

Where the carrying amount of a class of assets is increased as a result of a revaluation, the net revaluation increase is credited to the revaluation reserve. The net revaluation increase shall be recognised in the surplus or deficit to the extent that it reverses a net revaluation decrease of the same class of assets previously recognised in the surplus or deficit. A net revaluation decrease for a class of assets is recognised in the surplus or deficit, except to the extent it reverses a revaluation increase previously recognised in the revaluation reserve to the extent of any credit balance existing in the revaluation reserve in respect of the same class of asset.

**Derecognition**

Items of property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the surplus or deficit in the year the item is derecognised.

**Depreciation**

Depreciation has been charged so as to write off the cost or valuation of assets, other than land, properties under construction and capital work in progress, on the straight line basis (SL). Rates used have been calculated to allocate the asset's cost or valuation less estimated residual value over their estimated remaining useful lives.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation commences when the assets are ready for their intended use.

Depreciation on revalued assets, excluding land, is charged to the Statement of Comprehensive Revenue and Expense. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the appropriate property revaluation reserve is transferred directly to retained earnings.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, over the term of the relevant lease.

Depreciation rates and methods used are as follows::

|                                   | Rate      | Method |
|-----------------------------------|-----------|--------|
| <b>Council operational assets</b> |           |        |
| Buildings and structures          | 1% to 20% | SL     |
| Plant and equipment               | 1% to 33% | SL     |
| Motor vehicles                    | 20%       | SL     |
| Office equipment and fittings     | 2% to 33% | SL     |
| Library collections               | 20%       | SL     |

|  | Rate            | Method |
|--|-----------------|--------|
| <b>Infrastructure assets</b>               |                 |        |
| Roadways and bridges                       |                 |        |
| – Formation                                | not depreciated |        |
| – Sealed road surfacings                   | 15%             | SL     |
| – Sealed base and first coat               | 3%              | SL     |
| – Sealed sub base                          | 1%              | SL     |
| – Unsealed top course                      | 26%             | SL     |
| – Unsealed base                            | not depreciated |        |
| – Drainage (inc. SWC)                      | 1% to 3%        | SL     |
| – Footpaths, steps and crossings           | 4% to 17%       | SL     |
| – Berms                                    | not depreciated |        |
| – Traffic control                          | 7% to 30%       | SL     |
| – Bridges, retaining walls and sea walls   | 1% to 3%        | SL     |
| – Street lighting                          | 11%             | SL     |
| – Minor structures                         | 5% to 8%        | SL     |
| Water reticulation                         | 1% to 10%       | SL     |
| Sewerage reticulation                      | 1% to 5%        | SL     |
| Stormwater reticulation                    | 1% to 10%       | SL     |
| Water treatment plants and facilities      | 1% to 13%       | SL     |
| Sewerage treatment plants and facilities   | 2% to 13%       | SL     |
| Stormwater treatment plants and facilities | 6% to 13%       | SL     |
| Landfill provision capitalised             | 6%              | SL     |
| Landfill plant and facilities              | 2% to 13%       | SL     |
| <b>Heritage assets</b>                     | 0% to 5%        | SL     |
| <b>Restricted assets</b>                   |                 |        |
| Buildings and structures                   | 0% to 25%       | SL     |
| Plant and equipment                        | 2% to 20%       | SL     |
| Hard surfaces                              | 2% to 20%       | SL     |
| Playground and soft-fall areas             | 4% to 20%       | SL     |

## 28 Investment property

|   | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| <b>Opening balance</b>                                | 93,480                  | 91,660                  | 93,480                  | 91,660                  |
| <b>Plus additions</b>                                 | 1,476                   | 29                      | 1,476                   | 29                      |
|   | 94,956                  | 91,689                  | 94,956                  | 91,689                  |
| <b>Less disposals</b>                                 | –                       | –                       | –                       | –                       |
|   | 94,956                  | 91,689                  | 94,956                  | 91,689                  |
| <b>Net gains (losses) from fair value adjustments</b> | 784                     | 1,791                   | 784                     | 1,791                   |
| <b>Closing balance</b>                                | <b>95,740</b>           | <b>93,480</b>           | <b>95,740</b>           | <b>93,480</b>           |
| <b>Classified:</b>                                    |                         |                         |                         |                         |
| Investment Property General                           | 55,240                  | 52,440                  | 55,240                  | 52,440                  |
| Investment Property Endowment*                        | 40,500                  | 41,040                  | 40,500                  | 41,040                  |
|   | <b>95,740</b>           | <b>93,480</b>           | <b>95,740</b>           | <b>93,480</b>           |

\* Endowment Property held pursuant to the Dunedin City Council Endowment Lands Act 1988.



**Trend statement for the six years to 30 June 2020 (Core Council)**

|  | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2017<br>\$000 | Actual<br>2016<br>\$000 | Actual<br>2015<br>\$000 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Fair market value of investment properties | 95,740                  | 93,480                  | 91,660                  | 90,438                  | 88,288                  | 89,684                  |

**Investment properties and properties intended for sale**

All investment properties were valued by Quotable Value Limited. The personnel involved were: David Paterson (Registered Valuer, FPNZ, FNZIV), Cameron Ferguson (Registered Valuer, MPINZ), Louie Lim (Registered Valuer, ANZIV, MPINZ), Daniel Gerrand (Registered Valuer, MPINZ) and Jon Parker (Registered Valuer, ANZIV, SPINZ). Quotable Value Limited are experienced valuers with extensive market knowledge in the types and location of investment properties owned by the Council.

The fair value of investment property has been determined using the sale comparison and income approaches.

The sales comparison approach estimates value based on comparisons to comparable assets that have sold recently, with adjustments made for factors such as location, quality, age, marketability and tenure.

The income approach is a market based valuation using two methods, capitalisation of income and discounted cash flow, to reflect what a prudent investor would pay for an asset given an expected return with consideration of risks involved. Capitalisation of income looks at the relationship between the income of a property and its expected returns by comparing the subject property to similar properties that have sold recently, adjusted for differences, to determine appropriate capital rates and yields. The discounted cash flow approach relates to a property with an uneven income stream such as commercial and investment properties.

in Quotable Value's view, due to Covid-19, there is significant valuation uncertainty. The valuation is current at the date of valuation only. The value assessed may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer could not reasonably have been aware of as at the date of valuation). No specific adjustment for the impact of Covid-19 on values has been made. Apart from the Mall (211 George Street), and Great King Street retail and carparking building (132 Great King Street), the rest of the properties are warehouse/industrial in nature and have not been impacted to the same extent as retail. In terms of the Mall, existing rental levels were maintained and the discount and capitalisation rates increased to reflect the increased risk associated with the property. 132 Great King Street has the benefit of carparking which is currently in strong demand and has to some degree countered the impact from the retail concerns. For all other properties a value range has been considered and a point of valuation opted for at the lower end of the range.

**Investment properties; net income and investment return**

|   | CORE COUNCIL            |                         |
|---|-------------------------|-------------------------|
|   | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Rental from investment properties                       | 7,281                   | 8,119                   |
| Operating expenditure investment properties             | (2,915)                 | (3,007)                 |
|   | 4,366                   | 5,112                   |
| Plus internal rental for car-park buildings             | 1,007                   | 987                     |
| Less internal management fees and salaries              | (560)                   | (567)                   |
|   | 4,813                   | 5,532                   |
| Net gains or (losses) from fair value adjustments       | 784                     | 1,791                   |
| <b>Net income including fair value gains and losses</b> | <b>5,597</b>            | <b>7,323</b>            |

|   |       |       |
|---|-------|-------|
| Attributable to Investment Property Endowment | 1,169 | 2,310 |
|---|-------|-------|

Investment return including fair value gains and losses but excluding the interest paid on loans borrowed: 5.85% (2019: 7.83%).

**Relevant significant accounting policies**

Investment property is property held to earn rentals and/or for capital appreciation. All investment properties are stated at fair value, as determined annually by independent valuers at the balance sheet date.

Gains or losses arising from changes in the fair value of investment properties are recognised in the surplus or deficit for the period in which the gain or loss arises.

## 29 Intangible assets

|   | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| <b>Opening cost</b>                             | 11,034                  | 9,454                   | 17,153                  | 15,650                  |
| Additional intangible assets                    | 2,282                   | 1,580                   | 4,554                   | 1,977                   |
| Transfers                                       | –                       | –                       | 1,972                   | –                       |
| Disposals                                       | –                       | –                       | (301)                   | (474)                   |
| Carbon credits surrendered                      | (16)                    | –                       | (16)                    | –                       |
| <b>Closing cost</b>                             | <b>13,300</b>           | <b>11,034</b>           | <b>23,362</b>           | <b>17,153</b>           |
| <b>Accumulated amortisation opening balance</b> | <b>8,826</b>            | <b>7,986</b>            | <b>14,046</b>           | <b>13,008</b>           |
| Impairments                                     | –                       | –                       | –                       | –                       |
| Disposals                                       | –                       | –                       | (300)                   | (385)                   |
| Transfers                                       | –                       | –                       | 101                     | –                       |
| Amortisation                                    | 913                     | 840                     | 1,882                   | 1,423                   |
| <b>Accumulated amortisation closing balance</b> | <b>9,739</b>            | <b>8,826</b>            | <b>15,729</b>           | <b>14,046</b>           |
| <b>Work in progress</b>                         | <b>1,362</b>            | <b>1,187</b>            | <b>1,362</b>            | <b>1,239</b>            |
| <b>Net book value</b>                           | <b>4,923</b>            | <b>3,395</b>            | <b>8,995</b>            | <b>4,346</b>            |
| Computer intangibles                            | 4,917                   | 3,373                   | 8,989                   | 4,324                   |
| Carbon credits                                  | 6                       | 22                      | 6                       | 22                      |
|   | <b>4,923</b>            | <b>3,395</b>            | <b>8,995</b>            | <b>4,346</b>            |

During 2013 the Dunedin City Council as owner of land with pre 1989 forests on that land was entitled to carbon credits (NZU's). These have been acquired and have been banked, held to be offset against expected future carbon liabilities from the operation of the landfill. Further NZU's have been acquired on the open market and are also held to offset expected future carbon liabilities.

### Relevant significant accounting policies

Goodwill represents the excess of the purchase consideration over the fair value of the net tangible and identifiable intangible assets, acquired at the time of acquisition of a business or an equity interest in a subsidiary or associate company. Goodwill is tested annually for impairment.

Software is recognised at cost and amortised to the surplus or deficit on a straight line basis over the estimated useful life, which is a maximum period of five years.

Carbon credits purchased are recognised at cost on acquisition. Free carbon credits received from the Crown are recognised at fair value on receipt. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

### 30 Forestry assets

|   | CONSOLIDATED            |                         |
|---|-------------------------|-------------------------|
|   | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| <b>Forestry assets</b>  |                         |                         |
| Opening balance   | 164,010                 | 150,172                 |
| Add costs capitalised in establishing forests during year                       | 2,953                   | 2,275                   |
| Increase in forest from acquisition   | –                       | 90                      |
| Revaluation   | 11,628                  | 20,333                  |
| Less value of logs harvested  | (9,441)                 | (8,860)                 |
| <b>Closing balance</b>  | <b>169,150</b>          | <b>164,010</b>          |
| <br>Gains (losses) arising from changes in fair value less point of sale costs: |                         |                         |
| Attributable to physical changes  | 11,511                  | 7,224                   |
| Attributable to price changes   | 117                     | 13,109                  |
|   | <b>11,628</b>           | <b>20,333</b>           |

The directors of City Forests Limited revalue its forestry assets annually and Dunedin City Holdings Limited adopts that value.

The valuation methodology used establishes the fair value of the collective forest crop and an independent market value has been used to establish the forest land value. The valuation is calculated under the assumption that a stand will not be replanted once felled irrespective of the sustainable forest policy of the Directors. The change in the value of the forest from year to year is reflected in the statement of comprehensive income. The treatment of carbon in the forest valuation has changed in the 2020 year. Previously the net present value of one carbon sequestration was calculated. From 2020 onwards, a value has been assigned to the difference between the units claimed to date and the level of safe or liability free carbon that the Group can claim.

Fair value requires calculating the present value of expected net cash flows using a post-tax discount rate. This discount rate used by the company is 6.0% (2019: 6.0%).

The forestry valuation is subject to a number of assumptions. The ones with the most significant volatility or impact on the valuation are the discount rate applied and log prices adopted. The discount rate adopted was 6.0%; a +/- 50 basis point movement in the discount rate would change the valuation by +\$9.82 mil/- \$8.93 mil. A 10% increase or decrease in assumed log prices would change the valuation by +\$15.45 mil – \$15.43 mil; (note that these sensitivities are shown are independent and different outcome would result from combined changes in discount and log prices).

At 30 June 2020 the Company owned stands of trees on 19,050 hectares of a total land holding (including lease, Joint Venture & Forestry Right) of 23,731 hectares. During the year the Company harvested approx. 310,100 m<sup>3</sup> of logs from its forests.

City Forests Limited is exposed to financial risks associated with USD log price and the USD and AUD sawn timber prices. This risk is managed through its financial management policy described within note 33, Derivative Financial Instruments. City Forests Limited is a long-term forestry investor that expects log prices to fluctuate within a commodity cycle. It is not possible to hedge against 100% of the price cycle but the company does manage harvest volumes to minimise the impact of the commodity price cycle over the longer term.

The valuer of the forestry asset was an employee of City Forests Limited who has a Bachelor of Forestry Science with Honours, a Post Graduate Certificate in Executive Management and is a member of the New Zealand Institute of Forestry. He has the appropriate knowledge and the skills to complete the valuation.

A peer review of the valuation process and key inputs was conducted by Woodlands Pacific. The peer review was completed with regard to a summary of market transactions at arms length terms and current market conditions. The valuation assumptions include all direct costs and revenues.

#### Relevant significant accounting policies

The fair value of the forest, exclusive of the forest land, is determined at each reporting date. Fair value is equivalent to the NZIF Forest Valuation Standards definition of market value. Fair value is determined using the discounted cash flow methodology and, in using this method, financing costs and replanting costs are excluded. The method first determines the current market value of the collective forest and land resource, with land then subtracted at its current market value to provide the value of the forest asset.

The valuation takes into account changes in price over the accounting period as well as the quantity of trees harvested and the growth that has occurred in the forest. Any change in forest valuation is recorded in the surplus or deficit. Any change in forest valuation is recorded in the statement of comprehensive income via surplus or deficit.

### 31 Intangible assets carbon credits

|                            | CONSOLIDATED            |                         |
|----------------------------|-------------------------|-------------------------|
|                            | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| New Zealand carbon credits | 31,970                  | 26,894                  |

The New Zealand Emissions Trading Scheme was enacted under the Climate Change Response Amendment Act 2008 and was made into law on 26 September 2008.

A forest owner with forests established after 31st December 1989, under the Act, may opt to join the Emissions Trading Scheme. Post-89 forests will earn carbon credits (NZU's) from 1st January 2008 and these may be traded within New Zealand. City Forests Limited completed registration of the Post-89 forests under the Emissions Trading Scheme in January 2010. These forests have been sequestering carbon under the scheme since 1st January 2008. Subsequent to our Post-89 registration, the New Zealand Government has allocated City Forests Limited a total of 2,685,116 Post-89 derived NZU's, being the carbon sequestered by these forests during the 2008 to 2020 calendar years. There has been carbon credit sales during the financial year of 350,000 units.

The carbon credits are assessed as having an indefinite life as they have no expiry date. As the NZUs are an indefinite life intangible asset they are not amortised but are tested for impairment on an annual basis or when indications of impairment exist.

As at 30th June 2020, 996,027 units were unsold (2019: 1,164,312). Under the accrual principle, the unsold credits have been valued based on the current market prices and recognised in the financial statements. The value has been carried in the financial statements as above.

#### Relevant significant accounting policies

Carbon credits held are treated as intangible assets, and initially recorded at fair value.

Fair value is cost in the case of purchased units.

Fair value is initial market value in the case of government granted units.

Emissions unit fair value is marked to market (revalued) annually at 30 June subsequent to initial recognition and bi-annually thereafter.

Emissions obligations are recognised as a current or future liability depending on the legislated liability period.

The difference between initial fair value or previous annual revaluations and disposal or revaluation value of the units is recognised in other comprehensive income.

### 32 Waipori Fund

Funds from the sale of Waipori Power Generation Limited and the Council's 42% interest in United Electricity became available in the latter part of October 1998. Funds were invested in short-term financial instruments from that date. Following the Council's appointment of Dunedin City Treasury Limited as fund manager and the selection of equity and property investment advisors in March 1999, the programme of investment selection began in accordance with the allocation broadly indicated in the Council approved statement of policies and objectives.

#### Waipori Fund – Income statement for the year ended 30 June 2020

|                                       | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
|---------------------------------------|-------------------------|-------------------------|
| Income                                | 2,874                   | 3,448                   |
| Less expenditure                      | (522)                   | (761)                   |
| Net operating income                  | 2,352                   | 2,687                   |
| Plus unrealised gains (loss)          | 2,599                   | 5,882                   |
| Net surplus to equity                 | 4,951                   | 8,569                   |
| Less inflation adjustment             | (2,433)                 | (1,295)                 |
| Available for distribution to Council | 2,518                   | 7,274                   |

**Waipori Fund – Statement of movement in equity as at 30 June 2020**

|                                     | <b>Actual<br/>2020<br/>\$000</b> | <b>Actual<br/>2019<br/>\$000</b> |
|-------------------------------------|----------------------------------|----------------------------------|
| Equity at the beginning of the year | 92,658                           | 87,289                           |
| Plus net surplus for the year       | 4,951                            | 8,569                            |
|                                     | 97,609                           | 95,858                           |
| Less distribution                   | (3,389)                          | (3,200)                          |
|                                     | <b>94,220</b>                    | <b>92,658</b>                    |

**Waipori Fund – Balance sheet as at 30 June 2020**

|                                     | <b>Actual<br/>2020<br/>\$000</b> | <b>Actual<br/>2019<br/>\$000</b> |
|-------------------------------------|----------------------------------|----------------------------------|
| <b>Current assets</b>               |                                  |                                  |
| Bank account                        | 8,477                            | 4,737                            |
| Accounts receivable                 | 273                              | 303                              |
| Current investments                 |                                  |                                  |
| – Other                             | 7,163                            | 7,723                            |
| – Dunedin City Council              | –                                | –                                |
| <b>Total current assets</b>         | <b>15,913</b>                    | <b>12,763</b>                    |
| <b>Investments</b>                  |                                  |                                  |
| Equities                            | 45,209                           | 44,144                           |
| Non-current investments             |                                  |                                  |
| – Other                             | 33,207                           | 35,849                           |
| – Dunedin City Council              | –                                | –                                |
| <b>Total investments</b>            | <b>78,416</b>                    | <b>79,993</b>                    |
| <b>Total assets</b>                 | <b>94,329</b>                    | <b>92,756</b>                    |
| <b>Current liabilities</b>          |                                  |                                  |
| Accruals                            | 109                              | 98                               |
| <b>Total current liabilities</b>    | <b>109</b>                       | <b>98</b>                        |
| <b>Equity</b>                       |                                  |                                  |
| Principal of the fund               | 56,000                           | 56,000                           |
| Inflation adjustment reserve        | 30,735                           | 28,302                           |
| Retained earnings                   | 7,485                            | 8,356                            |
| <b>Total equity</b>                 | <b>94,220</b>                    | <b>92,658</b>                    |
| <b>Total equity and liabilities</b> | <b>94,329</b>                    | <b>92,756</b>                    |

**Waipori Fund – Trend statement for the 6 years to 30 June 2020**

|   | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2017<br>\$000 | Actual<br>2016<br>\$000 | Actual<br>2015<br>\$000 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Main income sources</b>                                |                         |                         |                         |                         |                         |                         |
| Interest  | 1,548                   | 1,831                   | 1,774                   | 1,819                   | 1,669                   | 1,743                   |
| Dividend  | 1,269                   | 1,409                   | 1,423                   | 1,625                   | 1,869                   | 1,876                   |
| Rent  | –                       | –                       | –                       | –                       | –                       | –                       |
| Realised gains (loss) on asset sales                      | (236)                   | (332)                   | 76                      | (222)                   | (1,028)                 | (347)                   |
| <b>Main assets</b>  |                         |                         |                         |                         |                         |                         |
| Term financial investments                                | 48,847                  | 43,959                  | 45,922                  | 40,812                  | 34,503                  | 32,880                  |
| Equity  | 45,209                  | 44,144                  | 41,009                  | 42,986                  | 47,594                  | 48,678                  |
| <b>Return on assets before unrealised gains or losses</b> |                         |                         |                         |                         |                         |                         |
| Financial instruments                                     | 3.17%                   | 4.17%                   | 3.86%                   | 4.46%                   | 4.84%                   | 5.30%                   |
| Equity  | 2.81%                   | 3.19%                   | 3.47%                   | 3.78%                   | 3.93%                   | 3.85%                   |
| <b>Return on assets after unrealised gains or losses</b>  | 5.34%                   | 9.82%                   | 7.78%                   | 6.94%                   | 6.30%                   | 13.10%                  |

**33 Derivative financial instruments**

Dunedin City Treasury Limited provides treasury services and loans to the DCC Group, co-ordinates access to domestic financial markets, and monitors and manages the financial risks relating to the operations of the Group. These risks include market risk, credit risk and liquidity risk.

**a) General**

The consolidated entity manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by policies approved by the Council.

**b) Liquidity risk**

Liquidity risk is the risk that the DCC Group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

The Group evaluates its liquidity requirements on an ongoing basis and Dunedin City Treasury Limited actively manages its liquidity risk through:

- maintaining the best credit rating appropriate to the Dunedin City Council Group expenditure and revenue plans;
- arrangement of appropriate backup facilities to the short term borrowing programme;
- managing a prudent balance of both short and long term borrowing programmes;
- regular review of projected cash flows and debt requirements.

In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls.

The maturity profile and effective interest rates of the Group term borrowings are set out in note 25. The maturity profiles of the Group's financial assets and liabilities, with the exception of equity investments are explained in note h) below.

**c) Interest rate risk**

Under the Dunedin City Council Treasury Risk Management Policy approved on 27 October 2020, Dunedin City Treasury Limited utilises a portfolio approach to manage interest rate risk for the Group.

The Group uses interest rate swaps to manage its exposure to interest rate movements on its multi-option facility borrowings by swapping a proportion of those borrowings from floating rates to fixed rates.



The notional principal outstanding with regard to the interest rate swaps is:

|                                     | CONSOLIDATED            |                         |
|-------------------------------------|-------------------------|-------------------------|
|                                     | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Maturing in less than one year      | 160,000                 | 30,000                  |
| Maturing between one and five years | 495,000                 | 530,000                 |
| Maturing in more than five years    | 360,000                 | 365,000                 |
|                                     | <b>1,015,000</b>        | <b>925,000</b>          |

#### d) Currency market risk

City Forests Limited is the one company within the Group that consistently generates cash flows in foreign currency. NZD is the functional currency of both City Forests Limited and the Group. City Forests Limited manages the risk associated with exchange rate fluctuations through the use of currency derivatives to hedge significant future export sales in accordance with foreign exchange policy established by directors. This foreign exchange policy of City Forests Limited allows foreign exchange forward contracts and the purchase of options in the management of its exchange rate exposures. The instruments purchased are only against the currency in which the exports are sold.

Other companies within the Group will occasionally purchase forward cover against expected purchases in foreign currency.

At balance sheet date, the total notional amount and fair values of outstanding forward foreign exchange contracts to which City Forests Limited is committed are as follows:

|   | CONSOLIDATED            |                         |
|---|-------------------------|-------------------------|
|   | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Forward foreign exchange contracts                |                         |                         |
| – fair value                                      | (334)                   | (302)                   |
| – nominal value (sale of USD and purchase of NZD) | 22,625                  | 23,129                  |
| Forward foreign exchange contracts                |                         |                         |
| – fair value                                      | –                       | –                       |
| – nominal value (sale of NZD and purchase of USD) | –                       | –                       |

#### e) Effectiveness of cash flow hedges

The matched terms method is the method used in applying hedges across the Group. In all cases, the critical terms of both the hedge instrument and the underlying transaction are matched.

|               | CONSOLIDATED |     |
|---------------|--------------|-----|
|               | %            | %   |
| Effectiveness | 100          | 100 |

#### f) Credit risk

Credit risk is the risk that a third party will default on its obligation to the Group, causing the Group to incur a loss.

The Group has processes in place to review the credit quality of customers prior to the granting of credit where applicable.

In financial transactions, the Group deals only with credit-worthy counterparties that are rated the equivalent of investment grade and above. This information is supplied by credit rating agencies. The Group's exposure and the credit ratings of its counterparties are continually monitored and the aggregate value of transactions undertaken is spread among the approved counterparties.

Trade receivables consist of a large number of customers spread across diverse industries and geographical areas. The Group does not have any significant credit risk exposure to any single counterparty or Group of counterparties having similar characteristics.

The amounts presented in the balance sheet for trade receivables are net of allowances for doubtful debts. Credit terms differ within the Group.

Past due, but not impaired, receivables are as follows:

|               | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|---------------|-------------------------|-------------------------|-------------------------|-------------------------|
|               | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Age analysis: |                         |                         |                         |                         |
| 30-60 days    | 282                     | 165                     | 447                     | 384                     |
| 60-90 days    | 232                     | 29                      | 507                     | 686                     |
| 90 days plus  | 602                     | 341                     | 1,089                   | 1,250                   |

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard & Poor's credit ratings.

#### Financial assets analysis

|                                   | CORE COUNCIL   |                |               | Total          |
|-----------------------------------|----------------|----------------|---------------|----------------|
|                                   | AA             | AA-            | No Rating     |                |
| <b>2020</b>                       |                |                |               |                |
| Cash and cash equivalents         | –              | 15,362         | –             | 15,362         |
| Trade and other receivables       | –              | –              | 22,813        | 23,182         |
| Advances due from related parties | 112,000        | –              | –             | 112,000        |
| Current financial assets          | –              | 7,163          | –             | 7,163          |
| Other financial assets            | –              | 78,416         | 481           | 78,897         |
| Loans and advances                | –              | –              | –             | –              |
|                                   | <b>112,000</b> | <b>100,941</b> | <b>23,294</b> | <b>236,235</b> |

|                                   |                |               |               |                |
|-----------------------------------|----------------|---------------|---------------|----------------|
| <b>2019</b>                       |                |               |               |                |
| Cash and cash equivalents         | –              | 11,905        | –             | 11,905         |
| Trade and other receivables       | –              | –             | 18,238        | 18,238         |
| Advances due from related parties | 112,000        | –             | –             | 112,000        |
| Current financial assets          | –              | 7,723         | –             | 7,723          |
| Other financial assets            | –              | 79,992        | 485           | 80,477         |
| Loans and advances                | –              | –             | –             | –              |
|                                   | <b>112,000</b> | <b>99,620</b> | <b>18,723</b> | <b>230,343</b> |

|                                   | CONSOLIDATED |                |               | Total          |
|-----------------------------------|--------------|----------------|---------------|----------------|
|                                   | AA           | AA-            | No Rating     |                |
| <b>2020</b>                       |              |                |               |                |
| Cash and cash equivalents         | –            | 65,716         | –             | 65,716         |
| Trade and other receivables       | –            | –              | 47,746        | 47,746         |
| Advances due from related parties | –            | –              | –             | –              |
| Current financial assets          | –            | 7,163          | 902           | 8,065          |
| Other financial assets            | –            | 78,416         | 490           | 78,906         |
| Term receivables                  | –            | –              | 10,023        | 10,023         |
| Loans and advances                | –            | –              | –             | –              |
|                                   | <b>–</b>     | <b>151,295</b> | <b>59,161</b> | <b>210,456</b> |

|                                   |          |                |               |                |
|-----------------------------------|----------|----------------|---------------|----------------|
| <b>2019</b>                       |          |                |               |                |
| Cash and cash equivalents         | –        | 29,348         | –             | 29,348         |
| Trade and other receivables       | –        | –              | 46,675        | 46,675         |
| Advances due from related parties | –        | –              | –             | –              |
| Current financial assets          | –        | 7,793          | 1,319         | 9,112          |
| Other financial assets            | –        | 79,993         | 494           | 80,487         |
| Term receivables                  | –        | –              | 11,041        | 11,041         |
| Loans and advances                | –        | –              | –             | –              |
|                                   | <b>–</b> | <b>117,134</b> | <b>59,529</b> | <b>176,663</b> |

### g) Fair value of financial instruments

#### Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

|   | CORE COUNCIL         |                      |                      |                    |
|---|----------------------|----------------------|----------------------|--------------------|
|   | Level 1<br>NZ \$'000 | Level 2<br>NZ \$'000 | Level 3<br>NZ \$'000 | Total<br>NZ \$'000 |
| <b>2020</b>   |                      |                      |                      |                    |
| <b>Financial assets</b>                               |                      |                      |                      |                    |
| Advances due from related parties                     | –                    | –                    | 112,000              | 112,000            |
| Current financial assets                              | 7,163                | –                    | –                    | 7,163              |
| Other financial Assets                                | 78,416               | –                    | 481                  | 78,897             |
| Loans and advances                                    | –                    | –                    | –                    | –                  |
|   | <b>85,579</b>        | <b>–</b>             | <b>112,481</b>       | <b>198,060</b>     |
| <b>Financial liabilities</b>                          |                      |                      |                      |                    |
| Derivative financial liabilities with related parties | –                    | 2,052                | –                    | 2,052              |
|   | <b>–</b>             | <b>2,052</b>         | <b>–</b>             | <b>2,052</b>       |

#### 2019

|   |               |              |                |                |
|---|---------------|--------------|----------------|----------------|
| <b>Financial assets</b>                               |               |              |                |                |
| Advances due from related parties                     | –             | –            | 112,000        | 112,000        |
| Current financial assets                              | 7,723         | –            | –              | 7,723          |
| Other financial assets                                | 79,992        | –            | 485            | 80,477         |
| Loans and Advances                                    | –             | –            | –              | –              |
|   | <b>87,715</b> | <b>–</b>     | <b>112,485</b> | <b>200,200</b> |
| <b>Financial liabilities</b>                          |               |              |                |                |
| Derivative financial liabilities with related parties | –             | 4,265        | –              | 4,265          |
|   | <b>–</b>      | <b>4,265</b> | <b>–</b>       | <b>4,265</b>   |

|                                   | CONSOLIDATED         |                      |                      |                    |
|-----------------------------------|----------------------|----------------------|----------------------|--------------------|
|                                   | Level 1<br>NZ \$'000 | Level 2<br>NZ \$'000 | Level 3<br>NZ \$'000 | Total<br>NZ \$'000 |
| <b>2020</b>                       |                      |                      |                      |                    |
| <b>Financial assets</b>           |                      |                      |                      |                    |
| Advances due from related parties | –                    | –                    | –                    | –                  |
| Current financial assets          | 7,163                | –                    | 902                  | 8,065              |
| Other financial assets            | 78,416               | –                    | 490                  | 78,906             |
| Derivative financial assets       | –                    | 15,147               | –                    | 15,147             |
| New Zealand carbon credits        | 31,970               | –                    | –                    | 31,970             |
| Loans and advances                | –                    | –                    | –                    | –                  |
|                                   | <b>117,549</b>       | <b>15,147</b>        | <b>1,392</b>         | <b>134,088</b>     |
| <b>Financial liabilities</b>      |                      |                      |                      |                    |
| Derivative financial liabilities  | –                    | 62,778               | –                    | 62,778             |
|                                   | <b>–</b>             | <b>62,778</b>        | <b>–</b>             | <b>62,778</b>      |

|                                   | CONSOLIDATED         |                      |                      |                    |
|-----------------------------------|----------------------|----------------------|----------------------|--------------------|
|                                   | Level 1<br>NZ \$'000 | Level 2<br>NZ \$'000 | Level 3<br>NZ \$'000 | Total<br>NZ \$'000 |
| <b>2019</b>                       |                      |                      |                      |                    |
| <b>Financial assets</b>           |                      |                      |                      |                    |
| Advances due from related parties | –                    | –                    | –                    | –                  |
| Current financial assets          | 7,793                | –                    | 1,319                | 9,112              |
| Other financial assets            | 79,993               | –                    | 494                  | 80,487             |
| Derivative financial assets       | –                    | 10,560               | –                    | 10,560             |
| New Zealand carbon credits        | 26,894               | –                    | –                    | 26,894             |
| Loans and advances                | –                    | –                    | –                    | –                  |
|                                   | <b>114,680</b>       | <b>10,560</b>        | <b>1,813</b>         | <b>127,053</b>     |
| <b>Financial liabilities</b>      |                      |                      |                      |                    |
| Derivative financial liabilities  | –                    | 44,468               | –                    | 44,468             |
|                                   | <b>–</b>             | <b>44,468</b>        | <b>–</b>             | <b>44,468</b>      |

#### h) Contractual maturity analysis of financial assets and liabilities

The tables below analyse the Group's financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Contractual amounts for the interest expense and balance of the shareholder advance have not been included as the interest is currently payable on a year by year basis and there is no contractual date for the repayment of the outstanding balance.

|                                   | CORE COUNCIL       |                           |                     |                 |                 |                      |                |
|-----------------------------------|--------------------|---------------------------|---------------------|-----------------|-----------------|----------------------|----------------|
|                                   | Carrying<br>Amount | Contractual<br>Cash Flows | Less than<br>1 year | 1 to 2<br>years | 2 to 5<br>years | More than<br>5 years | No<br>maturity |
| <b>Financial assets</b>           |                    |                           |                     |                 |                 |                      |                |
| <b>2020</b>                       |                    |                           |                     |                 |                 |                      |                |
| Cash and cash equivalents         | 15,362             | 15,362                    | 15,362              | –               | –               | –                    | –              |
| Advances due from related parties | 112,000            | 112,000                   | –                   | –               | –               | –                    | 112,000        |
| Trade and other receivables       | 22,813             | 22,813                    | 22,813              | –               | –               | –                    | –              |
| Current financial assets          | 7,163              | 7,163                     | 7,163               | –               | –               | –                    | –              |
| Other financial assets            | 78,897             | 78,897                    | –                   | 7,134           | 23,845          | 47,437               | 481            |
| Loans and advances                | –                  | –                         | –                   | –               | –               | –                    | –              |
| <b>Total</b>                      | <b>236,235</b>     | <b>236,235</b>            | <b>45,338</b>       | <b>7,134</b>    | <b>23,845</b>   | <b>47,437</b>        | <b>112,481</b> |
| <b>2019</b>                       |                    |                           |                     |                 |                 |                      |                |
| Cash and cash equivalents         | 11,905             | 11,905                    | 11,905              | –               | –               | –                    | –              |
| Advances due from related parties | 112,000            | 112,000                   | –                   | –               | –               | –                    | 112,000        |
| Trade and other receivables       | 18,238             | 18,238                    | 18,238              | –               | –               | –                    | –              |
| Current financial assets          | 7,723              | 7,723                     | 7,723               | –               | –               | –                    | –              |
| Other financial assets            | 80,477             | 80,477                    | –                   | 7,215           | 20,302          | 52,475               | 485            |
| Loans and advances                | –                  | –                         | –                   | –               | –               | –                    | –              |
| <b>Total</b>                      | <b>230,343</b>     | <b>230,343</b>            | <b>37,866</b>       | <b>7,215</b>    | <b>20,302</b>   | <b>52,475</b>        | <b>112,485</b> |
| <b>Financial liabilities</b>      |                    |                           |                     |                 |                 |                      |                |
| <b>2020</b>                       |                    |                           |                     |                 |                 |                      |                |
| Trade and other payables          | 32,234             | 32,234                    | 32,234              | –               | –               | –                    | –              |
| Revenue received in advance       | 8,712              | 8,712                     | 8,712               | –               | –               | –                    | –              |
| Term liabilities                  | 243,973            | 246,368                   | 21,586              | 777             | 10,032          | –                    | 213,973        |
| <b>Total</b>                      | <b>284,919</b>     | <b>287,314</b>            | <b>62,532</b>       | <b>777</b>      | <b>10,032</b>   | <b>–</b>             | <b>213,973</b> |
| <b>2019</b>                       |                    |                           |                     |                 |                 |                      |                |
| Trade and other payables          | 31,143             | 31,143                    | 31,143              | –               | –               | –                    | –              |
| Revenue received in advance       | 6,212              | 6,212                     | 6,212               | –               | –               | –                    | –              |
| Term liabilities                  | 218,973            | 225,443                   | 24,042              | 31,620          | 10,808          | –                    | 158,973        |
| <b>Total</b>                      | <b>256,328</b>     | <b>262,798</b>            | <b>61,397</b>       | <b>31,620</b>   | <b>10,808</b>   | <b>–</b>             | <b>158,973</b> |

## h) Contractual maturity analysis of financial assets and liabilities (continued)

|                                   | CONSOLIDATED    |                        |                  |                |                |                   |             |
|-----------------------------------|-----------------|------------------------|------------------|----------------|----------------|-------------------|-------------|
|                                   | Carrying Amount | Contractual Cash Flows | Less than 1 year | 1 to 2 years   | 2 to 5 years   | More than 5 years | No maturity |
| <b>Financial assets</b>           |                 |                        |                  |                |                |                   |             |
| <b>2020</b>                       |                 |                        |                  |                |                |                   |             |
| Cash and cash equivalents         | 65,716          | 65,716                 | 65,716           | –              | –              | –                 | –           |
| Advances due from related parties | –               | –                      | –                | –              | –              | –                 | –           |
| Trade and other receivables       | 47,746          | 47,746                 | 47,746           | –              | –              | –                 | –           |
| Current financial assets          | 8,065           | 8,065                  | 8,065            | –              | –              | –                 | –           |
| Other financial assets            | 78,906          | 78,906                 |                  | 7,134          | 23,845         | 47,437            | 490         |
| Loans and advances                | –               | –                      | –                | –              | –              | –                 | –           |
| <b>Total</b>                      | <b>200,433</b>  | <b>200,433</b>         | <b>121,527</b>   | <b>7,134</b>   | <b>23,845</b>  | <b>47,437</b>     | <b>490</b>  |
| <b>2019</b>                       |                 |                        |                  |                |                |                   |             |
| Cash and cash equivalents         | 29,348          | 29,348                 | 29,348           | –              | –              | –                 | –           |
| Advances due from related parties | –               | –                      | –                | –              | –              | –                 | –           |
| Trade and other receivables       | 46,675          | 46,675                 | 46,675           | –              | –              | –                 | –           |
| Current financial assets          | 9,112           | 9,112                  | 9,112            | –              | –              | –                 | –           |
| Other financial assets            | 80,487          | 80,487                 | –                | 7,216          | 20,302         | 52,475            | 494         |
| Loans and advances                | –               | 143                    | –                | –              | –              | 143               | –           |
| <b>Total</b>                      | <b>165,622</b>  | <b>165,765</b>         | <b>85,135</b>    | <b>7,216</b>   | <b>20,302</b>  | <b>52,618</b>     | <b>494</b>  |
| <b>Financial liabilities</b>      |                 |                        |                  |                |                |                   |             |
| <b>2020</b>                       |                 |                        |                  |                |                |                   |             |
| Short term borrowings             | 1,194           | 1,194                  | 1,194            | –              | –              | –                 | –           |
| Trade and other payables          | 61,466          | 61,466                 | 61,466           | –              | –              | –                 | –           |
| Term liabilities                  | 790,609         | 854,895                | 363,535          | 82,936         | 181,287        | 226,664           | 473         |
| <b>Total</b>                      | <b>853,269</b>  | <b>917,555</b>         | <b>426,195</b>   | <b>82,936</b>  | <b>181,287</b> | <b>226,664</b>    | <b>473</b>  |
| <b>2019</b>                       |                 |                        |                  |                |                |                   |             |
| Short term borrowings             | 620             | 620                    | 620              | –              | –              | –                 | –           |
| Trade and other payables          | 65,175          | 65,175                 | 65,175           | –              | –              | –                 | –           |
| Term liabilities                  | 691,069         | 761,006                | 229,583          | 141,749        | 179,515        | 209,686           | 473         |
| <b>Total</b>                      | <b>756,864</b>  | <b>826,801</b>         | <b>295,378</b>   | <b>141,749</b> | <b>179,515</b> | <b>209,686</b>    | <b>473</b>  |

### i) Categories of financial assets and liabilities

The category and carrying amount of financial assets and liabilities in each of the PBE IFRS 9 categories is as follows:

|   | CONSOLIDATED            |                         |
|---|-------------------------|-------------------------|
|   | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| <b>Financial assets measured at amortised cost:</b>                 |                         |                         |
| Cash and cash equivalents (note 15)                                 | 65,716                  | 29,348                  |
| Trade and other receivables (note 16)                               | 47,746                  | 46,675                  |
| Other financial assets (note 19)                                    | 86,971                  | 89,599                  |
| Term receivables (note 16)  | 10,023                  | 11,041                  |
| Financial assets measured at amortised cost                         | 210,456                 | 176,663                 |
| <b>Financial assets at fair value through profit and loss:</b>      |                         |                         |
| Derivative financial instruments assets (note 33)                   | 15,147                  | 10,560                  |
| <b>Financial liabilities measured at amortised cost:</b>            |                         |                         |
| Trade and other payables (note 24)                                  | 61,466                  | 65,175                  |
| Short term borrowings (note 23)                                     | 1,194                   | 620                     |
| Term loans (note 25)  | 790,609                 | 691,069                 |
| Total financial liabilities measure at amortised cost               | 853,269                 | 756,864                 |
| <b>Financial liabilities at fair value through profit and loss:</b> |                         |                         |
| Derivative financial instrument liabilities (note 33)               | 62,778                  | 44,468                  |

### Relevant significant accounting policies

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Under PBE IFRS 9, all the financial assets and liabilities are measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income on the basis of the Group's business model for managing the financial instrument and the contractual cash flow characteristics of the financial instrument.

The Group enters into derivative financial instruments to manage its exposure to interest rate risks. There was no change of classification in relation to derivatives, these continue to be measured at fair value through profit or loss.

The Group's other financial assets and liabilities including cash and cash equivalents, trade and other receivables, term receivables, trade and other payables, accrued expenditure, short term borrowings, and term loans are measured at amortised cost as they meet the conditions under PBE IFRS 9.

Under PBE IFRS 9, the impairment model requires the recognition of impairment provisions based on expected credit losses. It applies to financial assets classified at amortised cost. The introduction of the impairment model has had no impact on the Group's financial assets classified at amortised cost. For trade and other receivables, the Company applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing component.

## 34 Sensitivity analysis of financial assets and liabilities

Based on historic movements and volatilities, the following movements are reasonably possible over a twelve-month period:

Proportional foreign exchange rate movement of -10% (depreciation of NZD) and a +10% (appreciation of the NZD) against the USD, from the year end rate of 0.6425. A parallel shift of +1%/-1% in the NZD market interest rate from the year end 90 day BBBB of 0.30% (2019: 1.64%).

Should these movements occur, the effect on consolidated profit and loss and equity for each category of financial instrument held at balance date is presented below. The movements are illustrative only.

|  | Carrying<br>Amount<br>\$000 | -100bp<br>Profit | Interest Rate<br>Equity | +100bp<br>Profit | Equity          | FX<br>-10%<br>Profit | 10%<br>Profit |
|--|-----------------------------|------------------|-------------------------|------------------|-----------------|----------------------|---------------|
| <b>2020</b>  |                             |                  |                         |                  |                 |                      |               |
| <b>Financial assets</b>  |                             |                  |                         |                  |                 |                      |               |
| Derivatives – designated as cash flow hedges (interest rate swaps and forward currency deals separately disclosed) | 15,147                      | –                | –                       | –                | –               | (2,878)              | 1,747         |
| Other financial assets   | 86,971                      | (132)            | –                       | 132              | –               | –                    | –             |
|  | <b>102,118</b>              | <b>(132)</b>     | <b>–</b>                | <b>132</b>       | <b>–</b>        | <b>(2,878)</b>       | <b>1,747</b>  |
| <b>Financial liabilities</b>   |                             |                  |                         |                  |                 |                      |               |
| Derivatives – designated as cash flow hedges (interest rate swaps and forward currency deals separately disclosed) | 62,778                      | –                | (91,075)                | –                | (40,926)        | –                    | –             |
| Other financial liabilities  | 816,658                     | (8,593)          | –                       | 8,593            | –               | –                    | –             |
|  | <b>879,436</b>              | <b>(8,593)</b>   | <b>(91,075)</b>         | <b>8,593</b>     | <b>(40,926)</b> | <b>–</b>             | <b>–</b>      |
| <b>Total increase (decrease)</b>   |                             | <b>(8,725)</b>   | <b>(91,075)</b>         | <b>8,725</b>     | <b>(40,926)</b> | <b>(2,878)</b>       | <b>1,747</b>  |
| <b>2019</b>  |                             |                  |                         |                  |                 |                      |               |
| <b>Financial assets</b>  |                             |                  |                         |                  |                 |                      |               |
| Derivatives – designated as cash flow hedges (interest rate swaps and forward currency deals separately disclosed) | 10,560                      | –                | –                       | –                | –               | (2,877)              | 1,797         |
| Other financial assets   | 89,599                      | –                | –                       | –                | –               | 210                  | (172)         |
|  | <b>100,159</b>              | <b>–</b>         | <b>–</b>                | <b>–</b>         | <b>–</b>        | <b>(2,667)</b>       | <b>1,625</b>  |
| <b>Financial liabilities</b>   |                             |                  |                         |                  |                 |                      |               |
| Derivatives – designated as cash flow hedges (interest rate swaps and forward currency deals separately disclosed) | 44,468                      | –                | (70,617)                | –                | (23,853)        | –                    | –             |
| Other financial liabilities  | 723,165                     | (8,420)          | –                       | 2,252            | –               | –                    | –             |
|  | <b>767,633</b>              | <b>(8,420)</b>   | <b>(70,617)</b>         | <b>2,252</b>     | <b>(23,853)</b> | <b>–</b>             | <b>–</b>      |
| <b>Total increase (decrease)</b>   |                             | <b>(8,420)</b>   | <b>(70,617)</b>         | <b>2,252</b>     | <b>(23,853)</b> | <b>(2,667)</b>       | <b>1,625</b>  |

1. Cash and cash equivalents include deposits at call which are at floating interest rates. Sensitivity to a 1% movement in rates is immaterial as these deposits are very short term.
2. Derivatives subject to the hedge accounting regime are managed by the company to be 100% effective and thus there is no sensitivity to change in either interest rates or exchange rates. Changes to interest rates charged caused by any change to the credit standing of the Group cannot be hedged.
3. Borrowings within each of the companies of the Group are subject to the Treasury Risk Management Policy. Sensitivity to any movement in the interest rate in the Statement of Comprehensive Revenue and Expense is limited to the effect on the amount of floating rate debt that exceeds the amount of the fixed rate hedge.



### 35 Commitments, contingencies, guarantees and insurance

#### Capital commitments

The contractual commitments at balance date for the acquisition of property, plant, equipment and intangible assets are:

|  | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Roading  | 122,330                 | 45,396                  | 122,330                 | 47,472                  |
| Water and waste  | 6,499                   | 16,608                  | 6,499                   | 16,474                  |
| Other property, plant, equipment and intangible assets | 3,348                   | 5,455                   | 15,753                  | 47,296                  |
|  | <b>132,177</b>          | <b>67,459</b>           | <b>144,582</b>          | <b>111,242</b>          |

#### Operating leases as lessee

The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

|  | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Not later than one year                        | 93                      | 94                      | 2,869                   | 4,085                   |
| Later than one year and not later than 5 years | 227                     | 261                     | 4,752                   | 5,812                   |
| Later than five years                          | –                       | –                       | 950                     | 739                     |
|  | <b>320</b>              | <b>355</b>              | <b>8,571</b>            | <b>10,636</b>           |

#### Operating leases as lessor

Investment property, and other land and buildings, are leased under operating leases. The leases have non-cancellable terms ranging from 1 to 33 years. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

|  | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Not later than one year                        | 6,036                   | 5,658                   | 6,036                   | 5,658                   |
| Later than one year and not later than 5 years | 11,218                  | 10,629                  | 11,218                  | 10,629                  |
| Later than five years                          | 3,162                   | 818                     | 3,162                   | 818                     |
|  | <b>20,416</b>           | <b>17,105</b>           | <b>20,416</b>           | <b>17,105</b>           |

The Council has reassessed its operating lease as lessor disclosures which were not quantified in the 2019 notes to the financial statements and has now included these figures, including the comparative year information. No changes were required to the primary financial statements.

No contingent rents have been recognised during the year.

#### Contingencies and guarantees

The Council has guarantees of \$268,940 (2019: \$341,158). These are on behalf of recreation and service organisations that have funded expenditure by way of commercial loan or prospective fund raising. These are not considered to be liabilities as the possibility of an outflow of resources embodying economic benefits is remote.

The Otago Regional Council requires the payment of a bond from those entities involved in solid waste disposal. By mutual agreement the payment of a bond of \$1,000,000 has been waived as long as the Council retains ownership of the Green Island landfill site, and maintains the conditions of the consents.

As detailed in note 20, the Council has uncalled capital of 975,000,000 for Dunedin City Holdings Limited, the uncalled capital can be drawn by the Company on demand as and when required.

The Group has the following additional contingent liabilities:

|                                  | CORE COUNCIL            |                         | CONSOLIDATED            |                         |
|----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                  | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2020<br>\$000 | Actual<br>2019<br>\$000 |
| Golden Block Investments Limited | 1,325                   | 1,325                   | 1,325                   | 1,325                   |
| Performance bonds                | –                       | –                       | 898                     | 724                     |
|                                  | <b>1,325</b>            | <b>1,325</b>            | <b>2,223</b>            | <b>2,049</b>            |

The borrowings of Golden Block Investments are secured by registered first mortgage over the property and undertakings and guarantees for the amount of \$1,325,000 or 50% of the debt, whichever is the lesser from each of the shareholders of which DCC is one.

The performance bonds issued are principally in favour of South Island Local Authorities for contract work by Delta Utility Services Limited. There is no indication that any of these contingent liabilities will crystallise in the foreseeable future.

#### **Network Reliability Quality Limits:**

Network reliability standards are contained in the Commerce Commission's Default Price-Quality Path for Electricity Distribution Businesses. Aurora Energy Limited breached its regulated quality limits for the 2020 disclosure year. At reporting date, the financial consequences (if any) of this matter was not known.

#### **Insurance of assets**

The total value of property plant and equipment of the Council covered by insurance contracts for the 2020/21 year is \$1,765,888,502 (2019/20: \$1,701,358,000).

The maximum amount to which assets are insured for non-natural disaster under the Council insurance policies is \$250,000,000 (2019: \$250,000,000).

The Council is not covered by any financial risk sharing arrangements in relation to its assets.

An insurance reserve fund of \$314,000 (2019: \$307,000) exists to meet to meet the cost of claims that fall below deductible limits under the Council insurance policies.

### **36 Transactions with related parties**

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council and Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between entities and are on/within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council and Group would have adopted in dealing with the party at arm's length in the same circumstances.

### **37 Reclassification of comparative year figures**

The Group has made some reclassification adjustments to prior year comparative figures in the note disclosures. This is to better reflect the financial position at year end.

### **38 Explanations of major variances against budget**

The financial results for the current year were impacted by the effects of the Covid-19 pandemic. In particular the nationwide lockdown in place from 25 March 2020 to 27 April 2020 and then subsequent changes in alert levels has resulted in reduced activity, particularly in the Council's public facing operations.

Explanations for major variances from the Council's budget figures in its 2019/20 annual plan are as follows:

#### **Statement of comprehensive revenue and expense**

Total operating revenue for the year was \$278.917 million or \$7.489 million lower than budgeted. This shortfall was due to:

- reduced activity during lockdown, particularly impacting our public facing operations – Aquatics, Libraries, Art Gallery, Toitu, Olveston, and Visitors Centre;
- a decision to waive parking fees during the lockdown period through to 30 June. Parking revenue was also impacted by delays in implementing a new pricing structure at the start of the financial year;
- rent relief provided to some of the Council's commercial tenants over the lockdown period;
- lower grants revenue reflecting a lower level of subsidised roading capital expenditure; and
- lower commercial volumes through the Green Island Landfill for the year.

These unfavourable variances were partially offset by improved returns from the Waipori Fund, higher than expected non-cash vested assets, and an overall net gain in the fair value related to the investment property portfolio.

Total operating expenses for the year was \$278.509 million or \$1.386 million greater than budgeted. This variance was due to:

Personnel expenses were greater than budget due to additional staffing and staffing cost required to support the delivery of the 2GP and process a higher than expected volume of building consents. The variance also reflected ongoing recruitment of staff into the higher salary grades and a reduction in annual leave taken across the organisation due to the nationwide lockdown resulting in a higher than expected accrued leave as at 30 June 2020.

Depreciation and amortisation expenditure was \$4.113 million greater than budget due to the impact of asset revaluations, in particular that relating to the Three Water assets.

These unfavourable variances were partially offset by:

Other expenses were \$3.132 million lower than budget including reduced maintenance activity across the organisation during the period of lockdown. Savings were also achieved in some areas due to improved management of unscheduled work, and more work being capital in nature resulting in a saving in operational maintenance expenditure.

Financial expenses were lower than budget due to a lower level of debt and favourable floating interest rate.

#### Statement of financial position

The term loan balance as at 30 June 2020 was \$243.973 million or \$24.500 million less than budget. This difference was driven by lower than expected capital expenditure for the year as evidenced in the statement of cashflows – see comment below regarding investing activities.

#### Statement of cashflows

Net cash inflow from operations was less than budget driven by the revenue and expense variances discussed above.

Net cash outflow from investing activities was less than budget driven by the impact of the lockdown along with delays while some projects are scoped and design work completed.

## 39 COVID-19

On 11 March 2020 the World Health Organisation declared the outbreak of COVID-19, a pandemic. Travel restrictions were introduced on 14 March. On 26 March, New Zealand increased its COVID-19 alert to level 4 and a nationwide lockdown commenced. The country moved to level 3 on 27 April, level 2 on 13 May, and eventually returned to level 1 on 8 June 2020.

Disclosures relating to the currently known impacts of COVID-19 have been made in the relevant areas of the Annual Report. The impact on services provided by the Council and how service performance has been affected have been disclosed throughout Section 2 where relevant. In section 1, the Mayor and Chief Executive introductions refer to the impacts of COVID-19, with the Overview of Financial Results and Outlook sections talking more specifically about the financial impacts for the Council. Further explanations about the financial impacts are provided in Note 28 Investment property and Note 38 Explanations of major variances against budget.

The pandemic had a varying effect on other individual members of the Group but overall the Group was not significantly effected by the pandemic. As discussed in note 6, some entities within the Group met the criteria to receive the COVID-19 wage subsidy.

As an “essential service” provider, the Group’s largest entity, Aurora Energy Limited, continued to operate during lockdown restrictions and COVID-19 did not have a material impact on the entity. The Group’s banker, Dunedin City Treasury Limited, also continued to operate as normal, maintained compliance with all Treasury Risk Management Policy requirements, and ensured funding was made available to the Group.

Lockdown restrictions impacted the results of most other Group entities. Key Group entities, City Forests Limited and Delta Utility Services Limited’s financial results were reduced due to not being able to operate at full potential during the last quarter of the year.

International travel restrictions significantly affected the performance of the Group’s aviation and tourism related businesses. Unfortunately, the effect on Dunedin Railways was so significant that the company has been put into hibernation from 1 July 2020 and its assets impaired (refer to note 7 and 27), to allow time for alternative operating models to be considered. A final report on the future options is planned to be provided to Dunedin City Council in early 2021.

During November 2020 it was announced that limited rail services will operate using the assets of Dunedin Railways: the Trains Not Planes promotion, from 20 December 2020 to 31 March 2021.

## 40 Events after balance date

As discussed in note 27 Property, Plant and Equipment, Aurora Energy has recently made a Customised Price-Quality Path (CPP) application to the Commerce Commission. On 12 November 2020 the Commerce Commission released their draft determination for consultation. The draft determination proposes Aurora Energy be allowed to recover a maximum capital and operational spend of \$523 million over five years; a reduction of \$86 million (14%) of the spend Aurora Energy applied for. The draft determination is subject to further consultation, submissions and cross submissions. The Commerce Commission will issue its final decision on the CPP application by 31 March 2021.

# SECTION 4:

## Other disclosures | He whākika anō



### Section contents

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# Annual report disclosure statement

## Annual report disclosure statement for the year ending 30 June 2020

### What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

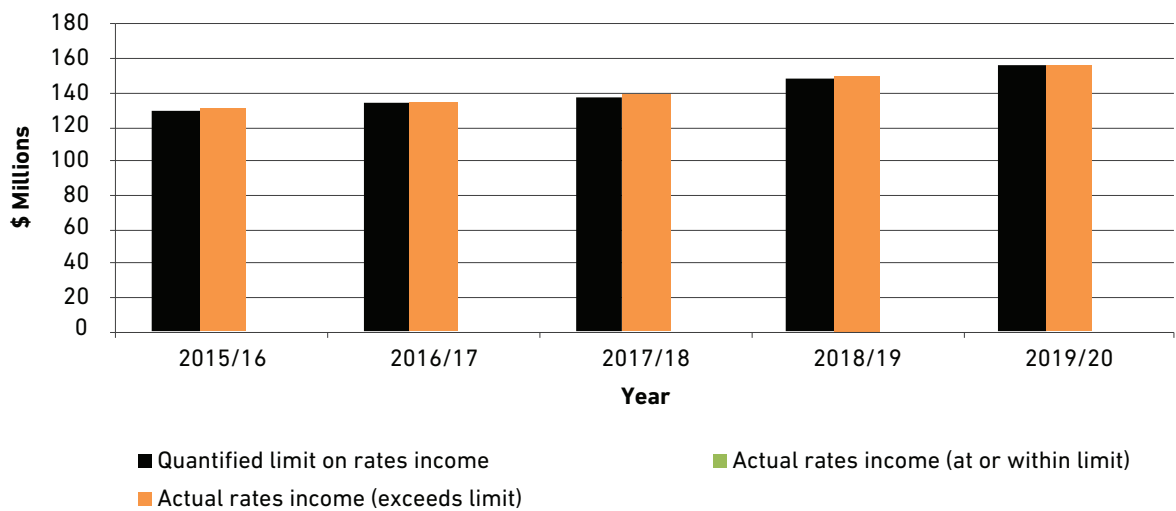
### Rates affordability benchmark

The Council meets the rates affordability benchmark if –

- Its actual rates income equals or is less than each quantified limit on rates; and
- Its actual rates increases equal or are less than each quantified limit on rates increases.

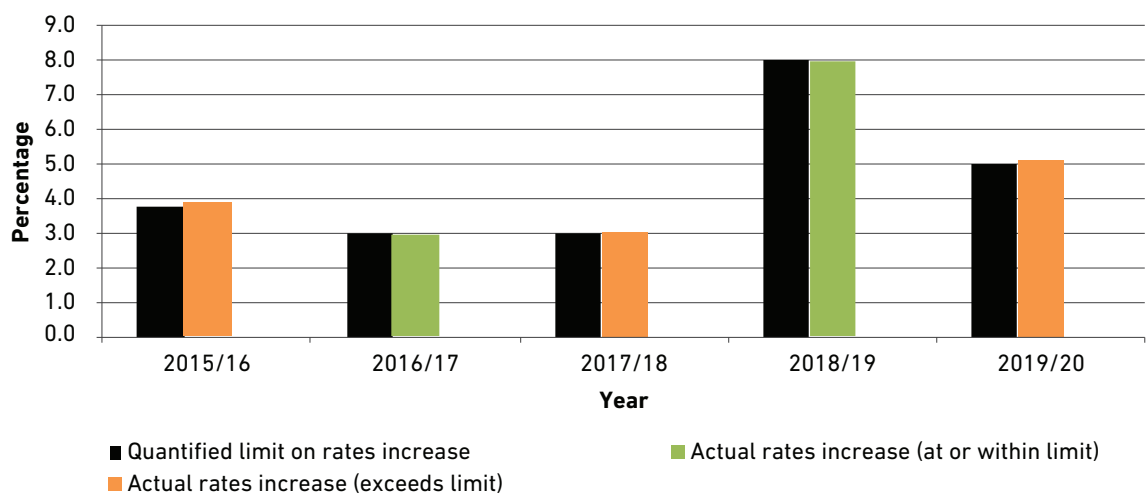
### Rates (income) affordability

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan. The quantified limit is \$156.553 million in 2019/20.



### Rates (increases) affordability

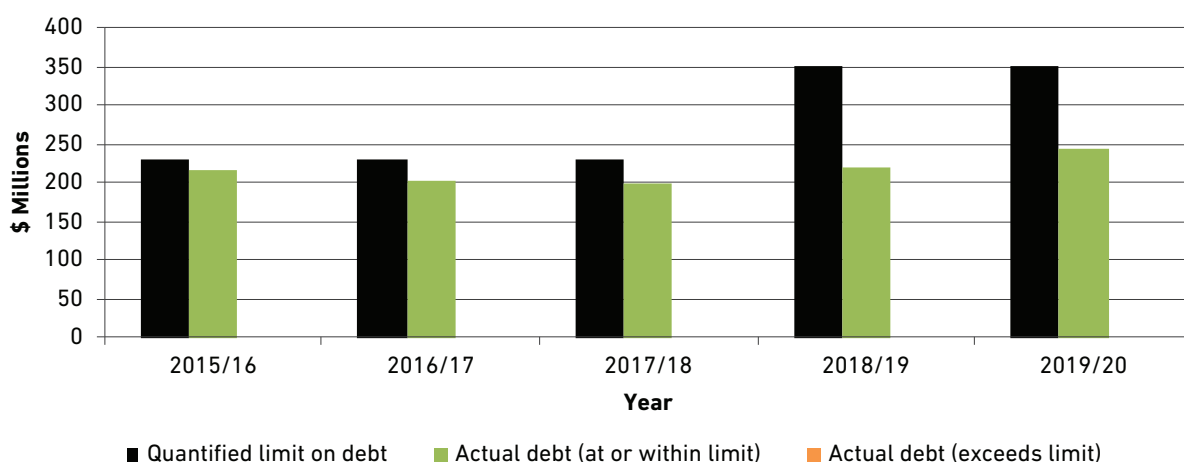
The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's long-term plan. The quantified limit is 5% in 2019/20.



### Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

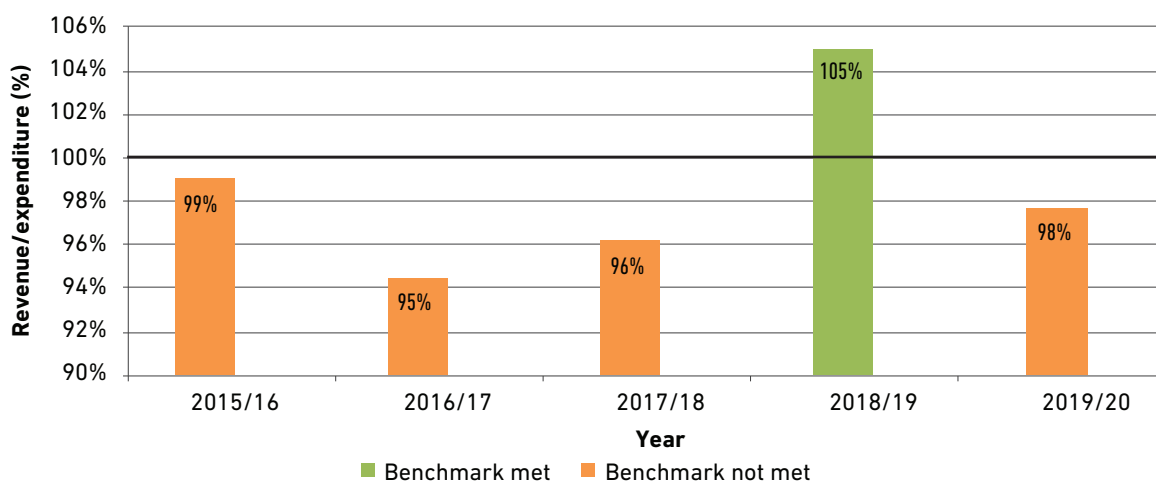
The following graph compares the Council's actual borrowing with a quantified limit on borrowing statement in the financial strategy included in the Council's long-term plan. The quantified limit is \$350 million in 2019/20.



### Balanced budget benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

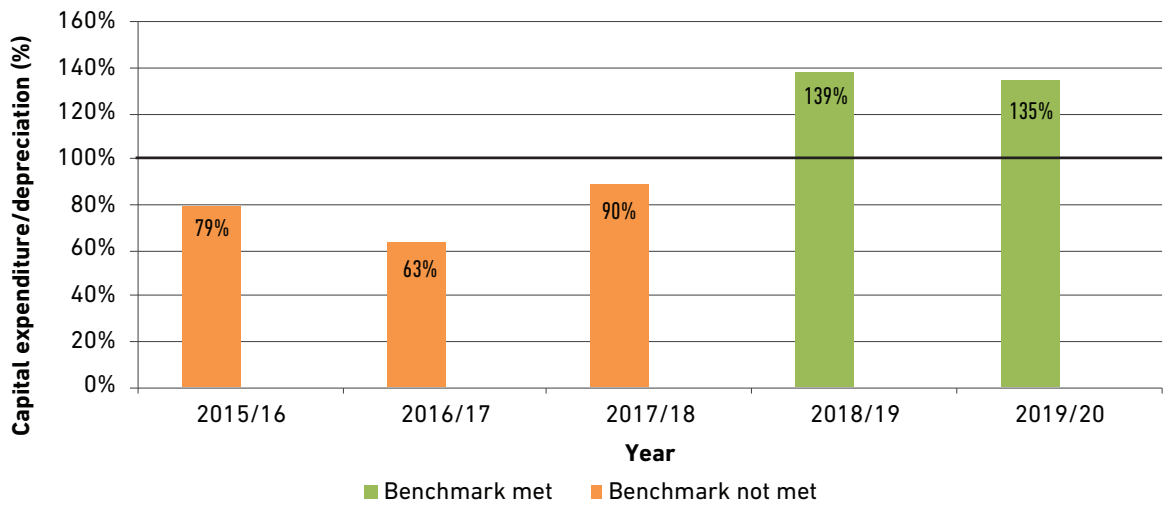
The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Essential services benchmark

The following graph displays the Council’s capital expenditure on network services as a proportion of depreciation on network services.

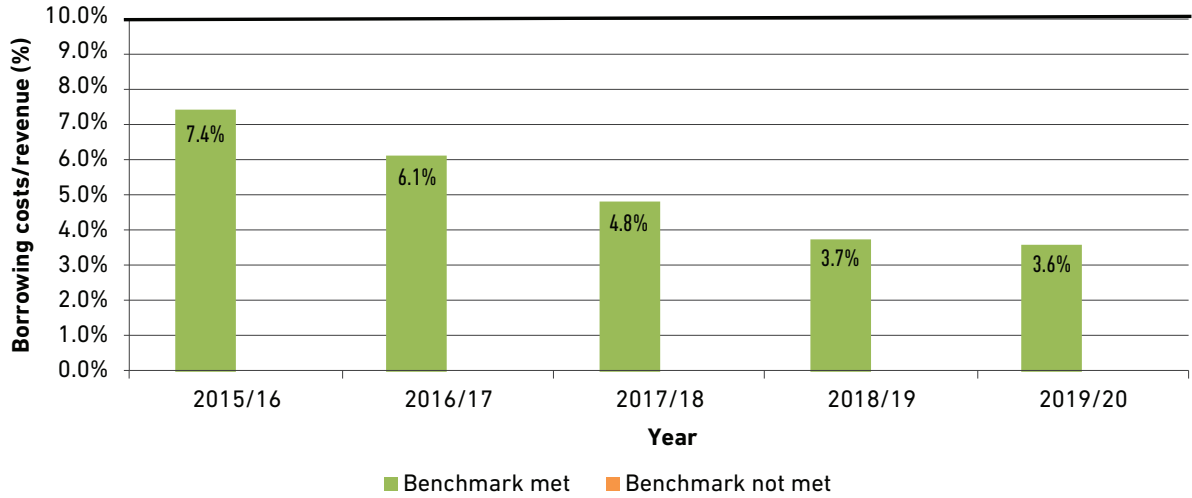
The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt servicing benchmark

The following graph displays the Council’s borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment).

Because Statistics New Zealand projects the Council’s population will grow below the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.

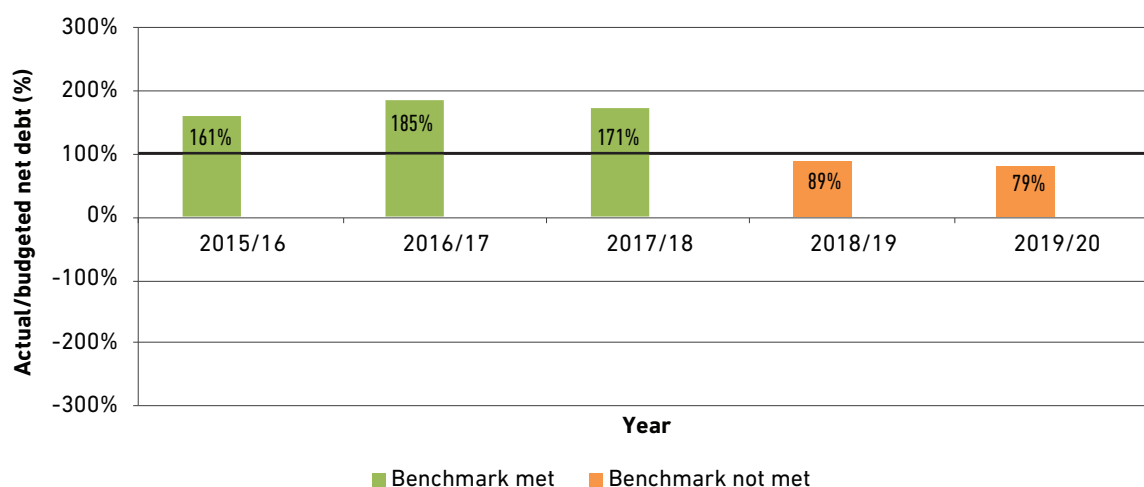




### Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

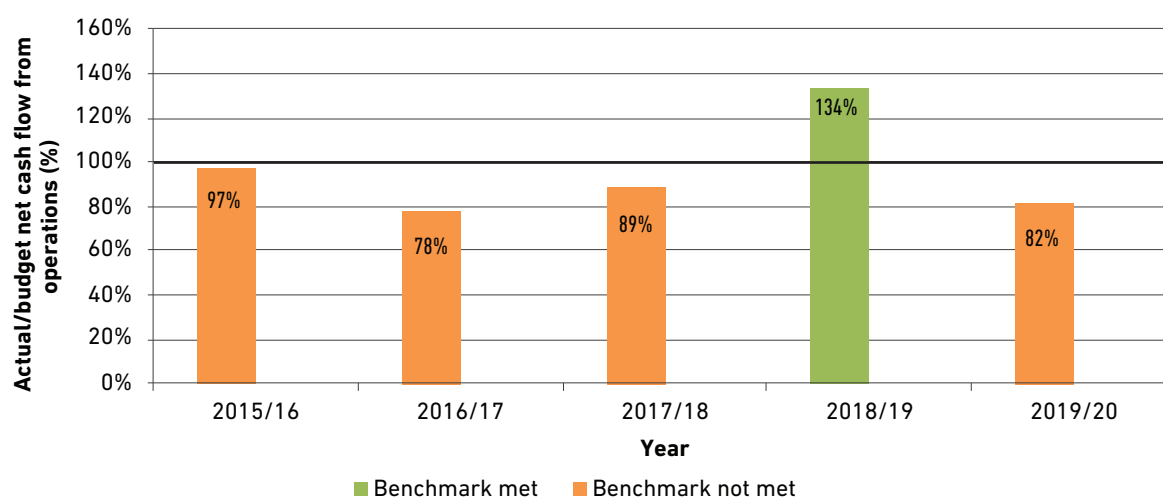
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



### Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



### Additional information or comment

Note 1: Rate projections are set at the end of May each year. Between May and June, additional rates revenue arises due to growth (eg subdivisions, extensions), and budgets don't include this. Actual rates include this growth. This affects the rates affordability benchmarks.

Note 2: Debt control benchmark. The Council planned to have net assets from 2015/16 – that is, its financial assets (excluding trade and other receivables) were planned to exceed its financial liabilities. The results shown graphically above are correct. The graph shows 'benchmark met' whenever the Council is better off (either less indebted or with greater net assets) than planned. Conversely, it shows 'benchmark not met' whenever the Council is either more indebted or has less net assets than planned.

## Council controlled organisations | He ohu nā te Kaunihera

Dunedin City Holdings Limited is Dunedin City Council's wholly owned investment company. Its purpose is to monitor and provide leadership to subsidiary and associate companies, and to deliver financial returns to the Dunedin City Council.

### Dunedin City Holdings Limited

#### Statement of service performance for the year ended 30 June 2020

The performance targets established in the 2019/20 Statement of Intent (SOI) for Dunedin City Holdings Limited and the results achieved for the year ended 30 June 2020 are as follows.

| Parent Company Performance Targets  | Parent Company Outcome Achieved  |
|---|--|
| <b>Business Objectives</b>  |  |
| DCHL Board perform a monthly review of DCHL Group companies' operating activities, including financial performance against budget (DIAL quarterly). | Each month the DCHL Board reviewed each of the DCHL Group companies' operating activities, including financial performance against budget, with Dunedin Airport reviewed on a quarterly basis.   |
| DCHL Board monitor DCHL Group companies' progress against their SOI targets quarterly.  | Each quarter the DCHL Board monitored each of the DCHL Group companies' progress against their SOI targets. Progress against SOI targets is also monitored monthly on an exception basis.  |
| Synergies have been made across the DCHL Group.   | Throughout the year DCHL has continued to support group-wide projects or initiatives and initiated them where it made sense. This year's projects have included: co-ordinated transition to IFRS-16, facilitating sharing of Covid-19 resources and expertise, and carbon emissions measurement.         |
| DCHL Board perform a monthly review of the consolidated DCHL Group financial performance against budget.  | Each month the DCHL Board reviewed the consolidated DCHL Group financial performance against budget.   |
| DCHL Board to perform a quarterly review of DCHL Group companies' rates of return.  | On a quarterly basis, the DCHL Board reviewed each of the DCHL Group companies' rates of return.   |
| DCHL Board provide a quarterly update to Council on the DCHL Group's performance (financial and other).   | On a quarterly basis, the DCHL Chair updates the Council on the DCHL Group's performance. Comprehensive information is provided on the Group's performance for the previous quarter.   |
| DCHL Board annually review the ownership and capital structures of the DCHL Group companies.  | The DCHL Board specifically considered the ownership and capital structures of the DCHL Group companies at the board meeting in April 2020.  |
| Consider capital expenditure proposals and business cases in accordance with company constitutions and SOIs.  | Capital expenditure proposals and business cases have been considered in accordance with individual company constitutions and SOIs.  |
| DCHL Board engage with each DCHL Group company at least once annually on strategy.  | At least once annually each DCHL Group company presents their strategy to the DCHL Board.  |
| DCHL Board meet with full group of Chairs twice annually.   | Once this year the full group of DCHL Group Chairs meet with the DCHL Board. The second meeting was cancelled due to COVID-19.   |
| Review draft SOIs by 1 March 2020.  | The DCHL Board reviewed each of the DCHL Group companies' draft SOIs on 27 February 2020.  |
| Approve SOIs by 30 June 2020.   | Dunedin City Council agreed to extend the timeframes for the FY2021 SOIs for DCHL Group companies by one month, as permitted by s4 of Schedule 8 of the Local Government Act 2002, due to the impacts of Covid-19. The DCHL Board reviewed each of the DCHL Group companies' final SOIs on 23 July 2020. |
| Send Letters of Expectation to subsidiary and associate companies by 1 December 2019.   | The DCHL Board sent each of the DCHL Group companies a Letter of Expectation on 11 December 2019.  |

Appointments and re-appointments are all completed on time, and in compliance with DCHL and Council policy.

Ensure DCHL Group companies have appropriate policies and procedures in place.

DCHL Board perform an annual review of subsidiary and associate companies' activities to reduce their carbon footprint.

Report the proportion of the Company's workforce receiving the living wage (as calculated by the New Zealand Family Centre Social Policy Unit).

Strategic or operational matters which could compromise the Council's community outcomes, are escalated to the shareholder in a timely manner.

Any substantive matter, including any matter likely to generate media coverage, are reported to the shareholder within 24 hours.

All appointments and re-appointments made during the 2020 financial year were completed on time, and in compliance with DCHL and Council policy.

Confirmed that all group companies have appropriate policies and procedures in place and they are reviewed on a regular basis.

A review of CO2 footprint was completed during the year. The DCHL Group of companies are currently developing systems to measure their carbon footprint. Once a baseline is established, each of the companies will then develop plans to reduce their carbon footprint.

The Company does not employ any staff directly. Employees of Dunedin City Council involved in the operation of the Company under a Service Level Agreement, are paid at or above the living wage.

All strategic or operational matters which could compromise the Council's community outcomes, were reported to the shareholder in a timely manner.

All substantive matters were reported to the shareholder within 24 hours of the DCHL Board becoming aware of them.

| Parent Financial Forecasts          |        |          | Parent Achievement                  |        |         |
|-------------------------------------|--------|----------|-------------------------------------|--------|---------|
|                                     |        | \$'000   |                                     |        | \$'000  |
| Shareholder's funds to total assets |        | 23%      | Shareholder's funds to total assets |        | 22%     |
| Interest paid to shareholder        |        | 5,902    | Interest paid to shareholder        |        | 5,902   |
| Dividend distributions              |        | –        | Dividend distributions              |        | –       |
| Net profit after tax                |        | (14,570) | Net profit after tax                |        | (8,608) |
| Cash flow from operations           |        | 17,415   | Cash flow from operations           |        | 22,323  |
| Capital expenditure                 |        | 110,920  | Capital expenditure                 |        | 69,112  |
| Contributions of equity             |        | 2,550    | Contributions of equity             |        | 2,550   |
| Term loans                          | parent | 20,980   | Term loans                          | parent | 24,495  |
|                                     | group  | 791,474  |                                     | group  | 790,136 |

## Aurora Energy Limited

### Statement of service performance for the year ended 30 June 2020

The performance targets established in the 2019/20 Statement of Intent for Aurora Energy Limited, and the results achieved for the Year Ended 30 June 2020 are as follows.

| Performance Targets   | Outcome Achieved  |
|---|---|
| <b>Health, Safety, Community and Environmental Objectives</b>   |   |
| <b>Health and Safety</b>  |   |
| Zero serious harm events involving members of the public.   | Achieved. There were no serious harm incidents during the year involving members of the public.   |
| Reduce levels of recordable harm.   | Not Achieved. Aurora and its largest contractors achieved a TRIFR of 4.8 per 200,000 hours worked during the year.  |
| ≤4.25 total recordable injury frequency rate (TRIFR) per 200,000 hours worked.  |   |
| <b>Community</b>  |   |
| Maintain community support with \$20,000 of sponsorship per annum and community initiatives including the street art programme on Aurora Energy assets.   | Partially Achieved. \$10,103 was spent in support of community initiatives during the year. Aurora Energy's primary community sponsorship was the Otago Science & Technology Fair.  |
| Promote uptake of electronic vehicles with at least four public charging facilities connected to Aurora network.  | Achieved. There are at least ten public fast chargers connected to the network.   |
| Partner with Department of Conservation in the NZ Falcon conservation project aimed at reducing risk of bird electrocution with network design standards updated to include FalconSafe requirements for all new installations.                            | Achieved. FalconSafe network design standards incorporated on all new installations across the business.  |
| <b>Environment</b>  |   |
| No transgression of the environmental and resource law occurs.  | Achieved. There were no Resource Management Act breaches during the year.   |
| <b>Network Management</b>   |   |
| Ensure the business is in a position to engage and consult with stakeholders to prepare and submit a Customised Price Path application to the Commerce Commission by May 2020.  | Not achieved. The CPP submission date of 12 June 2020 achieved Commerce Commission requirements.  |
| Investigate and document detailed plans for the implementation of process and capability improvements identified as necessary to enhance asset management practice. Plans incorporated into CPP Application by May 2020.                                  | Achieved. Plans incorporated into draft CPP application in accordance with targeted timeframe.  |
| Embed new Enterprise Risk Management Framework. Establish risk identification, assessment, management and reporting processes in accordance with new Aurora Energy Risk Control and Management Policy and Standard.                                       | Achieved. Risk Management Framework established and embedded evidenced by: <ul style="list-style-type: none"> <li>- Risk based planning and decision making,</li> <li>- Risk registers reviewed regularly and up to date,</li> <li>- Regular reporting processes in place.</li> </ul> |
| <b>Network Operations (Regulatory Year Targets – period ended 31 March 2020)</b>  |   |
| Consumer connections (ICP count) 89,500 average per annum.  | Achieved. Total customer connections were 91,577 as at 31 March 2020.   |
| Load factor ≥ 54.00% energy into network/peak kW hours.   | Achieved. 58%   |
| Capacity utilisation ≥ 30.0% peak network kW/installed distribution transformer capacity kVA.   | Not achieved. Below target outcome 29% is consistent with warmer 2019 winter temperatures.  |
| Customer responsiveness – achieve average network restoration times of < 4 hours for urban customers and < 6 hours for rural customers. ≤ 60 number of events outside urban and rural restoration targets that resulted in service payments to customers. | Achieved. 57 events outside of restoration targets resulted in service payments being made.   |

**Network Reliability (Statement of Intent Targets – period ended 31 March 2020)***SAIDI (System Average Interruption Duration Index)*

|  |                                |
|--|--------------------------------|
| – Class B interruptions planned ≤ 116.00 minutes   | Achieved – 55.35 minutes       |
| – Class C interruptions unplanned ≤ 103.00 minutes | Not achieved – 131.37* minutes |
| – Total ≤ 219.00 minutes                           | Achieved – 186.72 minutes      |

*SAIFI (System Average Interruption Frequency Index)*

|  |                                |
|--|--------------------------------|
| – Class B interruptions planned ≤ 0.51   | Achieved – 0.31 interruptions  |
| – Class C interruptions unplanned ≤ 1.90 | Achieved – 1.80* interruptions |
| – Total ≤ 2.41                           | Achieved – 2.11 interruptions  |

\*Class C SAIDI and SAIFI are expressed as normalised figures. Regulatory reporting allows for the effect of extreme events to be removed, resulting in normalised figures that are compared against target. The raw results for Class C SAIDI and SAIFI were 160.30 minutes and 1.94 interruptions respectively.

**Economic Development**

|   |  |
|---|--|
| Promote economic development by providing essential electricity infrastructure to support the Council's strategy to be one of the world's great small cities. | Not achieved. Safety and Network Reliability targets achieved except for TRIFR and Unplanned SAIDI (see above) |
|---|--|

\*Refer to Safety & Network Reliability targets.

**Shareholder Objectives**

|   |  |
|---|--|
| Engage with the Shareholder annually on opportunities for the Company to contribute, or assist where possible, with Council's community outcomes (as listed in the Annual Plan). Consult with the Shareholder on matters to be included in the Company's Statement of Intent. | Achieved. 2019-2020 Statement of Intent was submitted and approved.  |
| Bring to the attention of the Shareholder any strategic or operational matters where there may be a conflict between the Council's community outcomes and those of the Company. No unnotified potential conflicts.  | Achieved. Issues of potential strategic or operational conflicts were notified to the Shareholder.   |
| Keep the Shareholder informed of all substantive matters. All substantive matters reported within 24 hours.   | Achieved. All substantive matters were reported to the Shareholder within 24 hours.<br><br>As at 30 June 2020, 100% of the Company's permanent employees were paid at or above the Living Wage (as calculated by the NZ Family Centre Social Policy Unit). |

**Financial***Objectives*

| Target                              |            | Results      |         |
|-------------------------------------|------------|--------------|---------|
|                                     | \$'000     |              | \$'000  |
| EBITDA <sup>1</sup>                 | >11,318    | Achieved     | 26,163  |
| Net surplus after tax               | > (18,153) | Achieved     | (4,197) |
| Shareholder's funds                 | >167,405   | Achieved     | 175,965 |
| Shareholder's funds to total assets | >26%       | Achieved     | 28%     |
| Cash flow from operations           | >9,507     | Achieved     | 14,488  |
| Capital expenditure                 | >81,490    | Not achieved | 53,648  |
| Term debt                           | ≤ 391,205  | Achieved     | 339,725 |

<sup>1</sup>EBITDA target and outcome calculations exclude disposals.

## City Forests Limited

### Statement of service performance for the year ended 30 June 2020

The performance targets established in the 2019/20 Statement of Intent for City Forests Limited, and the results achieved for the year ended 30 June 2020 are as follows.

| Performance Targets  | Outcome Achieved  |
|--|---|
| <b>General</b>   |   |
| The Company will achieve a 6% post-tax (or greater) return on shareholders' funds measured on a 3-year rolling average basis.  | Three year rolling average return on shareholders' funds is 11.6%.  |
| A review of the Company's long-term strategic plan will have been completed which meets the objective of a 6% post-tax return on shareholders' funds measured on a three-year rolling average basis.         | Strategy day held on 29th June 2020. The Company's long-term strategic plan was reviewed and adopted by the shareholder during the annual budget and statement of intent process. The plan incorporates a return on shareholders' funds of; 6.1%, 5.8% and 6.2% for the first three years measured on a forecast 3-year rolling average basis.  |
| Opportunities for expanding the Company's scale will have been investigated including joint ventures. The company will report annually on the hectares of land acquired / divested including joint ventures. | The strategic plan incorporates a forest estate expansion program. Five new property purchases total 1195ha occurred during the year. No divestments occurred.  |
| No single customer will have received more than 30% of the Company's annual harvest by volume.   | Our largest customer Daiken Southland received 9.9% of the Company's annual harvest volume.   |
| The Company's sales agency will diversify export sales by geographic market destination and by customer which will be reported annually.   | Export volume was shipped to:<br>South Korea: 29.5% spread across 21 customers.<br>China: 70.5% spread across seven customers.  |
| The Company will realise financial opportunities from the sale of carbon stored in the Company forests, in compliance with carbon policy.  | The Company has regularly monitored Carbon sales price during the period and considered its Carbon Sales policy at board level. 350,000 NZU sales occurred during the period.   |
| The Company will balance its exposure to domestic and export revenues taking into account market risk and product margin. The percentage annual supply to the domestic market by volume will be tracked.     | Domestic log production was 33.7% by volume. (28.9% last year). Export log sales were 66.3% by volume.  |
| The Company will incorporate Carbon accounting in the strategic plan in accordance with the New Zealand Emissions Trading Scheme (ETS).  | The Company's strategy plan incorporates Carbon sales. The future Carbon sequestration and surrender obligations forecast in accordance with the Company's ETS obligations are recognised in the Forest Valuation and Strategic 10 year plan.   |
| The Company will meet its annual supply commitments to domestic customers taking into account agreed variations.   | On an annualised basis all customers received their contracted volumes within plus or minus 10%. A number of domestic supply commitments were varied during the year at the request of the customer.  |
| The Company will meet its volume and log quality commitments to export shipping and export customer contracts.   | All export commitments were met however purchase wood volumes were needed to supplement Company production for some shipments.  |
| The annual harvest as detailed in the strategic plan will be within +/- 20% of the long term sustainable yield.  | The annual harvest from the Company forest estate during the year was 310,100m <sup>3</sup> including billet wood. This is 93% of the sustainable yield of 333,000m <sup>3</sup> . Forecast harvest levels in the long term strategic plan for the next 3 years are; 378,385m <sup>3</sup> , 333,936m <sup>3</sup> and 333,936m <sup>3</sup> . All are within +/- 20% of the sustainable yield. |
| The Company will carry out annual forest inventory to measure and verify forest yield. The number of inventory plots measured will be reported.  | The Company completed 475 inventory plots during the period.  |
| An annual forest health surveillance program will be in place to assess the forest estate for pests and diseases, as part of the National Surveillance Program.  | The forest industry wide biosecurity surveillance program was operational during the year. No new incursions were reported in the Company estate.   |
| The annual fire plan will be updated and operational by September each year.   | Fire plan update was completed in September 2019 prior to the start of the fire season.   |

The Company will actively participate in regional land use and environmental planning processes.

The Company will have reviewed the best species and silvicultural management plan to apply to annual operational areas. The Company will report annually on percentage of pruned area by forest as a percentage of stocked P.rad area.

The Company will participate in Industry Research Consortia (via the Forest levy) to ensure research objectives are in line with Company Strategy and to gain financial leverage to receive research objectives.

The implementation of research outcomes into operational management plans will be tracked.

The Company will maintain supply arrangements with Otago and Southland wood processors provided customers match (or better) alternative supply options.

Annual supply volumes to major wood processors (Pan Pac, Craigpine, Niagara & Daiken) will be tracked and reported.

The volume of wood supplied for Bioenergy uses will be tracked and reported.

Lost time accident rates (12 month rolling average) for staff and forest contractors will be reduced to a maximum of 15 lost time injuries per 1,000,000 hours.

The Company will undertake drug and alcohol testing of staff and the contract workforce. The number of random tests and percentage of positive tests will be reported.

Maintain Forest Stewardship Council Certification of the Company's forests.

A current forest management plan will be in place (as required by FSC standards) which identifies social and environmental, as well as economic outputs.

The Company will work with partners (Doc, University of Otago etc) to maintain and enhance are threatened and endangered (RT&E) species on and around the Company estate. Sponsorship amounts for these activities will be reported annually.

The Company will have in place an environmental management system which will include procedures for sustainability monitoring. Results of water sampling and reserve area environmental assessments will be publicly available on the Company's website.

The Company actively participated with the Otago Regional Council's implementation of the National Environmental Standard for Plantation Forestry.

A comprehensive review of Company pruning strategy was conducted during the year. Percentage Pruned by Forest is:

|             |     |
|-------------|-----|
| Silverpeaks | 61% |
| Flagstaff   | 83% |
| Waipori     | 28% |
| Tokoiti     | 64% |
| Total       | 57% |

The Company has paid the Forest Growers Levy. Two staff are members of committees (through the Forest Owners Association) which are part of the process of allocating levy research funds. The Company Forest Levy contribution is pooled with industry and Government funds achieving considerable financial leverage enabling significant research to be undertaken.

Management plans are updated to reflect current management practices which are informed by research outcomes, i.e. target tree stocking rates per hectare to optimise site carrying capacity.

Otago and Southland wood processors receive supply volumes in accordance with the annual plan. Pricing is negotiated each quarter. Customers have been given the option to decline or reduce supply if they are unable to match returns from alternative supply options (log export) and this occurred by agreement with some customers for periods during the year.

Otago & Southland wood processors were supplied the following volumes during the period:

|               |                      |
|---------------|----------------------|
| Pan Pac:      | 16,932m <sup>3</sup> |
| Craigpine:    | 7,868m <sup>3</sup>  |
| Niagara:      | 1,488m <sup>3</sup>  |
| Hollows:      | 8,983m <sup>3</sup>  |
| Gorton's:     | 4,387m <sup>3</sup>  |
| Otago Lumber: | 7,705m <sup>3</sup>  |
| Daiken:       | 34,247m <sup>3</sup> |
| Bioenergy:    | 10,514m <sup>3</sup> |

12 month rolling lost time accident rate for staff and forest contractors was 6.4 lost time injuries per 1,000,000 hours. (0.0 last year).

84 tests were conducted during the period. One positive random test was recorded, being 1.19%.

Forest Stewardship Council Certification was maintained following audit in 2019.

The Company has a set of comprehensive forest management plans that have been externally audited as part of the Company maintaining FSC certification.

Sponsorship of \$15,000 was awarded to Predator Free Dunedin and \$5000 to Dunedin Wildlife Hospital to contribute towards conservation of rare threatened and endangered (RT&E) species on and around the Company estate.

An environmental management system is in place with on-going monitoring of environmental values. This is available on the Company's website and includes water, soil disturbance and reserve biodiversity monitoring.



Company and Contract employees will have a training plan in place. The company will report on the number of National Certificates achieved by its workforce each year.

The Company will engage with its contractors to participate in Modern Apprenticeship programs. The number of apprentices working in Company operations will be reported each year.

There will be "nil" instances of non-compliance with the Company's EEO policy.

The Company's forest management plans will have a section allocated to Recreation and Educational use of the forests.

The Company will maintain a Forest Access Permit system, track and report on recreational use statistics.

The Company will track and report on the distance of public walking and mountain bike tracks in the Company's forests.

Kaitiakitanga (Guardianship and Protection). To maintain and grow the forest estate for future generations of Dunedin Ratepayers. A continued and measured expansion of the forest estate will be part of Company Strategy, actioned and tracked annually.

Consult with the shareholder in a timely manner on DCHL Group strategic or operational matters which could compromise the Council's community outcomes.

Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.

Living wage: The Company will disclose in its Annual Report the proportion of its workforce receiving the living wage (as calculated by the New Zealand Family Centre Social Policy Unit).

Company Staff, Contractors and their employees achieved seven National Certificates during the year.

At 30 June 2020 one modern apprentice employed in Company operations.

There were no instances of non-compliance with the Company's EEO policy.

The Company's forest management plans have sections allocated to recreation and education.

Recreation use is monitored through forest access permit issuance. 347 forest access permits were issued during the year.

The Company has 20.3 km of walking tracks and 23.3km of mountain bike tracks in its forests.

Company has purchased 1195ha of land during the period.

No significant issues arose that would compromise Council community outcomes, however communication channels were maintained with the shareholder such that the shareholder is well informed of Company activities.

A number of media interactions occurred throughout the period and the shareholder and board were communicated to within 24 hours informing them of the matter.

All employee remuneration is greater than the living wage.

## Financial

### Targets

|                          | \$'000  |
|--------------------------|---------|
| Profit before income tax | 17,181  |
| Profit after income tax  | 12,362  |
| Shareholder's equity     | 178,278 |
| Normal dividend          | 6,500   |
| Special dividend         | –       |
| Operating cashflow       | 10,431  |
| Capex                    | 4,300   |
| Term debt                | 14,400  |

### Achievements

|                          | \$'000  |
|--------------------------|---------|
| Profit before income tax | 17,665  |
| Profit after income tax  | 12,660  |
| Shareholder's equity     | 201,876 |
| Normal dividend          | 4,500   |
| Special dividend         | –       |
| Operating cashflow       | 5,658   |
| Capex                    | 12,030  |
| Term debt                | 17,000  |

## Delta Utility Services Limited

### Statement of service performance for the year ended 30 June 2020

The performance targets established in the 2019/20 Statement of Intent for Delta Utility Services Limited, and the results achieved for the year ended 30 June 2020 are as follows.

Like many companies in New Zealand the COVID-19 Pandemic and associated alert levels limited Delta's ability to operate at full capacity and restricted its ability to meet some of its Statement of Intent targets.

The performance measures most affected by the lockdown were our financial ones, with the company's earnings, cashflow and balance sheet all impacted. Revenue levels in the month of April were 40% of budget with only essential faults and maintenance works undertaken. Had the pandemic and associated lockdown not occurred, the company may have closed the gap on meeting its financial targets.

| Performance Targets  | Outcome Achieved  |
|--|---|
| <b>The Shareholder</b>   |   |
| Consult with the Shareholder on matters to be included in the Company's Statement of Intent. Shareholder approval of the Company's Statement of Intent.                              | Achieved. The Statement of Intent for the 2020 financial year was submitted to and accepted by DCHL prior to 30 June 2019.  |
| Consult with the Shareholder at the earliest possible time on matters where conflict may or could result. No unnotified potential conflicts.   | Achieved. Monthly KPI reports and financial information was provided to DCHL in line with the agreed timetable.   |
| Keep the Shareholder informed of all substantive matters. No unnotified potential conflicts.   | Achieved. Board reports were produced, and meetings were held each month to review the Company's compliance with goals and objectives stated in the SOI and Strategic Plan.   |
| <b>Community, People, Safety and Environment</b>   |   |
| <i>Community</i>   |   |
| Make positive contribution to our community with \$25,000 of sponsorship/donations per annum.  | Not achieved. Nearly \$18,000 was paid in sponsorship / donations to community groups during the year.  |
| Support community recreation and visitor experience in Dunedin by achieving KPIs on service contracts.   | Achieved. Target KPIs were maintained or exceeded on average throughout the year.   |
| <i>Economic</i>  |   |
| Maintain essential infrastructure to support Dunedin City Council's strategy to be one of the world's great small cities. Deliver maintenance services per contractual arrangements. | Achieved. Delta met or exceeded its KPI's on maintenance contracts held with Aurora Energy and the Dunedin City Council throughout the year.  |
| <i>People</i>  |   |
| Develop skill sets and succession planning through Delta's apprenticeship scheme. Average number of apprentices in the scheme of 20 or more per annum.                               | Achieved. The average apprentices in the scheme was over 34 during the period.  |
| Maintain the health and wellbeing of staff. Lower than 2.5% sick leave based on hours.   | Achieved. Staff sick leave was 1.6% of total hours during the year.   |
| Maintain a positive and satisfying working environment with low levels of voluntary staff turnover. Below 15.0% staff turnover.  | Achieved. Voluntary staff turnover was 13.5% over the 2019/20 year.<br><br>During the 2020 financial year, 89% of the staff employed by the Company received above the living wage (as calculated by the New Zealand Family Centre Social Policy Unit). |
| <i>Safety</i>  |   |
| Reduce harm to employees and contractors.  |   |
| ≤ 3.50 total recordable injury frequency rate (TRIFR) per 200,000 hours worked.  | Not achieved. TRIFR for the year was 3.69 per 200,000 hours worked.   |
| ≤ 1.00 total lost time injury frequency rate (LTIFR) per 200,000 hours worked.   | Achieved. LTIFR for the year was 0.57 per 200,000 hours worked.   |

**Environment**

Maintain all existing environmental accreditations held as at 30 June 2019.

Achieved. All environmental accreditations were maintained.

Maintain full compliance with the Resource Management Act (RMA). 0 – number of breaches.

Not achieved. There was one RMA breach during the year. Delta received a \$750 infringement notice for breaching section 15 (1) (b) of the RMA when sediment was unintentionally discharged into a gully on one of our worksites.

Maintain or lower fuel efficiency in the Company's light commercial / passenger fleet to  $\leq 9.50$  litres fuel used per 100 kilometres.

Achieved. Fuel efficiency across the Delta light commercial /passenger fleet was calculated at 9.25 litres per 100 kilometres.

**Financial**

| Target                                 | \$'000        | Outcome      | \$'000 |
|--|---------------|--------------|--------|
| EBITDA <sup>1</sup>                    | $\geq 11,995$ | Not achieved | 9,632  |
| Net profit after income tax            | $\geq 2,633$  | Not achieved | 1,963  |
| Shareholder's equity                   | 23,588        | Not achieved | 23,044 |
| Return on Shareholder's funds          | $\geq 11\%$   | Not achieved | 9%     |
| Cash flow from operations <sup>2</sup> | $\geq 5,563$  | Achieved     | 5,845  |
| Capital expenditure                    | $\leq 4,802$  | Achieved     | 4,424  |
| Term debt                              | $\leq 21,650$ | Not achieved | 22,550 |
| Dividends                              | $\geq 1,500$  | Achieved     | 1,500  |
| Shareholder's equity to total assets   | $\geq 37\%$   | Not achieved | 35%    |

<sup>1</sup> The Company calculated its targets on the basis that the service portion of vehicle leases would be unable to be split out. When the IFRS16 Leases standard was introduced our lease partner was able to separate the service portion. This resulted in a lower than anticipated right-of-use asset and lease liability on the balance sheet and a lower EBIT and EBITDA than budgeted / targeted due to reduced interest and depreciation costs.

<sup>2</sup> The Company referenced a cash flow from operations of \$5.563 million in its 2019/2020 Statement of Intent. This figure was calculated prior to the implementation of IFRS 16 Leases and did not factor in the principal component of leases being reclassified into financing activities. The cash flow result noted here has been adjusted to also include the repayment of lease liabilities in line with the Statement of Intent.

## Dunedin City Treasury Limited

### Statement of service performance for the year ended 30 June 2020

The performance targets established in the 2019/20 Statement of Intent for Dunedin City Treasury Limited, and the results achieved for the year ended 30 June 2020 are as follows.

| Performance Targets  |         | Outcome Achieved  |         |
|--|---------|---|---------|
| Economic   |         |   |         |
| Zero breaches of DCC Treasury Risk Management Policy's borrowing maturity profile.   |         | Achieved. There were no breaches of DCC Treasury Risk Management Policy's borrowing maturity profile.   |         |
| Zero breaches of DCC Treasury Risk Management Policy's interest rate risk policy.  |         | Achieved. There were no breaches of DCC Treasury Risk Management Policy's interest rate risk policy.  |         |
| Zero breaches of DCC Treasury Risk Management Policy's investment management policy.   |         | Achieved. There were no breaches of DCC Treasury Risk Management Policy's investment management policy.   |         |
| Successfully fill any issues brought to the market during the year.  |         | Achieved. Filled all issues brought to the market during the year.  |         |
| Maintain funding lines with ANZ, BNZ and Westpac.  |         | Achieved. Funding lines with ANZ, BNZ and Westpac have been maintained during the year.   |         |
| Regular reporting of the Company's achievement against defined benchmarks.   |         | Achieved. Reporting achievements against defined benchmarks are provided to the Board monthly and quarterly.  |         |
| Manage the Waipori fund and meet the investment objectives set by Council in the Statement of Investment Policy and Objectives.  |         | Achieved. There were no breaches of the Statement of Investment Policy and Objectives. The 'Waipori Fund' recorded a return for the year of \$4,948,272 which is a return of 5.3%.              |         |
| Quarterly review by the Board, of the DCTL Risk Register Dashboard.  |         | Achieved. The DCTL Risk Register Dashboard was reviewed by the Board quarterly.   |         |
| Regular reporting to the shareholder of DCTL's top five current risks.   |         | Achieved. DCTL's top five current risks were reported to the shareholder quarterly.   |         |
| No breaches of policy. Where breaches have occurred, there are no breaches that have not been reported to the GM Finance and Commercial within one business day and as per requirements of the policy. |         | Achieved. There were no breaches of policy that were required to be reported to the shareholder.  |         |
| Report the proportion of the Company's workforce receiving the living wage (as calculated by the New Zealand Family Centre Social Policy Unit).  |         | Achieved. The Company does not employ any staff directly. Employees of Dunedin City Council involved in the operation of the Company under a Service Level Agreement, are paid the living wage. |         |
| Escalate DCTL strategic or operational matters which could compromise the Council's community outcomes, to the shareholder in a timely manner.   |         | Achieved. There were no matters requiring escalation to the shareholder.  |         |
| To report matters of substance to the shareholder within 24 hours of the board becoming aware.   |         | Achieved. There were no matters of substance to report to the shareholder   |         |
| Financial  |         |   |         |
| Targets  |         | Achievement   |         |
|  | \$'000  |   | \$'000  |
| Net profit after tax   | 31      | Net profit after tax  | 11      |
| Cash flow from operations  | (2,946) | Cash flow from operations   | (707)   |
| Capital expenditure  | -       | Capital expenditure   | -       |
| Term loans   | 791,800 | Term loans  | 790,136 |
| Shareholder's funds to total assets  | -3.2%   | Shareholder's funds to total assets   | -6.9%   |

## Dunedin International Airport Limited

### Statement of service performance for the year ended 30 June 2020

The performance targets established in the 2019/20 Statement of Intent for Dunedin International Airport Limited, and the results achieved for the Year Ended 30 June 2020 are as follows.

| Performance Targets   | Outcome Achieved  |
|---|---|
| <b>Safety and Compliance</b>  |   |
| <b>TO MAKE SAFETY AND SECURITY OUR FIRST PRIORITY</b>   |   |
| <i>To work with our staff and stakeholders to maximise safety on site for all staff and visitors.</i>   |   |
| Implement a minimum of three health and safety initiatives aimed at promoting incident reporting.   | <p>Three health and safety initiatives were carried out in the current year including:</p> <ul style="list-style-type: none"> <li>• Customer Experience team members were tasked with identifying one hazard, and report on this each month.</li> <li>• Airport Emergency Service staff were tasked with completing all incidents, occurrences and observations in the VAULT recording platform.</li> <li>• AES Deputy Crew Chiefs were tasked to manage the incident, occurrence and observation data input for their respective crews.</li> </ul>   |
| Review the Health and Safety Plan and objectives with the Health and Safety Committee each year.  | Health and Safety Plan, Hazards and Objectives have been reviewed by the H&S Committee in July 2019.  |
| Hold a minimum of four board Health and Safety Committee meetings and two Board site audits each year.  | <p>The Board Safety Committee held four safety meetings this year.</p> <p>Two site visits were completed at the Momona Garage and the Sewage Treatment Plant.</p>   |
| Hold a minimum of four airport Health and Safety Committee meetings each year.  | Four staff Health and Safety Committee meetings were held throughout the year.  |
| Report on health and safety management and provide statistical data to the company's monthly board meetings and quarterly Board Health & Safety Committee meetings. | <p>Health and Safety management is reported via:</p> <ul style="list-style-type: none"> <li>• Monthly Board Reports with both statistical data and commentary via the Health and Safety dashboard.</li> <li>• Quarterly Board Safety Committee meetings allowing an oversight at governance level.</li> <li>• Safety alerts and memos issued to relevant stakeholders</li> </ul>  |
| Attend our stakeholder's Health and Safety meetings each year.  | <p>The airport Safety and Compliance Manager attended Health and Safety meetings of all major stakeholders, including, but not limited to:</p> <ul style="list-style-type: none"> <li>• Airways NZ</li> <li>• Air New Zealand</li> <li>• Aviation Security</li> </ul>   |
| Ensure recurrent safety training for all staff is provided.   | <p>All required recurrent safety and compliance training for staff has been undertaken which includes, but not limited to:</p> <ul style="list-style-type: none"> <li>• First aid refresher training</li> <li>• Rescue Fire Annual Competency training</li> <li>• Rescue Fire Hot Fire training</li> <li>• Recruit Fire Fighter training</li> <li>• Senior Fire Fighter training</li> <li>• Qualified Fire Fighter training</li> <li>• Basic Life Support/Pre-Hospital Emergency Care (PHEC) training for AES (Initial and refresher)</li> <li>• Elevated Work Platform (EWP) training</li> </ul> |
| No Lost Time Injuries are suffered during the Terminal Expansion Project (TXP).   | There have been no lost time injuries.  |
| <b>Maintain our CAA Part 139 operating certificate.</b>   |   |
| Successfully achieve compliance in our annual CAA safety and security audits with no major findings   | CAA have not conducted safety or security audits this year due to CAA assessing Dunedin Airport as low risk and extending the period between audits.  |

**Proactively manage Wildlife Hazards**

Strike Rate in line with Wildlife Hazard Management Plan.

The 12-month moving average strike rate was 6.4 strikes per 10,000 aircraft movements. This is above the limit of five outlined in the Wildlife Hazard Management Plan.

**Maintain food hygiene standards at Momona Garage.**

Maintain grade 'A' food hygiene certificate.

The Dunedin City Council (DCC) carried out the annual inspection of the Momona Garage and a Grade A certificate was issued through to July 2020.

**TO BE ENVIRONMENTALLY RESPONSIBLE****Maintain our obligations on any current resource consents in place.**

Report as required to the Otago Regional Council each year on bore water consent RM 11.369.01.

The annual report for consent RM 11.369.01 for bore water was submitted to the Otago Regional Council (ORC) in August 2019. The report was accepted with no issues raised.

Report as required to the Otago Regional Council on sewage discharge consent 2004.309.

Monthly reporting and an annual report for consent 2004.309 for sewage discharge was issued to the ORC in April 2020 covering the 2020 consent year. The report was accepted.

Maintain voluntary annual reporting to the Otago Regional Council on de icing fluid usage at the airport.

The 2019 usage report was submitted and accepted by the ORC in February 2020.

**Maintain high quality dairy farming practices.**

No 'Critical' findings raised by any Fonterra dairy farm inspections.

Both of the airport's dairy farms were inspected by Fonterra representatives in November 2019 with no critical findings.

**Act as a socially and environmentally responsible corporate citizen.**

Develop and implement sustainable practices for our waste streams.

Tenant recycling was implemented in 2018 and prior to lockdown, a 40% diversion of waste from landfill was achieved. Due to lockdown, this figure has reduced to 29%.

Having implemented public recycling, increase the diversion rate of waste from landfill to 40%.

Due to COVID-19 lockdown, this project was not completed. Completion of this objective will occur in the 2020/21 financial year.

**Financial****TO OPTIMISE COMMERCIAL RETURN TO OUR SHAREHOLDERS****Achieve increased non-aeronautical revenues from activities compared to the previous year.**

Increase total passenger related non-aeronautical revenue (Momona Garage and carparking) by a minimum of 2.0%.

To 30 June 2020, passenger related non-aeronautical revenue (which encompasses the carpark and Momona garage income streams) was 23.7% below last year.

This is in the context of a 26.4% decrease in passengers over the same period.

**Comply with financial covenants and policy.**

Fulfil lender borrowing facility financial covenants:

- a) Equity Ratio (total shareholders' funds/total assets) > 40%.
- b) Earnings Ratio (EBITDA/interest expense) > 1.7.

As at 30 June 2020 the airport's Equity Ratio was 64.1%

For the year ended 30 June 2020 the airport's earnings ratio was 11.3

Comply with the company's Dividend Policy.

The airport's dividend policy is to distribute 60% of the operating surplus after income taxation (adjusted for fair value movements in equity investments) to shareholders as a dividend. In the current year the dividend declared and distributed, which related to the 2018 – 2019 financial year, was 60% of the 2018 – 2019 adjusted operating surplus after taxation.

Comply with the company's Treasury Policy.

During certain months of the year the airport operated outside the parameters outlined in the Treasury Policy with regard to the percentage of Monthly Forecast Net Debt together with associated derivatives (e.g. interest rate swaps) that had fixed interest rates.

Further, in April 2020 the airport was in breach of the Treasury Policy requirement for a maximum of 30% of our funding facility to have a maturity date less than one year. This breach was remedied in May 2020 when the expiry of the current facility was extended to November 2022.

Generate a Return on Shareholders' Funds excluding reserves > 7.5%

The Return on Shareholders' Funds (excluding the Hedge and Revaluation Reserves) for the year ended 30 June 2020 is 5.7%.

Generate a Return on Shareholders' Capital invested > 25%

The Return on Shareholders' Capital for the year ended 30 June 2020 is 19.0%.

*On-going monitoring and refinement of the company's strategic business plan and business risks.*

Annual update to strategic business plan.

The 2019-2020 Business Plan was finalised in June 2019. Progress against key strategies therein are reported to the Board as part of monthly board reporting.

Six monthly risk analysis undertaken and reported to the Board.

The Risk Analysis Report for the six months ended December 2019, and June 2019 were distributed to the Board and analysed at subsequent Board meetings.

## Business Development

### INCREASE PASSENGER NUMBERS

*Partner with our airline, airport, city and tourism industry.*

Initiate a lower south destination proposition with Dunedin Airport as one of the gateways.

#### LOWER SOUTH CAMPAIGN

- Five campaigns were put into the South East Queensland market during 2019/2020 as part of the Lower South strategy. Unfortunately, our marketing in Australia ceased in March 2020 due to COVID-19 border restrictions.

Invest in a minimum of four domestic and four international promotional campaigns a year jointly with airlines and / or our industry partners.

#### DOMESTIC CAMPAIGNS

- We co-invested with Enterprise Dunedin (ED) to promote the Plan D campaign via billboards in the Wellington and Auckland markets at the end of June.
- A joint campaign with Air NZ was completed in September 2019 which included an online competition to Air New Zealand Airpoints members.
- A joint campaign with Media Works was completed December 2020.
- A joint campaign was run with Air New Zealand, NZME and ED for student market during February 2020

#### INTERNATIONAL CAMPAIGNS

- A "Show and Go" event in partnership with Virgin Australia and Brisbane Airport occurred 27 February 2020.

See Lower South Campaign above.

Increase the number of international passenger movements against the previous year.

International passenger numbers are 19.0% DOWN compared to the prior financial year.

Increase domestic passenger numbers.

Domestic passenger numbers on Regular Scheduled Services are 26.7% DOWN compared to the prior financial year.

The primary cause of these decreases is the flight restrictions imposed during and subsequent to the COVID-19 lockdown period.

### TO DEVELOP & STRENGTHEN OUR PARTNERSHIPS

*Implement initiatives to improve the performance of our commercial relationships.*

Conduct stakeholder engagement surveys once a year with our strategic partners to review the strength of the relationships.

Stakeholder survey was conducted in June 2020.



Develop and implement marketing plans for:

- The Momona Garage
- The meeting room facilities, and
- Our retail partners

Marketing Plans were developed and implemented for the Momona Garage, Meeting Rooms and our retail partners.

## Our Customers

### TO PROVIDE THE BEST CUSTOMER SERVICE EXPERIENCE

*Provide a high standard of service to our customers.*

Produce quarterly reports from our continuous customer satisfaction surveys.

Customer satisfaction surveys were completed for Q1, Q2, Q3 and Q4.

Achieve "good" or better across all surveyed areas of customer service

Achieved across all surveyed areas.

*Ensure all airside infrastructure maintenance causes no delays to airline operations.*

No delays to regular scheduled passenger operations are incurred as a result of airside infrastructure.

The runway suffered a localised failure of the asphalt surface which led to the delay of one Air New Zealand departure and the cancellation of one Jetstar arrival, while a repair was carried out.

*Ensure the future of the airport is protected.*

Ensure any new development is considered in conjunction with the Airport Master Plan and customer service needs.

Potential Air New Zealand cargo facility, AVSEC administration building and North end parking areas developments were all considered in line with the Airport Master Plan.

Ensure the TXP is designed to be flexible to accommodate future changing customer experience needs and advances in technology.

All customer experience needs were considered as part of TXP design.

## Our People

### TO BE A GREAT PLACE TO WORK

*To recognise and review staff performance.*

Each staff member to have a formal annual performance and objectives review.

All Annual Employee Performance Reviews were completed.

*Ensure that our staff are engaged with the company's Vision, Purpose and Values.*

Conduct an annual staff engagement survey.

A Staff Engagement Survey was completed in March 2020.

## Our Community

### TO CONNECT & ENGAGE WITH OUR PLACE

*Provide sponsorship to community events and organisations.*

Invest 0.25% of prior year operating revenue to sponsorship in line with our sponsorship policy.

Sponsorship Target was \$45,300.

Sponsorship spend to the 30 June 2020 was \$19,600. This represents 0.12% of the prior year operating revenue.

We sponsored the following organisations and events up until March 2020:

- Yellow-Eyed Penguins
- Otago Export Awards
- Dine Dunedin 2019
- Beer and Food Festival 2019
- A20 Bike Trail
- Momona Play Group

As a result of COVID-19, all discretionary spending including sponsorship ceased.

Not accept sponsorship or give naming rights to companies involved in activities deemed to be inconsistent with Dunedin City Council's ethical positions, i.e. tobacco, armaments, fossil fuel extraction, gambling and pornography.

No sponsorship or naming rights issued to companies involved in activities deemed to be inconsistent with Dunedin City Council's ethical positions.

**Engage with our community and share information.**

Arrange for Dunedin Airport staff to work within the community once a year.

Our planned Yellow Eyed Penguin planting trip was postponed due to COVID.

We invited the Momona Playcentre to the Airport in December where they had a morning tea with "Santa."

Dunedin Airport employees donated Christmas gifts to Women's Refuge and the Dunedin Night Shelter.

Initiate opportunities to speak to the community, stakeholders and organisations.

We had 11 school visits this year.

11 presentations were completed in the year to organisations and groups across our region.

**Shareholders****TO CONNECT & ENGAGE WITH OUR PLACE*****Consult with shareholders on matters to be included in the company's Statement of Intent.***

Prepare annually the company's Statement of Intent having given consideration to shareholders' expectations.

The 2019 – 2020 Statement of intent has been finalised and submitted to shareholders.

***Consult with shareholders at the earliest possible time on matters where conflict may or could result.***

Report to and consult with shareholders on matters where the company's and shareholders requirements are in conflict.

No such matters were identified.

***On a "no surprises" basis advise shareholders promptly of any substantive matter that has the potential to impact negatively on shareholders and the company with a particular focus on matters of interest to the media.***

Report to shareholders within 24 hours substantive matters which have the potential to impact negatively on shareholders and the company with a particular focus on matters of interest to the media.

On a "no surprises" basis, the relevant matters below have/ have not been reported to shareholders:

- PFOS Foam issues in media in August.
- Official Information Request (OIA) from PSA Union on psychometric testing.
- COVID-19 updates.
- The MOU with Queenstown and Invercargill Airports was not reported to shareholders.

## Dunedin Stadium Property Limited

### Statement of service performance for the year ended 30 June 2020

The performance targets established in the 2019/20 Statement of Intent for Dunedin Venues Limited, and the results achieved for the Year Ended 30 June 2020 are as follows.

| Performance Targets   |         | Outcome Achieved  |         |
|---|---------|---|---------|
| Economic  |         |   |         |
| An Asset Management Plan is in place.   |         | Achieved. An Asset Management Plan is in place.   |         |
| The Asset Management Plan is internally reviewed annually, and externally reviewed every three years (next in 2021).                            |         | Achieved. The Asset Management Plan was internally reviewed during the 2020 financial year and is on track for external review during the 2021 financial year.  |         |
| Asset maintenance is compliant with the Asset Management Plan schedules and principles, including condition-based assessments.                  |         | Achieved. Asset maintenance is compliant with the Asset Management Plan.  |         |
| A debt repayment program is in place and is reviewed by the board annually.   |         | Achieved. A debt repayment program is in place and was reviewed during the 2020 financial year. The debt balance was reduced by \$1,890,000 to \$85,935,000 at the end of the financial year.               |         |
| A draft 2020/2021 Statement of Intent will be submitted to the shareholder by 1 March 2020.   |         | Achieved. The draft 2020/2021 Statement of Intent was submitted to the ultimate shareholder on 28 February 2020.  |         |
| Report the proportion of the Company’s workforce receiving the living wage (as calculated by the New Zealand Family Centre Social Policy Unit). |         | Achieved. The Company does not employ any staff directly. Employees of Dunedin City Council involved in the operation of the Company under a Service Level Agreement, are paid at or above the living wage. |         |
| Escalate DSPL strategic or operational matters which could compromise the Council's community outcomes, to the shareholder in a timely manner.  |         | Achieved. There were no matters requiring escalation to the shareholder.  |         |
| To report matters of substance to the shareholder within 24 hours of the board becoming aware.  |         | Achieved. There were no matters of substance to report to the shareholder.  |         |
| Financial   |         |   |         |
| Financial Forecasts   |         | Achievements  |         |
|   | \$'000  |   | \$'000  |
| EBITDA  | 3,478   | EBITDA  | 1,558   |
| Net profit (loss)   | (6,780) | Net profit (loss)   | (8,191) |
| Cash flow from operations   | (205)   | Cash flow from operations   | (396)   |
| Capital expenditure   | 1,405   | Capital expenditure   | –       |
| Term loans  | 87,095  | Term loans  | 85,935  |
| Shareholder’s funds to total assets   | 44%     | Shareholder’s funds to total assets   | 44%     |

The financial forecasts in the Statement of Intent were impacted by reduced rental income and subventions receipts. The Company continues to work with Dunedin City Holdings Limited and its subsidiary companies on maintaining the cash funding model that has been in place through subvention receipts. The operating loss before tax and subventions for the year of \$8,192,000 is consistent with the budgeted operating loss before tax and subventions of \$8,815,000. As budgeted, no dividends have been paid to the shareholder.

## Dunedin Venues Management Limited

### Statement of service performance for the year ended 30 June 2020

The performance targets established in the 2019/20 Statement of Intent for Dunedin Venues Management Limited, and the results achieved for the Year Ended 30 June 2020 are as follows.

| Performance Targets  | Outcome Achieved   |
|--|--|
| <b>Safety and Compliance</b>   |  |
| Health and Safety Plan has been reviewed.  | The current Safety and Wellness Strategic Plan has been reviewed by the Health and Safety Committee during the year. |
| Site, Contractor and Event Audits show no breaches of agreed procedures.   | There were zero breaches of agreed procedures for the reporting period.  |
| An Incident Frequency Rate Events of less than 0.05% of the total number of people attending events and the venues.                      | The Incident Frequency Rate was 0.049% of the total number of people attending events and the venues.                |
| Total Incident Rate of less than six incidents per 200,000 hours worked.   | The Total Incident Rate was zero incidents per 200,000 hours worked.   |
| Total Recordable Incidents rate of less than three.  | The Total Recordable Incidents was zero for the reporting period.  |
| Lost Time Incident rate of less than two.  | The Lost Time Incident rate was zero for the reporting period.   |
| Lost Time Incident Frequency Rate of less than 17 per 1,000,000 hours worked.  | The Lost Time Incident Frequency Rate was zero for the reporting period.   |
| Achieve a performing score or better across all elements of the SafePlus Audit.  | An overall score of Developing was achieved against the SafePlus auditing criteria.                                  |
| SafePlus audit actions are prioritised and actioned.   | SafePlus audit actions have been prioritised and incorporated into the annual Health & Safety Plan.                  |
| Meet and maintain all statutory, regulatory and resource consent requirements.   | There were no identified breaches of statutory obligations during the year.  |
| Facilities and infrastructure are maintained as fit for purpose and in accordance with the approved current Asset Management Plan (AMP). | No breaches of KPI's as set out in the approved current Asset Management Plan.                                       |
| Report on facilities indicators and provide statistical data in the monthly board reports.   | Agreed KPI's reported against at each Dunedin Stadium Property Limited Board meeting.                                |

|   |               |  |               |
|---|---------------|--|---------------|
| <b>Financial</b>  |               |  |               |
| Achieve budget results.   |               | Achievement against forecasted SOI results are as follows:                     |               |
| <b>Targets</b>  |               | <b>Achievements</b>  |               |
|   | <b>\$'000</b> |  | <b>\$'000</b> |
| EBITDA  | 641           | EBITDA   | 2,493         |
| Net profit after tax  | 213           | Net Profit After Tax   | (64)          |
| Operating cash flow   | 157           | Operating Cash Flow  | 2,926         |
| Capital expenditure   | 307           | Capital Expenditure  | 484           |
| Shareholder funds to total assets                                 | 0.48:1        | Shareholder funds to total assets  | 0.08:1        |
| Dividend  | –             | Dividend   | –             |
| Achieve a 15:1 return on investment of the Event Attraction Fund. |               | The overall return on investment of the Event Attraction Fund for 2019/20 was: |               |
|   |               | <b>Event</b>   | <b>Return</b> |
|   |               | Fleetwood Mac  | 67:1          |
|   |               | Elton John   | 143:1         |
|   |               | Queen + Adam Lambert   | 91:1          |
|   |               | Six60  | 78:1          |
|   |               | <b>Total</b>   | <b>90:1</b>   |

A breakdown of the return on investment for the previous financial year was as follows:

| Event           | Return      |
|-----------------|-------------|
| Kendrick Lamar* | 33:1        |
| P!NK            | 140:1       |
| Shania Twain    | 61:1        |
| Eagles          | 120:1       |
| Six60           | 320:1       |
| <b>Total</b>    | <b>96:1</b> |

\* For Kendrick Lamar an estimate has been made based on the economic impact of the Robbie Williams as no post-event survey was conducted.

Return a profit over a three year period.

The company returned a profit over financial years 2018 – 2020.

No unplanned call on capital.

There has been no unplanned call on capital during the 2019/20 year.

### Marketing and Business Objectives

Increasing the number and value of hire days in the Company's venues.

There was a total of 383 events (2019: 610) representing 452 event days (2019: 702) during the year.

Achieve 90 new Memberships.

A total of 30 Memberships were sold during the year (2018: 75). Lockdown and restrictions relating to COVID-19 were during the Super Rugby and International programme, which is historically a peak sale period for Memberships.

Achieve a 90% retention rate of member renewals.

The retention rate of renewals was 70%. The retention rate was lower than projected due to the end of a suite Membership and Members relocating or facing hardship.

Survey Members for satisfaction level – minimum 80% satisfaction to be achieved.

A Membership survey was conducted in September 2019. 98% of respondents believe Membership meets or exceeds expectation.

Survey Commercial Partners for satisfaction level - minimum 80% satisfaction to be achieved.

The Commercial Partners survey was scheduled for May 2020 however was not conducted due to COVID-19.

### Human Resources

Achieve a staff turnover rate of less than 15%.

Staff turnover was 70% for the year (2019: 30%). This includes annual staff turnover, staff transfers to a sister company and COVID-19 related restructure.

To ensure the staff training plan is fully executed.

Training requirements have been met throughout the year.

Conduct a confidential staff survey and implement improvements / recommendations as appropriate.

The staff survey was scheduled for April 2020 however was not conducted due to COVID-19.

The proportion of workforce receiving the living wage (as calculated by the New Zealand Family Centre Social Policy Unit).

All employees are paid the living wage, or more.

### Shareholder

Submit annually the Company's Statement of Intent having given consideration to Dunedin City Council's expectations.

The Company's Statement of Intent was submitted within Dunedin City Holdings Limited timeframes after taking into consideration the requirements of Dunedin City Holdings Limited.

Matters have been escalated to the Shareholder.

There were no matters, where there may be conflict between the Dunedin City Holdings Limited outcomes, that required escalation to the Shareholder.

Report to Dunedin City Holdings Limited within 24 hours of the Board becoming aware of substantive matters which have the potential to negatively impact on the Shareholder and the Company with a particular focus on matters of interest to the media.

There were no matters, which had the potential to negatively impact on the Shareholder and the Company, that were required to be reported to Dunedin City Holdings Limited.

### Social and Wellbeing

Positive community feedback and less than two LGOIMA requests annually.

Report to the Dunedin City Council six monthly on the application of the Service Level Agreement for Community Event Funding to ensure it is applied efficiently and caters to a variety of events and community groups.

Senior management conduct a minimum of five speaking engagements.

There were no direct LGOIMA requests in the year to 30 June 2020 for the Company's action (2019: 2).

Two reports were provided to the Dunedin City Council on the application of the Service Level Agreement for Community Event Funding 2019/20. These reports were issued on 20 January 2020 which covered the community events between July - December 2019 and a further report issued on 20 July 2020 which covered a full reconciliation report of community events over the entire period July 2019 - June 2020.

Senior management conducted 10 speaking engagements for the year.

### Economic Development Strategy

Achieve a minimum of \$5m visitor spend per each major event (>10,000 pax) for Dunedin City.

The Economic Impact for major events in the year to 30 June 2020 were as follows:

| Event                | Economic Benefit<br>\$'000 |
|----------------------|----------------------------|
| Fleetwood Mac        | 13,500                     |
| Elton John           | 14,300                     |
| Queen + Adam Lambert | 9,100                      |
| Six60                | 4,600                      |
| <b>Total</b>         | <b>41,500</b>              |

The Economic Impact for major events for the previous year was as follows:

| Event           | Economic Benefit<br>\$'000 |
|-----------------|----------------------------|
| Kendrick Lamar* | 3,000                      |
| P!NK            | 14,000                     |
| Shania Twain    | 5,500                      |
| Eagles          | 12,000                     |
| Six60           | 4,000                      |
| <b>Total</b>    | <b>38,500</b>              |

\* For Kendrick Lamar an estimate has been made based on the economic impact of the Robbie Williams concert as no post-event survey was conducted.

Achieve minimum 80% satisfaction rating through surveys of all major events (>10,000 pax).

The following satisfaction and attendance numbers were achieved in the year to June 2020:

60% of attendees of all major events (>10,000 pax) to come from outside of Dunedin City.

| Event                | Satisfaction | % Attend outside<br>of Dunedin |
|----------------------|--------------|--------------------------------|
| Fleetwood Mac        | 78%          | 73%                            |
| Elton John           | 90%          | 73%                            |
| Queen + Adam Lambert | 81%          | 56%                            |
| Six60                | 94%          | 50%                            |

The following satisfaction and attendance numbers were achieved in the previous year:

| Event                  | Satisfaction | % Attend outside<br>of Dunedin |
|------------------------|--------------|--------------------------------|
| Kendrick Lamar         | N/A*         | 57%                            |
| P!NK                   | 96%          | 69%                            |
| Shania Twain           | 94%          | 62%                            |
| BLACKCAPS v Bangladesh | N/A*         | 53%                            |
| Eagles                 | 97%          | 61%                            |
| Six60                  | 96%          | 42%                            |

\* No post event surveys were conducted for these events.

Host three major events at the Company's venues. Increase the number of multi day corporate business events at the Company's venues from the previous year.

The Company bid for and secured four major concerts at Forsyth Barr Stadium; Fleetwood Mac, Elton John, Queen and Adam Lambert, and Six60. These concerts brought almost 72,000 visitors to the city with a collective economic contribution of \$41.5m. In addition to this, the Dunedin Centre hosted 21 conferences bringing more than 4,040 delegates to Dunedin and an economic injection of \$3.3m to the city. The Community Access Grant of \$750,000 allowed a total of 45 community events for the year. Dunedin was successful in its bids for ICC Women's World Cup 2021 and FIFA Women's World Cup 2023.

#### Environment Strategy

Identification of Hazardous Substances and New Organisms (HSNO) across the Company's facilities ensuring the HSNO database is current.

The HSNO database has been reviewed and updated during the reporting period.

Recycled waste is increased from the previous year.

The overall recycled waste by tonnes decreased by 8% from the previous year due to the increased use of compostable items.

Energy audit completed every three years.

The last Energy audit was completed in 2018.

Building Management System (BMS) has been reviewed to ensure maximum efficiency.

The BMS was reviewed during the reporting period.

Sustainability framework has been established through the Sustainability Team.

The sustainability framework has been established during the reporting period.

#### Arts and Culture Strategy

Funding from the DCC for Community Events is fully utilised.

The full value of the Community Event Funding was utilised by the community for the reporting period. A total of 45 events were held, with 30,123 people attending or participating (2019: 47 events, 39,250 attendees).



## Dunedin Railways Limited

### Statement of service performance for the year ended 30 June 2020

The performance targets established in the 2019/20 Statement of Intent for Dunedin Railways Limited, and the results achieved for the Year Ended 30 June 2020 are as follows.

| Performance Targets  | Outcome Achieved  |
|--|---|
| <b>General</b>   |   |
| Three Risk committee meetings and nine Staff H&S committee meetings held per year.   | Two Risk committee meetings and eight Staff H&S committee meetings were held. There was some disruption caused by Covid-19.                     |
| Conduct an internal audit of the Safety System.  | An internal audit of the safety system was completed.   |
| Monthly board reports contain a Health and Safety report.  | All Board reports included a Health and Safety report.  |
| Pass the NZTA annual audit and maintain the Rail Service Licence.  | NZTA assessment completed successfully and Rail service licence maintained. All corrective actions have been closed off.                        |
| Target Zero lost time injuries (LTI).  | One LTI in the current year.  |
| Achieve the level of agreed annual budget.   | The results for the year were significantly below budget.   |
| Identify and undertake a minimum of two promotional campaigns a year.  | More than two promotional campaigns were undertaken during the year.  |
| Achieve the agreed annual budget of passengers per annum.  | Annual passenger numbers were below budget prior to Covid-19 and ceased altogether when overseas tourism was cancelled as a result of Covid-19. |
| Two new initiatives implemented to improve business performance.   | No new initiatives were implemented to improve business performance.  |
| Maintain at least an 85% Trip Advisor customer satisfaction rating and 4.5 out of 5 in overall satisfaction on our in-house customer survey. | Trip Advisor satisfaction level of 90% achieved.<br>In-house customer survey was not conducted during the year.                                 |
| No recorded significant delays to regular scheduled train trips due to maintenance issues.   | No significant delays due to mechanical issues were experienced during the year.  |
| Maintain an Asset Management Plan.   | A 10-year Asset Management Plan is in place.  |
| Meet with Shareholders at least once per year.   | The Chair and Chief Executive met with the sShareholders regularly during the year.   |
| All relevant matters have been escalated to shareholders.  | All relevant matters have been escalated to shareholders.   |
| All substantive matters have been reported to shareholders within 24 hours.  | All substantive matters have been reported to shareholders.   |
| Volunteers have opportunities to provide customer service on-board cruise ship trains.   | Volunteers provided customer service on board cruise ship trains and completed vegetation clean up during the year.                             |
| Record the number of train tickets given to community organisations/events as sponsorship.   | 108 train tickets were given to community organisations/events as sponsorship during the year.  |
| Maintain relationships with organisations that wish to have access to the Taieri Gorge.  | Continued to provide opportunities for community organisations and events to have access to the Taieri Gorge.                                   |
| Help DCC facilitate the use of Dunedin Railway Station for community activities.   | Worked with DCC to assist with community activities at the Dunedin Railway Station.   |
| Maximise the number of non-Dunedin resident passengers.  | As a result of the Covid-19 pandemic non-Dunedin resident passenger numbers were down on prior year.  |
| Take part in at least one Enterprise Dunedin initiative with IMA involvement per annum.  | The Company took part in at least one Enterprise Dunedin initiative with IMA involvement during the year.                                       |
| Support at least two Enterprise Dunedin Marketing activities.  | The Company supported at least two Enterprise Dunedin Marketing activities during the year.   |
| Be an active member of both Dunedin Host and the Otago Chamber of Commerce.  | Continued memberships of both organisations.  |
| Consider at least two new environmental initiatives per annum.   | Introduced recycling of plastic at the workshop, and electrical power efficiency at the station with the use of timer switches.                 |

When practical investigate and implement actions to reduce the dependence on diesel (to electricity or other sources of power).

Hold at least one event or initiative or provide assistance to an event focused on Art, Heritage or Culture.

Ensure that the Company does not disturb the heritage nature aspect of the Taieri Gorge railway line.

Retain accessible carriage and access ramps.

Access to Dunedin Railway Station platform and the Railway Station precinct at Middlemarch is maintained.

Continuation of the tourism link to the start/finish of the Otago Central Rail Trail and other centres.

Report the proportion of the Company's workforce receiving the living wage (as calculated by the New Zealand Family Centre Social Policy Unit).

Investigation work has been undertaken during the year to reduce the dependence on diesel.

No opportunities presented in the current year.

The Company has continued to ensure that the heritage nature aspect of the Taieri Gorge railway line is not disturbed.

During the year the Company still had an operational carriage with wheelchair access and uses access ramps.

Public access to both areas has been maintained. However, the Company's services to Middlemarch were cancelled during the year and all services ceased from March 2020 as a result of the Covid-19 pandemic.

A tourist link is provided by use of a minibus from Pukerangi to Middlemarch.

During the year the Company reached agreement with the rail and transport union (RMTU) to pay union members the living wage.

## Financial

### Targets

|                                     | \$'000 |
|-------------------------------------|--------|
| Shareholders' Funds to Total Assets | 37%    |
| Dividend/Subvention Distributions   | –      |
| EBITDA                              | 624    |
| Net Profit after Tax                | 41     |
| Cash Flow from Operations           | 542    |
| Capital Expenditure                 | 825    |
| Term Loans                          | 2,046  |

### Achievements

|                                     | \$'000  |
|-------------------------------------|---------|
| Shareholders' Funds to Total Assets | 78%     |
| Dividend/Subvention Distributions   | –       |
| EBITDA                              | (1,607) |
| Net Profit after Tax                | (6,606) |
| Cash Flow from Operations           | (2,567) |
| Capital Expenditure                 | 264     |
| Term Loans                          | –       |

## Statement of compliance and responsibility

### Compliance

The Council and Management of the Dunedin City Council confirm that all 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 judgements used in them.

The Council and Management of the Dunedin City Council accept responsibility for establishing and maintaining a system of internal controls 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 30 June 2020 fairly reflects the financial position and operations of the Dunedin City Council.



Aaron Hawkins, Mayor of Dunedin



Sandy Graham, Chief Executive

# Independent Auditor's Report

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## To the readers of Dunedin City Council's annual report for the year ended 30 June 2020

The Auditor-General is the auditor of Dunedin City Council (the city council) and its subsidiaries and controlled entities (the group). The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to report on the information in the city council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the city council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the city council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 14 December 2020. This is the date on which we give our report.

## Opinion

### Unmodified opinion on the audited information, excluding the services and activities section

In our opinion:

- the financial statements on pages 66 to 71 and pages 74 to 130:
  - » present fairly, in all material respects:
    - the city council and group's financial position as at 30 June 2020;
    - the results of their operations and cash flows for the year ended on that date; and
  - » comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the funding impact statement on page 72, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the city council's annual plan;
- the statement about capital expenditure for each group of activities on pages 23, 27, 31, 34, 38, 42, 47, 50, 53, 56, 59 and 63 presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the city council's annual plan; and
- the funding impact statement for each group of activities on pages 24, 28, 32, 35, 39, 43, 48, 51, 54, 57, 60 and 64 presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the city council's long-term plan.

### Qualified opinion on the services and activities section – our work was limited with respect to the verification of the number of complaints for some services

In our opinion, except for the possible effects of the matter described in the Basis for our qualified opinion section of our report, the services and activities section on pages 18 to 64:

- » presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2020, including:
  - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
  - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- » complies with generally accepted accounting practice in New Zealand.

## Report on the disclosure requirements

We report that the city council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 132 to 135, which represent a complete list of required disclosures and accurately reflect the information drawn from the city council's audited information and, where applicable, the city council's long-term plan and annual plans.

### Basis for our qualified opinion

The city council is required to report against the performance measures set out in the Non-Financial Performance Measure Rules 2013 (the Rules) made by the Secretary for Local Government. These mandatory performance measures include the total number of complaints received about the following:

- drinking water clarity, taste, odour, pressure or flow, continuity of supply, and the city council's response to any of these issues;
- sewage odour, sewerage system faults and blockages, and the city council's response to issues with the sewerage system; and
- the performance of the stormwater system.

These measures are important because the number of complaints is indicative of the quality of services received by ratepayers.

The Department of Internal Affairs has issued guidance to assist local authorities in applying the Rules, including on how to count complaints. Our audit testing found that the city council has not been counting complaints in accordance with this guidance and that the city council's method of counting was likely to have understated the actual number of complaints received both in the current year and in the comparative year to 30 June 2019. Complete records for all complaints made to the city council were not available and we were unable to determine whether the city council's reported results for these performance measures were materially correct.

We also found that the city council's system for classifying complaints between the above performance measures is deficient and we are unable to determine whether this deficiency results in a material misstatement of the number of complaints reported per performance measure.

As a result, our work was limited and there were no practicable audit procedures we could apply to obtain assurance over the number of complaints reported against these performance measures.

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the Responsibilities of the auditor for the audited information section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the audited information.

### Emphasis of matters

Without further modifying our opinion, we draw attention to the following disclosures:

#### Key assumptions used in the impairment assessment for the electricity network

Note 27 on page 111 of the financial statements describes the key assumptions applied by Aurora Energy Limited (Aurora Energy) in performing the impairment test of the electricity network assets at 30 June 2020. This includes the very high sensitivity of Aurora Energy's impairment model to changes in the discount rate and that the value of the network assets is fundamentally linked to Aurora Energy's ability to operate within the future expenditure allowances, with final approval yet to be made by the Commerce Commission.

#### Impact of Covid-19

Notes 38 and 39 of the financial statements and pages 27, 37, 40, 41, 45 to 47, 50, 52, 53, 56, 58, 59 and 62 of the services and activities section, explain the impact of Covid-19 on the city council and group. We draw specific attention to the following matter due to the significant level of uncertainty caused by Covid 19:

- **Investment property**

Note 28 on page 115 of the financial statements describes the significant uncertainties highlighted by the valuer, related to estimating the fair values of the city council and group's investment property.

### Responsibilities of the council for the audited information

The council is responsible for meeting all legal requirements that apply to its annual report.

The council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the council is responsible for assessing its ability to continue as a going concern. The council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the city council and the group or there is no realistic alternative but to do so.

## Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the city council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the city council and group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.
- We determine the appropriateness of the reported intended levels of service in the services and activities section, as a reasonable basis for assessing the levels of service achieved and reported by the city council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the city council and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the city council and the group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the group to express an opinion on the consolidated audited information.

We communicate with the council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Other information

The council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 16, 73 and 136 to 157, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.


## Independence

We are independent of the city council and group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

For the year ended 30 June 2020 and subsequently, the independent chair of the city council's audit and risk committee is a member of the Auditor-General's audit and risk committee. The Auditor-General's audit and risk committee is regulated by a charter that specifies that it provides independent advice to the Auditor-General and does not assume any management functions. There are appropriate safeguards in place to reduce any threat to auditor independence, as the member of the Auditor-General's audit and risk committee has no involvement in, or influence over, the audit of the city council and group.

In addition to our audit and our report on the disclosure requirements, we have performed other regulatory and legally required engagements for the city council and group that are compatible with those independence requirements.

Other than in our capacity as auditor, and the relationship with the Auditor-General's audit and risk committee, we have no relationship with, or interests in, the city council or any of its subsidiaries and controlled entities.

A handwritten signature in black ink, reading "Julian Tan". The signature is written in a cursive style with a large initial 'J' and 'T'.

**Julian Tan**  
Audit New Zealand  
On behalf of the Auditor-General  
Dunedin, New Zealand



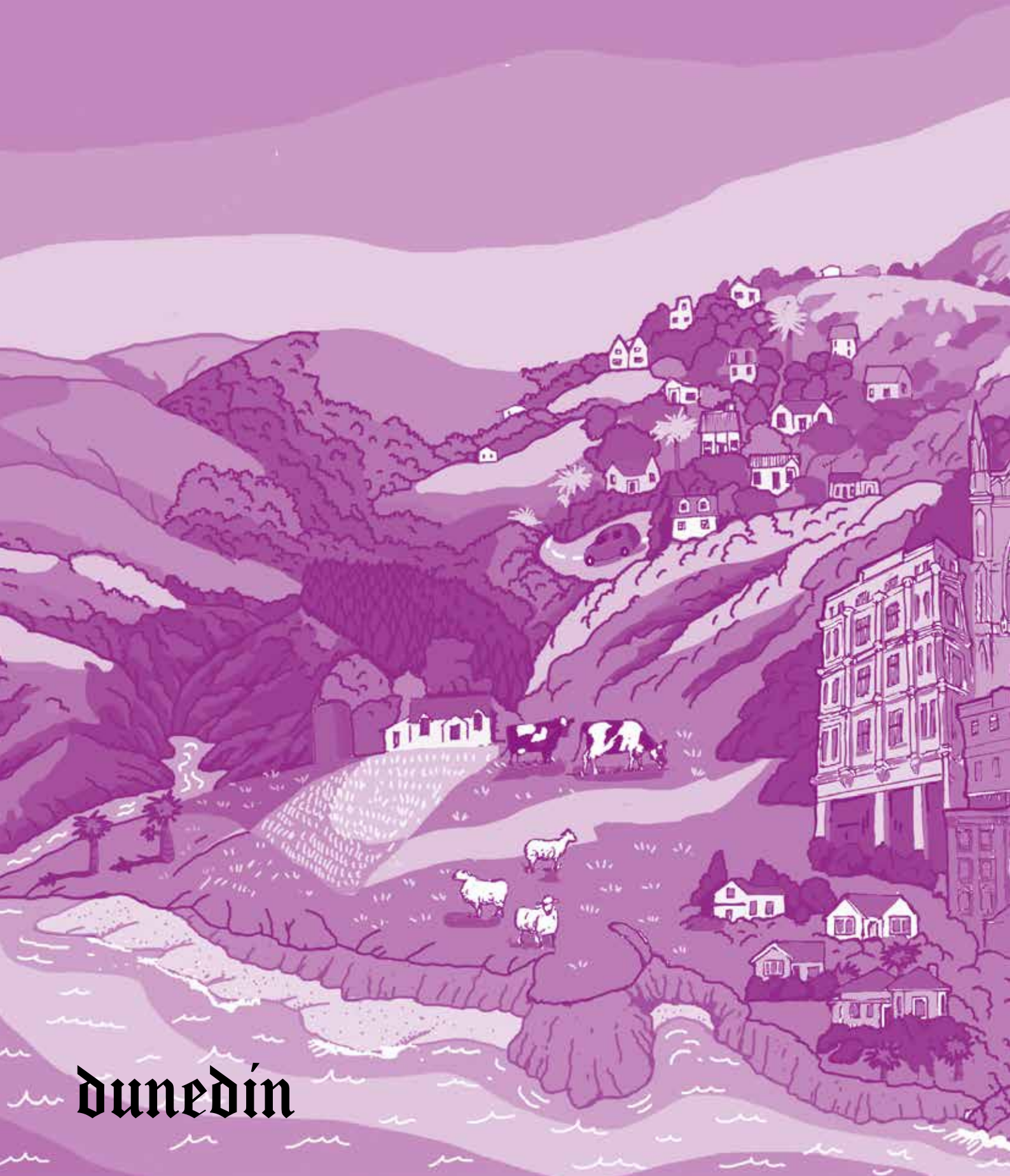


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