

An aerial photograph of a vast, rolling landscape. The foreground and middle ground are dominated by green hills with varying shades of green, suggesting different vegetation or perhaps sheep grazing. A winding road or path is visible on the left side. In the background, a body of water, likely a bay or fjord, stretches across the horizon under a clear sky. The overall scene is one of natural beauty and open space.

2016/17

Dunedin City Council Annual Report Summary

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Introduction from Mayor



Dave Cull, Mayor of Dunedin

Thank you for your interest in the Dunedin City Council's Annual Report Summary for 2016/17, which provides an opportunity to reflect on the achievements and challenges of the past 12 months.

The local body elections in October 2016 brought six new Councillors onto Council, creating a great mix of talent, experience and diversity. The new Council has settled in very quickly to continue Dunedin on its path of becoming one of the world's great small cities.

And there are many signs of confidence and economic development across the city indicating we are on the right track.

The 2016 Quality of Life survey results confirmed Dunedin residents believe their city is a great place to live. The survey found 88% of Dunedin residents rated their overall quality of life as 'extremely good' or 'good', compared to 81% across six other New Zealand cities, including Christchurch, Wellington, Hamilton and Auckland.

This is the first time Dunedin has topped this measure since the survey began in 2003.

Local building consent data suggests Dunedin is experiencing a building boom with many major construction projects underway. In 2016, the Council processed a total of 2717 building consents – 18% more than in 2015 and the highest number in the past six years. The value of these consents totalled \$402.5 million – more than twice the average value of the past five years. Construction on this scale generates jobs and work for contractors and suppliers. The fact that some of this growth is new housing shows people are moving to the city.

Indeed, latest statistics show our population grew by about 1027 people in the year to June 2017, employment grew 1% in the year to March 2016, and GDP grew 2.4% in the year to June 2017.

Our city's increased outward-looking focus and ever-strengthening international relationships are also bringing substantial economic, as well as cultural, benefits.

In May, I signed a Friendship City agreement with the southern Chinese city of Qingyuan. This agreement builds on existing cooperation between Dunedin and Qingyuan in the areas of education, tourism and business.

In China, I also opened the Anything Could Happen exhibition at the prestigious Yu Gallery in Shanghai. The exhibition featured art and fashion inspired by Dunedin. Yu Gallery is part of the Yu Gardens which are more than 400 years old and attract six million people each year.

The good news continued in May, with the Tourism Industry Association's announcement that it had selected Dunedin to host TRENZ 2018 – New Zealand's biggest annual international tourism showcase.

Being selected as the host city highlights Dunedin's ability to successfully deliver large business events and solidifies our position as one of the country's top business events destinations.

Our status as a UNESCO City of Literature also continues to emphasise our creative strengths to the world, including at the iconic Bologna Children's Book Fair in April. Dunedin won a complimentary stand at the Fair, which generated significant interest in both our city's designation and our wealth of wonderful children's authors and illustrators.

As is noted in the Chief Executive's introduction, good progress was also made during the year on improvements to DCC infrastructure.

Of course, 2016/17 was not without its challenges.

In March, Mondelēz International confirmed it will be ending its Dunedin Cadbury factory operations in early 2018, resulting in over 300 job losses. This was devastating news for the workers affected and will be detrimental for the city's economy and the Dunedin community. I am proud, however, of the city's response in pulling together to support those in their time of need.

Along with the Otago Regional Council, we also continued to monitor and prepare for another major challenge now and into the future – climate change and sea level rise. We are gathering enough information to understand what changes are underway, so that we are well prepared to take action if sea level rise causes the groundwater in South Dunedin to rise in the coming decades.

Overall, another solid year of progress as the Council continues to successfully balance reducing debt and keeping rates increases to a modest level, while still making strategic investments that enhance and improve the city.

Introduction from Chief Executive Officer



Sue Bidrose, Chief Executive

We are pleased to present the 2016/17 Annual Report Summary. It shows that the Council continues to reduce debt while maintaining core services and investing in initiatives to support a vibrant, attractive city. This all contributes to our vision, that Dunedin is one of the world's great small cities.

The Council continued its commitment to keep rates affordable for our ratepayers, ensuring the rates increase for the year would be no more than 3%. The final Annual Plan budgets for 2016/17 resulted in an overall rates increase of 2.97%.

During the year, there were delays to several major projects including the Peninsula road widening, LED street lighting and the Ross Creek reservoir refurbishment while scoping and design work was completed. These delays have contributed to Council debt being around \$17 million less than budget. However, at \$202m, debt is still significantly lower than the \$248m forecast in the 2015 Long Term Plan and well under the target of \$230m by 2021. The projects mentioned above are now either underway or scheduled to start in 2017/18.

Lower than expected debt servicing costs and savings from the previous year allowed us to fund some additional work in the 2016/17 Annual Plan without needing extra rates funding. This included work on initiatives like GigCity, City of Literature and implementing parts of the environment strategy. We accelerated work on planning how we will respond to challenges of more extreme rainfall events and high ground water in some areas, as sea levels rise. We also investigated coastal erosion protection options, particularly for Ocean Beach, including the St Clair seawall.

Maintaining quality infrastructure continues to be important core work as our city is of an age that requires renewals and upgrades. One milestone event was completing the upgrade of the Outram water plant in October 2016. This was the last piece of work in a 21 year programme of upgrades costing more than \$100 million.

The stormwater network is now better placed to deal with high stormwater flows after the cleaning of the entire mud tank network was completed and a new pumping station screen was installed at the Portobello Road pumping station.

You may notice more creativity in infrastructure soon, as the Council has adopted a policy to consider embedding art and creativity when planning infrastructure projects.

We have been planning improvements to the safety and accessibility of our transport network, both with the Portobello/Harington Point Road improvements and, alongside the New Zealand Transport Agency, with a separated cycleway along the State Highway 1 one-way systems through the city.

Looking ahead, we will continue to look for the balance between renewing and maintaining our infrastructure for current and future needs while also ensuring Dunedin has what it takes to be one of the world's great small cities.

There have been good gains last year towards achieving our vision and strategic priorities and whether you live, work or study in Dunedin you have played your part. Thank you.

Overview of Community Outcomes

The community outcomes outline the sort of city residents want to live, study and work in, now and in the future. The outcomes drive the Dunedin City Council's planning and priorities.

The community outcomes outlined in this report were developed in consultation with residents in a process started about a decade ago. In 2010, work began to refresh the city's vision and review the community outcomes, under a programme called 'Your City Our Future'. Revised community outcomes were reported against for the first time in the 2012/13 Annual Report.

This work also informed the development of an overarching strategic framework for Dunedin (see diagram below) which guides the Council's decision-making. The Council's goal is to deliver on the community outcomes while maintaining core service levels expected by the community and meeting legislative requirements. The Council is one of the many organisations within the city who work towards delivering on the strategic objectives set out in the framework.

While work is currently underway for the community outcomes in the next Long Term Plan (LTP) 2018/19-2027/28 to be the strategic objectives, this Annual Report is based on the outcomes adopted in 2015/16. The Local Government Act 2002 requires councils to report in their annual reports on the progress made towards achieving community outcomes. Detailed results for outcome indicators measured in the 2016/17 year can be found in the appendix to this document.

Dunedin's Strategic Framework



Highlights of the projects and activities undertaken in the 2016/17 financial year in each of the outcome areas are set out below.

A thriving and diverse economy

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

- Work continues with key stakeholders to market the city as a centre of academic and research excellence and to secure international conferences.
- For the first time in TRENZ's (New Zealand's premier international travel trade and media event) 60-year history, the Council has successfully negotiated the hosting of TRENZ 2018. TRENZ will contribute an estimated \$10 million in direct and indirect value for the city. Also, in partnership with the University of Otago, the Council was successful in seven international conferences bids for the city at an estimated value of \$6.2 million.
- New friendship city agreements with Chinese cities, Qingdao and Qingyuan, have helped facilitate growth for Dunedin in study tourism during 2016/2017. Project China's contribution to the Shanghai Science and Technology Centre (SSTC) agreement resulted in a financial contribution gifted to the New Zealand Non-Communicable Disease (NCD) Research Centre at the University of Otago.
- In November 2016, the ICT graduate school (Signal) was launched in Dunedin. This school was developed in conjunction with wider South Island university consortia and intends to deliver graduates who are ready for work and supporting industries to develop more easily.

A connected community

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

- Nationally and internationally, marketing campaigns during spring 2016 and autumn and winter 2017 targeted the Auckland, Wellington and Brisbane visitor markets aiming to increase awareness of and engagement in Dunedin.
- Air New Zealand increased jet services from Auckland and Wellington by more than 100,000 seats. Joint venture marketing campaigns contributed to maintaining passenger numbers on these new and existing services. The estimated value of the tourism sector has increased 6% for the year ended June 2017. This is equal to the national average growth and is worth an estimated \$707 million to Dunedin.

- Work is well underway for road safety improvements along Portobello and Harington Point Roads on the peninsula, as well as for connecting central city cycleways between the city and the harbour.
- Dunedin continues to lead the country with broadband speeds more than three times that of the next fastest centre. The free GigCity Wi-Fi hotspot rollout continued to be developed in 11 city locations. The GigCity Living Hub opened in December 2016 showcasing gigabit technologies and allowing the community and visitors to the city to experience the technology first hand. Gig City and Chorus provided \$165,000 to community organisations and \$100,000 was given to 11 local Dunedin start-ups.

A safe and healthy city

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

- Maintaining quality infrastructure continues to be important core work as the city is of an age that requires renewals and upgrades. One milestone event was completing the upgrade of the Outram water plant in October 2016. This was the last piece of work in a 21-year programme of upgrades costing more than \$100 million.
- The stormwater network is also better placed to deal with high stormwater flows after the cleaning of the entire mud tank network was completed and a new pumping station screen was installed at the Portobello Road pumping station. The water Dunedin is now drinking is among the best in the country.
- A new central city recycling programme provides a better service for cardboard collection. It establishes back of house collection services and safe kerbside collection points. A recycling drop-off facility was also established in Moray Place. This is the first of two facilities with another planned in Vogel Street in the 2017/18 year.
- To adapt to climate change, and following the June 2015 flood, the Council has introduced new minimum floor levels mainly for residential buildings, including new homes, house extensions and rest homes, across low lying parts of the city including South Dunedin, the Taieri Plain, Brighton, Tomahawk and parts of Kaikorai Valley.

A distinctive built environment

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

- Hundreds of people had their say during hearings for Dunedin's new District Plan. The District Plan controls what people can do on their land and how it can be developed. Its main goal is to sustainably manage the city's natural and physical resources to meet the needs of current and future generations. The review, which began in 2012, produced a Proposed Second Generation Dunedin City District Plan – the 2GP. Hearings began at the start of the 2016/17 year. There have been 25 hearings, around 1500 submissions and more than 900 people have spoken to their submission. It is expected that decisions will be released by the end of 2017, with the 2GP coming into effect in a staged way.
- Nearly \$500,000 worth of work to the city's heritage buildings was funded in 2016-17 through the Dunedin Heritage Fund, the Central City Heritage Re-use Grant Scheme and the contestable fund for rates relief. The largest grant of \$100,000 from the Dunedin Heritage Fund assisted with financing a replacement roof on the Category I Listed former St Dominic's Priory. Work has now begun to make the building watertight and weatherproof after it spent over a decade vacant.
- In the Warehouse Precinct, work on the Jetty Street pedestrianisation started with construction due to be complete by October 2017. With more people moving into the area to live and work, the design will provide an attractive spot for people to relax in the heart of the Warehouse Precinct. Design themes are in keeping with the area's history as a jetty and many of the materials for the site are recycled.

A valued and protected natural environment

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

Delivery on the strategic objectives of Te Ao Turoa, Dunedin's Environment Strategy, began in 2016/17. Key initiatives included:

- Working together to manage pests: The Council signed a Memorandum of Understanding with Predator Free Dunedin along with 18 other city partners. This initiative aims to develop and take action against predators at a landscape scale. The Council committed \$25,000 as a partner to support this work.

Other pest management work includes: new guidelines for pest and ecological contracts on the Council's parks and reserves in place from 1 July 2017; approval of an OSPRI's 1080 pest control operation on Council land in the Silverstream catchment area (while this operation targets possums, it is also expected to reduce the number of rats and other predators and will benefit native bird species and biodiversity in the area); the continued Sycamore Removal Trial along a section of the West Harbour Cycleway; and non-toxic herbicides for weed control being trialled at Marlow Park playground in St Kilda, with another trial planned at the proposed 'pocket park' in the old Carisbrook Stadium site later this year.

- Following a central government initiative to reduce risks to people, livestock and wildlife, free de-sexing for menacing dog breeds and dogs classified as high-risk was offered to dog owners until 30 June 2017. Funding for this initiative was provided by the Department of Internal Affairs and has been extended for the next financial year.

A supportive community

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

- To support the South Dunedin community work is underway to set up a temporary hub in Hillside Road. This will include space for community activities, meeting areas as well as library activities. It will provide access to Gig wifi and be used as a Council service centre. The community will be invited to have their say on what they would like to see in a permanent hub.
- Task Force Green and the Community Volunteer Scheme once again supported a number of individuals to find employment. These schemes also do invaluable work in the community. Projects that have benefited from their work during the year include: predator trapping at Okia Reserve for penguin protection with the Yellow Eyed Penguin Trust; installing adult exercise equipment along the West Harbour recreation trail for Dunedin Rotary; graffiti removal with Keep Dunedin Beautiful; and working with peninsula protection group, STOP, on gorse and noxious weed removal on the peninsula.
- Support continues for the network which co-ordinates work on resettling refugees in the city. The Dunedin Refugee Steering Group was formed during the year to oversee this work.

A vibrant and creative city

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

The highlights involved continued delivery on Ara Toi Otepoti – Our Creative Future (Dunedin’s Arts and Culture Strategy) which included:

- The development of a new public art framework for community engagement.
- The adoption of an art and creativity in infrastructure policy aimed at embedding a creative perspective into city infrastructure projects.
- The Urban Dream Brokerage franchise supported 11 projects to reduce vacant space in Dunedin’s CBD and shifted the use of these spaces towards innovative public interaction.
- A China Film Festival was held in March that provided significant exposure to film-related businesses in the city including Natural History New Zealand (NHNZ), Animation Research Limited (ARL) and Chinese film companies.
- The Council facilitated “Anything Could Happen”, an exhibition at the Yu Gardens (Huangpu District), Shanghai with 74 pieces by 33 Dunedin artists and designers. It attracted over 40,000 visitors.

A city of learning

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

- The Study Dunedin programme continued to support the international student market. Work included promoting the city in Bangkok, Hong Kong and Southern China with representatives from the University of Otago and the Polytechnic. Pre-arrival guides and web information were created to promote the city to prospective students and families. These are expected to be launched in first quarter of the 2017/18 year. The work ready programme continued to be developed and highlighted as an exemplar by Education New Zealand. Over 124 company representatives engage with the programme which also includes 22 nationalities. Study Dunedin also hosted international education agents from South America, Japan and China in addition to international education journalists.

- Opportunities continue with the Dunedin UNESCO City of Literature status. The Dunedin UNESCO City of Literature competed against 116 other Creative Cities and won a stand at the iconic Bologna Children’s Book Fair in April. The launch of a City of Literature doctoral scholarship was also announced by the University of Otago and the Council in January.

An active city

Dunedin’s people lead active healthy and enjoyable lifestyles.

- There are more opportunities now for volunteers who want to be active as well as help conserve the trails in and around Dunedin. The Trail Crew programme, aimed at enhancing and maintaining trails whilst also providing volunteer experiences for people looking to explore new places, learn new skills, meet people and give something back, was launched in May 2017 by the Council and the Department of Conservation.
- The draft Parks and Recreation Strategy was consulted on during the year, feedback analysed and revised draft prepared for adoption. More than 100 submissions from members of the public and stakeholder organisations were received.
- There was also public consultation on the management of our reserves and beaches which has resulted in the Beaches and Reserves bylaw. This regulates activities on beaches and reserves.

A sustainable and resilient city

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

- The Council is working to deliver on its commitment to the international Compact of Mayors. The Compact of Mayors was launched in 2014 to support local government in setting ambitious climate reduction goals, taking ambitious action to meet those objectives and measuring their progress publicly and transparently. As a Compact of Mayors signatory, the Council has now measured and reported on a citywide greenhouse gas inventory for Dunedin, and identified risks and vulnerabilities arising from climate change. The Council has also begun consulting on potential city-wide carbon reduction targets for Dunedin.
- As part of the Energy Plan 1.0, the Dark Skies Advisory Panel provided recommendations towards making Dunedin a ‘night sky city’ including the transition of the city’s streetlights to LED.

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- Another early action of the Energy Plan has been progressed and is exploiting the potential for use of electric vehicles (EV) in the city in partnership with other institutions. The Council has resolved to include 20 EVs in the Council fleet within five years, and supported the installation of a new public EV charging station.
 - The Council also provided financial support to the Cosy Homes Trust for their work to improve home insulation and heating outcomes for the city, and has also supported a Waitati-based smart grid marketplace trial.
 - Work to explore the feasibility of using thermal energy from the city's wastewater pipes to heat larger commercial or government buildings has been completed, and opportunities to realise these will be discussed with key city stakeholders as part of the Energy Leaders Accord early in the 2017/18 year.

Summary of the Statement of Service Performance

As in previous years, the Council has measured both its financial and non-financial performance. The following tables record a summary of the non-financial performance achievement of each activity group. The 2016/17 Annual Plan contained 101 service performance measures that were monitored and reported on. These covered areas of service provision such as customer satisfaction, maintenance and management of assets, environmental management, statutory compliance and enforcement, contract management, community support, and availability of information. This year, DCC departments achieved 65% of these performance measures, compared with 68% in 2015/2016.

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

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

Economic Development and City Promotion

| Activity | No. of Measures | Achieved | Not Achieved | Not Measured | % Achieved |
|---|-----------------|----------|--------------|--------------|------------|
| Economic Development and City Promotion | 4 | 3 | 1 | – | 75% |
| Totals: | 4 | 3 | 1 | – | 75% |

City Investments

| Group | No. of Measures | Achieved | Not Achieved | Not Measured | % Achieved |
|------------------|-----------------|----------|--------------|--------------|------------|
| City Investments | 5 | 2 | 3 | – | 40% |
| Totals: | 5 | 2 | 3 | – | 40% |

Roading and Footpaths

| Group | No. of Measures | Achieved | Not Achieved | Not Measured | % Achieved |
|-----------------------|-----------------|-----------|--------------|--------------|------------|
| Roading and Footpaths | 18 | 10 | 8 | – | 56% |
| Totals: | 18 | 10 | 8 | – | 56% |

Water Supply

| Group | No. of Measures | Achieved | Not Achieved | Not Measured | % Achieved |
|----------------|-----------------|----------|--------------|--------------|------------|
| Water | 9 | 7 | 2 | – | 78% |
| Totals: | 9 | 7 | 2 | – | 78% |

Sewerage and Sewage

| Group | No. of Measures | Achieved | Not Achieved | Not Measured | % Achieved |
|----------------|-----------------|----------|--------------|--------------|------------|
| Wastewater | 8 | 7 | 1 | – | 88% |
| Totals: | 8 | 7 | 1 | – | 88% |

Stormwater

| Group | No. of Measures | Achieved | Not Achieved | Not Measured | % Achieved |
|----------------|-----------------|----------|--------------|--------------|------------|
| Stormwater | 8 | 6 | 1 | 1 | 75% |
| Totals: | 8 | 6 | 1 | 1 | 75% |

Solid Waste

| Group | No. of Measures | Achieved | Not Achieved | Not Measured | % Achieved |
|----------------|-----------------|----------|--------------|--------------|------------|
| Solid Waste | 2 | – | 2 | – | 0% |
| Totals: | 2 | – | 2 | – | 0% |

City Planning and Regulatory Services

| Group | No. of Measures | Achieved | Not Achieved | Not Measured | % Achieved |
|---------------------------------------|-----------------|----------|--------------|--------------|------------|
| City Planning and Regulatory Services | 9 | 5 | 4 | – | 56% |
| Totals: | 9 | 5 | 4 | – | 56% |

Community Development and Support

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

Museums, Art Gallery and Libraries

| Group | No. of Measures | Achieved | Not Achieved | Not Measured | % Achieved |
|------------------------------------|-----------------|-----------|--------------|--------------|------------|
| Museums, Art Gallery and Libraries | 13 | 11 | 2 | – | 85% |
| Totals: | 13 | 11 | 2 | – | 85% |

Sport, Recreation and Leisure

| Group | No. of Measures | Achieved | Not Achieved | Not Measured | % Achieved |
|-------------------------------|-----------------|----------|--------------|--------------|------------|
| Sport, Recreation and Leisure | 12 | 7 | 5 | – | 58% |
| Totals: | 12 | 7 | 5 | – | 58% |

| | | | | | |
|------------------------------|------------|-----------|-----------|----------|------------|
| Total for the Council | 101 | 66 | 32 | 3 | 65% |
|------------------------------|------------|-----------|-----------|----------|------------|

Overview of Financial Results

The Council operating result for 2017 was characterised by increased expenditure to deliver core services, higher depreciation charges resulting from the revaluation of infrastructure assets, and lower than budgeted grants revenue reflecting delayed capital expenditure projects.

These variances were partially offset by the non-cash vesting of roading and water and waste assets, and lower interest costs due to a lower level of borrowing.

Capital expenditure for the year was lower than expected reflecting delays in a number of key projects including the Peninsula widening work.

The term loan balance as at 30 June 2017 was \$202.419 million or \$16.956 million less than budget. This difference was driven by higher than expected repayments during the year resulting from lower than expected cash outlay for capital expenditure.

Outlook

The Council's current financial strategy provides guidance as we seek to balance the competing tensions of affordability, maintaining assets and investing for the future.

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

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

There will be a number of challenges as Council embarks on development on its next long term plan 2018/19 – 2028/29.

These include ensuring affordable rate increases, while delivering existing levels of service in an environment of increasing costs; delivery on the aspirations set out in the Council's key strategies; and investment for the future in new and/or enhanced facilities and infrastructure.



Summary Financial Report

| | CORE COUNCIL | | | CONSOLIDATED | |
|--|------------------|------------------|------------------|------------------|------------------|
| | Actual | Budget | Actual | Actual | Actual |
| | 2017 | 2017 | 2016 | 2017 | 2016 |
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| Summary of Statement of Comprehensive Revenue and Expense for the Year Ended 30 June 2017 | | | | | |
| Total operating revenue | 238,233 | 228,882 | 227,934 | 481,207 | 472,809 |
| Operating expenditure | 223,438 | 207,537 | 202,337 | 421,234 | 401,589 |
| Financial expenses | 14,341 | 15,380 | 18,331 | 31,816 | 38,405 |
| Total operating expenditure | 237,779 | 222,917 | 220,668 | 453,050 | 439,994 |
| Operating surplus/(deficit) | 454 | 5,965 | 7,266 | 28,157 | 32,815 |
| Surplus/(deficit) for the year from discontinued operations | - | - | - | - | - |
| Loss on transfer of State Highway to NZTA | - | - | (16,289) | - | (16,289) |
| Less taxation | (1,109) | - | (959) | 9,281 | 8,718 |
| Operating surplus/(deficit) after taxation | 1,563 | 5,965 | (8,064) | 18,876 | 7,808 |
| Share of associate surplus/(deficit) | - | - | - | 1,161 | 1,053 |
| Net surplus/(deficit) | 1,563 | 5,965 | (8,064) | 20,037 | 8,861 |
| Attributable to: | | | | | |
| Dunedin City Council and Group | 1,563 | 5,965 | (8,064) | 19,989 | 8,823 |
| Non-controlling interest | - | - | - | 48 | 38 |
| Total | 1,563 | 5,965 | (8,064) | 20,037 | 8,861 |
| Statement of Other Comprehensive Revenue and Expense for the Year Ended 30 June 2017 | | | | | |
| Gain/(loss) on property plant and equipment revaluations | 189,043 | 36,269 | 34,928 | 189,284 | 34,928 |
| Gain/(loss) of comprehensive revenue in associates | - | - | - | 6,095 | (19) |
| Gain/(loss) of cash flow hedges at fair value through other comprehensive revenue and expense | 5,620 | 322 | 593 | 12,783 | (9,444) |
| Gain/(loss) on foreign exchange hedges | - | - | - | 877 | 1,971 |
| Gain/(loss) on carbon credit revaluation | - | - | - | (586) | 10,832 |
| Income tax on other comprehensive income | - | - | - | (338) | (1,790) |
| Total comprehensive revenue and expense for the year | 196,226 | 42,556 | 27,457 | 228,152 | 45,339 |
| Attributable to: | | | | | |
| Equity holders of the Council | 196,226 | 42,556 | 27,457 | 228,104 | 45,301 |
| Non-controlling interest | - | - | - | 48 | 38 |
| Total | 196,226 | 42,556 | 27,457 | 228,152 | 45,339 |
| Summary of Statement of Changes in Equity for the Year Ended 30 June 2017 | | | | | |
| Equity at the beginning of the year | 2,737,212 | 2,742,569 | 2,709,755 | 2,906,991 | 2,861,652 |
| Total comprehensive revenue and expense for the year | 196,226 | 42,556 | 27,457 | 228,152 | 45,339 |
| Equity at the end of the year | 2,933,438 | 2,785,125 | 2,737,212 | 3,135,143 | 2,906,991 |

| | CORE COUNCIL | | | CONSOLIDATED | |
|---|--------------|-----------|-----------|--------------|-----------|
| | Actual | Budget | Actual | Actual | Actual |
| | 2017 | 2017 | 2016 | 2017 | 2016 |
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| Summary of Statement of Financial Position as at 30 June 2017 | | | | | |
| Total current assets | 29,282 | 26,760 | 22,121 | 85,729 | 83,050 |
| Total non-current assets | 3,156,182 | 3,035,436 | 2,984,968 | 3,827,786 | 3,600,325 |
| Total assets | 3,185,464 | 3,062,196 | 3,007,089 | 3,913,515 | 3,683,375 |
| Total current liabilities | 30,859 | 61,804 | 47,222 | 74,578 | 63,777 |
| Total non-current liabilities | 221,167 | 215,267 | 222,655 | 703,794 | 712,607 |
| Equity attributable to minority interest | - | - | - | 616 | 568 |
| Accumulated funds | 1,680,653 | 1,693,959 | 1,679,472 | 1,811,725 | 1,799,051 |
| Revaluation reserves | 1,253,074 | 1,097,340 | 1,064,031 | 1,269,724 | 1,074,586 |
| Restricted reserves | 9,894 | 9,516 | 9,512 | 9,894 | 9,512 |
| Cash flow hedge reserves | (10,183) | (15,690) | (15,803) | (13,309) | (26,515) |
| Carbon credit reserve | - | - | - | 10,820 | 11,290 |
| Forest revaluation reserve | - | - | - | 45,673 | 38,499 |
| Equity attributable to Dunedin City Council and Group | 2,933,438 | 2,785,125 | 2,737,212 | 3,135,143 | 2,906,991 |
| Total liabilities and equity | 3,185,464 | 3,062,196 | 3,007,089 | 3,913,515 | 3,683,375 |
| Summary of Statement of Cash Flows for the Year Ended 30 June 2017 | | | | | |
| Net cash inflow/(outflow) from operating | 47,635 | 60,688 | 50,890 | 82,055 | 90,251 |
| Net cash inflow/(outflow) from investing | (31,820) | (59,811) | (31,126) | (80,280) | (72,910) |
| Net cash inflow/(outflow) from financing | (14,023) | (533) | (22,515) | (2,259) | (19,327) |
| Net increase/(decrease) in cash held | 1,792 | 344 | (2,751) | (484) | (1,986) |
| Opening cash balance | 2,668 | 113 | 5,419 | 20,080 | 22,066 |
| Closing cash balance | 4,460 | 457 | 2,668 | 19,596 | 20,080 |

Notes to the Financial Statements for the Year Ended 30 June 2017

1. Reporting Entity

The Dunedin City Council is a territorial authority governed by the Local Government Act 2002.

The Council has designated itself and the Group as public benefit entities (PBEs) as defined under the PBE International Public Sector Accounting Standards (PBE IPSAS).

All amounts are shown in New Zealand dollars and are rounded to the nearest thousand dollars (\$000).

2. Accounting Policies

Basis of preparation

The Council has prepared the summary financial report in order to provide users with a succinct overview of Council performance. The specific disclosures included in the summary financial report have been extracted from the full audited financial report dated 31st October 2017 and was authorised for issue by the acting Chief Financial Officer on that date.

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

The full financial statements have been prepared in accordance with Tier 1 PBE accounting standards and generally accepted accounting practice in New Zealand (NZ GAAP).

The information in this summary report has been prepared in accordance with PBE FRS 43: Summary Financial Statements.

Users who require additional information are encouraged to access the full Council Annual Report on the Council website at www.dunedin.govt.nz. Users who do not have access to the website can request a printed version from the following address:

Financial Controller, Dunedin City Council, PO Box 5045, Moray Place, Dunedin 9058.

3. Changes in Accounting Policy

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

4. Capital and Operating Commitments

The capital commitments of the Council were \$11,344,000 (2016: \$3,917,000) and of the Group \$22,684,000 (2016: \$15,526,000).

The significant operating commitments of the Council and group for beyond five years was \$123,413,000 (2016: \$36,470,000).

5. Contingencies

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

6. Explanations of Major Variances Against Budget

Total operating revenue was \$9.351 million higher than budget. This was due to a number of unbudgeted items including: improved occupancy of the property portfolio; unbudgeted forestry harvesting income; and the non-cash vesting of roading and water and waste assets. These unbudgeted items were partially offset by lower than expected subsidies and grants revenue resulting from Transport undertaking less NZTA funded capital projects than expected. This shortfall primarily related to the Peninsula road widening and LED lighting projects.

Operating expenditure was \$15.9 million higher than budget reflecting: increased costs to delivery core services including green space and roading maintenance; increased depreciation expenditure \$4.677 million greater than budget due to the unbudgeted revaluation of Three Waters assets effective from 1 July 2016; and unbudgeted expenditure as Council completed asset assessments and remediation across a number of portfolios.

Financial expenses were less than budget by \$1.039 million due to the lower debt position and favourable floating interest rate.

Net cash inflow from operations was \$13.053 million less than budget driven by the revenue and expense variances discussed above.

Net cash outflow from investing activities was \$27.991 million less than budget primarily driven by lower than expected cash outlay for capital expenditure. A number of key projects have been delayed while scoping and design work is completed – Peninsula road widening, LED lighting and Ross Creek reservoir reinforcement work. These projects are now either underway or scheduled to commence in the 2017/18 financial year. This lower capital expenditure enabled higher than expected term loan repayments to be made.

7. Post Balance Date Events

There have been no post balance date events.

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Dunedin City Council and group's summary of the annual report for the year ended 30 June 2017

The summary of the annual report was derived from the annual report of Dunedin City Council (the City Council) and its subsidiaries and controlled entities (the group) for the year ended 30 June 2017.

The summary of the annual report comprises the following summary statements on pages 8 to 15:

- the summary statement of financial position as at 30 June 2017;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2017;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of the statement of service performance.

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS 43: Summary Financial Statements.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2017 in our auditor's report dated 31 October 2017.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary financial statements, in accordance with PBE FRS 43: Summary Financial Statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary financial statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out 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.

In addition to the audit of the summary annual report and the full annual report, we have completed the following engagements:

- an assurance engagement in respect of Aurora Energy Limited's compliance statement prepared under the Electricity Distribution Services Default Price-Quality Path Determination 2015 NZCC 35 for the assessment year ended 31 March 2017;
- an assurance engagement in respect of Aurora Energy Limited's compliance statement prepared under the Electricity Distribution Information Disclosure Determination 2012 for the assessment year ended 31 March 2017; and
- a regulatory audit of Dunedin International Airport Limited's disclosure financial statements for the year ended 30 June 2016 pursuant to the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999.

These engagements are compatible with the Auditor-General's independence requirements.

Other than the audit of the summary annual report, the full annual report and these engagements, 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, flowing style. The first name "Julian" is written in a larger, more prominent script, and the last name "Tan" is written in a slightly smaller, more compact script. The signature is centered within a rectangular box.

Julian Tan,
Audit New Zealand
On behalf of the Auditor-General
Dunedin, New Zealand
21 November 2017



DUNEDIN CITY
COUNCIL
Kaunihera-a-rohe o Otepoti

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03 477 4000

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