

2017/18

Dunedin City Council Annual Report



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SECTION 1:

Organisation and
Financial Management Report

Introduction from Mayor

Thank you for your interest in Dunedin City Council's Annual Report for 2017/18. This provides an opportunity to reflect on the achievements and challenges of the past 12 months.

Clearly a large part of the Council's attention, especially for the second half of the year, focussed on the 10 year plan 2018-28 and the investment priorities that entailed. Those include a lifting of emphasis in a couple of areas.

The first was ramping up the implementation of Ara Toi Otepoti: Dunedin's Arts and Culture Strategy during 2017/18, and awareness of the opportunities to better leverage the city's creative sector. That's partly due to our ever-strengthening international connections and designation as a UNESCO Creative City of Literature.

For example, Dunedin hosted the inaugural Creative Cities Southern Hui in late 2017, connecting local and overseas writers and artists, and promoting our city's cultural strengths to an international audience. In May, Dunedin signed an agreement with Shunde, a Chinese Creative City of Gastronomy, for collaboration between our respective polytechnics in the culinary arts. Exchanges of tutors, projects and students are envisaged, further strengthening both cities' cultural exchange, visitor hosting ability and creative output.

During the year several film and television production companies came to the city, attracted by screen locations, local skills and talent, our gig speed, increased film activity, and quite simply our lifestyle offering. These new companies complement a cluster of existing creative enterprise.

The economic impact of hosting big cultural events is also significant for the city. The Ed Sheeran concert weekend over Easter 2018 injected almost \$38 million into the local economy. What isn't so easy to measure is the social impact, the community pride and spirit, these types of events help to generate. It was wonderful to see the range of families and age-groups, both residents and visitors, getting involved in a variety of events over the weekend.

The latest economic and population data released during the year confirmed that Dunedin is experiencing a strong resurgence with development and growing confidence across the city. Infometrics' quarterly economic monitor released in March showed 883 jobs added to Dunedin's economy in the year ending March 2017, while GDP grew 2.2% over the same period. Statistics New Zealand estimates Dunedin's population grew by 1800 in the year to June 2017.

Of course, the year also had its challenges.

A state of emergency was declared in July 2017 as heavy rain swelled rivers to near record levels. Slips, flooding and the inundation of ponding areas caused issues across the city. In February 2018, Dunedin experienced one of its highest temperatures on record, then a major fire, followed within 24 hours by a downpour which led to another declared state of emergency.

All response agencies, including the Council, demonstrated learnings from previous emergency situations. With a greater focus on building community resilience before emergencies, a more proactive emergency response and better communication, the community coped relatively well with the events described above.

The weather events were a stark reminder that climate change is a significant issue facing communities across the world, including ours. While the Council has been conscious of this challenge for some time, three floods in three consecutive years has focused attention on the imperative of adaptation measures. And as well as progressing climate change adaptation planning, this year the Council set city-wide emissions reduction targets to help fulfil our city's own environmental goals.

Some might say that one small community can't achieve much in slowing the impacts of climate change. But all around the world, communities are stepping up to the plate and doing their part. By creatively thinking globally and acting locally, we can influence the changes necessary for the sustainability of our community.

Dave Cull
Mayor of Dunedin

Introduction from Chief Executive Officer

We are pleased to present the 2017/18 Annual Report. It shows that the Council continued to strike a balance between keeping rates at the level committed to in its Long Term Plan 2015-25 and reducing debt, while also maintaining core services and progressing new projects.

The final Annual Plan budgets for 2017/18 resulted in an overall rates increase of 2.99%, just below the 3% limit in the Long Term Plan.

As mentioned in the Mayor's introduction, a big part of the year was spent engaging with the community and planning for the years ahead. Dunedin is currently experiencing a resurgence as is evidenced by recent economic and population growth data. The Council is eager to build on that momentum, which has been created by things like our city's more outward looking focus, increased showcasing of our vibrant arts and culture scene to the globe, and capitalising on our world-class facilities to host major events and conferences.

The Dunedin Hospital rebuild is one major city project that we, along with others, have contributed towards. Other city projects such as upgrades of the central city and tertiary areas and the city to waterfront bridge are part of the ambitious programme of spending in our 10 year plan 2018-28. More of you than ever before had your say on the plans to make our city an even more attractive place to live, work, study and do business.

Adapting to climate change continued to be a key part of our business and planning in 2017/18. South Dunedin is one area where we have been planning major projects and upgrades to adapt stormwater and wastewater systems for more intense rainfalls that are expected. The July 2017 flood event was one such event and \$12.3 million was spent on remedial work throughout the year. A further \$8 million is expected to be spent in the new financial year, including the replacement of Mount Ross Bridge at Sutton which was destroyed in the flood. The New Zealand Transport Agency covers approximately 70% of repair costs.

As well as adaptation, the Council is also conscious of its responsibility to mitigate against the causes of climate change.

Extra funding was included in 2017/18 to speed up work on Te Ao Tūroa, Dunedin's Environment Strategy. As part of this work the Council decided on a target to reduce city-wide emissions to net zero carbon emissions by 2050 (excluding methane). For the first time, we also procured a high-level carbon assessment of proposed capital and operating projects to better understand the carbon impact as we developed the 10 year plan 2018-28.

Another highlight of the year was the official opening of the South Dunedin Community Pop Up providing space for community activities, Council service centre and library facilities. This temporary facility meets community demand for these services in South Dunedin and use of the services and spaces steadily increased during its first year of operation. This is also a place for people to have their say about plans for a permanent facility as well as wider South Dunedin community issues.

Quality infrastructure also remained a focus. Keeping our streets and roads safe for everyone has been the focus of peninsula and urban cycleway work, roundabouts, new street layout around schools, and planning for replacing street lighting with LEDs.

Overall, another solid year of progress towards our vision of Dunedin as one of the world's great small cities.

Sue Bidrose
Chief Executive Officer

Mayor and Councillors

Members of Council

Dave Cull (Mayor)

Office: 03 474 3855

Home: 03 476 1050

Mobile: 027 434 6917

Chris Staynes (Deputy Mayor)

Home: 03 453 6855

Mobile: 021 523 682

David Benson-Pope

Home: 03 454 4136

Rachel Elder

Mobile: 022 397 4604

Christine Garey

Mobile: 0274 478 876

Doug Hall

Mobile: 027 432 0023

Aaron Hawkins

Mobile: 022 100 6634

Marie Laufiso

Mobile: 021 532 396

Mike Lord

Home: 03 486 2730

Mobile: 027 438 2097

Damian Newell

Mobile: 021 397 976

Jim O'Malley

Mobile: 021 525 547

Conrad Stedman

Office: 03 477 6838

Mobile: 021 311 551

Lee Vandervis

Home: 03 467 5272

Mobile: 021 612 340

Andrew Whiley

Home: 03 454 2262

Mobile 027 465 3222

Kate Wilson

Home: 03 464 3797

Mobile: 027 443 8134

Community Boards

West Harbour	Mosgiel/Taieri	Otago Peninsula
Steve Walker (Chair) M: 027 850 5603	Sarah Nitis (Chair) M: 027 5433 903	Paul Pope (Chair) M: 027 466 8446
Trevor Johnson (Deputy Chair) M: 027 284 8611	Joy Davis (Deputy Chair) M: 027 476 6047	Hoani Langsbury (Deputy Chair) M: 027 430 6025
Ange McErlane M: 0274 380 601	Martin Dillon M: 027 433 7800	Lox Kellas M: 021 191 5103
Jan Tucker M: 027 140 8890	Philippa Bain M: 027 545 3193	Christine Neill M: 027 223 4824
Ryan Jones M: 022 432 1346	Maurice Prendergast M: 027 434 5545	Graham McArthur M: 021 477 7009
Francisca Griffin M: 027 483 4707	Dean McAlwee M: 027 272 6132	Edna Stevenson M: 027 478 0543
Cr Aaron Hawkins M: 022 100 6634	Cr Mike Lord M: 027 438 2097	Cr Andrew Whiley M: 027 465 3222

Saddle Hill	Strath Taieri	Waikouaiti Coast
Scott Weatherall (Chair) M: 027 440 4700	Barry Williams (Chair) M: 027 486 6433	Alasdair Morrison (Chair) M: 027 435 4384
Leanne Stenhouse (Deputy Chair) M: 021 117 5195	Joan Wilson M: 027 454 3620	Geraldine Tait M: 021 217 5492
Christina McBratney M: 021 269 6170	Mark O'Neill M: 027 699 4730	Mark Brown W: 482 2011
Keith McFadyen M: 027 444 8913	David (Jock) Frew M: 027 820 1923	Richard Russell M: 021 444 421
Paul Weir M: 021 039 4260	Jacinta Stevenson M: 027 322 1152	Rose Stringer-Wright M: 021 0274 5922
Peter Gouverneur M: 027 683 8853	Norma Emerson M: 021 064 9355	Mandy Mayhem-Bullock M: 021 919 555
Cr Conrad Stedman M: 021 311 551	Cr Mike Lord M: 027 438 2097	Cr Jim O'Malley M: 021 525 547

Finances

Council Financial Results

Overview of Financial Results for the Year Ending 30 June 2018

	2018	2017	2016	2015	2014	2013
	\$000	\$000	\$000	\$000	\$000	\$000
Rates	138,306	134,186	130,315	125,394	121,828	116,899
Dunedin City Holdings Limited	5,902	5,902	5,902	10,450	10,450	10,450
Crown subsidies and grants	31,907	17,572	15,536	20,971	15,744	15,071
Vested assets	8,128	10,006	8,968	543	2,225	912
Other revenue including unrealised gains and capital receipts	74,218	70,567	67,213	69,290	65,906	65,831
Total revenue	258,461	238,233	227,934	226,648	216,153	209,163
Personnel expenses	57,429	53,536	49,728	48,300	46,347	45,623
Operational expense	123,793	109,123	97,327	102,956	94,399	94,231
Fair value losses	90	88	1,092	7,951	591	694
Interest expense	11,900	13,705	16,074	15,283	16,205	10,605
Depreciation expense	65,035	61,327	56,447	53,248	52,157	49,717
Total expenditure	258,247	237,779	220,668	227,738	209,699	200,870
Operating surplus/(deficit) before taxation	214	454	7,266	(1,090)	6,454	8,293
Cash flow position						
Cash flows from operating activities	54,622	47,635	50,890	63,912	53,515	57,961
Cash flows from investing activities including capital	(51,250)	(31,820)	(31,126)	(78,462)	(44,986)	(79,303)
Cash flows from financing activities including debt raising	(2,342)	(14,023)	(22,515)	18,906	(8,486)	9,233
Interest						
Interest expense	11,900	13,705	16,074	15,283	16,205	10,605
Capitalised interest	-	-	-	-	5,310	4,162
Total interest	11,900	13,705	16,074	15,283	21,515	14,767
Financial position						
Total assets	3,308,233	3,185,464	3,007,089	3,006,131	3,081,279	3,096,759
Term loans	200,473	202,419	216,073	238,589	219,683	224,870
Total equity	3,052,940	2,933,438	2,737,212	2,709,755	2,811,509	2,809,293
Rates as a percentage of total revenue	53.51%	56.33%	57.17%	55.33%	56.36%	55.89%
Interest as % of operating revenue	4.60%	5.75%	7.05%	6.74%	9.95%	7.06%
Interest as % of rates	8.60%	10.21%	12.33%	12.19%	17.66%	12.63%
Number of time that operating cash flow pays the interest expense	4.6	3.5	3.2	4.2	2.5	3.9
Number of time rates pays the interest expense	11.6	9.8	8.1	8.2	5.7	7.9
Net debt as % of total revenue	78%	85%	95%	105%	102%	108%
Net debt as % of rates	145%	151%	166%	190%	180%	192%

Overview of Financial Results

The Council operating result for 2018 was characterised by increased infrastructure repairs following the July 2017 weather event, along with higher than expected costs as Council completed asset assessments and condition remediation across a number of our operating portfolios.

These variances were partially offset by the non-cash vesting of roading and water and waste assets, lower interest costs due to a lower level of borrowing and a favourable floating interest rate, and unbudgeted fair value gains in investments held in the Waipori Fund.

Capital expenditure for the year was lower than expected reflecting delays in a number of key projects including the Peninsula widening work, LED lighting and urban cycleways.

The term loan balance as at 30 June 2018 was \$10.9 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 completed its 10 year plan 2018-2028 during the current year. It included an ambitious programme of spending to upgrade existing infrastructure as well as some new projects to enhance the built environment.

The Council took the opportunity to revise its financial strategy that provides the necessary guidance as we seek to balance the competing tensions of affordability, maintaining assets and investing for the future.

Key points from the strategy include: core Council debt limited to \$350 million; an operating surplus (excluding specified non-cash income items) greater than zero for the 10 year period; operating cashflow at 100% of depreciation for the 10 year period; and annual rate increases to be limited to 8% in year 1 and 5% on average over years 2-10.

The plan identified significant pressure on the cost of delivering core services. The Council's previous limit on rates increases of 3% and debt reduction target had not provided the Council with financial headroom or capacity for greater investment or addressing unexpected challenges. The 10 year plan has been developed to deal with these pressures while being conscious of overall ratepayer affordability. With this in mind the financial strategy includes a requirement that average residential rates for Dunedin residents will be less than the national average for all Councils.

Consolidated Financial Statistics

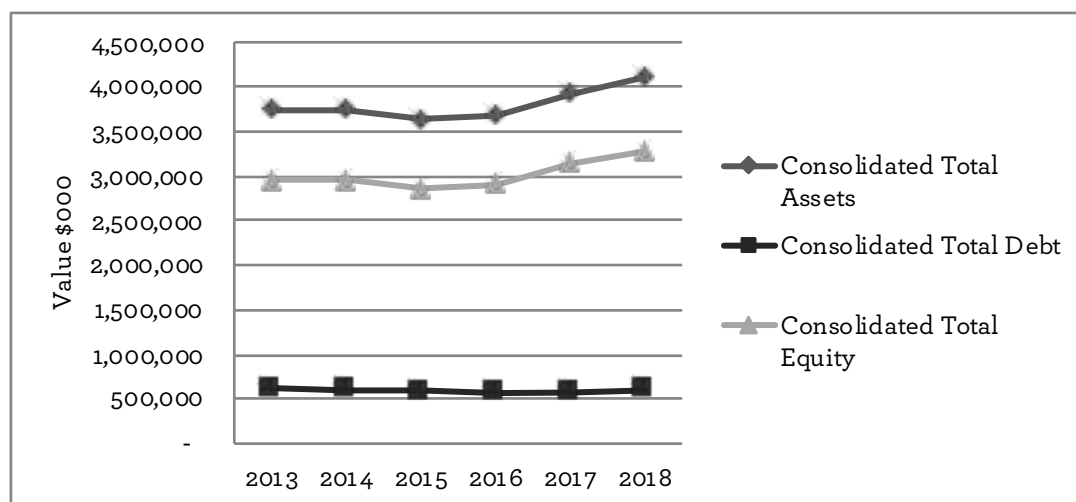
	2018	2017	2016	2015	2014	2013
	\$000	\$000	\$000	\$000	\$000	\$000
Financial Position						
Consolidated total assets	4,108,552	3,921,700	3,688,217	3,640,829	3,747,437	3,750,195
Consolidated term loans	610,043	573,029	580,515	593,574	610,445	622,843
Consolidated total equity	3,277,135	3,143,328	2,911,833	2,861,651	2,957,449	2,946,276
Consolidated term loans as % of consolidated assets	15%	15%	16%	16%	16%	17%

Issuer Credit Rating

The achievement of a good credit rating 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 Council Group. The most recent and full Standard & Poor's rating report is available on the DCC website.

Standard & Poor's Credit Rating

Issuer Credit Rating as of;	8/12/17	15/12/16	16/12/15	8/12/14	10/12/13	28/11/12
Rating;	AA/Stable/A-1+	AA/Stable/A-1+	AA/Stable/A-1+	AA/Stable/A-1+	AA/Stable/A-1+	AA/Neg/A-1+



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.

Dunedin's Strategic Framework:



While the 10 year plan 2018-2028 identifies eight community outcomes, aligned with 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 2017/18 year can be found in the appendix to this document.

Highlights of the projects and activities undertaken in the 2017/18 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 with key stakeholders continued to market the city as a centre of academic and research excellence. Enterprise Dunedin was successful in securing seven conference bids for Dunedin, with an estimated value to the city of \$1.2 million. This included two international conferences, in partnership with the University of Otago.
- In May, Dunedin hosted TRENZ for the first time. TRENZ is New Zealand's premier annual tourism industry trade show. The event attracted over 1,500 travel, trade and media delegates to the city and contributed an estimated \$5.5 million in economic value.
- The agreement between Dunedin and the Shanghai Science and Technology Centre (SSTC) led to the opening of a joint laboratory between the New Zealand Non-Communicable Disease (NCD) Research Centre and Shanghai Huashan Hospital. Dunedin hosted the Vice Mayor of Shanghai in November 2017. This visit provided an opportunity to strengthen and develop new relationships with our key sister city.
- Enterprise Dunedin continued to support the start-up business ecosystem during the year. It signed a memorandum of understanding with CreativeHQ and Callaghan Innovation to commit Council funding for the Challenger Series. This competition for new start-ups attracted more than 70 entries during 2017/18.
- A domestic marketing campaign during spring and summer 2017 targeted the Christchurch and lower South Island visitor markets. The campaign increased awareness of Dunedin events and attractions and encouraged longer visitor stays. Year three of the Where the Wild Things Are campaign focused on visitor markets in Brisbane and New Zealand. It raised awareness of Dunedin as a desirable and easy to reach destination during autumn and winter 2018.

A connected community

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

- Construction began on the first stage of the Peninsula Connection Safety Improvement Project, between Broad Bay and Portobello. Work on the Urban Cycleway programme continued and includes a new bridge over the Leith and improved connections across the city.
- The total cost for the July 2017 flood remediation work is estimated to reach \$20 million, including the replacement of Mount Ross Bridge. To date \$12.3 million has been spent and the remaining cost is expected to be spent in the new financial year with the New Zealand Transport Agency covering approximately 70% of the repair costs.
- The rollout of ultra-fast broadband (UFB) phase 1 was completed in 2017/18. More than half (26,500) of Dunedin homes and businesses have connected to fibre, with 12,000 of these gigabit connections. Subsidised Chorus gigabit pricing remains available until 30 June 2019. This pricing benefit has delivered about \$9 million in savings to Dunedin residents. An extra five free Wi-Fi hotspots were completed during 2017/18, bringing the number of locations to 16. Gig City and Chorus have given more than \$500,000 to 21 community groups for 23 projects since 2015.

A safe and healthy city

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

- Several safety improvements were undertaken across the transport network. These included the implementation of the city's Barnes Dance intersections, Town Belt and Brighton Road pedestrian ways, and traffic calming measures in the central city schools area. Safety works also included roundabouts in the Green Island/Fairfield motorway interchange and this was completed along with the New Zealand Transport Agency.
- Most of the work to strengthen the Ross Creek Reservoir has been done. The Ross Creek Reservoir dam project is part of the city's Security of Supply Strategy to ensure the city has water supply options if problems arise getting water from Dunedin's main water sources at Deep Creek and Deep Stream. Remaining work in 2018/19 will focus on landscaping and consolidation of the earthworks before the dam can be refilled. An artist will be engaged to incorporate art and creativity into this project.
- The central city recycling service established in 2016/17 has been expanded with additional back of house collection points and safe kerbside collection points added. A residential recycling drop-off facility has been established in Vogel Street to complement the Moray Place facility established in 2016/17. These facilities are very well supported and have shown very low levels of contamination. Four more facilities are planned for 2018/19.

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 between May 2016 and December 2017 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 over 25 hearings, almost 120 hearing days, and about 1,500 submissions and more than 900 people having spoken to their submissions. It is expected that decisions will be released towards the end of 2018 with the 2GP coming into effect in a staged way.
- Nearly \$650,000 worth of work to the city's heritage buildings was funded in 2017/18 through the Dunedin Heritage Fund, the Central City Heritage Reuse Grant Scheme and the contestable fund for rates relief. The largest grant of \$100,000 from the Dunedin Heritage Fund assisted with the restoration of the First Presbyterian Church of Otago's spire, a Category 1 Historic Place. Failing stonework has now been replaced and the scaffolding is currently being removed. Other buildings to benefit from these funds were the Mayfair Theatre, Quarantine Island building and St Dominics Priory. The Heritage Fund has also supported archaeological recovery work at Papanui Inlet.
- The Jetty Street pedestrianisation was completed and provides a new focus to the Warehouse Precinct. Improvements under the bridge have provided a useful covered public space including a recycling station and cycle parking. Planning work has also begun on improvements to the old bridge abutment area as well as improvements to Bond Street.

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 Tūroa, Dunedin's Environment Strategy, continued and key initiatives included:

- The DCC, in consultation with seven other councils, put forward a remit calling for Local Government New Zealand (LGNZ) to lobby the Government to develop national legislation for cat control, including cat microchipping, cat de-sexing and responsible cat ownership. The proposal passed by vote, and it is now the official policy of LGNZ.
- A contestable grant of \$25,000 from Te Ao Tūroa assisted community projects and activities making a significant contribution to achieving Goal 3 of the Strategy: "Dunedin people care for the natural world | Tiakitaka".
- Work began on the future of the Dunedin Town Belt. This included building the vision and partnerships that guide and support activities for its future. The DCC provided financial support to a Town Belt Education Initiative aimed at helping young people to value and understand the significance of the Town Belt and its mauri (life force) and to learn to sustain and care for the environment. Two environmental art projects were commissioned to encourage Dunedin's community to see their local environment from new perspectives through the innovative and participatory use of vacant space whether indoor or outdoor.
- The Dunedin Destination Plan was approved by the Council. Its aims include managing the impacts of increasing visitor numbers and protecting and enhancing Dunedin's special places and wildlife.

A supportive community

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

- Addressing long term housing needs in the city is the focus of the newly established Mayor's Taskforce for Housing. The Taskforce comprises representatives from central and local government, community, iwi, and the property management sector. Its priorities are social and emergency housing as well as affordable and healthy housing.
- An Otepoti Youth Vision has been developed with information and input from youth, community, education, health and central and local government groups. The vision will be launched in the next year and is championed by the DCC, Dunedin Youth Council and Youth Action Committee.

- The South Dunedin Community Pop Up was officially opened on 8 September 2017 in the Cargill Enterprises building at 199 Hillside Road, South Dunedin. This facility will be in place until the opening of the permanent facility, currently planned for completion in 2020/21. The Pop Up is open 25 hours per week across five days and includes a branch of the Dunedin Public Libraries complete with a range of books, magazines, DVDs, music on compact disc and spoken word recordings for adults and children, as well as free public access internet. Also provided is a DCC Service Centre, photocopying facilities, a free Gig wifi hotspot and a small meeting room available free for community use. Use of the services and spaces in the Community Pop Up has increased steadily during its first year of operation. It will also be used as a conduit for community input to the development of the permanent facility and wider South Dunedin community issues. Art was incorporated into the design of the Pop Up, kicking off the newly adopted art and creativity in infrastructure policy.
- The Festivals and Events Plan 2018-2023 which supports the growth, development and management of festival and events in our city, was approved by the Council following consultation with more than 300 stakeholders.

A vibrant and creative city

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

Highlights of our continued delivery on Ara Toi Otepoti – Our Creative Future (Dunedin’s Arts and Culture Strategy) included:

- The Urban Dream Brokerage (UDB) franchise supported 24 projects in 11 vacant retail spaces in the CBD and engaged audiences totalling 20,000. UDB works to shift the use of empty spaces towards innovative public interaction.
- Bring It Home, a DCC initiative to promote music and film in Dunedin working in partnership with New Zealand On Air’s New Music funding programme, gave out five awards, including Nadia Reid’s project Preservation which has received national and international acclaim.
- The DCC and Otago Community Trust partnered to establish a new Arts and Culture Capability Building Fund to support a variety of initiatives ranging from strategic planning and succession management to audience engagement and development programmes. Thirteen creative organisations were supported through the \$60,000 fund. Feedback from first round recipients made it clear that this kind of support was both needed and well received.
- Film and screen-related enquiries and permits more than trebled (from 12 in 2016/17 to 46 in 2017/18), reflecting Dunedin’s growing film-friendly reputation. Established screen businesses and experienced crew have moved to the city. Film Dunedin has completed a new permit process, locations library and crew database.
- Dunedin hosted a weekend of events and activities to showcase the city during the Ed Sheeran Divide tour. More than 70,000 people visited Dunedin during the Easter weekend event, resulting in a \$34 million injection to the city’s economy.

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. It produced several Dunedin directories for international markets and hosted agents and media from Vietnam. The programme continued to focus on destination marketing, student experience, capability and capacity, and education and workforce pathways.
- Dunedin UNESCO City of Literature continued to leverage opportunities for the city across the network of 28 Cities of Literature and 180 Creative Cities. With a generous grant from the NZ National Commission for UNESCO, the City of Literature curated and hosted the international Creative Cities Southern Hui (28 November – 2 December 2017). Held in partnership with the University of Otago’s Centre for the Book, the Hui offered free events, talks and workshops around themes of creativity, connection and collaboration. The Creative Dunedin Partnership hosted a community hui, a part of this wider hui, to present, celebrate and discuss progress on Ara Toi.
- Other Dunedin UNESCO City of Literature highlights were: Little Landers Literature, the partnership with the Pulse Energy Highlanders designed to encourage primary school pupils to read more; the partnership with Heidelberg UNESCO City of Literature on an international social media showcase of the two cities; international collaborative projects with other Creative Cities and poet Liz Breslin’s work being projected onto a wall in Krakow as part of a Cities of Literature media arts exhibition; and a free Cities of Literature digital cookbook, showcasing recipes and images with a literary flavour from across the Cities of Literature network.

An active city

Dunedin's people lead active healthy and enjoyable lifestyles.

- Volunteers continued their contribution to Dunedin's outdoor areas by working on five War on Weeds field trips around the Otago Peninsula and at Quarantine Island. The Trail Crew programme, which was launched in May 2017 and aims to enhance and maintain trails in and around Dunedin, held seven field trips at the Grahams Bush track, Sandymount, and Highcliff. Volunteers also helped the Otago Peninsula Biodiversity Group with trapping maintenance.
- Significant track upgrades were also completed on the ridgetop walking tracks including Mt Cargill, Flagstaff and Pineapple tracks.
- The Botanic Garden continues to operate at a high level, retaining its 6 Star status following a biennial assessment in 2017. The 6 Star rating means it is a garden of international significance, a status the garden has held since 2010. It remains very popular with residents. Ninety-five percent of those surveyed in the Residents' Opinion Survey were satisfied with the garden.

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.

- In February 2018 the Council set a target to reduce city-wide emissions to net zero carbon emissions by 2050, excluding methane. To better understand the carbon impact of its proposed 10 year plan, the Council, for the first time, procured a high-level carbon assessment of proposed capital and operating projects. The assessment provided recommendations that can be addressed in the next phase of compliance with the Global Covenant of Mayors for Climate and Energy (formerly Compact of Mayors), which is to develop an action plan to reduce carbon emissions.
- As part of the Energy Plan 1.0, the DCC explored the feasibility of a new district heating scheme powered by low-carbon, renewable fuel, as well as energy options for the proposed waterfront development. As part of the Energy Plan's night sky city action, the DCC continued to progress its LED street light upgrade project. The new lights will be fully shielded to prevent light pollution. They will be remotely controlled via a citywide central management system.
- Uptake of electric vehicles (EV) and development of charging infrastructure in the city continues to grow. A second fast charging station will be installed in Dunedin in 2018. The DCC fleet now includes five EVs, a plug-in hybrid EV, and an electric bike.
- Planning for the procurement of a citywide LED lighting system is well underway attracting an 85% central government subsidy. Procurement covers lighting luminaires 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 ongoing energy and maintenance costs.
- Efforts continued to improve South Dunedin's resilience to heavy rain. In 2017/18 work included fitting new backflow valves to prevent wastewater getting into at-risk homes and improving maintenance of mud tanks. The DCC also begun to plan major long-term projects, such as piping wastewater from the Kaikorai Valley area to Green Island for treatment and upgrading the Green Island wastewater treatment plant.

Update on Māori Participation Working Party

Background

The Dunedin City Council is committed to the Treaty of Waitangi and enabling Māori to contribute to decision-making processes. To give effect to this, a formal Memorandum of Understanding (MoU) is in place between the Council and Manawhenua – Te Rūnanga o Ōtākou and Kāti Huirapa Rūnaka ki Puketeraki (signed 11 December 2006). The Araiteuru Marae Council are also recognised as representing Taurahere (non-Kāi Tahu Māori) in the city. The key mechanism to enact the ambitions of the MoU is the Māori Participation Working Party, which aims 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 convenes the Māori Participation Working Party approximately four times a year. The Council also works with, and seeks advice from Te Roopu Taiao, the Otago-wide consultation model between Otago local authorities and the Papatipu Rūnanga of the Kāi Tahu Otago Takiwa.

All Council 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, Manawhenua, cultural implications, and social and environmental implications.

2017/18 Update

Some of the highlights of the work undertaken by the Council and Rūnaka from the 2017/18 year include:

- Early input into the 10 year plan 2018-28 through a planning hui held in September 2017.
- Development of a digital app to support DCC elected members and staff with their knowledge and understanding of Te Reo, including local dialect, and Tikanga Māori.
- The inclusion of two key performance measures to track progress on the Council's commitment to the Treaty of Waitangi (one of two key principles that underpin the Council's strategic framework) in the 10 year plan:
 - Rūnaka satisfaction with the Māori Participation Working Party and other forms of engagement to be measured through an annual survey.
 - Percentage of key Council printed publications (such as the 10 year plan consultation document) that include Māori content and Te Reo translations (as a precursor to measuring mainstreaming of Tikanga Māori more generally over time).
- A review of the MoU has been initiated.

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 2018 fairly reflects the financial position and operations of the Dunedin City Council.



Dave Cull, Mayor of Dunedin



Sue Bidrose, Chief Executive

Independent Auditor's Report

To the readers of Dunedin City Council's annual report for the year ended 30 June 2018

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 30 October 2018. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 106 to 171:
 - » present fairly, in all material respects:
 - the City Council and Group's financial position as at 30 June 2018;
 - the results of the operations and cash flows for the year ended on that date; and
 - » comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards;
- the funding impact statement on page 113, 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 of service performance on pages 22 to 104:
 - » presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2018, 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; and
- the statement about capital expenditure for each group of activities on pages 22 to 104, 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 22 to 104, 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.

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 177 to 181, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council's audited information and, where applicable, the City Council's long term plan and annual plans.

Independent Auditor's Report (continued)

Basis for our opinion on the audited information

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 opinion on the audited information.

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 Statement of Service Performance, 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 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.

Independent Auditor's Report (continued)

- 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 20, 173 to 176 and 182 to 207, 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.

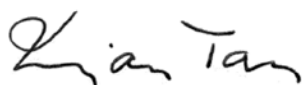
Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on 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 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have completed other statutory and regulatory engagements for the City Council and its subsidiaries and controlled entities. These engagements are compatible with those independence requirements.

Other than the audit and our report on the disclosure requirements and these engagements, we have no relationship with or interests in the City Council or its subsidiaries and controlled entities.



Julian Tan
Audit New Zealand

On behalf of the Auditor-General
Dunedin, New Zealand

SECTION 2:

Significant Activities Report



Introduction

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 Councils' 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 results of any outcome monitoring that the group has responsibility or ability to influence, and a summary of the results of service performance measurement for the group. The service rationale for the activities in the group are outlined and the service performance measurement results by level of service statement along with explanations regarding achievement /non- achievement of measures are 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.

Community outcome		Group of Activity	Activity	
A sustainable and resilient city	A thriving and diverse economy	Economic Development and City Promotion	Economic Development	Visitor Centre
			Marketing Dunedin	Dunedin Centre
		City Investment	Investment Account	City Property
			Waipori Fund	Investment
	A connected city	Roothing and Footpaths	Transport	Citipark
				Parking Services
	A safe and healthy city	Water Supply	Water	
		Sewerage and Sewage	Wastewater	
		Stormwater	Stormwater	
		Solid Waste	Solid Waste	
	A distinctive built environment	Planning and Regulatory Services	City Development	
	A valued and protected natural environment		Resource Consents	
			Regulatory Services	
	A supportive community	Community Development and Support	Cemeteries and Crematorium	Warm Dunedin
				Housing
			Events and Community Development	City Property
				Miscellaneous
			Civic Leadership and Administration	City Property Operational
	A vibrant and creative city	Museums, Libraries and Art Gallery	Dunedin Public Libraries	Dunedin Public Art Gallery
			Toitū Otago Settlers Museum and Dunedin Chinese Garden	Otago Museum Levy
	A city of learning			
	An active city	Sport, Recreation and Leisure	Aquatic Services	Parks and Reserves
Botanic Gardens				
Corporate Support Activities: Business Information Services, City Property Management, Citifleet, Corporate Leadership, Corporate Policy Team, Council Communications, Customer Service Agency, Finance, Human Resources.				

Changes to the Activity Group structure since the previous LTP

The group structure was revised since the 2012/13 LTP to better align the activities with outcomes and purpose/function. This resulted in 12 groups instead of the previous 11 groups.

The changes include:

- Splitting the Economic Development and City Promotion group into two groups – Economic Development and City Promotion; and City Investment.
- City Property Operational Portfolio and City Property Miscellaneous Portfolio have been moved to the Community Development and Support group.
- The former Personal Safety grouping has been deleted and the Regulatory Services activities moved into a new group called Planning and Regulatory Services which is composed of the City Development, Resource Consents and Regulatory Services. Civil Defence has been moved into the Community Development and Support group.
- Administration services which previously sat in the Corporate Support activity group has been relocated to the Community Development and Support group and combined with the Civic Leadership activity.

Some of the groups of activity are set by the Local Government Act 2002 and the Department of Internal Affairs and are known as mandatory groups of activity. These groups also have mandatory performance measures. These groups are Roading and Footpaths, Water Supply, Sewerage and Sewage and Stormwater. Each of these groups contains a single activity related to the function and service provided to the groups – transportation, water, wastewater and stormwater services.

Civil Defence Emergency Management

The Civil Defence Emergency Management activity changed in November 2016 with the Emergency Management staff being employed by Emergency Management Otago, with the responsibility of ensuring the city is meeting its obligations under the Civil Defence Emergency Management Act 2002. Maintaining operational facilities and resources and the provision of Council staff to work within the Emergency Operations Centre continues to be a Council function, overseen by the General Manager Strategy and Governance.

Residents' Opinion Survey 2017/18

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

The 2018 Residents' Opinion Survey (ROS) utilised a sequential mixed-mode methodology. However, from July 2016 the ROS was conducted continuously over the year, rather than in a two-month window over May and June. In all other respects the ROS methodology remains unchanged from previous years.

Conducting the ROS continuously involved writing to 400 residents randomly selected from the electoral roll each month, and inviting them to complete the survey online. After two weeks, non-responding individuals were sent a reminder postcard, followed by a self-complete paper questionnaire with a freepost reply address a further one and a half weeks later. In January 2018, a boost of 200 additional survey invitations was applied and an additional 100 in each of February and March. This was mainly to help achieve the target number of responses over the holiday period.

In total, 1,356 responses were obtained over the course of twelve months, giving a response rate of 26% and a margin of error of +/- 2.7% at the 95% confidence interval. Recent ROS response rates were 25% in 2017, 29% in 2016 and 25% in 2015. 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 2017/18 Dunedin Residents' Opinion Survey has been conducted using standard analytical methods. Where the number of responses received to a specific question is less than the total number of responses, those who have not responded are considered to either not know, or not have a relevant response to the question. As such, the analysis of responses, and of satisfaction levels, is generated based on the number of valid responses to that question.

The full results of the 2017/18 ROS and results of previous years are available at www.dunedin.govt.nz/ros.

Satisfaction Scale

As in 2016, a ten point scale was applied under the existing five satisfaction scale labels as shown below. This allows respondents to indicate degrees of satisfaction in each category. The results are still presented at the five point level and either a 'Don't Know' or 'Not at all' option was available on questions as appropriate.

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

Abbreviations used in this section:

ROS – Residents' Opinion Survey – the Council's annual survey of residents' satisfaction with services.

BERL – Business and Economic Research Limited.

Council – Dunedin City Council.

The Council's Economic Development and City Promotion group consists of the following activities:

- ### How does this group fit into our strategic framework?

Outcome:	Thriving and diverse economy Where Dunedin has an ambitious, prosperous, diverse and resilient economy that builds on its strengths and is:
Priorities:	<ul style="list-style-type: none"> • A city that grows businesses and industries through added value/productivity. • A city that encourages employment opportunities for everyone. • A city that actively attracts visitors, skilled staff and entrepreneurs and investors. • A city that encourages creativity, research and entrepreneurial excellence. • A city that builds alliances between local businesses, community, education and research providers that offer mutual benefit.

Indicator	Target	Actual 2017/18	Actual 2016/17	Data Source
Growth in full-time equivalent jobs	at least 2% growth per year	1.50% growth in filled jobs, March 2017 (Infometrics)*	1% growth in filled jobs, March 2016 (Infometrics)*	Infometrics /BERL
Growth in real GDP per capita	at least 2.5 % growth per year	1.2% GDP growth March 2018 (Infometrics)*	1.4% GDP growth June 2017 (Infometrics)*	Infometrics /BERL
Growth in the number of Dunedin Businesses awarded Callaghan Institute Research and Development Grants	at least 10% growth per year	6 business awarded Callaghan R&D Grants + Getting Started Grants	4 business awarded Callaghan R&D Grants + 7 Getting Started Grants	Callaghan Institute
Growth in total visitor nights	at least 1% growth per year	4.1% increase on 2016/17	2.3% decrease on 2015/16	CAM**
Growth in the value of international education	\$330 million by 2023	Not measured***	Not measured***	Education NZ

***This indicator was not measured in 2016/17. The figure that was reported in the 2016/17 Annual Report for this indicator related to the 2015/16 year rather than the 2016/17 year.

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 and City Promotion	4	2	1	1	50%
Totals:	4	2	1	1	50%

What we provide:

Enterprise Dunedin leads four of Dunedin's Economic Development Strategy (EDS) projects and is a partner in all other EDS projects. It also monitors and evaluates the Grow Dunedin Partnership and the effectiveness of the EDS.

- The **Economic Development Team** has the strategic overview, leading the coordination, development, monitoring and supporting the implementation of the economic initiatives of the EDS and the Grow Dunedin Partnership.
- **Marketing Dunedin** plays a key role in talent, education and investment attraction activity.
- The **i-SITE/Visitor Centre** provides visitors with an accessible, accurate booking and information service to encourage spend and meet customer expectations. This is provided daily in a central city office, on cruise days at a satellite site at Port Otago and for special events from a desk at the event site.

How do we measure performance?

Performance Measure	Data Source	Target 2017/18	Actual 2017/18	Actual 2016/17	Achievement
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					
Percentage of clients satisfied with the work of the Economic Development Unit	Internal Survey	≥50%	Not measured	64%	Not measured. 1.
Percentage growth in Dunedin's total visitor nights	CAM*	1.6% increase on previous year	4.1% 949,778 to June 2018	-2.3% 912,778 to June 2017	Achieved. 2.
Dunedin's market share of total NZ convention capacity (percentage increase on previous year)	Convention Activity Survey	5% increase on previous year	3.3% market share to Mar 2018	3% market share to Mar 2017	Achieved. 3.
Percentage of external customers satisfied with the i-SITE/Visitor Centre	National Radar Survey	≥95%	92%	97%	Not achieved. 4.

* Commercial Accommodation Monitor

Explanations:

1. This survey was not undertaken this year. The Council is developing a cross-Council customer survey.
2. Total visitor nights to the year ending June 2018 was 949,778 or a 4.1% increase on the 2016/17 result.
3. The target was achieved as there was a 10% growth (from 3% to 3.3%) in market share. This result when compared against the national average of 1% reflects the strength of the industry and depicts the quality product offered to the sector.
4. The new dataset for the 2017/18 year comes from the National Radar Survey. The National Radar Survey benchmarks against other iSITES. This measures customer expectations and experiences of the iSITE.

Some of our achievements in 2017/18:

Events - Dunedin was buzzing over Easter with the Ed Sheeran concerts. They generated major publicity and raised the profile of the city as an excellent event host and compelling visitor destination. The influx of 70,000 visitors to Dunedin for the concerts generated an estimated \$34 million for the city's economy.

Good Food Dunedin 2018 - The Good Food Dunedin Charter, developed in partnership with the community, was signed by the Council in March. It highlights key principles underpinning the vision for Dunedin's future food system and will guide actions. Good Food Dunedin also trialed a clinic to support the large number of people wanting to launch food or beverage businesses in the city. They are partnering with NZ Police to plant fruit trees at community police stations to strengthen their Prevention First model.

Media hosting results - Enterprise Dunedin hosted international media resulting in publicity that reached 3.5 billion people. This had an estimated advertising value (EAV) of \$11.6 million.

Sexy Summer Jobs - This internship programme placed 48 interns into 30 businesses. Eight businesses were new to the programme and 24 interns gained employment as a result.

Centre of Digital Excellence (CODE) - Development began for this centre which will build on existing gaming and digital businesses and academic centres. The centre is seeking about \$10 million over ten years from the Provincial Growth Fund to develop CODE. The Provincial Growth Fund application is being led by Enterprise Dunedin, the University of Otago, and Otago Polytechnic with the Ministry of Business Innovation and Employment (MBIE) and Grow Dunedin Partners (GDP) supporting the project.

Techweek - Enterprise Dunedin supported Techweek Dunedin in May 2018. The event attracted more than 2300 tech enthusiasts, entrepreneurs and non-tech people to 45 events and involved 50 local businesses. The week culminated in a TEXpo, Dunedin's first cross-campus collaborative tech showcase. At TEXpo, the public engaged with 30 tech businesses and 20 exhibits by the University of Otago and Otago Polytechnic staff and students.

Otago Regional Business Partnership (RBP) - The RBP, a partnership between Enterprise Dunedin, the Otago Chamber of Commerce and Otago Southland Employers Association, continued to support businesses across the region during 2017/18. The RBP engaged with 329 Otago businesses, issued \$220,000 capability vouchers, supported 20 companies with innovation and attracted \$300,000 of Callaghan Innovation funding. It supported 120 Otago businesses with business mentor support and achieved high net promoter scores which measure client satisfaction.

Boundary signs - Dunedin boundary signs were upgraded with the Dunedin brand logo to provide a welcome that reflects the city's unique identity.

Capital Expenditure

	Note	2017/18 Actual \$'000	2017/18 Budget \$'000
New Capital			
Economic Development - Office Equipment		56	-
Visitor Centre - Mobile Kiosk		17	-
		73	-
Total Capital		73	-

Economic Development and City Promotion

Income Statement

for the Year Ended 30 June 2018

Actual		Actual	Budget
2017		2018	2018
\$000		\$000	\$000
Revenue			
3,641	General rates	4,305	4,305
500	Commercial/economic development/tourism	500	500
1,124	External operating revenue	1,168	1,163
5,265	Total revenue	5,973	5,968
Expenditure by outputs			
2,487	Economic Development	4,684	4,702
1,869	Marketing Dunedin	-	-
1,279	Visitor Centre	1,308	1,286
5,635	Total expenditure	5,992	5,988
(370)	Net surplus/ (deficit)	(19)	(20)
Expenditure by inputs			
2,410	Staff costs	2,545	2,514
3,137	Operational costs	3,367	3,453
-	Loan interest	-	-
88	Depreciation	80	21
5,635	Total expenditure	5,992	5,988

Dunedin City Council: Funding Impact Statement for the Year Ended 30 June 2018 for Economic Development and City Promotion

2017 Long-Term Plan Budget \$000		2018 Actual \$000	2018 Long-Term Plan Budget \$000
Sources of operating funding			
4,166	General rates, uniform annual general charges, rates penalties	4,305	4,248
513	Targeted rates	500	526
-	Subsidies and grants for operating purposes	-	-
944	Fees and charges	1,168	979
-	Internal charges and overheads recovered	4	-
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-
5,623	Total operating funding	5,977	5,753
Application of operating funding			
4,163	Payments to staff and suppliers	4,870	4,260
-	Finance costs	-	-
1,275	Internal charges and overheads applied	1,045	1,308
180	Other operating funding applications	-	180
5,618	Total application of operating funding	5,915	5,748
5	Surplus/(deficit) of operating funding	62	5
Sources of capital funding			
-	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	-	-
-	Total sources of capital funding	-	-
Application of capital funding			
Capital expenditure			
-	- to meet additional demand	-	-
-	- to improve the level of service	73	-
-	- to replace existing assets	-	-
-	Increase/(decrease) in reserves	-	-
5	Increase/(decrease) of investments	(11)	5
5	Total application of capital funding	62	5
(5)	Surplus/(deficit) of capital funding	(62)	(5)
-	Funding balance	-	-

City Investment

The Council's City Investment group consists of the following activities:

- Waipori Fund
- Investment Account
- City Property Investment (which includes Investment Property and Endowment Property held pursuant to the Dunedin City Council Endowment Lands Act 1988.)

How does this group fit into our strategic framework?

This group contributes to the 'Thriving and diverse economy' community outcome and supports the city's Economic Development Strategy: By Dunedin for Dunedin and beyond 2013 – 2023.

Outcome:	A thriving and diverse economy Where Dunedin has an ambitious, prosperous, diverse and resilient economy that builds on its strengths.
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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
City Investment	5	0	5	0	0%
Totals:	5	0	5	0	0%

What we provide:

The **Waipori Fund** provides the Council with a source of non-rates income by maximising the Fund income while protecting the Fund's capital base, subject to the income needs of the Council, capital growth and investment risks. The **Investment Account** provides the Council with a transparent place where the dividends from Council-owned companies are received, and where differences between actual and planned revenues and expenditures are reported.

The **City Property Investment** portfolio provides the Council with an assured source of non-rates income and increased asset values. The main reason for the Council's involvement in investment property is the provision of a source of external non-rates funding. This reflects the Council's desire to expand external funding sources to minimise rate burdens on citizens.

The investments made within this group are designed to provide the Council with an ongoing non-rates revenue stream over a long period of time.

How do we measure performance?

Performance Measure	Data Source	Target 2017/18	Actual 2017/18	Actual 2016/17	Achievement
Level of Service: The Waipori Fund achieves the annual target for non-rates income for offsetting against rates requirements					
Cash received	Annual Financial Reporting	\$3.66 m	\$3.48m	\$3.76m	Not achieved. 1.
Level of Service: The Investment Account receives budgeted dividend					
Dividend received from Council-owned companies: (Interest on Shareholders' Advance plus dividend from DCHL)	Annual Financial Reporting	\$6.2 m	\$5.9m	\$5.9 m	Not achieved. 2.
Level of Service: The City Property Investment portfolio generates returns that can be offset against rates requirements					
Percentage variance from budgeted dividend	Annual Financial Analysis	≥budget \$4.4 m	\$3.8m	\$4.1m	Not achieved. 3.
Level of Service: The City Property Investment portfolio generates returns that can be offset against rates requirements					
Return on investment	Annual Financial Analysis	Provision of a long term moving average return greater than the DCC's average cost of capital	6.51%	6.70%	Not achieved. 4.

Performance Measure	Data Source	Target 2017/18	Actual 2017/18	Actual 2016/17	Achievement
Level of Service: The City Property Investment portfolio generates returns that can be offset against rates requirements					
Percentage overall occupancy	Internal Property Records	≥95%	91.1%	94.8%	Not achieved 5.

Explanations

1. Net cash received from the fund was 5% lower than budgeted.
2. Interest on advance received as budgeted. Dividend not received as budgeted.
3. The target was not achieved due to higher capital expenditure required.
4. This is the third year in the calculation of the moving average return. The portfolio provided a return equal to the cost of capital. (The cost of capital was 6.51%.)
5. The presence of vacant properties for disposal in the portfolio negatively impacted the investment property occupancy measure.

Capital Expenditure

	Note	2017/18 Actual \$'000	2017/18 Budget \$'000
New Capital			
Crawford Street Property Purchase		(2)	-
Property Investment - South Dunedin Community Complex	6	-	2,625
		(2)	2,625
Renewals			
Property Investment - Renewals		788	367
		788	367
Total Capital			
		786	2,992

Explanation of variance

6. The project is in the planning stage with physical work expected to commence in 2020.

City Investment Income Statement for the Year Ended 30 June 2018

Actual 2017 \$000		Actual 2018 \$000	Budget 2018 \$000
Revenue			
5,381	General rates	3,497	3,143
21,486	External operating revenue	22,064	22,389
2,150	Unrealised investment property gains	420	-
29,017	Total revenue	25,981	25,532
Expenditure by outputs			
849	Waipori Fund	584	409
3,223	Property Investment	3,302	3,351
233	Investment Account	(229)	1,879
4,305	Total expenditure	3,657	5,639
24,712	Net surplus/ (deficit)	22,324	19,893
Expenditure by inputs			
50	Staff costs	50	498
3,262	Operational costs	4,200	3,522
993	Loan interest	(593)	1,619
-	Depreciation	-	-
4,305	Total expenditure	3,657	5,639

Dunedin City Council: Funding Impact Statement for the Year Ended 30 June 2018 for City Investment

2017 Long-Term Plan Budget \$000		2018 Actual \$000	2018 Long-Term Plan Budget \$000
Sources of operating funding			
5,550	General rates, uniform annual general charges, rates penalties	4,355	5,550
-	- Targeted rates	-	-
-	- Subsidies and grants for operating purposes	-	-
3,912	Fees and charges	17,263	3,982
1,087	Internal charges and overheads recovered	987	1,087
-	- Local authorities fuel tax, fines, infringement fees, and other receipts	-	-
10,549	Total operating funding	22,605	10,619
Application of operating funding			
3,051	Payments to staff and suppliers	4,334	3,113
3,108	Finance costs	(589)	3,028
756	Internal charges and overheads applied	536	756
-	- Other operating funding applications	-	-
6,915	Total application of operating funding	4,281	6,897
3,634	Surplus/(deficit) of operating funding	18,324	3,722
Sources of capital funding			
-	- Subsidies and grants for capital expenditure	-	-
-	- Development and financial contributions	-	-
(1,266)	Increase/(decrease) in debt	2,000	(1,331)
-	- Gross proceeds from sale of assets	-	2,625
-	- Lump sum contributions	-	-
-	- Other dedicated capital funding	-	-
(1,266)	Total sources of capital funding	2,000	1,294
Application of capital funding			
Capital expenditure			
-	- to meet additional demand	-	-
-	- to improve the level of service	(2)	2,625
358	- to replace existing assets	788	368
-	- Increase/(decrease) in reserves	-	-
2,010	Increase/(decrease) of investments	19,538	2,023
2,368	Total application of capital funding	20,324	5,016
(3,634)	Surplus/(deficit) of capital funding	(18,324)	(3,722)
-	Funding balance	-	-

Roading and Footpaths

The Council's Roothing and Footpaths group consists of the following activities:

- Transportation
- Parking Operations
- Parking Enforcement

How does this group fit into our strategic framework?

This group contributes to the 'Connected community' community outcome and supports the Dunedin City Integrated Transport Strategy 2013 (ITS).

Outcome:	A Connected Community Dunedin's communities are connected by safe, effective transportation and communications, linked locally, nationally and internationally.
Priorities:	<ul style="list-style-type: none"> • Dunedin's transport network is integrated and responsive to changing needs and future challenges. • Dunedin is safe and easy to get around for cyclists and pedestrians.

Progress against this outcome is measured by monitoring:

Indicator	Target	Actual 2017/18	Actual 2016/17	Data Source
Increase in length of cycle lanes (on and off road)	Increase in length on previous year	Increase of 0.17km on 2016/17 result	Increase of 0.7km on 2015/16 result	Analysis of annual works completed
Road crash statistic measures				
Number of injury crashes (Number of casualties*)	Decrease on previous year	Crashes: 285 (Casualties: 365)	Crashes: 301 (Casualties: 404)	NZTA Dunedin City Road safety report
Number of pedestrian vs vehicle casualties	Decrease on previous year	Casualties: 27	Casualties: 39	NZTA Dunedin City Road safety report
Number of cyclist vs vehicle casualties	Decrease on previous year	Casualties: 20	Casualties: 18	NZTA Dunedin City Road safety report

* Note: number of casualties is on average 1.27 times number of crashes.

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
Roothing and Footpaths	18	11	7	0	61%
Totals:	18	11	7	0	61%

What we provide:

The **Transportation** activity is responsible for the city's long and short term transportation needs and the management of activities on roads and adjacent land that may affect the safety of users and the integrity of the asset.

- Planning to ensure the city's long term transportation needs are met.
- Maintaining the condition of the existing network within service level expectations.
- Renewing assets that have reached the end of their functional life and constructing new assets where required.
- Managing the safe operation of the road network through traffic controls and education.
- Regulating and issuing consents for the appropriate use of the public road corridor.

We do this to plan for and provide a safe, reliable, efficient, integrated, environmentally acceptable and sustainable transport network for the movement of people and goods throughout Dunedin.

Parking Operations manages three car park buildings and all Council on-street and off-street car parks (leased and casual) including parking meters and payment machines. We provide this service to ensure the availability of parking spaces through the management of car park buildings; and off-street leased and casual carparks.

Parking Enforcement is responsible for promoting desired parking behaviour and the availability of parking spaces through the enforcement of parking regulations. A six-day service operates between the hours of 7.00am and 5.00pm Monday to Friday and 10.00am and 4.00pm on a Saturday. Parking enforcement also manages abandoned vehicles and ensures owners of businesses comply with the 'Commercial Use of Footpaths Policy' in relation to the placement of street furniture, goods and portable signs.

How do we measure performance?

Performance Measure	Data Source	Target 2017/18	Actual 2017/18	Actual 2016/17	Achievement
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 Mandatory Reporting Measure)	NZTA Dunedin City Road safety report	Reducing	2 more crashes with fatalities and injuries*	7 fewer fatality and serious injury crashes	Not achieved. 1.
The transport network facilitates comfortable travel					
The average quality of ride on local sealed road network measured by smooth travel exposure. (DIA Mandatory Reporting Measure)	RAMM, NZTA	Smooth travel exposure ≥80%	78%	80%	Not achieved. 2.
The network is maintained in responsive manner					
Percentage of service requests relating to roads and footpaths to which the response is provided within five working days. (DIA Mandatory Reporting Measure)	Customer Service Agency Records	≥90%	97%	86%	Achieved. 3.

Performance Measure	Data Source	Target 2017/18	Actual 2017/18	Actual 2016/17	Achievement
The transport network facilitates sustainable maintenance					
Percentage of sealed road network that is resurfaced. (DIA Mandatory Reporting Measure)	Work achieved reports	Target (m2) equating to 6% of network	6.58% of the network	4.33% of the network	Achieved. 4.
The transport network facilitates active travel					
Percentage of footpaths within the level of service standard adopted by the Council in its Asset Management Plan. (DIA Mandatory Reporting Measure)	RAMM Rating	≤15% of network is rated poor or very poor	25.4%	22.5%	Not achieved. 5.
Percentage of residents satisfied with the suitability of the road network for cyclists throughout the city.	ROS	≥28%	28%	28%	Achieved. 6.
Percentage of residents satisfied with condition of footpaths throughout the city.	ROS	≥57%	44%	51%	Not achieved. 7.
Percentage of residents satisfied with the ease of pedestrian access throughout the city.	ROS	≥65%	70%	72%	Achieved. 8.
The transport network facilitates accessibility					
Percentage of residents satisfied with parking availability in the central city. (This measure was changed to measure satisfaction rather than dissatisfaction from 2015/16.)	ROS	≥45%	28%	33%	Not achieved. 9.
The transport network facilitates efficient travel					
Percentage of residents satisfied with condition of roads throughout the city.	ROS	≥60%	39%	49%	Not achieved. 10.

Performance Measure	Data Source	Target 2017/18	Actual 2017/18	Actual 2016/17	Achievement
Average travel time by vehicle on five key urban routes at peak time (am):					
Route 1-St Clair to Octagon	Travel Time Survey	Route 1: 15 min	Route 1: 9.5 min	Route 1: 9 min	Achieved. 11.
Route 2-Normanby to Octagon	Travel Time Survey	Route 2: 15 min	Route 2: 9 min	Route 2: 9 min	Achieved. 12.
Route 3-Mosgiel to Octagon	Travel Time Survey	Route 3: 22 min	Route 3: 18 min	Route 3: 17 min	Achieved. 13.
Route 4-Brockville to Octagon	Travel Time Survey	Route 4: 15 min	Route 4: 7.47 min	Route 4: 7.41 min	Achieved. 14.
Route 5-Waverley to Octagon	Travel Time Survey	Route 5: 15 min	Route 5: 10.5 min	Route 5: 9 min	Achieved. 15.
The transport network facilitates safe travel					
Percentage of residents satisfied with condition of the streetlights throughout the city.	ROS	≥75%	64%	68%	Not achieved. 16.
Car parking is available and meets the needs of users					
Percentage of residents satisfied with availability of metered on-street parking in the central city. (measure changed to measure 'satisfaction' from 2015/16)	ROS	≥40%	32%	36%	Not achieved. 17.
Level of Service: Parking regulations are enforced					
Percentage of residents dissatisfied with the fairness and attitude of parking officers.	ROS	≤20%	20%	19%	Achieved. 18.

* Note: there is a 6 month time lag for full crash reports to be completed from the date of the incident. This means that these results are not final and can change depending on the final crash reports for the last few months of the 2017-18 year.

Explanations

1. A safety improvement programme is delivered each year to address engineering improvements to areas of the network identified as high risk. Further projects are being developed to improve safety across the network in the 2018/2019 year.
2. 78% of the sealed network meets a comfortable travel experience as measured through the roughness of the road surface. This is a reduction from the prior year of 2% and below target of 80%. The maintenance renewal package was 100% delivered in the 2017/18 year and is forecasted for 100% delivery in the 2018/19 year. These works seek to improve road condition.
3. 97% of service requests were responded to within five working days, a 13% improvement on the prior year. This is largely due to continued improvements to internal processes.
4. 6.58% of the sealed network was re-surfaced in the year, a 2.25% improvement on the prior year and above the target of 6%. The target reflects the expected average seal life of approximately 13 years, however this varies depending on factors such as the composition of the seal and road use. The 2017/18 programme reflects a catch up on investment and this will continue into 2018/19.
5. 27% of the footpath network is rated in poor or very poor condition. This is a 4.5% increase from the prior year and does not meet the target of 15%. Investment in footpath replacements will continue to be a focus into the 2018/19 financial year to improve standards.
6. 28% of residents are satisfied with the suitability of the road network for cyclists. This shows no change from the prior year. The Urban Cycleway Programme will improve pedestrian and cycleway connections across the city with further projects underway in the 2018/19 year.
7. 44% of residents were satisfied with the condition of footpaths throughout the city. This is a decrease of 7% on the prior year. Increased investment in footpath renewals commenced in 2017/18 and is planned to continue into the following years to improve standards.
8. 70% of residents are satisfied with the ease of pedestrian access throughout the city which shows a decrease of 2% from the prior year and is above the target of 65%. Minor safety projects, increased investment in footpath renewals and projects such as the Central City Upgrade, included in the 10 year plan 2018-28, all seek to improve pedestrian access in the city.
9. 28% of residents are satisfied with parking availability in the central city. This is a decrease of 5% from the prior year and below the target of 45%. A parking review is underway and its aim is to develop a parking management plan that will meet the needs of the city.
10. 39% of residents are satisfied with the condition of roads, a decrease of 10%. Increased investment is planned in the 10 year plan 2018-28 for both maintenance renewals and new capital projects.
- 11., 12., 13., 14. and 15. Travel times remain consistent and within target over the previous four years indicating consistently reliable travel times. Travel time surveys are conducted each year in March over a three day period. Results are best analysed over a period of time as opposed to year on year changes due to the frequency of the surveys. Traffic flows are continually monitored in high volume intersections and intervention strategies, such as adjusting traffic signal timings, are made to improve traffic flows and prevent bottlenecks during peak hours.
16. 64% of residents are satisfied with the condition of street lights on the network, a decrease of 4% on prior year. Procurement for the LED street light upgrade is underway and replacement will commence in the 2018/19 year.
17. This is a decrease on the previous year. Increased demand for parking and no significant changes to on-street parking in the central city may have meant that metered on-street parking availability was less likely to meet some expectations.
18. There is greater focus on outer areas which, it is hoped, will increase satisfaction.

Some of our achievements in 2017/18:

Cycleways – Construction of The Urban Cycleway programme in the central city is underway improving cycle and pedestrian connections from the harbour and to the railway station.

The Peninsula connection safety improvement project – The construction of this project commenced in 2017. It improves the road safety and accessibility of the Peninsula through road widening and shared pedestrian and cycleway space.

Pedestrian crossings – Walking in the city is safer with the implementation of the city's intersection Barnes Dance and pedestrian improvements across the city's Town Belt and Brighton Road.

Works completed in 2017/18 included:

Slip repairs: 258 metres of slip repairs on Highcliff Road were completed.

Retaining walls: 87 metres of retaining wall were completed adjacent to private property to support footpaths.

Bridge renewals: 765 lane-metres of bridges were renewed. Options for the reconstruction of the Mt Ross bridge were developed following its destruction in the July 2017 flood event.

Footpaths: 24 kilometres of footpaths were resurfaced and further investment is planned for 2018/19.

Kerb and Channel: 6.1 kilometres of kerb and channel repair were completed. Kerb and channel improves sealed road drainage and protects the road pavement condition.

Pedestrian improvements: Pedestrian improvements have been made across the city including 2,000 square metres of new footpaths on Brighton Road, 1,600 square metres of new footpaths in the Town Belt area and safety improvements in the central city school cluster area to reduce traffic speeds. Barnes Dance intersections and pedestrian barriers have been installed to improve pedestrian safety.

Capital Improvements

Jetty Street: Pedestrianisation work was completed to close Jetty Street to most traffic.

Dukes Road/Puddle Alley: Work to improve safety on Dukes Road and Puddle Alley was completed.

Green Island/Fairfield motorway interchanges: Construction began on converting three giveaway-controlled intersections to roundabouts. This will improve safety and the flow of traffic.

Capital Expenditure

	Note	2017/18 Actual \$'000	2017/18 Budget \$'000
New Capital			
Transportation - *Central City Project	19	-	2,519
Transportation - *Minor Improvements	20	4,817	1,347
Transportation - *Mosgiel East		72	-
Transportation - *Strategic Cycle Network	21	918	4,469
Transportation - Emergency Works - Slip Repairs	22	588	-
Transportation - Roading Miscellaneous Works		-	124
Transportation - Street Lighting Improvements		21	31
Transportation - Subdivision Property Purchase		-	32
Transportation - *Portobello and Harrington Point Road Improvements	23	4,372	9,733
Transportation - *Mosgiel West B	24	-	2,013
Transportation - *Traffic Services	25	397	3,109
Transportation - Puddle Alley Intersection		265	-
Transportation - Office Equipment		84	-
Transportation - Wickliffe Cycle/Walk Connection		8	-
Transportation - Cycle Trail		432	-
Transportation - July 17 Flood Reinstatement	26	5,068	-
Transportation - Portobello and Harrington Point Road Improvements		269	-
Transportation - Strategic Cycle Network		134	-
		<u>17,445</u>	<u>23,377</u>
Renewals			
Transportation - *Carriageway Resurfacing		4,165	4,250
Transportation - *Major Drainage Control		2,187	1,244
Transportation - *Shape Correction: Pavement Rehabilitation	27	312	2,488
Transportation - *Structure Component Replacement		1,803	1,606
Transportation - Footpath Resurfacing		2,070	2,073
Transportation - Traffic Services Renewal		575	580
Transportation - *Gravel Road Re-metaling		749	777
Parking Operations - Pay and Display machines		2	315
Parking Enforcement - Electronic Ticket Writers		(14)	-
		<u>11,849</u>	<u>13,333</u>
Total Capital		<u>29,294</u>	<u>36,710</u>

*externally funded.

Explanation of variance

19. *The Central City Project has been rescheduled in the 10 year plan 2018-28.*
20. *Additional spending was incurred on safety improvements due to additional funding being provided by the New Zealand Transport Agency (NZTA).*
21. *Due to a delayed commencement of the project, it will continue into the 2018/19 year.*
22. *Unbudgeted work relating to the June 2015 weather event.*
23. *There was a delay in commencing the physical work, however the project is now underway.*
24. *Budget was not required in the 2017/18 year.*
25. *The timeframe for delivery of the LED street lights is delayed to reflect a more realistic programme following a decision on the type of lights to be used.*
26. *Unbudgeted work relating to the July 2017 weather event.*
27. *Limited sites in the annual programme met NZTA criteria for rehabilitation, however this underspend was offset by overspends in other areas.*

Roading and Footpaths

Income Statement

for the Year Ended 30 June 2018

Actual 2017 \$000		Actual 2018 \$000	Budget 2018 \$000
Revenue			
18,660	General rates	17,800	17,800
29	Private street lighting rate	29	29
19,103	External operating revenue	24,767	19,405
3,418	Vested assets	3,266	-
7,493	External capital revenue	16,233	18,223
48,703	Total revenue	62,095	55,457
Expenditure by outputs			
39,486	Transportation	48,356	40,599
2,811	Citipark	2,604	2,352
2,029	Parking Enforcement	2,121	2,043
44,326	Total expenditure	53,081	44,994
4,377	Net surplus/ (deficit)	9,014	10,463
Expenditure by inputs			
3,268	Staff costs	4,195	4,099
20,459	Operational costs	27,224	20,010
1,014	Loan interest	1,263	1,263
19,585	Depreciation	20,399	19,622
44,326	Total expenditure	53,081	44,994

Dunedin City Council: Funding Impact Statement for the Year Ended 30 June 2018 for Roading and Footpaths

2017 Long-Term Plan Budget \$000		2018 Actual \$000	2018 Long-Term Plan Budget \$000
Sources of operating funding			
19,962	General rates, uniform annual general charges, rates penalties	17,800	22,503
29	Targeted rates	29	30
8,670	Subsidies and grants for operating purposes	13,899	8,613
2,619	Fees and charges	7,670	2,613
498	Internal charges and overheads recovered	93	511
3,216	Local authorities fuel tax, fines, infringement fees, and other receipts	2,888	3,295
34,994	Total operating funding	42,379	37,565
Application of operating funding			
19,599	Payments to staff and suppliers	27,734	19,882
1,359	Finance costs	1,263	1,775
3,782	Internal charges and overheads applied	3,778	3,878
-	Other operating funding applications	-	-
24,740	Total application of operating funding	32,775	25,535
10,254	Surplus/(deficit) of operating funding	9,604	12,030
Sources of capital funding			
15,519	Subsidies and grants for capital expenditure	16,233	19,363
227	Development and financial contributions	310	232
5,388	Increase/(decrease) in debt	-	6,656
-	- Gross proceeds from sale of assets	-	-
-	- Lump sum contributions	-	-
-	- Other dedicated capital funding	-	-
21,134	Total sources of capital funding	16,543	26,251
Application of capital funding			
Capital expenditure			
2,192	- to meet additional demand	495	3,222
15,639	- to improve the level of service	16,950	20,155
12,850	- to replace existing assets	11,849	13,334
-	- Increase/(decrease) in reserves	-	-
707	Increase/(decrease) of investments	(3,147)	1,570
31,388	Total application of capital funding	26,147	38,281
(10,254)	Surplus/(deficit) of capital funding	(9,604)	(12,030)
-	Funding balance	-	-

Water Supply

The Council's Water Supply group consists of the following activities:

- Water

How does this group fit into our strategic framework?

This group contributes to the 'A safe and healthy city' community outcome and strategic direction is primarily provided by the 3 Waters Strategic Direction Statement.

The water supply activity also supports the Council's strategic framework as follows:

- Spatial Plan – by identifying infrastructure-based constraints on development and activity.
- Economic Development Strategy – by ensuring that infrastructure planning supports economic growth.
- The water supply activity is expected to support the Environment Strategy through efficient use of natural resources, supporting catchment biodiversity and appropriate management of treatment discharges.

Outcome:	A safe and healthy city Where Dunedin is a clean, green, crime-free city where people feel safe and enjoy a healthy lifestyle.
Priorities:	• Dunedin has resilient water supply, wastewater and storm water infrastructure that meets best practice environmental standards.

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	9	8	1	0	89%
Totals:	9	8	1	0	89%

The water activity provides drinking quality water to homes and businesses in Dunedin and some outlying areas.

- The Council's water supply service consists of four service areas: metropolitan Dunedin and the three outlying areas of West Taieri, Outram and Northern Schemes (now fed from Mount Grand).
- The water supply network includes 21,000 hectares of water catchment, 1,367 km of pipeline; 30 pumping stations, 57 reservoirs (raw and treated) and 10 operational treatment plants.

Reporting on community outcomes and level of service performance measures that relate specifically to Water Supply has been replaced by reporting on mandatory measures. These measures were formulated by the Department of Internal Affairs (DIA) in accordance with section 261B of the Local Government Act 2002 and apply to all councils. In many instances the new mandatory measures replace or revise existing outcome indicators or service performance measures.

Performance Measure		Data Source	Target 2017/18	Result 2017/18	Result 2016/17	Achievement
Level of Service: The water is safe to drink						
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	Bacteriological compliance – Yes to all	100% *	95%	Achieved 1.
	(b) part 5 of the drinking-water standards (protozoa compliance criteria).	Internal reporting	Protozoa compliance – Yes to all	100% *	99%	Achieved 2.
Level of Service: Water resources are used efficiently and sustainably						
The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this).		Internal reporting	≤ 20%	20%	19%	Achieved 3.
Calculation Method:						
1. Treatment station production minus non-domestic minus domestic minus known unbilled = Estimated non-revenue water						
2. Estimated non-revenue water/periods production from treatment plants = Percentage real water loss						

Performance Measure		Data Source	Target 2017/18	Result 2017/18	Result 2016/17	Achievement
Level of Service: Service calls are responded to promptly						
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	41 minutes	37 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.	Internal reporting	240 minutes	129 minutes	108 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.	Internal reporting	3 days	0.84 days	0.86 days	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.	Internal reporting	5 days	2.14 days	1.27 days	Achieved. 7.

Performance Measure		Data Source	Target 2017/18	Result 2017/18	Result 2016/17	Achievement
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	202 complaints	85 complaints	Not applicable
	Drinking water taste	Internal reporting	Not applicable	6 complaints	5 complaints	Not applicable
	Drinking water odour	Internal reporting	Not applicable	4 complaints	9 complaints	Not applicable
	Level of Service: Water is supplied at adequate pressure					
	Drinking water pressure or flow	Internal reporting	Not applicable	127 complaints	124 complaints	Not applicable
	Level of Service: The water supply is reliable					
	Continuity of supply	Internal reporting	Not applicable	375 complaints	351 complaints	Not applicable
Level of Service: The Council is responsive to customer concerns						
The total number of complaints received by the local authority about any of the following:	The local authority's response to any of these issues, expressed per 1000 connections to the local authority's networked reticulation system	Internal reporting	Not applicable	22 complaints	15 complaints	Not applicable
	Total complaints expressed per 1,000 connections to the local authority's networked reticulation system	Internal reporting	<15 per 1,000 connections	16.38 per 1,000 connections	13.16 per 1,000 connections	Not achieved. 8.
Total number of rated properties for water supply as at 30 June 2018:						43,601
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	Internal reporting	<240 litres per day	233 litres per day	227 litres per day	Achieved. 9.

* Note: The results are provisional and the final result will be dependent on the independent water auditor's findings.

Note: There is an error in the way that the targets for measures relating complaints received were applied in the Long Term Plan 2015/16 -2024/25. Only the total number of complaints is required to be expressed per 1,000 connections. As this is a cumulative measure targets are not required for the individual component measures. Any category of complaint with a relatively high number of complaints is commented on individually in the Explanation section.

Explanations

1. All samples met New Zealand Drinking Water Standards requirements for bacteriological compliance in 2017/18.
2. All Water Treatment Plants achieved their required log credits to meet protozoal standards in 2017/18.
3. Dunedin does not have metered residential usage, and therefore water loss can only be estimated using an estimate of residential usage. The target of less than or equal to 20% water loss was achieved. A significant volume of water was spilled during the August 2017 water contamination event when three times the network volume (equivalent to approximately 1/3 of a day's production at Mt Grand) was flushed to remove any potential contamination from the network.
- 4., 5., 6., and 7. Targets were achieved in the 2017/18 year due to excellent systems and processes in place for customer call outs. The targets were met by the contractor City Care Ltd.
8. The target of 15 or fewer complaints per 1,000 connections was not achieved for 2017/18. This was due to an increase in the number of water clarity (discoloured water) complaints and complaints relating to a lack of supply continuity. The increase in the volumes of complaints relating to water clarity can be attributed to the accidental release of untreated water from the Ross Creek Reservoir during construction works on 14 August 2017. While the problem was addressed as soon as the cause was apparent, it was a period of months before the number of complaints settled to usual levels. The increase in the volumes of complaints relating to water supply continuity was attributed to private water tanks on rural schemes running out of water during the hot, dry summer when water demand was higher than normal.
9. Treated water demand for 2017/18 was comparable to 2016/17, except for the period from November 2017 to January 2018. This period was characterised by hot dry weather. While demand was higher than normal, formal water restrictions were not required to reduce demand, as the city generally responded well to voluntary requests to reduce water use.

Some of our achievements in 2017/18:

Mosgiel water supply - Mosgiel's water supply source was successfully changed from local ground water to town supply from Mt Grand Water Treatment Plant, in December 2017. The increasing risk of contamination of the Mosgiel groundwater source prompted this action to ensure we continue to deliver clean, safe drinking water to our communities in a cost effective manner.

Network renewals - Network renewals in Andersons Bay, North East Valley and Waikouaiti focused on replacing old, poor condition pipes with new pipes to improve firefighting water flows and water pressure.

Capital Expenditure

	Note	2017/18 Actual \$'000	2017/18 Budget \$'000
New Capital			
Water - Asset Management Information System (AMIS)		(4)	-
Water - Security of Supply		(21)	224
Water - Water - Risk, Compliance and Efficiency		154	107
Water - Water Network - Augmentation and Efficiency		(1)	107
Water - Reticulation Development - Zone Metering		-	160
		<u>128</u>	<u>598</u>
Renewals			
Water - Security of Supply	10	3,953	-
Water - Water - Network Renewals		3,589	5,856
Water - Water - Raw Water, Supply and Plant Renewals		440	1,871
		<u>7,982</u>	<u>7,727</u>
Total Capital		<u>8,110</u>	<u>8,325</u>

Explanation of variance

10. Ross Creek Reservoir reinforcement works was scheduled to occur in 2016/17, the project continued into 2017/18 and will be completed in 2018/19.

Water Supply

Income Statement

for the Year Ended 30 June 2018

Actual		Actual	Budget
2017		2018	2018
\$000		\$000	\$000
Revenue			
19,242	Citywide water rate	20,189	20,189
6,006	External operating revenue	6,161	5,595
-	External capital revenue	-	-
2,157	Vested assets	834	-
27,405	Total revenue	27,184	25,784
Expenditure by outputs			
25,974	Water	28,630	27,945
25,974	Total expenditure	28,630	27,945
1,431	Net surplus/ (deficit)	(1,446)	(2,161)
Expenditure by inputs			
3,800	Staff costs	3,933	3,577
10,573	Operational costs	11,366	11,127
1,438	Loan interest	1,564	1,576
10,163	Depreciation	11,767	11,665
25,974	Total expenditure	28,630	27,945

Dunedin City Council: Funding Impact Statement for the Year Ended 30 June 2018 for Water Supply

2017 Long-Term Plan Budget \$000		2018 Actual \$000	2018 Long-Term Plan Budget \$000
Sources of operating funding			
	- General rates, uniform annual general charges, rates penalties	-	-
19,917	Targeted rates	20,189	20,223
	- Subsidies and grants for operating purposes	-	-
5,796	Fees and charges	5,908	5,968
	- Internal charges and overheads recovered	1	-
	- Local authorities fuel tax, fines, infringement fees, and other receipts	-	-
25,713	Total operating funding	26,098	26,191
Application of operating funding			
11,797	Payments to staff and suppliers	13,315	12,157
1,563	Finance costs	1,564	1,702
2,289	Internal charges and overheads applied	1,985	2,347
	- Other operating funding applications	-	-
15,649	Total application of operating funding	16,864	16,206
10,064	Surplus/(deficit) of operating funding	9,234	9,985
Sources of capital funding			
	- Subsidies and grants for capital expenditure	-	-
187	Development and financial contributions	253	193
3,083	Increase/(decrease) in debt	-	(1,499)
	- Gross proceeds from sale of assets	-	-
	- Lump sum contributions	-	-
	- Other dedicated capital funding	-	-
3,270	Total sources of capital funding	253	(1,306)
Application of capital funding			
	Capital expenditure		
762	- to meet additional demand	607	61
4,413	- to improve the level of service	131	537
6,845	- to replace existing assets	7,372	7,726
	- Increase/(decrease) in reserves	-	-
1,314	Increase/(decrease) of investments	1,377	355
13,334	Total application of capital funding	9,487	8,679
(10,064)	Surplus/(deficit) of capital funding	(9,234)	(9,985)
	- Funding balance	-	-

Sewerage and Sewage

The Council's Sewerage and Sewage group consists of the following activities:

- Wastewater

How does this group fit into our strategic framework?

This group contributes to 'A safe and healthy city' community outcome by ensuring that urban wastewater is collected from homes and businesses and treated for safe disposal. Strategic direction for wastewater is primarily provided by the 3 Waters Strategic Direction Statement.

The wastewater activity also supports the Council's strategic framework as follows:

- Spatial Plan – by identifying infrastructure-based constraints on development and activity.
- Economic Development Strategy – by ensuring that infrastructure planning supports economic growth and that trade waste charging is fair and equitable.
- The wastewater activity is expected to support the Environment Strategy by ensuring that wastewater is effectively treated and appropriately disposed of. The use of biosolids (the solid waste remaining after wastewater is treated) as a resource for energy generation is also likely to support the Environment Strategy.

Outcome:	A safe and healthy city Where Dunedin is a clean, green, crime-free city where people feel safe and enjoy a healthy lifestyle.
Priorities:	• Dunedin has resilient water supply, wastewater and storm water infrastructure that meets best practice environmental standards.

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	8	5	3	0	63%
Totals:	8	5	3	0	63%

What we provide:

The wastewater network comprises 901 km of pipes, 76 reticulation pumping stations, 130 domestic pumping stations and seven treatment plants. The service is provided to approximately 107,000 residents and 106 trade customers.

The Council's wastewater service consists of seven service areas, including metropolitan Dunedin and six outlying areas: Green Island, Mosgiel, Middlemarch, Seacliff, Waikouaiti/Karitane and Warrington. The Metropolitan system takes the east and west harbour communities of Portobello and Port Chalmers respectively and discharges from Tahuna via the long ocean outfall. Green Island takes the treated Mosgiel effluent and discharges this along with wastes from Green Island, Abbotsford and coastal south Dunedin via the ocean outfall at Waldronville.

The Council operates and maintains the wastewater system from the main sewer (typically in the road) to the point where treated effluent is discharged to the environment. Following a historic programme of sewer separation, the foul sewer system is designed to operate independently from the stormwater sewerage system.

How do we measure performance?

Reporting on community outcomes and level of service performance measures that relate specifically to Water Supply has been replaced by reporting on mandatory measures. These measures were formulated by the Department of Internal Affairs (DIA) in accordance with section 261B of the Local Government Act 2002 and apply to all councils. In many instances the new mandatory measures replace or revise existing outcome indicators or service performance measures.

Performance Measure		Data Source	Target 2017/18	Result 2017/18	Result 2016/17	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 1000 sewerage connections to that sewerage system.		Internal Reporting	0	0	0.062	Achieved. 1.
Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:	Abatement notices	Internal Reporting	0	1	0	Not achieved. 2.
	Infringement notices	Internal Reporting	0	1	0	Not achieved. 3.
	Enforcement orders	Internal Reporting	0	0	0	Achieved. 4.
	Convictions	Internal Reporting	0	0	0	Achieved. 5.

Performance Measure		Data Source	Target 2017/18	Result 2017/18	Result 2016/17	Achievement
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	36 minutes	34 minutes	Achieved. 6.
	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.	Internal Reporting	240 minutes	121 minutes	108 minutes	Achieved. 7.
Level of Service: The wastewater service is reliable and the Council is responsive to customer concerns						
The total number of complaints received by the territorial authority about any of the following:	Sewage odour	Internal Reporting	Not applicable	48 complaints	9 complaints	Not applicable
	Sewerage system faults	Internal Reporting	Not applicable	74 complaints	15 complaints	Not applicable
	Sewerage system blockages	Internal Reporting	Not applicable	181 complaints	192 complaints	Not applicable
	The territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system	Internal Reporting	Not applicable	1 complaint	0 complaints	Not applicable
	All of the above complaints expressed per 1,000 connections to the territorial authority's sewerage system	Internal Reporting	<5 per 1,000 connections	6.56 complaints per 1,000 connections	4.47 complaints per 1,000 connections	Not achieved. 8.

Note: There is an error in the way that the targets for measures relating complaints received were applied in the Long Term Plan 2015/16-2024/25. Only the total number of complaints is required to be expressed per 1,000 connections. As this is a cumulative measure targets are not required for the individual component measures. Any category of complaint was a relatively high number of complaints is commented on individually in the Explanation section.

Total number of rated properties for wastewater as at 30 June 2018:**48,618****Explanations**

1. Overflows are measured with loggers at constructed overflow points within the network. There were no overflow events recorded during dry weather during 2017/18.

2., 3., 4., and 5. One abatement notice and one infringement notice were received from the Otago Regional Council during 2017/18. The infringement notice was a \$750 fine for a discharge of wastewater to an urban stream due to a network overflow. The abatement notice was complied with before it was received in the post. The Regional Council is taking a more stringent approach on urban activities; The City Council is committed to working collaboratively with the Regional Council to address any concerns. No enforcement orders or convictions were received.

6. and 7. The targets were achieved in the 2017/18 year due to excellent systems and processes in place for customer call outs. The targets were met by the contractor City Care Ltd.

8. The target of five or fewer complaints per 1,000 connections was not achieved for 2017/18. This was due to an increase of sewerage odour complaints that related to the temporary diversion of trade waste flows from a dedicated line to the Green Island Treatment Plant into the main wastewater reticulation system through Wingatui and Mosgiel. Council is working with trade waste customers to ensure any odour problems are effectively mitigated. Complaints relating to sewage system faults also increased due to significant rainfall events in July 2017 and smaller events in February 2018 and April 2018. Reported system faults were generally overflows from the network during rainfall where network incapacities caused bottlenecks in the network. Work is programmed in the 10 year plan 2018-28 to address known problem areas.

Some of our achievements in 2017/18:

Network renewals - Network renewals in North East Valley began and focussed on replacing old, poor condition pipes with new pipes to reduce wastewater flooding.

Upgrade of Green Island Wastewater treatment plant - Planning was well underway and funding secured through the 10 year plan process for the upgrade of the Green Island Wastewater Treatment Plant. This project will improve the treatment process and mean the plant can take and treat more wastewater. Flows from Kaikorai Valley which currently flow through South Dunedin will be piped to Green Island as part of the project, helping to reduce wastewater flooding in South Dunedin.

Switchboard renewals - Old and unsafe switchboards at Green Island and Tahuna Wastewater Treatment Plants have been replaced. This is part of an ongoing switchboard replacement programme across city water plant sites.

Capital Expenditure

	Note	2017/18 Actual \$'000	2017/18 Budget \$'000
New Capital			
Wastewater - Tahuna Biosolids Project		118	-
Wastewater - Wastewater - Augmentation and Efficiency		30	107
Wastewater - Wastewater Treatment	9	1,014	-
Wastewater - Civic Centre		11	-
		<u>1,173</u>	<u>107</u>
Renewals			
Wastewater - Foul Sewer Renewals (Reticulation and Trunk Mains)	10	1,288	4,614
Wastewater - Treatment Plants		744	909
		<u>2,032</u>	<u>5,523</u>
Total Capital		<u>3,205</u>	<u>5,630</u>

Explanation of variance

9. *Electrical switchboard upgrade at the Tahuna Wastewater Treatment Plant.*

10. *The Kaikorai Valley stage three project was delayed in the 2016/17 year due to only one tender being received with costs well above the original estimate. Project re-scoping and a procurement plan have been completed in the 2017/18 year. Work will continue on this project in the 2018/19 year.*

Sewerage and Sewage

Income Statement

for the Year Ended 30 June 2018

Actual 2017 \$000		Actual 2018 \$000	Budget 2018 \$000
Revenue			
27,214	Citywide drainage rate	26,638	26,638
20	Allanton drainage rate	20	20
4	Blanket Bay rate	4	4
3	Curles Point rate	3	3
858	External operating revenue	966	495
-	External capital revenue	-	-
1,952	Vested assets	1,443	-
30,051	Total revenue	29,074	27,160
Expenditure by outputs			
29,005	Wastewater	29,870	27,701
29,005	Total expenditure	29,870	27,701
1,046	Net surplus/ (deficit)	(796)	(541)
Expenditure by inputs			
2,718	Staff costs	2,814	2,814
10,289	Operational costs	10,937	10,165
4,855	Loan interest	4,583	4,583
11,143	Depreciation	11,536	10,139
29,005	Total expenditure	29,870	27,701

Dunedin City Council: Funding Impact Statement for the Year Ended 30 June 2018 for Sewerage and Sewage

2017 Long-Term Plan Budget \$000		2018 Actual \$000	2018 Long-Term Plan Budget \$000
Sources of operating funding			
-	General rates, uniform annual general charges, rates penalties	-	-
26,121	Targeted rates	26,665	28,081
-	Subsidies and grants for operating purposes	40	-
546	Fees and charges	518	562
-	Internal charges and overheads recovered	-	-
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-
26,667	Total operating funding	27,223	28,643
Application of operating funding			
10,475	Payments to staff and suppliers	11,841	10,684
5,277	Finance costs	4,583	4,989
2,352	Internal charges and overheads applied	1,909	2,412
-	Other operating funding applications	-	-
18,104	Total application of operating funding	18,333	18,085
8,563	Surplus/(deficit) of operating funding	8,890	10,558
Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-
83	Development and financial contributions	409	86
(3,892)	Increase/(decrease) in debt	-	(4,159)
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
(3,809)	Total sources of capital funding	409	(4,073)
Application of capital funding			
Capital expenditure			
330	- to meet additional demand	4	17
87	- to improve the level of service	1,169	90
5,007	- to replace existing assets	2,032	5,522
-	Increase/(decrease) in reserves	-	-
(670)	Increase/(decrease) of investments	6,094	856
4,754	Total application of capital funding	9,299	6,485
(8,563)	Surplus/(deficit) of capital funding	(8,890)	(10,558)
-	Funding balance	-	-

Stormwater

The Council's Stormwater group consists of the following activities:

- Stormwater

How does this group fit into our strategic framework?

This group contributes to 'A safe and healthy city' community outcome by ensuring that urban wastewater is collected from homes and businesses and treated for safe disposal.

Strategic direction for stormwater is primarily provided in the 3 Waters Strategic Direction Statement.

The stormwater activity also supports the Council's strategic framework as follows:

- Spatial Plan – by identifying infrastructure-based constraints on development and activity.
- Economic Development Strategy – by ensuring that infrastructure planning supports economic growth.
- The stormwater activity is expected to support the Environment Strategy by ensuring that stormwater is disposed of without adversely affecting the quality of the receiving environment.

Outcome:	A safe and healthy city Where Dunedin is a clean, green, crime-free city where people feel safe and enjoy a healthy lifestyle.
Priorities:	• Dunedin has resilient water supply, wastewater and storm water infrastructure that meets best practice environmental standards.

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	8	5	2	1	63%
Totals:	8	5	2	1	63%

What we provide:

The Council's stormwater service manages the collection and disposal of stormwater to domestic and commercial residents in eight service areas – metropolitan Dunedin and seven outlying areas: Brighton/Waldronville, Green Island, Mosgiel, Middelmarsh, Outram, Port Chalmers and Waikouaiti/Karitane and Warrington. The stormwater network comprises 372 km of pipes and 11 pumping stations. In general, the Council's stormwater sewers are piped, with open channels running through private properties falling under riparian ownership. There are, however, some exceptions to this rule.

How do we measure performance?

Reporting on community outcomes and level of service performance measures that relate specifically to Water Supply has been replaced by reporting on mandatory measures. These measures were formulated by the Department of Internal Affairs (DIA) in accordance with section 261B of the Local Government Act 2002 and apply to all councils. In many instances the new mandatory measures replace or revise existing outcome indicators or service performance measures.

Performance Measure		Data Source	Target 2017/18	Result 2017/18	Result 2016/17	Achievement
Level of Service: Stormwater services perform adequately and reliably						
System and adequacy	The number of flooding events* that occur in a territorial authority district.	Internal Reporting	0	1	2	Not achieved. 1.
	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. 2.
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. 3.
	Infringement notices	Internal Reporting	0	0	0	Achieved. 4.
	Enforcement orders	Internal Reporting	0	0	0	Achieved. 5.
	Successful prosecutions	Internal Reporting	0	0	0	Achieved. 6.

Performance Measure	Data Source	Target 2017/18	Result 2017/18	Result 2016/17	Achievement
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	49 minutes	50 minutes	Achieved 7.
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	1.65 complaints per 1,000 connections	0.31 complaints per 1,000 connections	Not achieved 8.

**Note: 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 2018:

47,989

Explanations

1. There was one flooding event in the 2017/18 year. The event in July 2017 equated to greater than a one in ten year event in the Kaikorai Valley, Waverley and South Dunedin catchments.
2. It is believed that habitable floor flooding may have occurred in all three events, however this data was not able to be captured at the time as the fast nature of the events mean there were higher priorities than collecting this data. The way this data is collected in the future will be addressed.
- 3., 4., 5., and 6. No abatement notices, infringement notices, enforcement orders or prosecutions were received during 2017/18.
7. Targets were achieved in the 2017/18 year due to excellent systems and processes in place for customer call outs. The targets were met by the contractor City Care Ltd.
8. There was a total of 79 stormwater complaints received in 2017/18. The majority of these complaints relate to three flooding events. Work is programmed in the 10 year plan 2018-28 to address known problem areas.

Some of our achievements in 2017/18:

Network improvements - Stormwater network improvements were completed in Sawyers Bay, Woodland Avenue in Mosgiel and School Street in Kaikorai Valley to alleviate flooding issues in these areas.

Stormwater pump station replacements - Work began on the replacement of the Reid Avenue and Carlyle Road stormwater pump stations in Mosgiel. These pump stations are critical to the performance of the stormwater network in Mosgiel. Design is in progress and construction will commence during 2019.

South Dunedin improvement - Planning was underway and funds approved through the 10 year plan process for stormwater improvements in South Dunedin. This project aims to reduce the risk of flooding and damage to homes and businesses. The first few years of the project will focus on planning, design and research.

Coastal infrastructure resource - Funding was set in place for an allocated, dedicated staff resource for managing Dunedin's coastal infrastructure. This staff resource will be responsible for ensuring that the Council proactively manages our coastal infrastructure for the safety and benefit of the community.

Capital Expenditure

	Note	2017/18 Actual \$'000	2017/18 Budget \$'000
New Capital			
Stormwater - Stormwater - Consent Compliance		6	21
Stormwater - Stormwater - Augmentation and Efficiency	9	542	1,489
Stormwater - Portobello Road Property Improvements		26	
		<u>574</u>	<u>1,510</u>
Renewals			
Stormwater - Stormwater - Network Renewals	10	1,392	2,472
		<u>1,392</u>	<u>2,472</u>
Total Capital		<u>1,966</u>	<u>3,982</u>

Explanation of variance

9. Planned projects were deferred as higher priority works were identified.

10. The focus for the year has been planning for the delivery of projects scheduled in the 2018/19 year.

Stormwater

Income Statement for the Year Ended 30 June 2018

Actual		Actual	Budget
2017		2018	2018
\$000		\$000	\$000
Revenue			
4,096	Citywide drainage rate	5,673	5,673
203	External operating revenue	171	35
-	External capital revenue	-	-
2,479	Vested assets	2,586	-
6,778	Total revenue	8,430	5,708
Expenditure by outputs			
6,096	Stormwater	7,397	6,573
6,096	Total expenditure	7,397	6,573
682	Net surplus/ (deficit)	1,033	(865)
Expenditure by inputs			
633	Staff costs	655	655
2,188	Operational costs	2,345	2,167
82	Loan interest	107	107
3,193	Depreciation	4,290	3,644
6,096	Total expenditure	7,397	6,573

Dunedin City Council: Funding Impact Statement for the Year Ended 30 June 2018 for Stormwater

2017 Long-Term Plan Budget \$000	2018 Actual \$000	2018 Long-Term Plan Budget \$000
Sources of operating funding		
- General rates, uniform annual general charges, rates penalties	-	-
4,940 Targeted rates	5,673	5,981
- Subsidies and grants for operating purposes	-	-
34 Fees and charges	31	35
- Internal charges and overheads recovered	-	-
- Local authorities fuel tax, fines, infringement fees, and other receipts	-	-
4,974 Total operating funding	5,704	6,016
Application of operating funding		
2,376 Payments to staff and suppliers	2,590	2,443
89 Finance costs	107	117
401 Internal charges and overheads applied	409	411
- Other operating funding applications	-	-
2,866 Total application of operating funding	3,106	2,971
2,108 Surplus/(deficit) of operating funding	2,598	3,045
Sources of capital funding		
- Subsidies and grants for capital expenditure	-	-
90 Development and financial contributions	140	93
213 Increase/(decrease) in debt	-	931
- Gross proceeds from sale of assets	-	-
- Lump sum contributions	-	-
- Other dedicated capital funding	-	-
303 Total sources of capital funding	140	1,024
Application of capital funding		
Capital expenditure		
57 - to meet additional demand	113	322
223 - to improve the level of service	461	1,189
2,044 - to replace existing assets	1,392	2,471
- Increase/(decrease) in reserves	-	-
87 Increase/(decrease) of investments	772	87
2,411 Total application of capital funding	2,738	4,069
(2,108) Surplus/(deficit) of capital funding	(2,598)	(3,045)
- Funding balance	-	-

Solid Waste

The Council's Solid Waste group consists of the following activities:

- Solid Waste

How does this group fit into our strategic framework?

This group contributes to 'A safe and healthy city' outcome and will support the Environment Strategy.

The Waste Management and Minimisation Plan 2013, (WMMP13) underpins the service provided by this group.

Outcome:	A safe and healthy city Where Dunedin is a clean, green, crime-free city where people feel safe and enjoy a healthy lifestyle.
Priorities:	• Dunedin is a clean city with high-quality solid waste and recycling infrastructure.

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
Solid Waste	2	2	0	0	100%
Totals:	2	2	0	0	100%

What we provide:

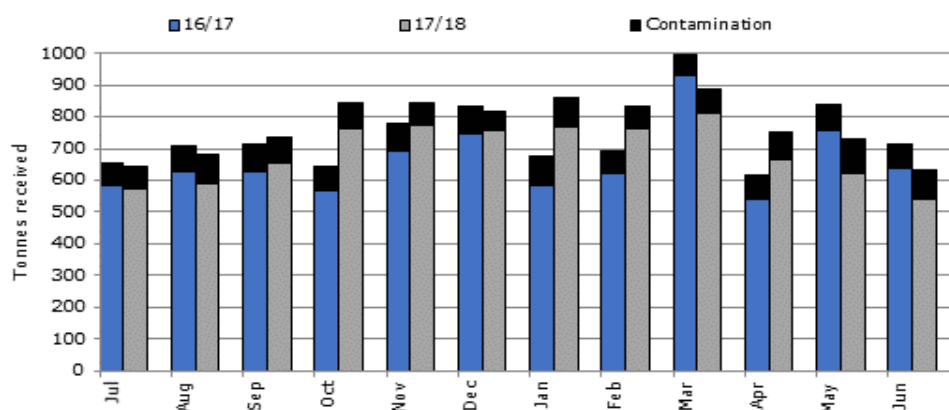
The Council's Solid Waste activity provides a collection, resource recovery and residual disposal service for domestic and some commercial residents in Dunedin. It also manages the Council's collection and recycle sorting contracts, two landfill facilities, one recovery store and three recycling stations.

How do we measure performance?

Performance Measure	Data Source	Target 2017/18	Actual 2017/18	Actual 2016/17	Achievement
Level of Service: Refuse collection and kerbside recycling meet customer expectations					
Number of complaints regarding missed collections	Collection contract data	<50* <600	412	324	Achieved. 1.
Level of Service: Waste minimisation targets are met					
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 material sold	(9,261 tonnes) 8,282 tonnes sold - 89% 4.8% increase on 2016/17	(8,862 tonnes) 7,901 tonnes sold - 89% 3.9% decrease on 2015/16	Achieved. 2.

**Note: There has been an error in the recording of the target in the Long Term Plan 2015/16-2024/25. It was recorded as <50, however this is the monthly target, and the annual target is <600. This has now been corrected.*

Total waste diverted and sold during 2017/18 by month (tonnes)



Explanations

1. A total of 412 missed collections were recorded in the 2017/18 year. These missed collections can often be attributed to things such as weather events and road works, which inhibits access to some streets, plus contractor oversight and late presentation of bags or bins. Yellow bins are most often reported as missed with 219 reported misses; however a number of these were not collected due to excessive contamination. Reported misses for blue bins were 92 and 101 reported misses for rubbish bags.
2. The Solid Waste Team initiated a recycling bin checking and education programme in the 2017/18 year which has assisted in reducing contamination and improving the quality and quantity of recyclables collected at kerbside.

Some of our achievements in 2017/18:

Campus area – Collaboration between the Council, Otago University Property Services, and Otago University Students Association resulted in continuous improvements for the campus area including more glass specific street cleaning, additional recycling collections, increased publicity and information. Planning began to establish up to six recycling drop-off facilities in the University and Polytech campus areas.

Waste facilities and services – Three new contracts came into effect at the start of 2017/18: Active and Closed Landfill Environmental Monitoring and Reporting; Green Island Landfill and Transfer Station Operations; and Rural Transfer Stations and Skip Day Services. These contracts have improved the levels of service in these areas. Additional recycling services were introduced for bicycles and baby seats collected at the Green Island material recovery (Rummage) store.

Recycling contamination – A kerbside recycling collection inspection programme was trialled in 2017/18 and resulted in a 27% reduction in recycling contamination in the area inspected, and a 4% reduction in contamination overall. This programme will be continued in 2018/19 and subsequent years.

Capital Expenditure

	Note	2017/18 Actual \$'000	2017/18 Budget \$'000
New Capital			
Solid Waste - Green Island Landfill Gas Collection		44	-
Solid Waste - Recycling Wheelie Bins		67	-
Solid Waste - Waikouaiti Landfill Transfer Station		12	-
Solid Waste - Waikouaiti Landfill Decommissioning		-	53
Solid Waste - City Recycling Facilities		5	-
Solid Waste - Green Island Landfill Leachate System		6	220
Solid Waste - Green Island Landfill Portacom		22	-
Solid Waste - Green Island Landfill Improvements to Final Cap		25	105
		181	378
Renewals			
Solid Waste - Landfills Green Island		196	342
Solid Waste - Renewal of Litter Bins		5	26
		201	368
Total Capital		382	746

Solid Waste

Income Statement

for the Year Ended 30 June 2018

Actual		Actual	Budget
2017		2018	2018
\$000		\$000	\$000
Revenue			
647	General rates	695	695
2,800	Kerbside recycling rate	2,821	2,821
9,032	External operating revenue	13,172	10,313
-	External capital revenue	-	-
12,479	Total revenue	16,688	13,829
Expenditure by outputs			
4,220	Landfills	7,859	6,259
281	Waste Strategy	324	359
2,992	Recycling	2,985	2,991
2,015	Refuse/Litter Collection	1,858	2,169
9,508	Total expenditure	13,026	11,778
2,971	Net surplus/ (deficit)	3,662	2,051
Expenditure by inputs			
400	Staff costs	614	551
8,333	Operational costs	11,642	10,455
198	Loan interest	179	179
577	Depreciation	591	593
9,508	Total expenditure	13,026	11,778

Dunedin City Council: Funding Impact Statement for the Year Ended 30 June 2018 for Solid Waste

2017 Long-Term Plan Budget \$000		2018 Actual \$000	2018 Long-Term Plan Budget \$000
Sources of operating funding			
606	General rates, uniform annual general charges, rates penalties	695	621
2,866	Targeted rates	2,821	2,939
-	- Subsidies and grants for operating purposes	-	-
6,833	Fees and charges	13,172	6,647
763	Internal charges and overheads recovered	1,291	783
-	- Local authorities fuel tax, fines, infringement fees, and other receipts	-	-
11,068	Total operating funding	17,979	10,990
Application of operating funding			
9,308	Payments to staff and suppliers	12,699	9,528
214	Finance costs	179	194
125	Internal charges and overheads applied	848	128
-	- Other operating funding applications	-	-
9,647	Total application of operating funding	13,726	9,850
1,421	Surplus/(deficit) of operating funding	4,253	1,140
Sources of capital funding			
-	- Subsidies and grants for capital expenditure	-	-
-	- Development and financial contributions	-	-
(272)	Increase/(decrease) in debt	-	(293)
-	- Gross proceeds from sale of assets	-	-
-	- Lump sum contributions	-	-
-	- Other dedicated capital funding	-	-
(272)	Total sources of capital funding	-	(293)
Application of capital funding			
Capital expenditure			
-	- to meet additional demand	-	-
713	- to improve the level of service	181	378
334	- to replace existing assets	201	368
-	- Increase/(decrease) in reserves	-	-
102	Increase/(decrease) of investments	3,871	101
1,149	Total application of capital funding	4,253	847
(1,421)	Surplus/(deficit) of capital funding	(4,253)	(1,140)
-	Funding balance	-	-

City Planning and Regulatory Services

The Council's City Planning and Regulatory Services group consists of the following activities:

- City Development
- Resource Consents
- Regulatory - Alcohol Services
- Regulatory - Animal Services
- Regulatory - Building Services
- Regulatory - Environmental Health

How does this group fit into our strategic framework?

This group contributes to three community outcomes and supports the city's spatial plan – Dunedin Towards 2050, which sets the strategic direction for Dunedin's growth and development for the next 30 plus years.

Outcome:	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.
Priorities:	<ul style="list-style-type: none"> • Dunedin is enhanced through quality architectural, urban and landscape design. • Dunedin's built heritage is valued and heritage buildings are in active re-use. • Dunedin's central city area is the vibrant focal point for urban life, supported by a hierarchy of successful suburban and rural centres. • Development respects the unique character of Dunedin as a compact harbour city enclosed by hills.
Outcome:	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.
Priorities:	<ul style="list-style-type: none"> • Our rural and coastal landscapes are protected and maintained. • Dunedin's wildlife and natural habitats (flora and fauna) are respected and enhanced. • Dunedin's people value the natural environment and are the custodians of a regenerative and flourishing natural environment. • We lead by example in environmental practices and promote awareness of impacts of human activity on our local environment.
Outcome:	A safe and healthy city Dunedin is a clean, green, crime-free city where people feel safe and enjoy a healthy lifestyle.
Priorities:	<ul style="list-style-type: none"> • Dunedin is a place where people are safe in their homes, work and public spaces.

Progress against this outcome is measured by monitoring:

Indicator	Target	Actual 2017/18	Actual 2016/17	Data Source
Number of properties and structures protected under District Plan that are demolished.	0	0	0	City Development internal data analysis

Indicator	Target	Actual 2017/18	Actual 2016/17	Data Source
Total area of indigenous habitat in Dunedin protected by the District Plan, DCC reserve land and land held under QEII covenants and other statute-based protective mechanisms.	Increase by 2% annually on baseline. Baseline 2009/10: 30,454ha	Increase to 32,401 ha	Increase to 32,392 ha (from QEII area - 3 ha).	City Development internal data analysis

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
City Planning and Regulatory Services	9	4	5	0	44%
Totals:	9	4	5	0	44%

What we provide:

The **City Development** team provides strategic direction for sustainable future development options for the main Dunedin urban area and outlying settlements and townships, and ensures the city has enough land for housing. It also creates business opportunities by fostering and enhancing a vibrant CBD and tertiary precinct. Key activities include: developing and reviewing the District Plan and related strategic spatial planning policies; providing incentives for built heritage restoration and active re-use; leading place-based urban revitalization projects, and designing and implementing amenity improvements, and contributing to policy development, strategic planning and projects. City Development also supports and provides incentives for biodiversity protection and enhancement. The **Resource Consent** team undertakes a range of work, including providing RMA planning and Hazardous Substances and New Organism Act advice, processing resource consent applications, monitoring, and compliance work.

The **Regulatory Services** teams provide:

- 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
- services to reduce alcohol-related harm by monitoring and enforcing standards within licensed premises, and to provide Alcohol Licensing Committee services for Dunedin City.

How do we measure performance?

Performance Measure	Data Source	Target 2017/18	Actual 2017/18	Actual 2016/17	Achievement
Residents are satisfied with the look and feel of the city					
Percentage of residents satisfied with the overall look and feel of the city	ROS	≥75%	76%	78%	Achieved. 1.
Level of Service: Resource consent customer information needs are met					
Percentage of customer requests for advice at the front counter fulfilled	External Counter Survey	≥90%	100%	100%	Achieved. 2.
Level of Service: Resource consents are processed efficiently and meet statutory timeframes					
Percentage of resource consents processed within statutory timeframes	Quarterly Internal Report	100%	99%	99.6%	Not achieved. 3.
Level of Service: Legislative standards and bylaws are enforced to protect the public					
Percentage of residents satisfied with the control of roaming dogs (Measure revised to measure satisfaction instead of dissatisfaction from 2015/16)	ROS	≥90%	66%	63%	Not achieved. 4.
Percentage of "A" graded food premises	DCC internal reporting	≥65%	85%	84%	Achieved. 5.

Performance Measure	Data Source	Target 2017/18	Actual 2017/18	Actual 2016/17	Achievement
Level of Service: Monitoring of legislative standards and bylaws is undertaken to protect the public					
Percentage of registered health premises inspected annually	DCC Internal Reporting	100%	100%	100%	Achieved. 6.
Level of Service: Monitoring of legislative standards and bylaws is undertaken to protect the public					
Number of alcohol licensing monitoring visits completed each quarter	DCC Internal Reporting	≥50 per quarter	121 Compliance Visits	194 Compliance Visits	Not achieved. 7.
Level of Service: Statutory timeframes for processing of building consent applications and certifications are met					
Percentage of building consent applications processed in accordance with statutory timeframes	Internal Processing Analysis	100%	99%	93%	Not achieved. 8.
Percentage of Code Compliance Certificates issued in accordance with statutory timeframes	Internal Processing Analysis	100%	99%	100%	Not achieved. 9.

Explanations

1. The target was achieved this year and is similar to the previous three years' results. The Central City upgrade and other amenity projects programmed in the coming years seek to address residents' concerns about the overall appearance of the city.
2. The enquiries to the planners at the front counter were all responded to. 6,391 were recorded.
3. A total of 99% of resource consents granted were within the statutory maximum processing time. This was the busiest financial year for resource consent processing since 2008.
4. Although the target was not achieved, this is a 3% improvement compared to 2017. Staff continue to respond to complaints in a timely manner and are actively patrolling the city suburbs for roaming dogs.
5. Environmental Health staff continue to work alongside food operators to ensure they have good understanding of what is required under the Food Act 2014. Overall the standard of food safety in Dunedin food premises is at a very high standard.
6. All health premises required to be inspected/verified annually were inspected at least once in the last 12 months.
7. The target of 50 or more visits completed for each quarter was not achieved, however 121 visits were successfully completed during the year. It is expected that the target will be achieved in the 18/19 year.
8. Although this target was not achieved, 99.1% of applications granted within timeframes is an improvement on last year and the highest result for some time. This reflects continued efforts and maintained staffing levels throughout the year.
9. This target was not achieved due to two Code Compliance Certificates not issued within the statutory timeframe.

Some of our achievements in 2017/18 were:

IANZ audit - IANZ (Internal Accreditation New Zealand) undertook the biennial audit of the Building Consent Authority (part of the Building Services team) in September 2017 and it was noted as low risk. Accreditation has been maintained through to the next audit in September 2019.

Second Generation Plan (2GP) - The last day of hearings for the review of the District Plan was held on Friday 8th December 2017, eighteen months after the first hearing in May 2016. This ended 120 days of hearings and the end of the hearings stage of the 2GP process. Decisions are expected to be released towards the end of 2018.

Parking Services body worn cameras - The introduction of the body worn cameras in April 2017 have proved effective deterrents and helped to de-escalate potentially dangerous situations. Footage has also been invaluable in aiding police investigations.

Capital Expenditure

	Note	2017/18 Actual \$'000	2017/18 Budget \$'000
New Capital			
City Development - Citywide Amenity Upgrades		635	788
City Development - Signage and Street Furniture		63	-
		<u>698</u>	<u>788</u>
Renewals			
Regulatory Services - Noise Meters		15	37
		<u>15</u>	<u>37</u>
Total Capital		<u>713</u>	<u>825</u>

City Planning and Regulatory Services

Income Statement

for the Year Ended 30 June 2018

Actual		Actual	Budget
2017		2018	2018
\$000		\$000	\$000
Revenue			
8,528	General rates	8,079	8,079
7,888	External operating revenue	8,169	7,762
-	External capital revenue	-	-
16,416	Total revenue	16,248	15,841
Expenditure by outputs			
2,045	City Development	2,182	2,011
-	- Central City Plan	-	-
145	Second Generation District Plan	352	-
290	Amenity Improvement	349	312
523	Heritage Support	603	480
28	Biodiversity Support	65	66
-	- Earthquake Strengthening	-	-
3,218	Resource Consents	3,170	2,882
10,511	Regulatory Services	10,277	9,867
16,760	Total expenditure	16,998	15,618
(344)	Net surplus/ (deficit)	(750)	223
Expenditure by inputs			
8,703	Staff costs	9,246	8,682
7,875	Operational costs	7,540	6,717
179	Loan interest	209	210
3	Depreciation	3	9
16,760	Total expenditure	16,998	15,618

Dunedin City Council: Funding Impact Statement for the Year Ended 30 June 2018 for City Planning and Regulatory Services

2017 Long-Term Plan Budget \$000		2018 Actual \$000	2018 Long-Term Plan Budget \$000
Sources of operating funding			
8,076	General rates, uniform annual general charges, rates penalties	8,079	8,382
133	Targeted rates	-	199
-	- Subsidies and grants for operating purposes	6	-
7,255	Fees and charges	8,074	7,439
-	- Internal charges and overheads recovered	211	-
85	Local authorities fuel tax, fines, infringement fees, and other receipts	88	87
15,549	Total operating funding	16,458	16,107
Application of operating funding			
14,293	Payments to staff and suppliers	12,241	14,650
343	Finance costs	209	398
650	Internal charges and overheads applied	4,756	666
-	- Other operating funding applications	-	-
15,286	Total application of operating funding	17,206	15,714
263	Surplus/(deficit) of operating funding	(748)	393
Sources of capital funding			
-	- Subsidies and grants for capital expenditure	-	-
-	- Development and financial contributions	-	-
804	Increase/(decrease) in debt	(2,489)	884
-	- Gross proceeds from sale of assets	-	-
-	- Lump sum contributions	-	-
-	- Other dedicated capital funding	-	-
804	Total sources of capital funding	(2,489)	884
Application of capital funding			
Capital expenditure			
-	- to meet additional demand	-	-
615	- to improve the level of service	698	789
-	- to replace existing assets	15	37
-	- Increase/(decrease) in reserves	-	-
452	Increase/(decrease) of investments	(3,950)	451
1,067	Total application of capital funding	(3,237)	1,277
(263)	Surplus/(deficit) of capital funding	748	(393)
-	Funding balance	-	-

Community Development and Support

The Council's Community Development and Support group consists of the following activities:

- Cemeteries and Crematorium
- Events and Community Development
- City Property Miscellaneous
- City Property Operational
- Housing
- Civic Leadership and Administration
- Civil Defence
- Warm Dunedin Targeted Rate

How does this group fit into our strategic framework?

This group contributes to 'A Supportive community' outcome and supports Dunedin's Social Wellbeing Strategy 2013-2023 and the recently adopted Ara Toi Ōtepoti - Our Creative Future, Dunedin's Arts and Culture Strategy.

Outcome:	A supportive community Where Dunedin's citizens feel included and connected with their wider community and enjoy a good quality of life.
Priorities:	<ul style="list-style-type: none"> • A city that supports strong and connected neighbourhoods and communities. • People have a sense of belonging and actively contribute to the wider community and volunteering is encouraged. • People are empowered to participate in decision-making and have open access to information. • Dunedin communities are inclusive of all people, and our relationship with Kai Tahu is strong. • People enjoy a standard of living to enable them to have a positive quality of life and exercise genuine choices.

Progress against this outcome is measured by monitoring:

Indicator	Target	Actual 2017/18	Actual 2016/17	Data Source
Residents' sense of community within their local community.	Does not decrease	86% (ROS 2018)*	86% (ROS 2017)*	ROS annually QoL Survey every two years
Residents' perception that Dunedin recognises and supports cultural diversity.	≥ 65% or does not decrease	76%	77%	ROS annually

* Results include those who strongly agree, agree and those who neither agree or disagree

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 Development and Support	13	9	2	2	69%
Totals:	13	9	2	2	69%

What we provide:

The **Cemeteries and Crematorium Services** manage a total of 20 cemeteries (15 metropolitan cemeteries and five rural cemeteries) and a crematorium and chapel to provide facilities, burial and cremation services to Dunedin residents. This includes the management of seven cemeteries that are closed to further burials.

The **Events and Community Development** team helps to ensure the people of Dunedin city have access to a broad range of community support functions and advice.

The **Housing** activity supports people 55 years and older, and qualifying low-income people, through the provision of well maintained, affordable housing at no cost to the ratepayer. The Council manages 954 housing units.

The **Operational Property Portfolio** manages property investments and related land that are required for service administration and delivery purposes by the Council. This includes the Civic Centre buildings; Dunedin Town Hall; Dunedin Centre; 'YMCA' Building (Civil Defence); Community Halls (20); Council Service Centres and Libraries in Dunedin, Mosgiel, Blueskin Bay (Waitati), Port Chalmers and Waikouaiti; Toitū Otago Settlers Museum; Dunedin Public Art Gallery; Dunedin Chinese Garden; and city-wide public toilets.

The **Miscellaneous Property Portfolio** manages a group of property investments that are required for a wide range of community arts, culture, sport and other heritage service purposes by the Dunedin City Council. These include the Fortune Theatre, Regent Theatre, Edgar Centre and Lion Arena, High Performance Sports Centre, Dunedin Railway Station and Precinct, Sargood Centre and Logan Park Tennis Centre, Ice Sports Stadium, Dunedin Gasworks Museum and others.

The **Civic Leadership and Administration** activity supports the democratic process for the Council. It assists community engagement in the political process by the provision of public forums and hearings; provides analytical and administrative support to the elected members; analytical, legal and administrative services to support officers in liaising with councillors and community board members; liaison and support for the Council with the Office of the Auditor General and the Remuneration Authority; and liaison between the Council, Council Committees and subcommittees and Corporate Leadership Team.

The **Civil Defence** activity allows the Council to meet its responsibilities under the Civil Defence Emergency Management Act 2002 to plan and provide for civil defence emergency management within its district, which includes risk reduction and readiness for, response to and recovery from emergency events. The Council is a member of the Otago Civil Defence Emergency Management Group, which has the role of promoting co-ordinated and co-operative civil defence emergency management between its members.

How do we measure performance?

Performance Measure	Data Source	Target 2017/18	Actual 2017/18	Actual 2016/17	Achievement
Level of Service: Cemetery and Crematorium services meet the needs of funeral directors and the bereaved					
Percentage of users satisfied with the range of services provided at, and the presentation of, Dunedin cemeteries managed by the DCC.	ROS	≥80%	80%	76%	Achieved. 1.
Level of Service: Advice and support is provided to the community and key stakeholders					
Percentage of customers satisfied with advice, support, and assistance provided by Community Development.	Annual Survey	≥95%	100%	100%	Achieved. 2.

Performance Measure	Data Source	Target 2017/18	Actual 2017/18	Actual 2016/17	Achievement
Level of Service: Grants funding and contract support is appropriately administered and monitored					
Percentage of service level/grant funded groups that meet funding contract accountability requirements.	Internal Reporting	≥95%	97%	100%	Achieved. 3.
Level of Service: Council-funded events meet the needs of residents					
Percentage of residents satisfied with city festivals and events.	ROS	≥70%	75%	74%	Achieved. 4.
Level of Service: The housing by the Council provided meets the needs of tenants					
Percentage of tenants satisfied with the Council's rental housing.	Tenant Survey	≥95%	89%	83%	Not achieved. 5.
Percentage occupancy of rental housing.	Annual Review	≥94%	98%	97%	Achieved. 6.
Level of Service: Housing rental values will not exceed operating expenses					
Housing revenue equals housing expenses.	DCC Monthly financial reporting	100%	Revenue +2.03% (favourable) Expenditure +13.9% (unfavourable)	Revenue +4.9% (favourable) Expenditure +9.8% (unfavourable)	Achieved. 7.
Level of Service: Properties in the City Property Miscellaneous Portfolio are appropriately managed					
Percentage of miscellaneous property portfolio assets maintained and developed to the City Property quality standard.	Quarterly analysis of non-compliance exceptions	≥85%	Not measured	Not measured	Not measured. 8.
Level of Service: Property assets utilised by Council services are appropriate					
Percentage of operational property portfolio that fits the purpose and meets the needs of services.	Internal Property Records	≥85%	Not measured	Not measured	Not measured. 9.
Level of Service: The information required to participate in the democratic process is appropriately available					
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. 10.
Percentage LGOIMA official information requests that are responded to within 20 working days.	Internal Analysis of LGOIMA processing	100%	99.6%	100%	Not achieved. 11.

Performance Measure	Data Source	Target 2017/18	Actual 2017/18	Actual 2016/17	Achievement
Level of Service: Dunedin City Council is prepared to respond to emergency situations with an operative Civil Defence Plan in place at all times					
Status of Civil Defence Plan.	Internal status Review	Plan is operative at all times	The Plan is fully operative	Achieved	Achieved. 12.
Level of Service: Dunedin City Council is prepared to respond to emergency situations with an operative Civil Defence Plan in place at all times					
The Civil Defence Emergency Management Plan is reviewed annually.	Council Meeting Minutes	Reviewed plan submitted to the Council each year*	3 sections of the Plan reviewed in 2017/18	8 sections of the plan reviewed in 2016/17	Achieved. 13.

* This measure has a typographical error in the LTP. The intent of the measure is that the reviewed plan be submitted to the Council each year. This has been corrected to reflect the intent.

Explanations

1. The target was met with 80% of users satisfied with the range of services provided at, and the presentation of, Dunedin cemeteries. Staff continue to proactively manage level of service delivery through maintenance contracts.
2. 25 responses were received for this question. The result remains consistent with the 2016/17 year and could be attributed to the increased level of staff providing improved and timely service.
3. One accountability report was not received before the end of the financial year. It is noted that reporting for the current and previous years has been for major grant funding only.
4. Satisfaction trending upwards can be attributed to the growth in diversity and size of events supported within the city.
5. Tenants' expectations have risen, especially with regard to the provision of wall insulation, double glazing for windows and wet floor showers. This may have affected the level of tenant satisfaction for the 2017/18 year.
6. There has been an increase in demand for housing units. This has increased the waiting time as units only become available once an existing tenant vacates.
7. There was no tolerance applied to the target from 2017/18 year. Fast letting times have maintained high occupancy and revenue. Expenses have increased due to the increased quantity of repair and maintenance.
8. As at 30 June 2018 the criteria for this measure was in development and was unable to be reliably measured.
9. As at 30 June 2018 the criteria for this measure was in development and was unable to be reliably measured.
10. All 2017/18 non public material was assessed for proactive release to the public.
11. 250 LGOIMA requests were responded to within 20 working days during 2017/18. One request exceeded the 20 working day timeframe.
12. The Civil Defence Emergency Management Plan is in place and operative at all times.
13. Three sections of the plan were reviewed in the 2017/18 year with changes made to align the plan with the New Zealand Coordinated Incident Management System and the National Civil Defence Emergency Management Plan.

Some of our achievements in 2017/18 were:

Place-based community support - An independent review of support for place-based community work resulted in consultation on a proposed new grant during the 10 year plan process. The place-based community grant was approved by the Council with \$300,000 allocated annually over the next three years. Council staff will be working with stakeholders to plan for longer term support of place-based communities.

Taskforce Green - Taskforce Green volunteers provided 22,000 hours of work to the community, supporting a broad range of initiatives including the beautification of the harbour cycleway, graffiti removal, building of exercise equipment for adults and support for communities during the July floods.

Enhanced Taskforce Green - The Council, Ministry of Social Development and Ministry for Primary Industries partnered to establish an Enhanced Taskforce Green initiative following the July floods. This six-week initiative supported the rural community in their clean up following the adverse weather event.

2018 New Zealand Masters Games - Dunedin organised and hosted the 2018 New Zealand Masters Games, securing the Otago Community Trust as major sponsor. More than 4,500 participated in 60 plus sporting events during the Game. More than half those participating were from outside Dunedin resulting in a \$3.2 million injection to the city's economy.

Social Wellbeing Advisory Group - The Social Wellbeing Advisory Group was established to take an overview of the city's Social Wellbeing Strategy. The group comprises iwi, community and government representatives.

Grants - Council contributed \$2.7 million to 426 creative and community groups and projects, and events and festivals.

Enviroschools - Seven Enviroschools were recognised for their contribution to community sustainability and their understanding and practice of Enviroschools. These were Macandrew Bay, Waitati, St Leonards (Green-Gold), Carisbrook, Dunedin North Intermediate, St Brigids (Silver) and Kavanagh College (Bronze).

Model Housing Unit - Testing retrofitted improvements to housing units to improve safety, functionality and warmth has been the aim of a model housing unit programme. It includes reducing the risk of hot water burns and falls as well as looking at energy and water efficiency. High specification wall insulation, double glazing, smaller hot water cylinders, lever tap ware and heating systems were some of the changes made. The first unit has been completed and is now occupied. These units will be reviewed to help inform future maintenance and improvement projects for housing.

Energy Management of Facilities - The Energy Efficiency and Conservation Authority (EECA) and the Dunedin City Council partnered to achieve energy and fuel savings for Toitu Otago Settlers Museum, and the Mosgiel Library. More reviews are scheduled for other facilities, including the Railway Station, Dunedin Public Art Gallery and the Civic Centre.

Cosy Homes Trust - The Council provided financial support to the Cosy Homes Trust for their work to improve insulation and heating outcomes for the city. It also supported a Waitati-based smart grid marketplace initiative.

Capital Expenditure

	Note	2017/18 Actual \$'000	2017/18 Budget \$'000
New Capital			
Housing - New Housing Units	14	5	1575
Property Operational - Toilets		(3)	-
Property Operational - Bicycle Storage		52	-
Property Miscellaneous - Corstorphine Subdivision Property Purchase		(13)	-
Property Miscellaneous - Railway Station		115	-
Property Management - IPS Software Upgrade		79	-
		<u>235</u>	<u>1,575</u>
Renewals			
Civil Defence - Emergency Equipment Replacement Programme		-	53
Housing - Existing Housing		390	595
Property Operational - Corporate Furniture		191	-
Property Operational - Public Hall Renewals		34	42
Property Operational - Renewal/Replacement of Building Services		441	609
Property Operational - Public Toilet Renewals		(1)	84
Property Operational - Operational Property Upgrades		221	-
Property Operational - Dunedin Centre Piano Replacement		-	275
Property Miscellaneous - Capital Renewal		225	577
Property Miscellaneous - Railway Station		(18)	-
Property Miscellaneous - CCTV Octagon		-	210
	15	<u>1,483</u>	<u>2,445</u>
Total Capital		<u>1,718</u>	<u>4,020</u>

Explanation of variance

14. This expenditure will be incurred in the 2018/19 year.

15. A number of projects have been delayed while asset assessments are completed to allow appropriate programming of work.

Community Development and Support

Income Statement

for the Year Ended 30 June 2018

Actual 2017 \$000		Actual 2018 \$000	Budget 2018 \$000
Revenue			
14,770	General rates	13,726	13,726
437	Warm Dunedin rate	467	542
10,298	External operating revenue	10,399	10,018
-	External capital revenue	-	-
25,505	Total revenue	24,592	24,286
Expenditure by outputs			
1,557	Cemeteries and Crematorium	1,639	1,575
4,807	Events and Community Development	5,376	5,101
6,061	Housing	6,621	5,813
978	Civil Defence	235	411
5,144	Civic Leadership and Administration	4,476	3,859
300	Warm Dunedin	436	513
4,229	Property Miscellaneous	3,421	2,946
8,422	Property Operational	8,247	7,721
31,498	Total expenditure	30,451	27,939
(5,993)	Net surplus/ (deficit)	(5,859)	(3,653)
Expenditure by inputs			
2,711	Staff costs	2,633	2,436
16,728	Operational costs	15,760	13,714
2,906	Loan interest	2,860	2,860
9,153	Depreciation	9,198	8,929
31,498	Total expenditure	30,451	27,939

Dunedin City Council: Funding Impact Statement for the Year Ended 30 June 2018 for Community Development and Support

2017 Long-Term Plan Budget \$000		2018 Actual \$000	2018 Long-Term Plan Budget \$000
Sources of operating funding			
13,828	General rates, uniform annual general charges, rates penalties	13,726	13,738
437	Targeted rates	467	437
129	Subsidies and grants for operating purposes	146	132
9,735	Fees and charges	10,253	9,816
6,374	Internal charges and overheads recovered	5,495	6,535
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-
30,503	Total operating funding	30,087	30,658
Application of operating funding			
17,829	Payments to staff and suppliers	20,999	17,827
3,365	Finance costs	2,860	3,196
3,945	Internal charges and overheads applied	2,889	4,045
-	Other operating funding applications	-	-
25,139	Total application of operating funding	26,748	25,068
5,364	Surplus/(deficit) of operating funding	3,339	5,590
Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-
-	Development and financial contributions	-	-
(2,266)	Increase/(decrease) in debt	(505)	(2,379)
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
(2,266)	Total sources of capital funding	(505)	(2,379)
Application of capital funding			
Capital expenditure			
3	- to meet additional demand	4	5
1,533	- to improve the level of service	231	1,575
1,579	- to replace existing assets	1,483	2,440
-	- Increase/(decrease) in reserves	-	-
(17)	Increase/(decrease) of investments	1,116	(809)
3,098	Total application of capital funding	2,834	3,211
(5,364)	Surplus/(deficit) of capital funding	(3,339)	(5,590)
-	Funding balance	-	-

Museums, Libraries and Art Gallery

The Council's Museums, Libraries and Art Gallery group consists of the following activities:

- Dunedin Public Libraries
- Dunedin Public Art Gallery
- Toitū Otago Settlers Museum
- Dunedin Chinese Garden
- Otago Museum Levy

How does this group fit into our strategic framework?

This group contributes to two community outcomes – 'A vibrant and creative city' and 'A city of learning' and supports Ara Toi Ōtepoti - Our Creative Future, Dunedin's Arts and culture strategy.

Outcome:	A vibrant and creative city Dunedin is a city known for its diverse and engaging arts and culture.
Priorities:	<ul style="list-style-type: none"> • Dunedin has a diverse range of arts and cultural facilities and activities, which are accessible to all. • We celebrate the unique identity, character and history of the diverse communities and cultures that make up Dunedin. • We support the city's legacy of creative and artistic activity. • Art is truly valued and integrated in the design and development of the city.
Outcome:	A city of learning Dunedin is a leading city of education, and its community engages in lifelong learning.
Priorities:	<ul style="list-style-type: none"> • Our city provides opportunities and environments that encourage learning, accessible to all.

Progress against this outcome is measured by monitoring:

Indicator	Target	Actual 2017/18	Actual 2016/17	Data Source
Perception that Dunedin is a creative city.	Not set. Trends are monitored from results. An increasing number of residents perceive Dunedin as a creative city.	75%	79%	ROS

Note: these activities influence perceptions but are not directly responsible for this indicator.

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
Museums, Libraries and Art Gallery	13	10	3	0	77%
Totals:	13	10	3	0	77%

What we provide:

Dunedin Public Libraries is the oldest free public library service in New Zealand and was founded in 1908. The Dunedin Public Libraries includes five libraries in Dunedin, Mosgiel, Blueskin Bay, Port Chalmers and Waikouaiti; operates two bookbuses to serve the suburban and rural areas of Dunedin; and provides home services. This gives all residents and ratepayers in Dunedin access to a physical item and/or information from a library; opportunities for life-long learning skills; awareness of library resources; and preservation of the Library's Heritage collections.

The **Dunedin Public Art Gallery** is the oldest art gallery in New Zealand, founded in 1884, located in the Octagon since 1996, and is recognised as one of New Zealand's best galleries, with significant holdings of historical European art, Japanese prints and decorative arts, as well as an excellent collection of New Zealand works. The strength of the collection, combined with its varied programme of activity, has gained national and international recognition. In addition to the local and international exhibitions the gallery provides a wide range of visitor programmes as well as events and education services all of which aim to stimulate an understanding and appreciation of the visual arts. These constantly changing programmes attract local residents to make regular and repeat visits and generates an extremely positive profile of the city to the rest of New Zealand and internationally. The **Toitū Otago Settlers Museum** was founded by the Otago Settlers Association in 1898. A purpose-built gallery was opened in 1908 and is still part of today's Museum. The Museum collections relate to the City of Dunedin, its people, social history, transport and technology. The Museum reopened in December 2012 following major capital redevelopment which included two new buildings: a collections store meeting international standards of collections care and a new entrance building. Te Pae o Mahutonga, the Museum's Ngai Tahu Advisory Group, offered to the Otago Settlers' Museum Board a mana whenua name, 'Toitū', which was endorsed by the Council and incorporated into the name of the redeveloped facility.

The Dunedin Chinese Garden was gifted to the city in July 2008 by the Dunedin Chinese Garden Trust. The Trust had secured funding from a number of sources and worked directly with Shanghai, Dunedin's Sister City, in obtaining materials and artisans from Shanghai to construct the complex, which is one of very few original Chinese gardens in the world outside of China.

Management of the Dunedin Chinese Garden transferred to Toitū Otago Settlers Museum on 1 July 2013. Existing budget lines, service objectives, service levels, service performance measures and fee structures for the Dunedin Chinese Garden have been retained but are now managed and reported within the Toitū Otago Settlers Museum activity.

The **Otago Museum** contributes to the culture and learning city outcome by providing world class collections, exhibitions, culture, nature and heritage, and as such, the Council provides funding towards these activities. The Council maintains a keen interest in the management of the Otago Museum through four appointments with the Board of Directors. This provides a transparent way of reporting the Council's contribution to this institution via the Otago Museum Levy.

How do we measure performance?

Performance Measure	Data Source	Target 2017/18	Actual 2017/18	Actual 2016/17	Achievement
Level of Service: Library facilities are accessible and collections meet the needs of the community					
Percentage of residents who used Dunedin Public Libraries annually.	ROS	≥35%	66%	68%	Achieved. 1.
Percentage of residents satisfied with Dunedin Public Libraries.	ROS	≥90%	89%	93%	Not achieved. 2.
Level of Service: The range of library collection materials is maintained and updated					
Number of new library materials (non-serial) acquired per 1,000 population annually.	Annual Statistical Analysis	≥270	184	185	Not achieved. 3.
Level of Service: Provision of learning opportunities					
Number of participants in lifelong learning programmes conducted by the library.	Monthly statistics	≥45,000	45,706	39,405	Achieved. 4.
Level of Service: The Dunedin Public Art Gallery provides access to a diverse visual art experience which meets the expectations of visitors					
Percentage of users satisfied or very satisfied with their visit to the Dunedin Public Art Gallery.	User Exit Survey	≥90%	96%	95%	Achieved. 5.
Number of visitors annually to Dunedin Public Art Gallery.	Electronic Door Count	≥195,000	202,235	233,222	Achieved. 6.
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 vs. time	≥40%	58%	66%	Achieved. 7.
Level of Service: The Dunedin Public Art Gallery collection is managed according to international best practice					
Percentage of catalogued collection items housed to international best practice at the Dunedin Public Art Gallery.	Assessment of housing conditions	100%	100%	100%	Achieved. 8.
Level of Service: The Toitū Otago Settlers Museum (TOSM) facilities provide access to a diverse social history experience which meets the expectations of visitors					
Percentage of users satisfied or very satisfied with their visit to TOSM.	ROS	≥95%	94%	96%	Not achieved. 9.
Total number of visitors attracted to TOSM per annum (local/regional, national and international visitors).	Electronic Door Count	≥200,000	316,538	309,491	Achieved. 10.

Performance Measure	Data Source	Target 2017/18	Actual 2017/18	Actual 2016/17	Achievement
Number of special exhibitions, public programmes and events staged per year at TOSM and the Dunedin Chinese Garden.	Annual Status Analysis	≥100	178	198	Achieved. 11.
Level of Service: Visitors enjoy an authentic Chinese architectural and cultural experience					
Percentage of users satisfied or very satisfied with their visit to the Dunedin Chinese Garden.	Visitor Satisfaction Survey from	≥90%	92%	97%	Achieved. 12.
Number of visitors to the Dunedin Chinese Garden.	Ticket sales	≥40,000	51,194	51,164	Achieved. 13.

Explanations

1. The target was met with 66% of residents visiting libraries at least once per year. This result was supported by the opening of the South Dunedin Community Pop Up Library, availability of APNK wifi in all libraries and Gig wifi in four libraries, as well as increased participation in public programmes.
2. Although the target was not met, satisfaction still remains high and this was supported by opening of the South Dunedin Community Pop Up Library as well as increased library visitation and participation in public programmes.
3. In 2017/18, an additional 1,395 new non-serial collection items were acquired, representing a 5.9% increase. However the performance measure did not increase due to an increase in the estimated resident population from 123,500 in 2016/17 to 128,800 in 2017/18.
4. This is an 18% increase on the previous year. 1899 events were held in 2017/18 compared to 1801 events in 2016/17. The difference in the number of events can be partially attributed to the fact that some occasions had multiple events attached to them e.g. Dr Yoram Barak's Brain Health series of talks, Wild Dunedin Festival, Red Cross Homework Club for refugees, etc.
5. Data is captured via Get Smart electronic survey and other means. The exit survey continues to show high levels of satisfaction.
6. This target was exceeded by 7,235, which is within an acceptable variance.
7. This result was slightly below last year's results due to significant exhibitions featuring non Collection works being presented. There is a consistent effort made to utilize DPAG Collection items where appropriate.
8. All Collection items are held to international best practice.
9. This is a decrease of 2% from the 2016/17 result of 96%. Although the target was not achieved, visitor satisfaction remains high.
10. Toitū received 316,538 visitors for the year. This is the highest number of visitors since the redevelopment in 2012 and was well above target.
11. The number of special exhibitions, public programmes and events staged at Toitū and the Chinese Garden was well above target.
12. Target has been achieved with 92% satisfaction with visitors. ROS also measures visitor satisfaction with the Dunedin Chinese Garden and the ROS result for the year was 91%. The intention from 2018 is to use the ROS data source for this measure as surveys are conducted more regularly.
13. The Chinese Garden has received 51,194 visitors for the year. This is well above target and is the highest number of visitors since Toitū took over the management of the Garden in 2013.

Some of our achievements in 2017/18:

Lithographic exhibition - The Sketched in Stone exhibition, from August 2017 to May 2018, showcased local lithographic artists of the Victorian and Edwardian era.

The Women's War - A Patriotism, Service & Dissent exhibition focussed on the World War I experiences of Otago women, ranging from patriotic activity, service as nurses and volunteers, to a minority who stood fast against the war.

World War 1 commemoration - Since 2014 Toitū Otago Settlers Museum has taken a leading role in the WW100 national programme of commemoration. This has been reflected over the last four years by a series of displays interpreting each phase of the war from an Otago perspective. Anzac Day saw the unveiling of the last display in this sequence, entitled 1918: The Final Year of Conflict, in the Call to Arms military gallery. As usual the Museum opened early on 25 April to welcome those who attended the Dawn Service with a cup of tea and a biscuit.

Toitu te Whare Taoka - This small photographic display showcased Kai Tahu whānui's ongoing relationship with the Museum and celebrated the fifth anniversary of the completion of the redevelopment project.

What If? Otago's harbour vision - This display of architectural models was created by Dunedin company Architecture van Brandenburg for the proposed long-term harbour development. A feedback tree received over 3,000 responses from visitors, with a focus on the proposed pedestrian overbridge which featured in the 10 year plan. Given the Museum's proximity to the proposed development this proved a great opportunity for the Museum to become a venue for discussions around the future of our city and the harbour and heritage precincts.

Vogel and Bond - This display focusses on the nearby heritage warehouse precinct and looks at how neglected parts of the city are becoming revitalised. It was envisaged by guest curator Michael Findlay and is an update of the Creative Dunedin gallery.

Dunedin Chinese Garden (DCG) - The DCG had a presence at Ching Ming celebrations in Northland this year, commemorating those lost on the SS Ventnor. A short film was made about the event in collaboration with the NZ Chinese Association.

Dunedin Public Art Gallery (DPAG) exhibitions - The DPAG staged 25 exhibitions, and six Moray Place "Rear Window" projects, including the anticipated survey show New Vision tracking the career of modernist painter, Gordon Walters. Lauded by critics as the most important single New Zealand artist show in the past decade, Gordon Walters: New Vision is a partnership project with the Auckland Art Gallery and will tour to major NZ venues in 2018 and 2019. The accompanying catalogue was a finalist in the Ockham New Zealand Book Awards.

Exhibition tours - Two DPAG exhibitions toured New Zealand: The Burning Hours, by Kushana Bush; and Rooms Found Only in the Home, by Marie Shannon, have been seen by large audiences in Christchurch, Wellington Auckland and Whangarei.

Art collection acquisitions - 21 artworks were gifted to the DPAG's art collection including Sara et Les Angels, a small print by Marc Chagall. Eight works were purchased for the Collection including Alabaster Man by local artist Kushana Bush.

LEOTC Schools Education - The popular LEOTC Schools Education programme saw 6,852 students through with near 100% satisfaction. 118 public programmes or events were also staged to augment audience engagement.

Public Art Lab - The Public Art Lab was developed to engage the community with the new public art framework.

Toi Oho - Toi Oho, a quarterly newsletter for informing, showcasing and sharing information about our creative community, was launched.

Dunedin Spotify - The Dunedin music Spotify channel was launched, supporting the city's brand and supporting new income for musicians.

Summer Reads - The Otago Daily Times ran Summer Reads by local writers. This was a partnership with Dunedin UNESCO City of Literature, and with support from Enterprise Dunedin and the University Book Shop.

Work Ready - The Work Ready programme continued to evolve with more than 50 students employed in Dunedin and other parts of New Zealand.

Capital Expenditure

	Note	2017/18 Actual \$'000	2017/18 Budget \$'000
New Capital			
Dunedin Public Art Gallery - *DPAG Society Funded Acquisitions		-	32
Dunedin Public Art Gallery - DCC Funded Acquisitions		61	111
Dunedin Public Art Gallery - DPAG Minor Capital Works		40	21
Dunedin Public Art Gallery - *DPAG Special Fund Acquisitions		46	-
Dunedin Public Libraries - Heritage Collection Purchases		33	72
Dunedin Public Libraries - Heritage Collection Purchases - Trust Funds		1	10
Dunedin Public Libraries - South Dunedin Community Facility		141	-
Toitu Otago Settlers Museum - Acquisitions		25	53
Toitu Otago Settlers Museum - Minor Capital Works		126	21
		<u>473</u>	<u>320</u>
Renewals			
Dunedin Public Art Gallery - DX Dehumidification Project		8	
Dunedin Public Art Gallery - Security Cameras		-	32
Dunedin Public Art Gallery - Heating and Ventilation System		-	18
Dunedin Public Libraries - Minor Capital Equipment Purchases		8	57
Dunedin Public Libraries - Operational Collections Purchases		821	958
Toitu Otago Settlers Museum - Heating and Ventilating Renewal		-	53
Toitu Otago Settlers Museum - Exhibition IT Equipment Renewal		-	95
		<u>837</u>	<u>1,213</u>
Total Capital		<u>1,310</u>	<u>1,533</u>

*externally funded.

Museums, Libraries and Art Gallery

Income Statement

for the Year Ended 30 June 2018

Actual		Actual	Budget
2017		2018	2018
\$000		\$000	\$000
Revenue			
22,996	General rates	23,965	23,965
2,233	External operating revenue	2,429	2,261
-	External capital revenue	12	115
25,229	Total revenue	26,406	26,341
Expenditure by outputs			
10,817	Dunedin Public Libraries	11,155	10,817
4,092	Dunedin Public Art Gallery	4,023	4,268
5,536	Toitū Otago Settlers Museum	5,722	5,895
794	Dunedin Chinese Garden	880	774
700	Olveston	703	714
3,924	Otago Museum	4,001	4,001
25,863	Total expenditure	26,484	26,469
(634)	Net surplus/ (deficit)	(78)	(128)
Expenditure by inputs			
9,670	Staff costs	9,826	9,566
13,181	Operational costs	13,793	13,738
1,020	Loan interest	939	938
1,992	Depreciation	1,926	2,227
25,863	Total expenditure	26,484	26,469

Dunedin City Council: Funding Impact Statement for the Year Ended 30 June 2018 for Museums, Libraries and Art Gallery

2017 Long-Term Plan Budget \$000		2018 Actual \$000	2018 Long-Term Plan Budget \$000
Sources of operating funding			
23,715	General rates, uniform annual general charges, rates penalties	23,965	24,210
-	- Targeted rates	-	-
254	Subsidies and grants for operating purposes	367	260
1,376	Fees and charges	1,976	1,411
132	Internal charges and overheads recovered	17	136
115	Local authorities fuel tax, fines, infringement fees, and other receipts	85	118
25,592	Total operating funding	26,410	26,135
Application of operating funding			
16,313	Payments to staff and suppliers	17,290	16,661
1,242	Finance costs	939	1,192
5,980	Internal charges and overheads applied	6,347	6,132
-	- Other operating funding applications	-	-
23,535	Total application of operating funding	24,576	23,985
2,057	Surplus/(deficit) of operating funding	1,834	2,150
Sources of capital funding			
88	Subsidies and grants for capital expenditure	12	90
-	- Development and financial contributions	-	-
(665)	Increase/(decrease) in debt	-	(717)
-	- Gross proceeds from sale of assets	-	-
-	- Lump sum contributions	-	-
-	- Other dedicated capital funding	-	-
(577)	Total sources of capital funding	12	(627)
Application of capital funding			
Capital expenditure			
-	- to meet additional demand	-	-
467	- to improve the level of service	473	320
1,075	- to replace existing assets	837	1,213
-	- Increase/(decrease) in reserves	-	-
(62)	Increase/(decrease) of investments	536	(10)
1,480	Total application of capital funding	1,846	1,523
(2,057)	Surplus/(deficit) of capital funding	(1,834)	(2,150)
-	Funding balance	-	-

Sport, Recreation and Leisure

The Council's Sport, Recreation and Leisure group consists of the following activities:

- Aquatic Services
- Botanic Garden
- Parks and Reserves (including Parks and Reserves planning and administration)

How does this group fit into our strategic framework?

This group contributes to 'An active city' community outcome and the soon to be completed Parks and Recreation Strategy.

Outcome:	An active city Where Dunedin's people lead active, healthy and enjoyable lifestyles.
Priorities:	<ul style="list-style-type: none"> • A city with a range of recreational, sporting and leisure facilities and opportunities, which are accessible to all. • Our city has environments that encourage physical activity and recreation. • We promote and encourage sporting and recreational events and opportunities.

Progress against this outcome is measured by monitoring:

Indicator	Target	Actual 2017/18	Actual 2016/17	Data Source
Ratio of sportsfields to population (hectares per 1,000 population).	0.8oha per 1,000 of population	1.28	1.3*	DCC Parks and Reserves Yard Stick Statistic
Participation at Council-owned pools (total attendances).	Not to decline	717,353	671,567	DCC Internal Attendance data
The Botanic Garden maintains a grading of "International" Significance from the New Zealand Gardens Trust.	Maintain grading	Achieved. The Botanic Garden retained its status as a 6-star garden	Achieved. The Botanic Garden retained its status as a 6-star garden	NZ Gardens Trust

* The indicator for 2016/17 was incorrectly reported as 0.8 rather than 1.3 in the Annual Report for 2016/17. In 2016/17 there were 156 hectares of sportsfields and the population was 120,249 (2013 census – Statistics NZ). The hectare value is updated using results from the annual Yardstick Benchmark Survey.

Summary of Group Service Performance Results

Group	Number of measures	Number of measures achieved	Number of measures not achieved	Number of measures not measured	% of measures achieved
Sport, Recreation and Leisure	12	7	4	1	58%
Totals:	12	7	4	1	58%

What we provide:

Aquatic Services manages Moana Pool, Mosgiel Community Pool, Port Chalmers Community Pool, and St Clair Hot Saltwater Pool. Through the four pools, all residents and visitors in Dunedin have access to well maintained, inviting, and supervised swimming facilities. Aquatic Services also provide professional swimming coaching, and facilitate the learn-to-swim programme for more than 1,700 students every term. Moana Pool is open all year, with additional services including: crèche; waterslide; gymnasium; physiotherapy; massage; and a shop. Mosgiel Community Pool is open seven months of the year and Port Chalmers Community Pool and St Clair Hot Saltwater Pool are open for six months of the year. In addition, the Council provides grants for the community pool at Middlemarch, Moana Gow Pool and six school pools.

The **Botanic Garden** has 19 themed-garden collections and an aviary for Dunedin residents and visitors to enjoy within an attractive natural and built environment. The Dunedin Botanic Garden is graded as a Garden of International Significance by the NZ Gardens Trust.

Dunedin City has a wide range of open spaces providing **Parks and Recreation** facilities, for both organised and casual use throughout the year. These open spaces make the city a green and pleasant environment for the community. They include playgrounds, sports grounds and parks and reserves containing a variety of assets that provide quality recreational opportunities. The Parks and Reserves team are responsible for the management of assets, contract management, project management of works, formal and informal lease/use arrangements, and the development and implementation of policies and plans relating to parks and reserves, recreation and leisure.

How do we measure performance?

Performance Measure	Data Source	Target 2017/18	Actual 2017/18	Actual 2016/17	Achievement
Level of Service: Aquatic facilities are accessible to everyone					
Number of Annual Attendances at Council swimming pools:					
Moana Pool	Internal data	≥600,000	607,341	587,385	Achieved. 1.
St Clair Hot Saltwater Pool	Internal data	≥36,000	46,669	30,363	Achieved. 2.
Mosgiel Pool	Internal data	≥35,000	43,526	36,837	Achieved. 3.
Port Chalmers Pool	Internal data	≥14,500	19,817	16,982	Achieved. 4.
Level of Service: Aquatic facilities are well maintained and meet the needs of users					
% of users satisfied with all swimming pools.	ROS	≥85%	81%	86%	Not achieved. 5.
Council-operated swimming pools achieve the New Zealand Water Pool Quality Standards.	CERM data	100%	Not measured.	100%	Not measured. 6.
Level of Service: The Botanic Garden and its facilities are well maintained and meet the needs of users					
Percentage of users satisfied or very satisfied with the Botanic Garden overall.	ROS	≥90%	95%	95%	Achieved. 7.
Level of Service: Parks and Reserves facilities are accessible to everyone					
Percentage of respondents that agree sites and facilities are satisfactorily accessible.	ROS	≥80%	79%	78%	Not achieved. 8.

Performance Measure	Data Source	Target 2017/18	Actual 2017/18	Actual 2016/17	Achievement
Level of Service: Parks and Reserves facilities are well maintained and meet the needs of users					
Percentage of users satisfied with DCC Playgrounds	ROS	≥80%	71%	77%	Not achieved. 9.
Percentage of users satisfied with DCC Sportsfields	ROS	≥80%	74%	75%	Not achieved. 10.
Percentage of users satisfied with DCC Tracks	ROS	≥80%	83%	84%	Achieved. 11.
Percentage of users satisfied with DCC scenic, bush and coastal reserves	ROS	≥80%	85%	87%	Achieved. 12.

Explanations

- 1., 2., 3., and 4. Number of visitors was well up on the previous year and this is likely due to a long hot summer.
5. This result has slipped below the target. Internal surveys for each pool indicate that dissatisfaction with the current Mosgiel pool, which is due to be replaced, have pulled the overall result downwards e.g. internal surveys show user satisfaction with the Mosgiel pool at 36% compared with 90% and 100% satisfaction levels for the other pools.
6. The CERM survey is no longer relevant. Instead, all Council-operated pools received the PoolSafe Quality Management Scheme (PoolSafe) qualification for 2018 which is an independent assessment of public pools to ensure that their operations and facilities are safe. Part of the criteria is making sure our pools meet NZ standards for pool water treatment.
7. Average for the year was 95% which is one percent less than last year (96%) but this is still above the 90% target.
8. There has been consistent work during the year with contractors to improve the management of sports fields and green spaces. This is starting to be reflected in customer feedback to the Parks team, and we anticipate this will build on the small increase in satisfaction over the past 12 months and be reflected in user satisfaction levels in the coming year.
9. Satisfaction with playgrounds has dropped and a city-wide assessment of the condition of playgrounds is planned for 2018/19.
10. Although this measure has dropped slightly, contracts to maintain sportsfields are in place and are regularly and proactively monitored with renovation works programmed annually.
11. Regular maintenance and significant upgrades of some tracks over the year have ensured that satisfaction with tracks remains high.
12. The ecological and pest control contracts in place as well as the Biodiversity Officer role have ensured that satisfaction with scenic, bush and coastal reserves is maintained.

Some of our achievements in 2017/18:

Refurbishments – Refurbishments have improved toilets at the Caledonian Gym and the Chingford pavilion. A city-wide bulb planting programme has been carried out to improve amenity.

Logan Park All Weather Sports Turf - Staff continued to work with Football South to design and deliver this project, with construction due to start in October 2018. The Football South bid to Lotteries for additional funding was successful, securing \$950,000 towards the project.

The Botanic Garden had 87,000 visitors to the Information Centre; hosted 30 tours for community and interest groups; ten schools and tertiary institutions; produced a Tree Trail brochure; and installed three public information wayfinding signs. It also hosted ten overseas students whose time at the garden ranged from six weeks to 12 months.

Capital Expenditure

	Note	2017/18 Actual \$'000	2017/18 Budget \$'000
New Capital			
Aquatic Services - Fall Arrest System		9	-
Parks and Reserves - *Reserve Development Mosgiel East		256	-
Parks and Reserves - Playground Improvement		-	164
Parks and Reserves - Tahuna Park Bulk Storage Bays		91	-
Parks and Reserves - Logan Park Cricket Nets		142	-
Parks and Reserves - Kettle Park Lighting		3	-
Parks and Reserves - Jubilee Park Lighting		4	-
		<u>505</u>	<u>164</u>
Renewals			
Aquatic Services - Gym Equipment Replacement		18	22
Aquatic Services - Moana Pool		29	16
Aquatic Services - Moana Pool Double Glazing Replacement		75	60
Aquatic Services - Mosgiel Pool		5	20
Aquatic Services - Port Chalmers		19	20
Aquatic Services - St Clair Hot Salt Water Pool		15	24
Botanic Garden - Entrance Sculpture and Ornamental Paving		-	158
Parks and Reserves - Playground Renewals		-	292
Parks and Reserves - Reserve Furniture and Fence Renewals		-	32
Parks and Reserves - Specimen Tree Renewals		-	26
Parks and Reserves - Sports Surfaces Renewals		-	169
Parks and Reserves - University Oval Grandstand		(16)	-
Parks and Reserves - Vehicle Accessway Renewals		-	367
Parks and Reserves - Parks and Reserves Asset Renewal		238	-
	13	<u>383</u>	<u>1,206</u>
Total Capital			
		<u>888</u>	<u>1,370</u>

*externally funded.

Explanation of variance

13. A number of projects have been delayed while asset assessments are completed to allow appropriate programming of work.

Sport, Recreation and Leisure

Income Statement

for the Year Ended 30 June 2018

Actual 2017 \$000		Actual 2018 \$000	Budget 2018 \$000
Revenue			
10,147	General rates	13,594	13,594
10,978	Community services rate	11,189	11,189
5,077	External operating revenue	4,936	4,798
45	External capital revenue	-	-
-	Vested assets	-	-
26,247	Total revenue	29,719	29,581
Expenditure by outputs			
4,004	Parks and Recreation Services Planning	4,582	4,735
15,449	Parks and Reserves	16,035	15,439
2,044	Parks and Recreation Services Administration	2,181	2,204
8,190	Aquatic Services	8,167	7,606
2,749	Botanic Garden	2,940	3,089
32,436	Total expenditure	33,905	33,073
(6,189)	Net surplus/ (deficit)	(4,186)	(3,492)
Expenditure by inputs			
6,405	Staff costs	6,509	6,132
21,374	Operational costs	22,763	22,735
755	Loan interest	729	729
3,902	Depreciation	3,904	3,477
32,436	Total expenditure	33,905	33,073

Dunedin City Council: Funding Impact Statement

for the Year Ended 30 June 2018 for

Sport, Recreation and Leisure

2017 Long-Term Plan Budget \$000		2018 Actual \$000	2018 Long-Term Plan Budget \$000
Sources of operating funding			
10,450	General rates, uniform annual general charges, rates penalties	13,594	10,912
10,947	Targeted rates	11,189	11,209
-	- Subsidies and grants for operating purposes	492	-
4,438	Fees and charges	4,051	4,411
9	Internal charges and overheads recovered	3	10
-	- Local authorities fuel tax, fines, infringement fees, and other receipts	86	-
25,844	Total operating funding	29,415	26,542
Application of operating funding			
20,551	Payments to staff and suppliers	26,229	21,188
1,018	Finance costs	729	984
2,969	Internal charges and overheads applied	3,047	3,044
-	- Other operating funding applications	-	-
24,538	Total application of operating funding	30,005	25,216
1,306	Surplus/(deficit) of operating funding	(590)	1,326
Sources of capital funding			
-	- Subsidies and grants for capital expenditure	-	-
79	Development and financial contributions	307	81
(278)	Increase/(decrease) in debt	-	(954)
-	- Gross proceeds from sale of assets	-	-
-	- Lump sum contributions	-	-
-	- Other dedicated capital funding	-	-
(199)	Total sources of capital funding	307	(873)
Application of capital funding			
Capital expenditure			
189	- to meet additional demand	233	13
570	- to improve the level of service	272	151
933	- to replace existing assets	383	1,205
-	- Increase/(decrease) in reserves	-	-
(585)	Increase/(decrease) of investments	(1,171)	(916)
1,107	Total application of capital funding	(283)	453
(1,306)	Surplus/(deficit) of capital funding	590	(1,326)
-	Funding balance	-	-

Corporate Support

The Council has a number of Corporate Support activities. These activities provide technical and administrative support for the key delivery activities of the Council (as described in the earlier pages of this section). In some instances, the support activities also provide an external service (i.e. the provision of the Council's website). The support activities are largely funded by an internal charge to the activities identified earlier in this section. The charge is based on an allocation method that endeavours to reflect the true cost to the key delivering activities. The Corporate Support activities are listed below:

Administration Services – This department provides administrative support to all Council activities, such as secretarial services and photocopying.

Fleet Operations – owns and runs the Council's vehicle fleet.

Corporate Leadership – This activity provides the following services to the Council: monitoring and managing the performance of the organisation, directing human resource requirements, oversight of asset management and energy utilisation, financial planning and aligning the organisation with the Council's legislative and customer requirements.

Corporate Policy Team – Provides a strategic overview to the organisation offering policy advice and services to the Council. The budget for this team was previously in the Corporate Leadership budget and is now separately identified.

Council Communications – Raises the positive profile of Dunedin and the Council, by communicating the Council's initiatives and assisting the Council's activities in their communications with the community.

Customer Services Agency – The Customer Services Agency is the first point of contact for most callers to the Council. The Customer Services Agency enables the majority of customer calls to be dealt with at the first point of contact.

Finance – The principal services include rates billing and collection, cash receipting, accounts payable, payroll, maintaining integrity of financial systems, financial reporting, financial advice, internal audit/internal controls, tender process management and insurance management.

Human Resources – The Human Resources Department provides strategic advice, expertise and support on employment relations, recruitment, remuneration, training, health and safety, staff welfare, performance development and change management issues.

Property Management – The Property Management activity supplies professional, property management and consultancy services to the Council's Property activities and property transactions.

Business Information Services – Business Information Services provides the Council with Information and Communications Technology (ICT) services and comprises three departments:

- **Business Solutions** supports the Council's current and future ICT solutions. The services provided include application support and development, business intelligence services, ICT project management and website and intranet content and development.
- **Information Solutions** provides information and data management support for core Council functions. Services include document and records management, archives management, land and property information management along with GIS, aerial photography and mapping services.
- **Network Services** plans and develops the Council ICT infrastructure, is responsible for ICT security and change management and co-ordinates ICT training. Network Services also provides the service support desk and is therefore the first point of contact for all ICT service requests.

Contribution to Community Outcomes

This group of activities has a secondary contribution to all community outcomes in that the activities within the group provide “back office” support to other Council activities in making their contributions to outcome. There are no stated service levels or measures of service performance measures shown in the LTP for this group, however each activity in the group has a set of key performance measures in their activity management plans that are reflective in their role in support of the other Groups of Activity.

Corporate support is presented as a ‘Group Activity’ in the Long Term Plan. As a consequence of this, the Council is required to include in the Annual Report Financial Statements that reflect the Long Term Plan content for this Group of Activity.

Capital Expenditure

	Note	2017/18 Actual \$'000	2017/18 Budget \$'000
New Capital			
Business Information Services - Training Room		63	-
Council Communications - Web Communications Equipment		13	53
Finance - Office Equipment		18	-
		<u>94</u>	<u>53</u>
Renewals			
Business Information Services - Desktop Equipment		859	340
Business Information Services - Digital Workspace and Records Management		104	104
Business Information Services - Financial and HR Applications		321	158
Business Information Services - Customer and Regulatory Solutions	1	377	1,339
Fleet Operations - Vehicle Fleet Replacement		393	366
Finance - Corporate Furniture		-	42
		<u>2,054</u>	<u>2,349</u>
Total Capital		<u>2,148</u>	<u>2,402</u>

Explanation of variance

1. Delayed timing of the Electronic Document and Records Management system replacement. This project will continue into the 2018/19 year.

Corporate Support

Income Statement

for the Year Ended 30 June 2018

Actual 2017 \$000		Actual 2018 \$000	Budget 2018 \$000
Revenue			
4,971	General rates	5,934	5,934
1,046	External operating revenue	959	552
-	External capital revenue	-	-
6,017	Total revenue	6,893	6,486
Expenditure by outputs			
(115)	Fleet Operations	(143)	(51)
573	Corporate Leadership	1,695	1,009
2,651	Council Communications	2,577	2,569
1,529	Property Management	3,375	291
49	Customer Services Agency	32	115
845	Finance	692	928
456	Human Resources	458	302
521	Business Information Services	195	1,262
(136)	Policy Analyst Team	(125)	(147)
6,373	Total expenditure	8,756	6,278
(356)	Net surplus/ (deficit)	(1,863)	208
Expenditure by inputs			
12,769	Staff costs	14,410	13,679
(8,001)	Operational costs	(7,050)	(9,174)
77	Loan interest	56	56
1,528	Depreciation	1,340	1,717
6,373	Total expenditure	8,756	6,278

Dunedin City Council: Funding Impact Statement for the Year Ended 30 June 2018 for Corporate Support

2017 Long-Term Plan Budget \$000		2018 Actual \$000	2018 Long-Term Plan Budget \$000
Sources of operating funding			
3,881	General rates, uniform annual general charges, rates penalties	5,934	4,198
-	- Targeted rates	-	-
-	- Subsidies and grants for operating purposes	-	-
622	Fees and charges	955	638
26,902	Internal charges and overheads recovered	26,069	27,584
-	- Local authorities fuel tax, fines, infringement fees, and other receipts	-	-
31,405	Total operating funding	32,958	32,420
Application of operating funding			
22,988	Payments to staff and suppliers	26,806	23,725
83	Finance costs	56	60
6,398	Internal charges and overheads applied	6,622	6,560
-	- Other operating funding applications	-	-
29,469	Total application of operating funding	33,484	30,345
1,936	Surplus/(deficit) of operating funding	(526)	2,075
Sources of capital funding			
-	- Subsidies and grants for capital expenditure	-	-
-	- Development and financial contributions	7	-
(300)	Increase/(decrease) in debt	(952)	(322)
82	Gross proceeds from sale of assets	179	84
-	- Lump sum contributions	-	-
-	- Other dedicated capital funding	-	-
(218)	Total sources of capital funding	(766)	(238)
Application of capital funding			
Capital expenditure			
-	- to meet additional demand	-	-
51	- to improve the level of service	94	53
2,078	- to replace existing assets	2,054	2,350
-	- Increase/(decrease) in reserves	-	-
(411)	Increase/(decrease) of investments	(3,440)	(566)
1,718	Total application of capital funding	(1,292)	1,837
(1,936)	Surplus/(deficit) of capital funding	526	(2,075)
-	Funding balance	-	-

SECTION 3:

Council Financial Statements



Dunedin Writers and Readers Festival: Go Girl – Three Epic NZ Women still posing, Phoebe Morris (illustrator), Ingrid Visser (Marine Biologist) and Barbara Else (author)

Dunedin City Council

Statement of Comprehensive Revenue and Expense for the Year Ended 30 June 2018

		CORE COUNCIL		CONSOLIDATED		
	Note	Actual	Budget	Actual	Actual	Actual
		2018	2018	2017	2018	2017
		\$000	\$000	\$000	\$000	\$000
Revenue continuing operations						
Rates revenue	1	138,306	138,026	134,186	138,306	134,186
Development and financial contributions		1,426	425	1,331	1,426	1,331
Subsidies and grants	1	32,102	29,003	17,814	32,102	17,814
Financial revenue	1	13,180	9,987	12,672	9,073	7,729
Other revenue	1	73,447	63,710	72,230	339,131	320,147
Total operating revenue		258,461	241,151	238,233	520,038	481,207
Expenses						
Other expenses	2	123,230	108,321	108,404	259,185	224,248
Personnel expenses		57,429	55,203	53,536	114,742	107,567
Audit fees	2	291	308	171	601	462
Financial expenses	2	12,262	14,120	14,341	28,974	31,816
Depreciation and amortisation	2	65,035	62,043	61,327	93,662	88,957
Total operating expenses	2	258,247	239,995	237,779	497,164	453,050
Operating surplus/(deficit) from continuing operations						
		214	1,156	454	22,874	28,157
Share of associate surplus/(deficit)		-	-	-	1,638	1,161
Surplus/(deficit) before taxation						
		214	1,156	454	24,512	29,318
Less taxation	3	(1,049)	(527)	(1,109)	7,711	9,281
Surplus/(deficit) after taxation		1,263	1,683	1,563	16,801	20,037
Attributable to:						
Dunedin City Council and Group		1,263	1,683	1,563	16,874	19,989
Non-controlling interest		-	-	-	(73)	48

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 2018

		CORE COUNCIL			CONSOLIDATED	
	Note	Actual	Budget	Actual	Actual	Actual
		2018	2018	2017	2018	2017
		\$000	\$000	\$000	\$000	\$000
Other comprehensive revenue and expense						
Gain/(loss) on property, plant and equipment revaluations		114,854	-	189,043	114,854	189,043
Gain/(loss) on forestry land revaluations		-	-	-	2,277	3,584
Gain/(loss) of comprehensive revenue in associates		-	-	-	177	6,095
Gain/(loss) of cash flow hedges at fair value through other comprehensive revenue and expense		3,385	750	5,620	(3,098)	12,783
Gain/(loss) on foreign exchange hedges		-	-	-	(1,303)	877
Gain/(loss) on carbon credit revaluation		-	-	-	5,158	(586)
Income tax on other comprehensive income		-	-	-	(1,059)	(338)
Total other comprehensive revenue and expense		118,239	750	194,663	117,006	211,458
Surplus/(deficit) after taxation		1,263	1,683	1,563	16,801	20,037
Total comprehensive revenue and expense for the year		119,502	2,433	196,226	133,807	231,495
Attributable to:						
Dunedin City Council and Group		119,502	2,433	196,226	133,880	231,447
Non-controlling interest		-	-	-	(73)	48
		119,502	2,433	196,226	133,807	231,495

Statement of Changes in Equity for the Year Ended 30 June 2018

	Note	CORE COUNCIL			CONSOLIDATED	
		Actual	Budget	Actual	Actual	Actual
		2018	2018	2017	2018	2017
		\$000	\$000	\$000	\$000	\$000
Movements in equity						
Opening equity		2,933,438	2,868,703	2,737,212	3,143,328	2,911,833
Total comprehensive revenue and expense		119,502	2,433	196,226	133,807	231,495
Closing equity		3,052,940	2,871,136	2,933,438	3,277,135	3,143,328

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 2018

		CORE COUNCIL			CONSOLIDATED	
	Note	Actual	Budget	Actual	Actual	Actual
		2018	2018	2017	2018	2017
		\$000	\$000	\$000	\$000	\$000
Current assets						
Cash and cash equivalents	6	5,490	1,374	4,460	7,533	19,596
Other current financial assets	10	8,424	5,829	6,864	10,472	8,772
Derivative financial instruments	19	-	-	-	-	426
Trade and other receivables	7	18,758	11,687	13,194	46,137	39,275
Taxation refund receivable		841	1,021	931	3,495	1,872
Inventories	9	259	302	260	11,618	9,915
Non current assets held for sale		900	-	3,062	900	4,184
Prepayments		572	667	511	1,517	1,689
Total current assets		35,244	20,880	29,282	81,672	85,729
Non-current assets						
Term receivables		-	-	-	11,968	12,841
Other non-current financial assets	10	190,672	193,942	187,444	78,681	75,453
Shares in subsidiary companies	10	121,039	115,939	118,489	-	-
Derivative financial instruments	19	-	-	-	4,421	5,993
Investments accounted for using the equity method	11	-	-	-	30,867	29,755
Intangible assets	16	1,468	2,514	1,882	2,704	3,362
Intangible assets carbon credits		-	-	-	27,024	23,413
Investment property	15	91,660	-	90,438	91,660	90,438
Forestry assets	17	-	-	-	150,172	136,333
Property, plant and equipment	14	2,868,150	2,799,866	2,757,929	3,629,383	3,458,383
Total non-current assets		3,272,989	3,112,261	3,156,182	4,026,880	3,835,971
Total assets		3,308,233	3,133,141	3,185,464	4,108,552	3,921,700
Current liabilities						
Short term borrowings		-	-	-	3,638	473
Trade and other payables	8	28,237	24,100	21,551	55,807	54,659
Revenue received in advance	8	3,676	-	3,256	3,676	3,256
Employee entitlements	8	6,337	5,733	6,052	11,876	11,510
Derivative financial instruments	19	552	12,058	-	786	125
Provision for tax		-	-	-	5,096	2,869
Current portion of term loans	12	-	13,988	-	-	1,686
Total current liabilities		38,802	55,879	30,859	80,879	74,578
Non-current liabilities						
Term loans	12	200,473	197,414	202,419	610,043	571,343
Provisions	13	9,500	8,712	8,331	10,467	9,217
Derivative financial instruments	19	6,289	-	10,188	20,889	21,605
Other non-current liabilities		229	-	229	1,192	1,334
Deferred taxation	3	-	-	-	107,947	100,295
Total non-current liabilities		216,491	206,126	221,167	750,538	703,794
Equity						

	Note	CORE COUNCIL		CONSOLIDATED		
		Actual	Budget	Actual	Actual	Actual
		2018	2018	2017	2018	2017
		\$000	\$000	\$000	\$000	\$000
Equity						
Accumulated funds		1,668,710	1,809,030	1,680,653	1,811,892	1,811,725
Minority interest in subsidiary company		-	-	-	543	616
Total accumulated funds	5	1,668,710	1,809,030	1,680,653	1,812,435	1,812,341
Revaluation reserves	5	1,380,917	1,064,031	1,253,074	1,397,745	1,269,725
Restricted reserves	5	10,111	10,128	9,894	10,111	9,894
Cash flow hedge reserves	5	(6,798)	(12,053)	(10,183)	(17,484)	(13,309)
Carbon credit reserve	5	-	-	-	8,411	10,819
Forest revaluation reserve	5	-	-	-	65,917	53,858
Total equity		3,052,940	2,871,136	2,933,438	3,277,135	3,143,328
Total liabilities and equity		3,308,233	3,133,141	3,185,464	4,108,552	3,921,700

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

Dunedin City Council

Statement of Cash Flows

for the Year Ended 30 June 2018

	CORE COUNCIL		CONSOLIDATED		
	Actual	Budget	Actual	Actual	Actual
	2018	2018	2017	2018	2017
	\$000	\$000	\$000	\$000	\$000
Cash flow from operating activities					
<i>Cash was provided from operating activities</i>					
Rates	138,988	138,026	134,867	138,988	134,867
Other revenue	92,092	91,165	77,619	310,473	283,621
Interest received	7,965	9,987	8,063	1,968	2,563
Dividend received	1,421	-	1,628	2,125	2,332
Taxation refund received	1,139	-	1,037	1,730	1,767
	241,605	239,178	223,214	455,284	425,150
<i>Cash was applied to:</i>					
Suppliers and employees	(174,531)	(163,436)	(161,760)	(336,833)	(309,356)
Interest paid	(12,452)	(14,120)	(13,819)	(29,114)	(31,469)
Taxation paid	-	-	-	(2,817)	(2,270)
	(186,983)	(177,556)	(175,579)	(368,764)	(343,095)
Net cash inflow/(outflow) from operating activities	54,622	61,622	47,635	86,520	82,055
Cash flow from investing activities					
<i>Cash was provided from investing activities</i>					
Sale of assets	191	60	126	2,651	930
Reduction in loans and advances	-	72	3,150	-	3,150
Carbon credits sold	-	-	-	8,010	-
Decrease in investments	-	-	112	66	4,020
	191	132	3,388	10,727	8,100
<i>Cash was applied to:</i>					
Increase in investments	(3,551)	(2,551)	(555)	(1,450)	(5,882)
Capital expenditure	(47,890)	(65,681)	(34,653)	(145,379)	(82,498)
	(51,441)	(68,232)	(35,208)	(146,829)	(88,380)
Net cash inflow/(outflow) from investing activities	(51,250)	(68,100)	(31,820)	(136,102)	(80,280)
Cash flow from financing activities					
<i>Cash was provided from financing activities</i>					
Loans raised	2,000	15,698	31,100	42,697	-
Increase in short term borrowings	30,100	-	-	-	-
	32,100	15,698	31,100	42,697	-
<i>Cash was applied to:</i>					
Loans repaid	(4,342)	(12,696)	(45,123)	(5,178)	(2,259)
Decrease in short term borrowings	(30,100)	-	-	-	-
	(34,442)	(12,696)	(45,123)	(5,178)	(2,259)
Net cash inflow/(outflow) from financing activities	(2,342)	3,002	(14,023)	37,519	(2,259)

Dunedin City Council

Statement of Cash Flows

for the Year Ended 30 June 2018 (continued)

	Note	CORE COUNCIL		CONSOLIDATED	
		Actual	Budget	Actual	Actual
		2018	2018	2017	2018
		\$000	\$000	\$000	\$000
Net increase/(decrease) in cash held		1,030	(3,476)	1,792	(12,063)
Opening cash balance		4,460	4,850	2,668	19,596
Closing cash balance		5,490	1,374	4,460	7,533
<i>Reconciliation of cash balances</i>					
Cash and cash equivalents		5,490	1,374	4,460	7,533
	6	5,490	1,374	4,460	7,533

Dunedin City Council

Reconciliation of Operating Surplus/(Deficit) to Net Cash Flows from Operating Activities

	CORE COUNCIL			CONSOLIDATED	
	Actual	Budget	Actual	Actual	Actual
	2018	2018	2017	2018	2017
	\$000	\$000	\$000	\$000	\$000
Surplus/(deficit) after taxation	1,263	1,683	1,563	16,801	20,037
Share of retained surplus in associated companies	-	-	-	(1,638)	(1,161)
Items Not Involving Cash Flows					
Depreciation and amortisation	65,035	62,043	61,327	93,662	88,957
Depletion of forest	-	-	-	4,674	2,394
Forestry revaluation	-	-	-	(13,585)	(9,629)
New Zealand carbon credits	-	-	-	(6,467)	(6,182)
Bad debts written off	140	-	-	294	-
Increase/(decrease) doubtful debts	111	-	-	227	-
After-care provision adjustment	1,162	-	-	1,162	-
Investment property fair value loss/(gain)	(420)	-	(2,150)	(420)	(2,150)
Unrealised loss/(gain) on investments	(3,503)	-	(2,700)	(3,503)	(2,700)
Vested assets	(8,128)	(2,500)	(10,006)	(8,128)	(10,006)
Increase/(decrease) in cash flow hedge valuation	-	-	-	63	(1,416)
Add/(less) non cash adjustments	79	-	528	1,618	814
Movements in working capital items					
(Increase)/decrease in trade and other receivables	(5,564)	296	(1,560)	(6,862)	7,157
(Increase)/decrease in term receivables	-	-	-	873	(12,841)
(Increase)/decrease in inventories	1	-	42	(1,703)	(4,530)
(Increase)/decrease in prepayments	(62)	-	156	172	104
(Increase)/decrease tax refund receivable	90	-	90	(1,623)	29
Increase/(decrease) in trade and other payables	6,686	-	181	648	3,933
Capital creditors in accounts payable	(2,814)	-	-	505	-
Increase/(decrease) in other current liabilities	705	-	47	786	591
Increase/(decrease) in other provisions	6	100	(50)	87	(50)
Increase/(decrease) provision for tax	-	-	-	3,029	802
Increase/(decrease) deferred tax	-	-	-	6,495	8,199
Items classified as investing or financing activities					
Profit on sale of investments	(348)	-	(326)	(348)	(326)
Loss on sale of investments	272	-	548	272	548
Profit on sale of property plant and equipment	(89)	-	(58)	(571)	(522)
Loss on sale of property plant and equipment	-	-	3	-	3
Net Cash Flow from Operating Activities	54,622	61,622	47,635	86,520	82,055

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 2018 (whole of Council)

	CORE COUNCIL			
	Annual Plan 2017 \$000	Actual 2017 \$000	Annual Plan 2018 \$000	Actual 2018 \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	69,206	69,584	71,047	71,631
Targeted rates	65,390	65,324	67,609	67,533
Subsidies and grants for operating purposes	9,174	9,440	10,665	14,950
Fees and charges	54,226	57,130	58,021	61,800
Interest and dividends from investments	10,139	9,557	9,987	9,239
Local authorities fuel tax, fines, infringement fees, and other receipts	3,162	3,057	3,086	3,147
Total operating funding	211,297	214,092	220,415	228,300
Applications of operating funding				
Payments to staff and suppliers	151,317	162,108	162,714	180,948
Finance costs	15,380	13,705	14,120	11,900
Other operating funding applications	(530)	-	722	-
Total applications of operating funding	166,167	175,813	177,556	192,848
Surplus/(deficit) operating funding	45,130	38,279	42,859	35,452
Sources of capital funding				
Subsidies and grants for capital expenditure	14,909	7,537	18,338	16,245
Development and financial contributions	648	1,331	425	1,426
Increase/(decrease) in debt	(533)	(12,891)	3,002	(1,946)
Gross proceeds from sale of assets	1,260	145	60	179
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	16,284	(3,878)	21,825	15,904
Application of capital funding				
Capital expenditure				
- to meet additional demand	2,918	809	1,649	1,456
- to improve the level of service	24,373	9,518	27,768	20,731
- to replace existing assets	33,116	25,493	36,265	28,406
Increase/(decrease) in reserves	-	-	-	-
Increase/(decrease) of investments	1,007	(1,419)	(998)	763
Total applications of capital funding	61,414	34,401	64,684	51,356
Surplus/(deficit) of capital funding	(45,130)	(38,279)	(42,859)	(35,452)
Funding balance	-	-	-	-

Dunedin City Council

Statement of Financial Involvement in Council Controlled Organisations as at 30 June 2018

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 2018	Interest 2018	Total 2018
	\$000	\$000	\$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. Input into the strategic direction of the subsidiaries. Performance monitoring. Ensuring individual subsidiaries receive maximum benefits from membership of the group of companies. 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.
Associated Companies of the Dunedin City Council		
1. Golden Block Investment Limited	49%	Investment rental building.
Subsidiaries of Dunedin City Holdings Limited		
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	72%	Operates a tourist and excursion train on the Taieri Gorge railway line and on the Seaside line north of Dunedin. Also undertakes rail touring using the Dunedin Silver Fern railcar throughout the South Island.

Associated Companies of Dunedin City Holdings Limited

1. Dunedin International Airport Limited	50%	Provision of airport services at Momona.
2. Otago Chipmill Limited	49.9%	Wound up December 2017.

This statement should be read in conjunction with Note 10 and 11 on investments.

Dunedin City Council

Statement of Accounting Policies

for the Year Ended 30 June 2018

1 Reporting Entity

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 Dunedin City Council is a Territorial Local Authority governed by the Local Government Act 2002 and these statements are produced under section 98, 99 and 111 of the Local Government Act 2002.

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 financial statements have been prepared in accordance with the requirements of the Local Government Act 2002.

The Council has designated itself and the group as public benefit entities (PBEs) for financial reporting purposes.

These 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. These financial statements have been rounded to the nearest thousand dollars (\$000).

The financial statements of the Council are for the year ended 30 June 2018. The financial statements were authorised for issue by the Council on 31 October 2018.

2 Significant Accounting Policies

Basis of accounting

The financial statements of the Council and group have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with NZ GAAP.

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards. These financial statements comply with PBE Standards.

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. There is also a presumption of going concern in the preparation of financial statements.

Basis of consolidation

The consolidated statements incorporate the financial statements of the Council and entities controlled by the Council (its subsidiaries). Control is achieved where the Council has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the surplus or deficit in the period of acquisition. Any non-controlling interest is stated at the non-controlling interests proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the non-controlling interest in excess of the non-controlling interest are allocated against the interests of the parent.

The results of subsidiaries acquired or disposed of during the year are included in the surplus or deficit from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full except rates charged to Group entities (Note 1).

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Associate entities

An associate is an entity over which the group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the consolidated balance sheet at cost as adjusted by post-acquisition changes in the group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the group's interest in those associates are not recognised.

Any excess of the cost of acquisition over the group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill. Any deficiency of the cost of acquisition below the group's share of the fair values of the identifiable net assets of the associate at the date of acquisition (ie discount on acquisition) is credited in the surplus or deficit in the period of acquisition.

Where a group entity transacts with an associate of the group, surplus or deficit are eliminated to the extent of the group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Depreciation on such assets will cease once classified as held for sale.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and GST.

Revenue from 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.

Government grants are received from the New Zealand Transport Agency, which subsidises part of the costs of maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other grants are recognised as revenue when they became receivable unless there is an obligation in substance to return the 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.

Sales of goods are 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.

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.

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. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.

Revenue from traffic and parking infringements is recognised when the infringement notice is issued.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Leasing

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. All other leases are classified as operating leases.

The group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

The group as lessee

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.

Rentals payable under operating leases are included in the surplus or deficit on a straight line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Foreign currencies

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).

Borrowing costs

Borrowing costs are usually recognised as an expense in the period in which they are incurred.

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.

Government loans

Forestry term liabilities include Ministry of Forestry Suspensory Loans and Ministry of Forestry Repayable Loans. Interest is calculated annually on the suspensory loans. However the interest and principle may be forgiven when the loan conditions are met. Interest is also calculated annually on the repayable loans. The interest and principal is not repayable until harvesting of the trees, planted using the loan monies, occurs.

Employee entitlements

Entitlements to salary and wages and annual leave are recognised when they accrue to employees. This includes the estimated liability for salaries and wages and annual leave as a result of services rendered by employees up to balance date at current rates of pay.

Entitlements to 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.

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 calculation is based on the value of excess sick leave taken within the previous twelve months.

Goods and services tax (GST)

Revenues, expenses, assets and liabilities are recognised net of the amount of GST, except for receivables and payables which are recognised inclusive of GST.

Taxation

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.

Property, plant and equipment

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

CCO property, plant and equipment

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

Forest land is stated at its revalued amount, being the fair value at the date of revaluation, determined from market-based evidence by appraisal undertaken by Quotable Value.

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.

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.

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.

Except for City Forests Limited the depreciation rates and methods used are as follows:

	Rate	Method
Buildings	1% to 5%	SL
Roads and bridges	2% to 16%	SL
Metering equipment	5% to 20%	SL
Electricity network assets	2% to 20%	SL
Plant and equipment	5% to 50%	SL
Motor vehicles	5% to 25%	SL
Railway assets	1% to 20%	SL
Office equipment and fittings	5% to 25%	SL
Construction in progress	no depreciation charged	
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.

Forests

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.

The Council property, plant and equipment

The Council assets

Operational Assets

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

Infrastructure 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.

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.

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.

Property, plant and equipment

Operational assets

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

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.

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.

Restricted assets

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 now 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

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.

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.

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
Council operational assets		
Buildings	1% to 10%	SL
Fixed plant and equipment	10% to 15%	SL
Motor vehicles	20%	SL
Office equipment and fittings	7.5% to 20%	SL
Library collections	10% to 50%	SL
Infrastructure assets		
Roadways and bridges	0.5% to 10%	SL
Life cycle used:		
- Kerb and channel	80 years	
- Shape corrections	80 years	
- Reseals	11 years	
- Footpaths	13.5 years	
Water treatment plants and facilities	1% to 15%	SL
Sewerage treatment plants and facilities	1% to 15%	SL
Stormwater treatment plants and facilities	1% to 15%	SL
Water reticulation Sewerage	0.5% to 3%	SL
reticulation Stormwater	0.5% to 3%	SL
reticulation Landfill	0.5% to 3%	SL
	15 years	
Heritage assets	0.2%	
Restricted assets		
Buildings	1% to 4%	SL
Fixed plant and equipment	10% to 15%	SL
Hard surfaces	0.5% to 10%	SL
Playground and soft-fall areas	2% to 10%	SL

Derecognition

Forestry assets and 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.

Investment property

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.

Intangible assets

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.

Research and development expenditure

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

Patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortised on a straight line basis over their estimated useful lives.

Impairment of assets excluding goodwill

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, and goodwill, are not subject to amortisation and are tested annually for impairment.

Property, plant and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

Inventories

Inventories are stated at the lower of cost and net realisable value. 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.

Cash and cash equivalents

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 overdraft. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Financial instruments

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.

Trade and other receivables

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

Loans and other receivables

Loans and other receivables 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.

Investments

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

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.

Trade and other payables

Trade and other payables are stated at cost.

Borrowings

Borrowings are initially recorded net of directly attributable transaction costs and are measured at subsequent reporting dates at amortised cost. 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 and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Financial liabilities and equity

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.

Derivative financial instruments and hedge accounting

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The group uses foreign exchange forward contracts, foreign exchange options and interest rate swap contracts to hedge these exposures.

The group does not use derivative financial instruments for speculative purposes. However, derivatives that do not qualify for hedge accounting, under the specific IFRS rules, are accounted for as trading instruments with fair value gains/losses being taken directly to the surplus or deficit.

The use of financial derivatives in each entity within the group is governed by that entity's policy approved by the governing body. The policies provide written principles on the use of financial derivatives.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition derivative financial instruments are re-measured at fair value.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the surplus or deficit. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the surplus or deficit in the same period in which the hedged item affects net surplus or deficit.

For an effective hedge of an exposure to changes in the fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in the surplus or deficit. Gains or losses from re-measuring the derivative, or for non-derivatives the foreign currency component of its carrying amount, are recognised in the surplus or deficit.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the surplus or deficit as they arise. Derivatives not designated into an effective hedge relationship are classified as current assets or liabilities.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the surplus or deficit for the period.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the surplus or deficit.

Provisions

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.

Carbon credits

Emission units held by the group 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) at 30 June subsequent to initial recognition
- * The difference between initial fair value or previous revaluation and marked to market is recognised in other comprehensive revenue and expense.

Standards issued but not yet effective

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.

Interests in other entities

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34 - 38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6 - 8) and are effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The new standards amend the definition of control, introduce a new classification of joint arrangements, and require additional disclosures on interests in other entities.

The Council plans to apply this standard in preparing its 30 June 2020 financial statements.

Impairment of revalued assets (amendments to PBE IPSASs 21 and 26)

In April 2017, the XRB issued Impairment of Revalued Assets, which clearly scopes revalued property, plant and equipment into the impairment accounting standards. Previously, only property, plant and equipment measured at cost were scoped into the impairment accounting standards.

Under the amendment, a revalued asset can be impaired without having to revalue the entire class-of-asset to which the asset belongs. This amendment is effective for the 30 June 2020 financial statements, with early adoption permitted.

The Council plans to apply this standard in preparing its 30 June 2020 financial statements.

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 main changes under the standard relevant to the Council are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which might result in the earlier recognition of impairment losses.

The Council may early adopt this standard to ensure consistency of treatment with its non-PBE subsidiaries when they adopt IFRS 9.

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.

Changes in accounting policy

During the year the Council changed its accounting policy with respect to valuing road reserve (land under roads). Road reserve is no longer revalued. The last valuation was performed as at 30 June 2012 by Quotable Value Limited. The Council has elected to use this value as the deemed cost. Any future additions or disposals will be recorded at cost.

The Council believes the new policy is preferable as there is no reliable basis of determining the fair value of land under roads and the continued revaluation of this asset would provide no additional or meaningful information to readers of the financial statements.

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

1 Separately Disclosed Revenue

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Rates revenue				
<i>Rate allocation by significant activity</i>				
General rates funding as per group of activities	91,595	89,741	91,595	89,741
Other sources contributing to general rates funding	(20,822)	(20,879)	(20,822)	(20,879)
Total general rates	70,773	68,862	70,773	68,862
Targeted rates	67,533	65,324	67,533	65,324
	138,306	134,186	138,306	134,186
The total amount of rates charged on Council owned properties that have not been eliminated from revenue and expenditure is \$9.26m (2017: \$9.23m). For the Group, rates of \$10.13m have not been eliminated (2017: \$10.51m).				
Subsidies and grants				
New Zealand Transport Agency roading subsidies	30,574	16,381	30,574	16,381
Government and government agency grants	1,333	1,191	1,333	1,191
Other grants	195	242	195	242
	32,102	17,814	32,102	17,814
Financial revenue				
Profit on sale of investments	348	326	348	326
Gain on fair value of investments	3,593	2,788	3,593	2,788
Gain on foreign currency transactions	-	-	559	-
Dividend received - Dunedin City Holdings Limited	-	-	-	-
Other dividends received	1,424	1,726	1,425	1,727
Interest received - Dunedin City Holdings Limited	5,902	5,902	-	-
Other interest received	1,913	1,930	3,148	2,888
	13,180	12,672	9,073	7,729
Other revenue				
Rental from investment properties	7,868	7,929	7,868	7,929
Regulatory services rendered	3,271	3,003	3,271	3,003
Gain on fair value of investment property	420	2,150	420	2,150
Forest revaluation	-	-	13,585	9,629
Vested assets	8,128	10,006	8,128	10,006
Profit on sale of property, plant and equipment	89	58	571	126
Other fees and charges	53,671	49,084	305,288	287,304
	73,447	72,230	339,131	320,147
Rating base information				
	2018	2017	2016	
The number of rating units	55,405	55,238	55,282	
The total capital value of the rating units	\$25.095 billion	\$22.033 billion	\$21.821 billion	
The total land value of the rating units	\$10.068 billion	\$8.403 billion	\$8.365 billion	

All rates revenue is shown gross of rates remissions. 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 \$Nil (2017: Nil).

2 Separately Disclosed Expenses

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Other expenses				
Donations	2,799	2,657	2,830	2,714
Directors' remuneration	-	-	1,214	1,076
Research and development	-	-	205	145
Bad debts written off	140	79	294	621
Increase/(decrease) in after-care provision	1,162	(2)	1,162	(2)
Increase/(decrease) in doubtful debt provision	111	139	227	344
Loss on disposal of property, plant and equipment	-	3	-	3
Impairment of intangible assets	-	-	10	-
Councillors' remuneration and expenses	1,835	1,497	1,835	1,497
Rental expense operating leases	52	46	3,880	3,742
Investment property operating expenses	3,051	2,891	3,051	2,891
Inventories expensed	46	84	46	84
Other expenditure	114,034	101,010	244,431	211,133
	123,230	108,404	259,185	224,248
Fees paid to Audit New Zealand for;				
Financial statements	174	171	449	428
Long Term Plan audit	117	-	117	-
Regulatory (information disclosure) reporting	-	-	20	19
Price and quality thresholds and other regulatory reporting	-	-	15	15
	291	171	601	462
Financial expenses				
Overdraft interest	4	5	4	5
Loss on sale of investments	272	548	272	548
Loss on sale of foreign currency transactions	-	-	-	9
Fair value loss on investments	90	88	90	88
Interest paid to subsidiaries	11,896	13,700	-	-
Term interest	-	-	28,608	31,166
	12,262	14,341	28,974	31,816
Depreciation and amortisation				
- Operational	13,047	13,134	41,121	40,262
- Infrastructural	47,903	43,874	47,903	43,874
- Restricted and Heritage	3,338	3,422	3,338	3,422
As per note 14 Property, plant and equipment	64,288	60,430	92,362	87,558
- Intangible	747	897	1,300	1,399
	65,035	61,327	93,662	88,957

Reconciliation of Summary of Cost of Service Statements with Core Council Statement of Financial Performance

Significant activity expenditure	Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000
Economic Development and City Promotion	5,992	5,988	5,635
City Investment	3,657	5,639	4,305
Roading and Footpaths	53,081	44,994	44,326
Water Supply	28,630	27,945	25,974
Sewerage and Sewage	29,870	27,701	29,005
Stormwater	7,397	6,573	6,096
Solid Waste	13,026	11,778	9,508
City Planning and Regulatory Services	16,998	15,618	16,760
Community Development and Support	30,451	27,939	31,498
Museums, Libraries and Art Gallery	26,484	26,469	25,863
Sport, Recreation and Leisure	33,905	33,073	32,436
Corporate Support	8,756	6,278	6,373
Total	258,247	239,995	237,779

3 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 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Surplus/(deficit) before taxation	214	454	22,874	28,157
(Gain)/loss on fair value of investment property	(420)	(2,150)	(420)	(2,150)
Vested assets	(8,128)	(10,006)	(8,128)	(10,006)
Net non-taxable other income/non-deductible expenditure	5,332	8,378	11,518	15,345
Income subject to taxation	(3,002)	(3,324)	25,844	31,346
Prima facie taxation at 28%	(841)	(931)	7,236	8,777
Plus other adjustments	-	-	494	(470)
Imputation credits	-	-	-	-
Less tax effect of subvention payments	-	-	384	1,547
Under/(over) provisions prior years	(208)	(178)	(403)	(573)
Taxation charge	(1,049)	(1,109)	7,711	9,281

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 2018 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.

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
The taxation charge is represented by:				
- Current taxation	(841)	(931)	1,103	2,406
- Deferred taxation	-	-	7,011	7,079
- Under/(over) tax provision in prior years	(208)	(178)	(138)	(980)
- Under/(over) deferred tax in prior years	-	-	(265)	776
	(1,049)	(1,109)	7,711	9,281

Deferred taxation

	Group	Group	Group	Group	Group	Group
	2018	2018	2018	2018	2018	2018
	\$000	\$000	\$000	\$000	\$000	\$000
	<i>Opening</i>	<i>Charged</i>	<i>Charged</i>	<i>Closing</i>	<i>Closing</i>	<i>Closing</i>
	<i>Balance</i>	<i>to Equity</i>	<i>to Income</i>	<i>Balance</i>	<i>Balance</i>	<i>Balance</i>
	<i>Sheet</i>			<i>Sheet</i>	<i>Sheet</i>	<i>Sheet Net</i>
				<i>Assets</i>	<i>Liabilities</i>	
Property, plant and equipment	57,571	-	2,301	(283)	60,155	59,872
Employee benefits	3,812	-	132	(1,521)	5,465	3,944
Forest	24,396	-	3,804	-	28,200	28,200
Forest capitalised costs	10,178	-	(384)	-	9,794	9,794
Other investments	5,363	1,285	740	(25)	7,413	7,388
Revaluations of foreign exchange contracts	141	(364)	-	(223)	-	(223)
Revaluations of interest rate swaps	(1,166)	138	-	(1,028)	-	(1,028)
Balance at the end of the year	100,295	1,059	6,593	(3,080)	111,027	107,947

	Group	Group	Group	Group	Group	Group
	2017	2017	2017	2017	2017	2017
	\$000	\$000	\$000	\$000	\$000	\$000
	<i>Opening</i>	<i>Charged</i>	<i>Charged</i>	<i>Closing</i>	<i>Closing</i>	<i>Closing</i>
	<i>Balance</i>	<i>to Equity</i>	<i>to Income</i>	<i>Balance</i>	<i>Balance</i>	<i>Balance</i>
	<i>Sheet</i>			<i>Sheet</i>	<i>Sheet</i>	<i>Sheet Net</i>
				<i>Assets</i>	<i>Liabilities</i>	
Property, plant and equipment	54,905	-	2,666	(231)	57,802	57,571
Employee benefits	3,283	-	323	(1,636)	5,242	3,606
Forest	21,700	-	2,696	-	24,396	24,396
Forest capitalised costs	9,861	-	317	-	10,178	10,178
Other investments	3,857	(116)	1,828	(4)	5,573	5,569
Revaluations of foreign exchange contracts	(104)	245	-	-	141	141
Revaluations of interest rate swaps	(1,752)	586	-	(1,166)	-	(1,166)
Balance at the end of the year	91,750	715	7,830	(3,037)	103,332	100,295

4 Remuneration and Other Payments

a) 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	Actual
	2018	2017
	\$000	\$000
<i>Councillors</i>		
Remuneration	1,222	1,049
<i>Executive Leadership Team</i>		
Remuneration	1,974	1,755
Total key management personnel remuneration	3,196	2,804

Key management personnel comprises: 15 full-time equivalent elected members and 7 full-time equivalent executive leaders (2018 and 2017).

b) 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 REMUNERATION		ROLE
Cull D C	1	149,214	Mayor
Benson-Pope D H	2,3,4	139,285	
Elder R A		56,240	
Garey C P	2	60,040	
Hall D W		56,240	
Hawkins A G	2,3	136,075	
Laufiso M E		56,240	
Lord M L	2,5	70,655	
Newell D J		56,240	
O'Malley J P	2,5	57,640	
Staynes C J		73,112	Deputy Mayor
Stedman C L		56,240	
Vandervis L		56,240	
Whiley A P	2	69,947	
Wilson K M H	2,3,5	128,615	
		1,222,023	

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

c) Employee compensation - Core Council

Severance payments

There were 4 severance payments made during the year; \$25,000; \$20,000; \$15,720; \$3,537. (2017 - \$5,000; \$2,500.)

Chief Executive remuneration

Sue Bidrose; 1 July 2017 to 30 June 2018 \$377,742.

Sue Bidrose; 1 July 2016 to 30 June 2017 \$384,447 which includes backpay of \$13,922 and \$2,646 for the use of a vehicle for 2 months until it was surrendered.

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 2018 557.76 (2017: 529.41)

The number of full-time equivalent other employees as at 30 June 2018 149.87 (2017: 147.68)

(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 2018 receiving;

*Less than \$60,000	530
\$60,000 to \$79,999	187
\$80,000 to \$99,999	141
\$100,000 to \$119,999	35
\$120,000 to \$139,999	18
\$140,000 to \$159,999	10
\$160,000 to \$199,999	8
\$200,000 to \$379,999	4

The number of employees as at 30 June 2017 receiving;

*Less than \$60,000	529
\$60,000 to \$79,999	184
\$80,000 to \$99,999	110
\$100,000 to \$119,999	32
\$120,000 to \$139,999	18
\$140,000 to \$159,999	6
\$160,000 to \$219,999	7
\$220,000 to \$399,999	4

* 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 5 or less in a band is prohibited as is an aggregation into a lower band. It is for this reason the top two bands in 2018 and 2017 exceed a \$20,000 movement. The more than 5 criterion does not apply to the top band.

5 Movement in Public Equity and Reserves

Accumulated funds

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Opening balance	1,680,653	1,679,472	1,812,341	1,799,619
Surplus/(deficit)	1,263	1,563	16,801	20,037
Adjustment	-	-	-	-
Transfers to:				
- Gains/(losses) on interest rate swaps and foreign exchange transactions	-	-	-	-
- Forestry reserves	-	-	(9,783)	(6,933)
- Carbon credit reserve	-	-	6,282	-
- Restricted reserves	(261)	(1,036)	(261)	(1,036)
Transfers from:				
- Restricted reserves	44	654	44	654
- Revaluation reserves (road reserve writeback)	(12,989)	-	(12,989)	-
Closing balance	1,668,710	1,680,653	1,812,435	1,812,341

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.

Revaluation reserves

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Opening balance	1,253,074	1,064,031	1,269,725	1,074,587
Gain/(loss) recognised on assets of Associates	-	-	177	6,095
Road reserve writeback	12,989	-	12,989	-
Property, plant and equipment revaluations	114,854	189,043	114,854	189,043
Closing balance	1,380,917	1,253,074	1,397,745	1,269,725

The road reserve writeback adjustment reflects the cumulative revaluations since 1998 related to road reserves, and is the result of the decision to discontinue revaluations of this asset.

Restricted reserves Core Council and Consolidated

Name and brief description of the purpose of the reserve where not indicated in the reserve name.	Opening Balance	Transfers Inwards	Transfers Outwards	Closing Balance
	2018	2018	2018	2018
	\$000	\$000	\$000	\$000
A. H. Reed Capital Account to extend the Reed library collections	236	5	-	241
R. J. Trust Capital Account to extend library collections	285	7	-	292
G. McKay Housebound Capital Account to extend library collections	10	-	-	10
Clive R. B. Lister Capital Account to maintain the Clive Lister garden	228	5	-	233
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	44	1	-	45
DCC Recreation Loans Reserve to fund small loans to recreation clubs	241	6	-	247
Self Funded Insurance Reserve	293	7	-	300
Library Dunningham Bequest	13	-	-	13
Air Development Capital Reserve to develop the Taieri aerodrome	352	8	-	360
CARS Bethunes Operations Reserve	17	-	-	17
Dog Control Operations Reserve	12	-	-	12
Roading Property Reserve for property purchases	16	-	-	16
Road Maintenance 7 View St Waitati	9	-	-	9
Trans Net Mosgiel East	120	3	-	123
Library General operations Fund Reserve	89	2	-	91
Sportsground Upgrade Logan Park Reserve of development contributions	(247)	65	-	(182)
Sportsground Upgrade Bathgate Park Reserve of development contributions	18	2	-	20
Sportsground Upgrade Hancock Park Reserve of development contributions	27	3	-	30
Playground Upgrade Reserve of development contributions	1	7	-	8
Mosgiel East Reserve	230	5	-	235
Mere Mere Over View Subsidiary Reserve	68	2	-	70
Aviary Bird Fund Operations Reserve	25	1	-	26
Mediterranean Garden Development Reserve	15	-	-	15
Craigie Burn Operations Reserve	338	8	-	346
Ocean View Sand Sausage Reserve	144	3	-	147
Waikouaiti Forest	387	10	-	397
Walton Park Forest	56	1	-	57
Cemetery Service Fund Maintenance Reserve	2,187	-	-	2,187
Art Gallery Funded Operations Reserve	549	13	(44)	518
Sale of Reserve Land Reserve	17	-	-	17
Hillary Commission General Subsidies Reserve	31	1	-	32
Bateman Bequest (AG)	500	12	-	512
Harding Bequest Art Gallery Operations Reserve	29	1	-	30
Wastewater Mosgiel East	40	2	-	42
Waste Minimisation Reserve	520	12	-	532
EPH Renewal Fund Reserve	1,959	45	-	2,004
Endowment Property Investment Reserve	1,021	24	-	1,045
Totals	9,894	261	(44)	10,111

Last Year

Name and brief description of the purpose of the reserve
where not indicated in the reserve name.

	Opening	Transfers	Transfers	Closing
	Balance	Inwards	Outwards	Balance
	2017	2017	2017	2017
	\$000	\$000	\$000	\$000
A. H. Reed Capital Account to extend the Reed library collections	231	5	-	236
R. J. Trust Capital Account to extend library collections	279	6	-	285
G. McKay Housebound Capital Account to extend library collections	10	-	-	10
Clive R. B. Lister Capital Account to maintain the Clive Lister garden	223	5	-	228
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	43	1	-	44
DCC Recreation Loans Reserve to fund small loans to recreation clubs	235	6	-	241
Self Funded Insurance Reserve	287	6	-	293
Air Development Capital Reserve to develop the Taieri aerodrome	344	8	-	352
CARS Bethunes Operations Reserve	17	-	-	17
Dog Control Operations Reserve	13	-	(1)	12
Roading Property Reserve for property purchases	16	-	-	16
Road Maintenance 7 View St Waitati	9	-	-	9
Trans Net Mosgiel East	117	3	-	120
Library Dunningham Bequest	13	-	-	13
Library General operations Fund Reserve	87	2	-	89
Sportsground Upgrade Logan Park Reserve of development contributions	(288)	41	-	(247)
Sportsground Upgrade Bathgate Park Reserve of development contributions	17	1	-	18
Sportsground Upgrade Hancock Park Reserve of development contributions	25	2	-	27
Playground Upgrade Reserve of development contributions	(4)	5	-	1
Mosgiel East Reserve	225	5	-	230
Mere Mere Over View Subsidiary Reserve	66	2	-	68
Aviary Bird Fund Operations Reserve	21	4	-	25
Mediterranean Garden Development Reserve	14	1	-	15
Craigie Burn Operations Reserve	330	8	-	338
Ocean View Sand Sausage Reserve	141	3	-	144
Cemetery Service Fund Maintenance Reserve	2,187	-	-	2,187
Waikouaiti Forest	189	329	(131)	387
Walton Park Forest	176	3	(123)	56
Wastewater Mosgiel East	39	1	-	40
Art Gallery Funded Operations Reserve	536	13	-	549
Sale of Reserve Land Reserve	16	1	-	17
Hillary Commission General Subsidies Reserve	30	1	-	31
Harding Bequest Art Gallery Operations Reserve	28	1	-	29
Waste Minimisation Reserve	425	494	(399)	520
EPH Renewal Fund Reserve	1,915	44	-	1,959
Bateman Bequest (AG)	488	12	-	500
Endowment Property Investment Reserve	998	23	-	1,021
Totals	9,512	1,036	(654)	9,894

Cash flow hedge reserves

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Opening balance	(10,183)	(15,803)	(13,309)	(26,515)
Gains/(losses) on interest rate swaps and foreign exchange transactions	3,385	5,620	(4,175)	13,206
Closing balance	(6,798)	(10,183)	(17,484)	(13,309)

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.

Carbon credit reserves

	CONSOLIDATED	
	Actual	Actual
	2018	2017
	\$000	\$000
Opening balance	10,819	11,290
Net revaluation of carbon credits	(6,282)	-
Gain in carbon credits above initial recognition value	3,874	(471)
Closing balance	8,411	10,819

Forestry reserves

	CONSOLIDATED	
	Actual	Actual
	2018	2017
	\$000	\$000
Opening balance	53,858	43,341
Net revaluation of forest	9,782	6,933
Net revaluation of forest land	2,277	3,584
Closing balance	65,917	53,858

6 Cash and Cash Equivalents

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Cash in Bank	5,490	4,460	7,533	19,596
	5,490	4,460	7,533	19,596

7 Trade and Other Receivables

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Trade debtors	16,997	11,970	34,296	36,082
Rate accounts issued and owing	3,016	2,582	3,016	2,582
Other debtor accounts issued and owing	1,073	860	11,749	3,232
Provision for doubtful debts	(2,328)	(2,218)	(2,924)	(2,621)
	18,758	13,194	46,137	39,275

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.

The carrying value 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. An allowance has been made for estimated irrecoverable amounts determined by reference to past default experience.

8 Accounts Payable, Accrued Expenditure and Employee Entitlements

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Trade and other payables				
Trade creditors	4,943	4,392	30,380	30,292
Contract retentions	807	953	807	953
Accrued expenditure	21,675	15,419	22,013	15,777
Other payables	812	787	2,607	7,637
	28,237	21,551	55,807	54,659
Revenue received in advance				
Rates in advance	886	879	886	879
Other revenue in advance	2,790	2,377	2,790	2,377
	3,676	3,256	3,676	3,256
Employee entitlements				
Accrued leave	4,436	4,238	9,006	8,592
Accrued long service leave	431	385	676	663
Sick leave over and above annual average	147	147	204	294
Accrued pay	1,105	1,067	1,646	1,586
Gratuities provision current	218	215	344	375
	6,337	6,052	11,876	11,510

9 Inventories

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Raw materials in store (at cost)	259	260	7,248	8,520
Work in progress (at cost)	-	-	4,370	1,395
	259	260	11,618	9,915

The Council inventories are not pledged as security for liabilities.

10 Other Financial Assets

a) Other current financial assets

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Waipori Fund interest bearing securities	8,174	6,614	8,174	6,614
Self Insurance Deposit	250	250	250	250
Other financial assets	-	-	2,048	1,908
	8,424	6,864	10,472	8,772

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 2.52% and 6.31%.

b) Other non-current financial assets

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Waipori Fund interest bearing securities	37,035	31,649	37,035	31,649
Waipori Fund equity investments	41,009	42,986	41,009	42,986
Other shares	485	485	494	494
Advances to subsidiaries	112,000	112,000	-	-
Other loans, advances	143	324	143	324
	190,672	187,444	78,681	75,453

Advances to subsidiaries and other loans, advances and community loans are all classified as loans and receivables and 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 2018, the interest rate on the advance was 5.27% (2017 5.27%).

c) Shares in subsidiary companies

	CORE COUNCIL	
	2018	2017
Shares Dunedin City Holdings Limited	121,039	118,489
	121,039	118,489

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 2018 a further 2,550,000 ordinary shares were issued and called.

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 849,900,000 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
Total number of shares	970,939,000
- Incorporation call	(100,000)
- June 2016 call	(115,839,000)
- June 2017 call	(2,550,000)
- June 2018 call	(2,550,000)
Total number of uncalled shares	849,900,000

11 Investments Accounted for Using the Equity Method

	CORE COUNCIL		CONSOLIDATED	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Interest and advances in associate company	-	-	30,867	29,755
Golden Block Investments Limited (Property)	49%	49%	49%	49%
Dunedin International Airport Limited (Transport)			50%	50%
Otago Chipmill Limited (Forestry) - wound up December 2017			-	49.9%

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 2018 have been used. Otago Chipmill Limited was wound up during the year.

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 21.

Summarised Balance Sheet

	Other Associates		Dunedin International Airport Limited	
	As at 30 June		As at 30 June	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Current assets				
Cash and cash equivalents	518	544	699	788
Other current assets	80	41	1,276	559
Total current assets	598	585	1,975	1,347
Non-current assets	2,360	2,337	86,682	86,428
Total assets	2,958	2,922	88,657	87,775
Current liabilities	199	341	3,840	3,115
Non-current liabilities				
Financial liabilities	2,600	2,600	8,000	9,100
Other financial liabilities	-	-	15,036	16,001
Total non-current liabilities	2,600	2,600	23,036	25,101
Total liabilities	2,799	2,941	26,876	28,216
Net assets	159	(19)	61,781	59,559
Less impairment	-	-	-	-
Other adjustments	(159)	19	(50)	(50)
Net assets after impairment and other adjustments	-	-	61,731	59,509
Carrying value of associates	-	-	30,867	29,755
	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	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Total revenue	650	530	16,522	14,130
Less expenses				
Other expenses	215	264	8,335	7,633
Interest expense	115	114	469	464
Depreciation and amortisation	1	-	2,957	2,872
Total expenses	331	378	11,761	10,969
Operating surplus/(deficit) before tax	319	152	4,761	3,161
Less income tax	87	42	1,486	840
Operating surplus/(deficit) after tax	232	110	3,275	2,321
Other comprehensive income	-	-	355	12,190
Total comprehensive income/(deficit)	232	110	3,630	14,511
Dividend received from associate	-	100	704	704

12 Term Loans

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Total loan balance	200,473	202,419	610,043	573,029
Less current portion	-	-	-	(1,686)
Non-current portion	200,473	202,419	610,043	571,343
<i>Non-current portion</i>				
Promissory notes issued	-	-	119,389	59,702
Bonds issued	-	-	490,181	507,676
Related parties	200,000	201,946	-	-
Other loans	473	473	473	5,651
	200,473	202,419	610,043	573,029

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

The Group has an \$850 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 \$125 million (2017: \$125 million).

The amount of unamortised premium or (discount) on bonds on issue at 30 June 2018 is nil (2017: 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 borrowing 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 2018 \$'000	Group 2017 \$'000
	Interest Rate		
Promissory Notes		119,389	59,702
Bonds 15/10/17	Coupon rate 7.81%	-	60,000
Floating Notes 7/10/17	38bp over BKBM	-	20,000
Floating Notes 15/5/18	43bp over BKBM	-	20,000
Bonds 17/7/18	Coupon rate 6.57%	50,000	50,000
Bonds 17/12/18	Coupon rate 6.85%	15,000	15,000
Floating rate notes 15/11/19	50bp over BKBM	50,000	50,000
Floating rate notes 16/10/20	43bp over BKBM	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 25/11/21	Coupon rate 4.88%	70,000	70,000
Floating Notes 15/10/22	56bp over BKBM	50,000	50,000
Floating Notes 15/02/24	65bp over BKBM	25,000	25,000
Bonds 16/10/24	Coupon rate 3.79%	35,000	-
Bonds 15/4/26	Coupon rate 3.98%	65,000	65,000
Fair Value Impact on Bonds		5,181	2,676
Forestry Loans	Coupon rate 6.09%	-	5,178
Housing NZ loan		473	473
		610,043	573,029

The forestry loans were repaid during the year. In the 2017 year, the Forestry loans were from the Ministry of Primary Industries. They were fixed rate loans secured by registered first mortgage over certain land assets and were covered by repayment insurance.

The fair value of the debt and maturity profile is disclosed in note 19, 'Financial Instruments'.

Contractual maturity analysis of term loans

	CORE COUNCIL		CONSOLIDATED	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
The following is a maturity analysis of the term loans				
Repayable less than one year	30,000	17,041	65,000	101,686
Repayable between one to five years	57,515	57,515	414,389	328,194
Repayable later than five years	112,958	127,863	130,654	143,149
	200,473	202,419	610,043	573,029

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.

13 Provisions

Core Council movement in provisions

	Landfill aftercare	Accrued long service leave	Gratuities	Total
	2018 \$000	2018 \$000	2018 \$000	2018 \$000
Opening balance	6,972	467	892	8,331
Net movement in provision	1,163	(7)	13	1,169
Closing balance	8,135	460	905	9,500
	Landfill aftercare	Accrued long service leave	Gratuities	Total
	2017 \$000	2017 \$000	2017 \$000	2017 \$000
Opening balance	6,974	345	962	8,281
Net movement in provision	(2)	122	(70)	50
Closing balance	6,972	467	892	8,331

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.

Accrued long service leave

The non-current portion of accrued long service leave 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.

Consolidated movement in provisions

	Landfill Aftercare	Accrued Long Service Leave	Gratuities	Total
	2018 \$000	2018 \$000	2018 \$000	2018 \$000
Opening balance	6,972	975	1,270	9,217
Net movement in provision	1,163	63	24	1,250
Closing balance	8,135	1,038	1,294	10,467
	Landfill Aftercare	Accrued Long Service Leave	Gratuities	Total
	2017 \$000	2017 \$000	2017 \$000	2017 \$000
Opening balance	6,974	837	1,337	9,148
Net movement in provision	(2)	138	(67)	69
Closing balance	6,972	975	1,270	9,217

14 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 infrastructure property, plant and equipment is stated below; roading assets; \$1,590,640,077, water assets; \$896,944,942, sewerage assets; \$879,474,517, stormwater assets; \$442,201,995.

Infrastructure assets comprising roads, bridges, footpaths, lights, traffic signals and signs have been valued at depreciated replacement cost as at 30 June 2018. The valuation of these assets has been done by Larissa Curzon of Beca Limited and reviewed by Brian Smith of Brian Smith Advisory Services Limited.

Infrastructure 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 have been valued as at 1 July 2017 by Council staff at depreciated replacement cost. The valuation has been reviewed by independent consultant Gary Dent of Fluent Infrastructure Solutions Limited.

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 1 July 2017	Additions (assets constructed or purchased)	Vested Assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2018
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets									
Gross carrying amount									
Land	87,187	-	-	-	14,037	-	-	(120)	101,104
Buildings and structures	219,667	473	-	-	(4,373)	-	-	(341)	215,426
Fixed plant and equipment	15,536	524	-	(5)	-	-	-	-	16,055
Vehicle, mobile plant	3,846	391	-	(169)	-	-	-	-	4,068
Office equipment	27,639	1,704	-	-	-	-	-	-	29,343
Library collection	9,678	746	-	-	-	-	-	(99)	10,325
Total	363,553	3,838	-	(174)	9,664	-	-	(560)	376,321
Accumulated depreciation/ amortisation and impairment									
Land	-	-	-	-	-	-	-	-	-
Buildings and structures	(18,851)	-	-	-	28,249	(9,456)	-	58	-
Fixed plant and equipment	(10,756)	-	-	5	-	(743)	-	-	(11,494)
Vehicle, mobile plant	(2,829)	-	-	147	-	(243)	-	-	(2,925)
Office equipment	(23,117)	-	-	-	-	(1,615)	-	-	(24,732)
Library collection	(7,115)	-	-	-	-	(990)	-	3	(8,102)
Total	(62,668)	-	-	152	28,249	(13,047)	-	61	(47,253)
Net book value as at 30 June	300,885	3,838	-	(22)	37,913	(13,047)	-	(499)	329,068

Current Year	Balance as at 1 July 2017	Additions (assets constructed or purchased)	Vested Assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2018
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Infrastructural assets									
Gross carrying amount									
Land	24,435	-	-	-	1,423	-	-	-	25,858
Land fill provision capitalised	2,763	-	-	-	-	-	-	-	2,763
Roadways and bridges	988,213	29,406	2,134	-	7,580	-	-	-	1,027,333
Water reticulation	282,882	6,607	834	-	29,819	-	-	-	320,142
Water plant and facilities	75,100	1,625	-	-	(4,987)	-	-	-	71,738
Wastewater reticulation	320,359	5,592	1,443	-	(4,021)	-	-	-	323,373
Wastewater plant and facilities	101,624	1,482	-	-	(5,827)	-	-	-	97,279
Stormwater reticulation	153,569	2,530	2,586	-	(1,052)	-	-	-	157,633
Stormwater plant and facilities	2,386	-	-	-	(883)	-	-	-	1,503
Landfill plant and facilities	5,370	276	-	-	539	-	-	-	6,185
Total	1,956,701	47,518	6,997	-	22,591	-	-	-	2,033,807
Accumulated depreciation/ amortisation and impairment									
Land fill provision capitalised	(1,787)	-	-	-	-	(162)	-	-	(1,949)
Roadways and bridges	-	-	-	-	19,922	(19,922)	-	-	-
Water reticulation	(7,835)	-	-	-	7,835	(8,511)	-	-	(8,511)
Water plant and facilities	(2,937)	-	-	-	2,937	(3,053)	-	-	(3,053)
Wastewater reticulation	(5,512)	-	-	-	5,512	(7,106)	-	-	(7,106)
Wastewater plant and facilities	(4,432)	-	-	-	4,432	(4,430)	-	-	(4,430)
Stormwater reticulation	(3,486)	-	-	-	3,486	(4,168)	-	-	(4,168)
Stormwater plant and facilities	(109)	-	-	-	109	(122)	-	-	(122)
Landfill plant and facilities	(415)	-	-	-	415	(429)	-	-	(429)
Total	(26,513)	-	-	-	44,648	(47,903)	-	-	(29,768)
Net book value as at 30 June	1,930,188	47,518	6,997	-	67,239	(47,903)	-	-	2,004,039

Current Year	Balance as at 1 July 2017	Additions (assets constructed or purchased)	Vested Assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2018
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Restricted assets									
Gross carrying amount									
Land	170,752	415	-	(69)	(1,323)	-	-	-	169,775
Buildings and structures	39,984	332	-	-	4,709	-	-	11	45,036
Road reserve	191,762	15	1,131	-	-	-	-	-	192,908
Hard surfaces and reticulation systems	12,291	8	-	-	3,939	-	-	-	16,238
Fixed plant and equipment	3,073	-	-	-	-	-	-	-	3,073
Playground and soft-fall areas	5,506	316	-	-	-	-	-	-	5,822
Total	423,368	1,086	1,131	(69)	7,325	-	-	11	432,852
Accumulated depreciation/ amortisation and impairment									
Land	-	-	-	-	-	-	-	-	-
Buildings and structures	(3,542)	-	-	-	5,387	(1,845)	-	-	-
Road reserve	-	-	-	-	-	-	-	-	-
Hard surfaces and reticulation systems	(2,218)	-	-	-	2,219	(706)	-	-	(705)
Fixed plant and equipment	(638)	-	-	-	-	(90)	-	-	(728)
Playground and soft-fall areas	(458)	-	-	-	-	(465)	-	-	(923)
Total	(6,856)	-	-	-	7,606	(3,106)	-	-	(2,356)
Net book value as at 30 June	416,512	1,086	1,131	(69)	14,931	(3,106)	-	11	430,496

Current Year	Balance as at 1 July 2017	Additions (assets constructed or purchased)	Vested Assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2018
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Heritage assets									
Gross carrying amount									
Land	4,388	-	-	-	322	-	-	-	4,710
Buildings	8,310	1,046	-	-	(1,633)	-	-	-	7,723
Collections	66,231	182	-	-	-	-	-	99	66,512
Monuments	12,155	14	-	-	(2,019)	-	-	-	10,150
Total	91,084	1,242	-	-	(3,330)	-	-	99	89,095
Accumulated depreciation/ amortisation and impairment									
Land	-	-	-	-	-	-	-	-	-
Buildings	(280)	-	-	-	439	(159)	-	-	-
Collections	(492)	-	-	-	-	-	-	(3)	(495)
Monuments	(145)	-	-	-	217	(73)	-	1	-
Total	(917)	-	-	-	656	(232)	-	(2)	(495)
Net book value as at 30 June	90,167	1,242	-	-	(2,674)	(232)	-	97	88,600
Capital work in progress									
Water and waste systems	17,698	(4,473)	-	-	-	-	-	-	13,225
Land and buildings	1,444	(382)	-	-	-	-	-	-	1,062
Other assets	1,035	625	-	-	-	-	-	-	1,660
	20,177	(4,230)	-	-	-	-	-	-	15,947
Council total net book value as at 30 June	2,757,929	49,454	8,128	(91)	117,409	(64,288)	-	(391)	2,868,150

Current Year	Balance as at 1 July 2017	Additions (assets constructed or purchased)	Vested Assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2018
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Subsidiaries assets									
Gross carrying amount									
Land	10,043	30	-	(290)	-	-	-	290	10,073
Forest land	35,755	3,373	-	-	2,277	-	-	389	41,794
Buildings and structures	20,047	617	-	(1,641)	-	-	-	552	19,575
Fixed plant and equipment	23,761	1,839	-	(7,982)	-	-	-	2,690	20,308
Roadways and bridges	7,188	698	-	-	-	-	-	-	7,886
Stadium	223,614	-	-	-	-	-	-	-	223,614
Networks	542,316	60,603	-	(1,265)	-	-	-	-	601,654
Vehicle, mobile plant	26,934	2,302	-	(2,849)	-	-	-	331	26,718
Rolling stock and rail track	5,378	206	-	(670)	-	-	-	-	4,914
Construction	41,366	18,012	-	(139)	-	-	-	(298)	58,941
Office equipment	1,001	515	-	(74)	-	-	-	83	1,525
Total	937,403	88,195	-	(14,910)	2,277	-	-	4,037	1,017,002
Accumulated depreciation/ amortisation and impairment									
Land	-	-	-	30	-	-	-	(30)	-
Forest land	-	-	-	-	-	-	70	(389)	(319)
Buildings and structures	(4,764)	-	-	264	-	(322)	1,081	(260)	(4,001)
Fixed plant and equipment	(17,359)	(7)	-	3,771	-	(1,616)	3,159	(2,054)	(14,106)
Roadways and bridges	(4,072)	-	-	-	-	(180)	-	-	(4,252)
Stadium	(45,862)	-	-	-	-	(7,027)	-	-	(52,889)
Networks	(145,888)	-	-	555	-	(16,039)	-	-	(161,372)
Vehicle, mobile plant	(15,493)	-	-	2,313	-	(2,420)	77	(116)	(15,639)
Rolling stock and rail track	(2,749)	-	-	755	-	(292)	-	-	(2,286)
Construction	-	-	-	-	-	-	-	-	-
Office equipment	(762)	(21)	-	66	-	(109)	2	(81)	(905)
Total	(236,949)	(28)	-	7,754	-	(28,005)	4,389	(2,930)	(255,769)
Net book value as at 30 June	700,454	88,167	-	(7,156)	2,277	(28,005)	4,389	1,107	761,233
Group total net book value as at 30 June									
	3,458,383	137,621	8,128	(7,247)	119,686	(92,293)	4,389	716	3,629,383

Last Year	Balance as at 1 July 2016	Additions (assets constructed or purchased)	Vested Assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operational assets									
Gross carrying amount									
Land	90,300	1,017	-	-	-	-	-	(4,130)	87,187
Buildings and structures	219,183	486	-	-	-	-	-	(2)	219,667
Fixed plant and equipment	13,969	1,567	-	-	-	-	-	-	15,536
Vehicle, mobile plant	3,786	462	-	(402)	-	-	-	-	3,846
Office equipment	26,811	831	-	(3)	-	-	-	-	27,639
Library collection	8,997	816	-	-	-	-	-	(135)	9,678
Total	363,046	5,179	-	(405)	-	-	-	(4,267)	363,553
Accumulated depreciation/ amortisation and impairment									
Land	-	-	-	-	-	-	-	-	-
Buildings and structures	(9,425)	-	-	-	-	(9,427)	-	1	(18,851)
Fixed plant and equipment	(9,939)	-	-	-	-	(817)	-	-	(10,756)
Vehicle, mobile plant	(2,903)	-	-	312	-	(238)	-	-	(2,829)
Office equipment	(21,445)	-	-	3	-	(1,675)	-	-	(23,117)
Library collection	(6,135)	-	-	-	-	(977)	-	(3)	(7,115)
Total	(49,847)	-	-	315	-	(13,134)	-	(2)	(62,668)
Net book value as at 30 June	313,199	5,179	-	(90)	-	(13,134)	-	(4,269)	300,885

Last Year	Balance as at 1 July 2016	Additions (assets constructed or purchased)	Vested Assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2017
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Infrastructural assets									
Gross carrying amount									
Land	24,435	-	-	-	-	-	-	-	24,435
Land fill provision capitalised	2,763	-	-	-	-	-	-	-	2,763
Roadways and bridges	959,900	16,969	2,113	-	9,231	-	-	-	988,213
Water reticulation	257,654	6,622	2,157	-	17,593	-	-	(1,144)	282,882
Water plant and facilities	68,828	297	-	-	4,656	-	-	1,319	75,100
Wastewater reticulation	221,343	4,014	1,952	-	93,370	-	-	(320)	320,359
Wastewater plant and facilities	102,077	978	-	-	(1,266)	-	-	(165)	101,624
Stormwater reticulation	123,940	1,349	2,479	-	25,479	-	-	322	153,569
Stormwater plant and facilities	2,262	125	-	-	(3)	-	-	2	2,386
Landfill plant and facilities	5,193	103	-	-	74	-	-	-	5,370
Other infrastructural assets	-	-	-	-	-	-	-	-	-
Total	1,768,395	30,457	8,701	-	149,134	-	-	14	1,956,701
Accumulated depreciation/ amortisation and impairment									
Land fill provision capitalised	(1,625)	-	-	-	-	(162)	-	-	(1,787)
Roadways and bridges	-	-	-	-	18,994	(18,994)	-	-	-
Water reticulation	(6,903)	-	-	-	6,881	(7,835)	-	22	(7,835)
Water plant and facilities	(2,225)	-	-	-	2,267	(2,929)	-	(50)	(2,937)
Wastewater reticulation	(4,966)	-	-	-	4,964	(5,512)	-	2	(5,512)
Wastewater plant and facilities	(3,833)	-	-	-	3,822	(4,432)	-	11	(4,432)
Stormwater reticulation	(2,533)	-	-	-	2,535	(3,486)	-	(2)	(3,486)
Stormwater plant and facilities	(96)	-	-	-	96	(109)	-	-	(109)
Landfill plant and facilities	(350)	-	-	-	350	(415)	-	-	(415)
Other infrastructural assets	-	-	-	-	-	-	-	-	-
Total	(22,531)	-	-	-	39,909	(43,874)	-	(17)	(26,513)
Net book value as at 30 June	1,745,864	30,457	8,701	-	189,043	(43,874)	-	(3)	1,930,188

Last Year	Balance as at 1 July 2016	Additions (assets constructed or purchased)	Vested Assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2017
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Restricted assets									
Gross carrying amount									
Land	169,684	-	-	-	-	-	-	1,068	170,752
Buildings and structures	37,853	2,131	-	-	-	-	-	-	39,984
Road reserve	190,647	-	1,305	-	-	-	-	(190)	191,762
Hard surfaces and reticulation sy:	12,076	23	-	-	-	-	-	192	12,291
Fixed plant and equipment	3,165	1	-	-	-	-	-	(93)	3,073
Playground and soft-fall areas	4,916	497	-	-	-	-	-	93	5,506
Total	418,341	2,652	1,305	-	-	-	-	1,070	423,368
Accumulated depreciation/ amortisation and impairment									
Land	-	-	-	-	-	-	-	-	-
Buildings and structures	(1,731)	-	-	-	-	(1,811)	-	-	(3,542)
Road reserve	-	-	-	-	-	-	-	-	-
Hard surfaces and reticulation sy:	(1,465)	-	-	-	-	(738)	-	(15)	(2,218)
Fixed plant and equipment	(544)	-	-	-	-	(118)	-	24	(638)
Playground and soft-fall areas	-	-	-	-	-	(451)	-	(7)	(458)
Total	(3,740)	-	-	-	-	(3,118)	-	2	(6,856)
Net book value as at 30 June	414,601	2,652	1,305	-	-	(3,118)	-	1,072	416,512

Last Year	Balance as at 1 July 2016	Additions (assets constructed or purchased)	Vested Assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2017
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Heritage assets									
Gross carrying amount									
Land	4,388	-	-	-	-	-	-	-	4,388
Buildings	8,310	-	-	-	-	-	-	-	8,310
Collections	65,987	109	-	-	-	-	-	135	66,231
Monuments	12,155	-	-	-	-	-	-	-	12,155
Total	90,840	109	-	-	-	-	-	135	91,084
Accumulated depreciation/ amortisation and impairment									
Land	-	-	-	-	-	-	-	-	-
Buildings	(140)	-	-	-	-	(140)	-	-	(280)
Collections	(404)	-	-	-	-	(91)	-	3	(492)
Monuments	(72)	-	-	-	-	(73)	-	-	(145)
Total	(616)	-	-	-	-	(304)	-	3	(917)
Net book value as at 30 June	90,224	109	-	-	-	(304)	-	138	90,167
Capital work in progress									
Water and waste systems	21,825	(4,127)	-	-	-	-	-	-	17,698
Land and buildings	243	1,201	-	-	-	-	-	-	1,444
Other assets	1,172	(137)	-	-	-	-	-	-	1,035
	23,240	(3,063)	-	-	-	-	-	-	20,177
Council total net book value as at 30 June	2,587,128	35,334	10,006	(90)	189,043	(60,430)	-	(3,062)	2,757,929

Last Year	Balance as at 1 July 2016	Additions (assets constructed or purchased)	Vested Assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2017
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Subsidiaries assets									
Gross carrying amount									
Land	10,323	-	-	(2)	-	-	-	(278)	10,043
Forest land	31,217	954	-	-	3,584	-	-	-	35,755
Buildings and structures	20,285	290	-	(19)	-	-	-	(509)	20,047
Fixed plant and equipment	25,743	1,850	-	(2,596)	-	-	-	(1,236)	23,761
Roadways and bridges	7,183	5	-	-	-	-	-	-	7,188
Stadium	223,595	19	-	-	-	-	-	-	223,614
Networks	512,334	30,020	-	(52)	-	-	-	14	542,316
Vehicle, mobile plant	26,100	2,852	-	(2,074)	-	-	-	56	26,934
Rolling stock and rail track	5,098	280	-	-	-	-	-	-	5,378
Construction	26,150	15,356	-	-	-	-	-	(140)	41,366
Office equipment	2,457	105	-	(28)	-	-	-	(1,533)	1,001
Total	890,485	51,731	-	(4,771)	3,584	-	-	(3,626)	937,403
Accumulated depreciation/ amortisation and impairment									
Buildings and structures	(4,749)	-	-	18	-	(293)	-	260	(4,764)
Fixed plant and equipment	(19,367)	-	-	2,510	-	(1,743)	-	1,241	(17,359)
Roadways and bridges	(3,904)	-	-	-	-	(168)	-	-	(4,072)
Stadium	(38,570)	-	-	-	-	(7,292)	-	-	(45,862)
Networks	(130,908)	-	-	52	-	(15,032)	-	-	(145,888)
Vehicle, mobile plant	(15,298)	-	-	1,952	-	(2,263)	-	116	(15,493)
Rolling stock and rail track	(2,510)	-	-	-	-	(239)	-	-	(2,749)
Construction	-	-	-	-	-	-	-	-	-
Office equipment	(1,581)	-	-	28	-	(98)	-	889	(762)
Total	(216,887)	-	-	4,560	-	(27,128)	-	2,506	(236,949)
Net book value as at 30 June	673,598	51,731	-	(211)	3,584	(27,128)	-	(1,120)	700,454
Group total net book value as at 30 June									
	3,260,726	87,065	10,006	(301)	192,627	(87,558)	-	(4,182)	3,458,383

15 Investment Property

	CORE COUNCIL		CONSOLIDATED	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Opening balance	90,438	88,288	90,438	88,288
Plus additions	802	-	802	-
	91,240	88,288	91,240	88,288
Less disposals	-	-	-	-
	91,240	88,288	91,240	88,288
Net gains / losses from fair value adjustments	420	2,150	420	2,150
Closing balance	91,660	90,438	91,660	90,438
Classified:				
Investment Property General	50,160	49,238	50,160	49,238
Investment Property Endowment *	41,500	41,200	41,500	41,200
	91,660	90,438	91,660	90,438

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

Trend statement for the six years to 30 June 2018 (the Council)

	Actual 2018 \$000	Actual 2017 \$000	Actual 2016 \$000	Actual 2015 \$000	Actual 2014 \$000	Actual 2013 \$000
Fair market value of investment properties	91,660	90,438	88,288	89,684	95,217	91,413

Investment properties and properties intended for sale

All investment properties were valued by Daryl Taggart, David Paterson, Jon Parker and Louie Lim of Quotable Value Limited.

In broad terms the value is established based on the expected return in the future for a particular property. Therefore it should be noted that the rate of return disclosed is the result of assessing past income to a future value.

Investment properties; net income and investment return

	CORE COUNCIL	
	Actual 2018 \$000	Actual 2017 \$000
Rental from investment properties	7,868	7,929
Operating expenditure investment properties	(3,051)	(2,891)
	4,817	5,038
Plus internal rental for car-park buildings	987	890
Less internal management fees and salaries	(577)	(548)
	5,227	5,380
Net gains or (losses) from fair value adjustments	420	2,150
Net income including fair value gains and losses	5,647	7,530

Investment return including fair value gains and losses but excluding the interest paid on loans borrowed: 6.16% (2017: 8.33%).

16 Intangible Assets

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Opening cost	9,121	8,856	15,105	14,389
Additional intangible assets	333	382	768	833
Disposals	-	-	(161)	-
Carbon credits surrendered	-	(117)	-	(117)
Closing cost	9,454	9,121	15,712	15,105
Accumulated amortisation opening balance	7,239	6,342	11,743	10,344
Impairments	-	-	10	-
Disposals	-	-	(45)	-
Amortisation	747	897	1,300	1,399
Accumulated amortisation closing balance	7,986	7,239	13,008	11,743
Net book value	1,468	1,882	2,704	3,362
Computer intangibles	1,446	1,860	2,682	3,340
Carbon credits	22	22	22	22
	1,468	1,882	2,704	3,362

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

17 Forestry Assets

	CONSOLIDATED	
	Actual	Actual
	2018	2017
	\$000	\$000
Forestry assets		
Opening balance	136,333	123,802
Add costs capitalised in establishing forests during year	2,353	2,083
Increase in forest from acquisition	2,575	3,212
Revaluation	13,585	9,629
Less value of logs harvested	(4,674)	(2,393)
Closing balance	150,172	136,333

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 and land resource. The PBE IPSAS valuation rules require that the value 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 Revenue and Expense.

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 6.5% (2017: 6.5%).

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 the log prices adopted. The discount rate adopted was 6.5%; a +/- 50 basis point movement in the discount rate would change the valuation by +\$7.78 mil/ - \$7.09 mil. A 10% increase or decrease in assumed log prices would change the valuation by +\$12.09 mil/ -\$12.07 mil; (note that these sensitivities shown are independent and different outcomes would result from combined changes in discount and log prices).

At 30 June 2018 the company owned stands of trees on 17,284 hectares of a total land holding (including lease, Joint Venture & Forestry Right) of 21,094 hectares. During the year the company harvested approx. 303,922 m³ 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 19, 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.

Log inventories are valued at net realisation value less estimated point of sale costs. Other inventories are valued at the lower of cost and net realisable value.

New Zealand carbon credits

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 or converted into Assigned Amount Units (AAU's) and sold internationally. 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 2,319,923 Post-89 derived NZU's, being the carbon sequestered by these forests during the 2008 to 2018 calendar years. In 2017, 30,967 ERU's were purchased. There has been carbon credit sales during the financial year of 400,000 units.

As at 30th June 2018, 1,280,834 units were unsold (2017: 1,369,304). Under the accrual principle, the unsold credits have been valued based on the current market prices and recognised in the financial statements.

In future years there will be a carbon credit liability against a proportion of the carbon credits sequestered from Post-1989 forest areas in accordance with New Zealand Emission Trading Scheme Regulations. A proportion of Carbon sequestered from Post-1989 areas will have to be surrendered to compensate for the carbon liability generated from harvesting those forest areas. The intangible asset represents the value of carbon sequestered to date and can be used to settle carbon credit liability on harvesting.

	CONSOLIDATED	
	Actual	Actual
	2018	2017
	\$000	\$000
New Zealand carbon credits	27,024	23,413

18 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 2018

	Actual 2018 \$000	Actual 2017 \$000
Income	3,273	3,222
Less expenditure	(222)	(213)
Net operating income	3,051	3,009
Plus unrealised gains/(loss)	3,503	2,700
Net surplus to equity	6,554	5,709
Less inflation adjustment	(926)	(1,782)
Available for distribution to Council	5,628	3,927

Waipori Fund - Statement of Movement in Equity as at 30 June 2018

	Actual 2018 \$000	Actual 2017 \$000
Equity at the beginning of the year	84,217	82,263
Plus net surplus for the year	6,554	5,709
	90,771	87,972
Less distribution	(3,482)	(3,755)
	87,289	84,217

Waipori Fund - Balance Sheet as at 30 June 2018

	Actual 2018 \$000	Actual 2017 \$000
Current assets		
Bank account	315	1,857
Accounts receivable	355	312
Current investments		
- Other	8,587	6,614
- Dunedin City Council	-	-
Total current assets	9,257	8,783
Investments		
Equities	41,009	42,986
Non-current investments		
- Other	36,562	31,649
- Dunedin City Council	473	808
Total investments	78,044	75,443
Total assets	87,301	84,226
Current liabilities		
Accruals	12	9
Total current liabilities	12	9
Equity		
Principal of the fund	56,000	56,000
Inflation adjustment reserve	27,007	26,081
Retained earnings	4,282	2,136
Total equity	87,289	84,217
Total equity and liabilities	87,301	84,226

Waipori Fund - Trend Statement for the 6 years to 30 June 2018

	Actual 2018 \$000	Actual 2017 \$000	Actual 2016 \$000	Actual 2015 \$000	Actual 2014 \$000	Actual 2013 \$000
Main income sources						
Interest	1,774	1,819	1,669	1,743	1,675	1,681
Dividend	1,423	1,625	1,869	1,876	1,630	1,790
Rent	-	-	-	-	-	197
Realised gains/loss on asset sales	76	(222)	(1,028)	(347)	217	359
Main assets						
Term financial investments	45,922	40,812	34,503	32,880	31,741	36,352
Equity	41,009	42,986	47,594	48,678	43,397	39,578
Return on assets before unrealised gains or losses						
Financial instruments	3.86%	4.46%	4.84%	5.30%	5.28%	4.71%
Equity	3.47%	3.78%	3.93%	3.85%	3.75%	4.52%
Return on assets after unrealised gains or losses	7.78%	6.94%	6.30%	13.10%	6.08%	9.91%

19 Financial Instruments

The consolidated entity's corporate treasury function provides services to the business, co-ordinates access to domestic financial markets and monitors and manages the financial risks relating to the operations of the consolidated entity.

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 the consolidated entity's policies approved by the Council, which provides written principles on the use of financial derivatives.

a) Liquidity risk

Liquidity risk represents the group's ability to meet its contractual obligations. 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 profiles of the group's financial assets and liabilities are as follows:

Contractual cash-flow profile of financial instruments of the Council

2018	Carrying Amount \$000	Contractual Cash flows \$000	Less than 1 Year \$000	Between 1 and 5 Years \$000	After 5 Years \$000
Financial assets					
Cash in bank	5,490	5,490	5,490	-	-
Dunedin City Holdings Limited advance	112,000	112,000	-	-	112,000
Trade and other receivables	18,758	18,758	18,758	-	-
Current financial assets	8,424	8,424	8,424	-	-
Other financial assets	78,529	78,529	-	29,287	49,242
Loans and advances	143	143	-	-	143
Total	223,344	223,344	32,672	29,287	161,385
Financial liabilities					
Short term borrowing	-	-	-	-	-
Trade and other payables	28,237	28,237	28,237	-	-
Revenue received in advance	3,676	3,676	3,676	-	-
Derivative financial liability	6,841	7,384	3,671	3,713	-
Term liabilities	200,473	291,165	31,580	71,152	188,433
Total	239,227	330,462	67,164	74,865	188,433

2017	Carrying Amount \$000	Contractual Cash flows \$000	Less than 1 Year \$000	Between 1 and 5 Years \$000	After 5 Years \$000
Financial assets					
Cash in bank	4,460	4,460	4,460	-	-
Dunedin City Holdings Limited advance	112,000	112,000	-	-	112,000
Trade and other receivables	13,194	13,194	13,194	-	-
Current financial assets	6,864	6,864	6,864	-	-
Other financial assets	75,120	75,120	31,649	485	42,986
Loans and advances	324	324	221	50	53
Total	211,962	211,962	56,388	535	155,039
Financial liabilities					
Short term borrowing	-	-	-	-	-
Trade and other payables	21,551	21,551	21,551	-	-
Revenue received in advance	3,256	3,256	3,256	-	-
Derivative financial liability	10,188	11,060	4,665	5,986	409
Term liabilities	202,419	326,916	18,108	74,026	234,781
Total	237,414	362,783	47,580	80,012	235,190

Contractual cash-flow profile of financial instruments of the Group

2018	Carrying Amount \$000	Contractual Cash flows \$000	Less than 1 Year \$000	Between 1 and 5 Years \$000	After 5 Years \$000
Financial assets					
Cash in bank	7,533	7,533	7,533	-	-
Trade and other receivables	46,137	46,137	46,137	-	-
Current financial assets	10,472	10,472	10,472	-	-
Derivative financial assets	4,421	12,486	3,572	8,014	900
Other financial assets	78,538	78,538	-	29,287	49,251
Loans and advances	143	143	-	-	143
Total	147,244	155,309	67,714	37,301	50,294
Financial liabilities					
Short term borrowing	3,638	3,638	3,638	-	-
Trade and other payables	55,807	55,807	55,807	-	-
Revenue received in advance	3,676	3,676	3,676	-	-
Derivative financial liability	21,675	36,039	11,343	21,995	2,701
Term liabilities	610,043	676,466	203,233	338,425	134,808
Total	694,839	775,626	277,697	360,420	137,509

2017	Carrying Amount \$000	Contractual Cash flows \$000	Less than 1 Year \$000	Between 1 and 5 Years \$000	After 5 Years \$000
Financial assets					
Cash in bank	19,596	19,596	19,596	-	-
Trade and other receivables	39,275	39,275	39,275	-	-
Current financial assets	8,772	8,772	8,772	-	-
Derivative financial assets	6,419	9,777	3,530	4,713	1,534
Other financial assets	75,129	75,129	31,649	485	42,995
Loans and advances	324	324	221	50	53
Total	149,515	152,873	103,043	5,248	44,582
Financial liabilities					
Short term borrowing	473	473	473	-	-
Trade and other payables	54,659	54,659	54,659	-	-
Revenue received in advance	3,256	3,256	3,256	-	-
Derivative financial liability	21,730	30,127	11,432	18,991	(296)
Term liabilities	573,029	655,680	183,393	237,175	160,944
Total	653,147	744,195	253,213	256,166	160,648

Maturity profile of financial instruments of the Council

2018	Weighted Average Effective Interest Rate %	Variable Interest Rate \$000	No Interest \$000	Less than 1 Year \$000	Between 1 and 5 Years \$000	After 5 years \$000	Total Carrying Amount \$000
Financial assets							
Cash in bank		5,490	-	5,490	-	-	5,490
Dunedin City Holdings Limited advance	5.27%	112,000	-	-	-	112,000	112,000
Trade and other receivables		-	18,758	18,758	-	-	18,758
Current financial assets	3.93%	8,424	-	8,424	-	-	8,424
Other financial assets	3.63%	78,529	-	-	29,287	49,242	78,529
Loans and advances		-	143	-	-	143	143
Total		204,443	18,901	32,672	29,287	161,385	223,344
Financial liabilities							
Short term borrowing		-	-	-	-	-	-
Trade and other payables		-	28,237	28,237	-	-	28,237
Revenue received in advance		-	3,676	3,676	-	-	3,676
Term liabilities	5.26%	200,473	-	30,000	57,515	112,958	200,473
Total		200,473	31,913	61,913	57,515	112,958	232,386
Financial instrument exposures							
Derivative financial asset		-	-	-	-	-	-
Derivative financial liability		6,841	-	552	6,289	-	6,841
Interest rate swaps		-	-	-	-	-	-
Foreign currency forward exchange contracts		-	-	-	-	-	-

2017	Weighted Average Effective Interest Rate %	Variable Interest Rate \$000	No Interest \$000	Less than 1 Year \$000	Between 1 and 5 Years \$000	After 5 years \$000	Total Carrying Amount \$000
Financial assets							
Cash in bank	0.00%	4,460	-	4,460	-	-	4,460
Dunedin City Holdings Limited advance	5.27%	112,000	-	-	-	112,000	112,000
Trade and other receivables		-	13,194	13,194	-	-	13,194
Current financial assets	1.75%	6,864	-	6,864	-	-	6,864
Other financial assets	4.20%	75,120	-	31,649	485	42,986	75,120
Loans and advances	2.31%	324	-	221	50	53	324
Total		198,768	13,194	56,388	535	155,039	211,962
Financial liabilities							
Short term borrowing		-	-	-	-	-	-
Trade and other payables		-	21,551	21,551	-	-	21,551
Revenue received in advance		-	3,256	3,256	-	-	3,256
Term liabilities	6.27%	202,419	-	17,041	57,515	127,863	202,419
Total		202,419	24,807	41,848	57,515	127,863	227,226
Financial instrument exposures							
Derivative financial asset		-	-	-	-	-	-
Derivative financial liability		10,188	-	-	-	10,188	10,188
Interest rate swaps		-	-	-	-	-	-
Foreign currency forward exchange contracts		-	-	-	-	-	-
Maturity profile of financial instruments of the Group							
2018	Weighted Average Effective Interest Rate %	Variable Interest Rate \$000	No Interest \$000	Less than 1 Year \$000	Between 1 and 5 Years \$000	After 5 years \$000	Total Carrying Amount \$000
Financial assets							
Cash in bank		7,533	-	7,533	-	-	7,533
Trade and other receivables		-	46,137	46,137	-	-	46,137
Current financial assets	5.00%	10,472	-	10,472	-	-	10,472
Other financial assets	3.63%	78,538	-	-	29,287	49,251	78,538
Loans and advances		-	143	-	-	143	143
Total		96,543	46,280	64,142	29,287	49,394	142,823
Financial liabilities							
Short term borrowings	2.24%	3,638	-	3,638	-	-	3,638
Trade and other payables		-	55,807	55,807	-	-	55,807
Revenue received in advance		-	3,676	3,676	-	-	3,676
Term liabilities	4.62%	610,043	-	65,000	414,389	130,654	610,043
Total		613,681	59,483	128,121	414,389	130,654	673,164
Financial instrument exposures							
Derivative financial asset		4,421	-	-	-	4,421	4,421
Derivative financial liability		21,675	-	-	-	21,675	21,675
Interest rate swaps		-	-	-	-	-	-
Foreign currency forward exchange contracts		-	-	-	-	-	-

2017	Weighted Average Effective Interest Rate %	Variable Interest Rate \$000	No Interest \$000	Less than 1 Year \$000	Between 1 and 5 Years \$000	After 5 years \$000	Total Carrying Amount \$000
Financial assets							
Cash in bank	0.00%	19,596	-	19,596	-	-	19,596
Trade and other receivables		-	39,275	39,275	-	-	39,275
Current financial assets	1.75%	8,772	-	8,772	-	-	8,772
Other financial assets	4.20%	75,129	-	31,649	485	42,995	75,129
Loans and advances	2.31%	324	-	221	50	53	324
Total		103,821	39,275	99,513	535	43,048	143,096
Financial liabilities							
Short term borrowings	1.75%	473	-	473	-	-	473
Trade and other payables		-	54,659	54,659	-	-	54,659
Revenue received in advance		-	3,256	3,256	-	-	3,256
Term liabilities	6.27%	573,029	-	101,686	328,194	143,149	573,029
Total		573,502	57,915	160,074	328,194	143,149	631,417
Financial instrument exposures							
Derivative financial asset		6,419	-	-	-	6,419	6,419
Derivative financial liability		21,730	-	-	-	21,730	21,730
Interest rate swaps		-	-	-	-	-	-
Foreign currency forward exchange contracts		-	-	-	-	-	-

Fair value of financial instruments

The following table details the carrying value in the financial statements and the fair value of financial instruments.

Current Year 30 June 2018

	CORE COUNCIL				
	Carrying Value \$000	Fair Value \$000	Quoted Market Price \$000	Observable Inputs \$000	Significant Non- Observable Inputs \$000
Financial assets					
Cash in bank	5,490	5,490	-	5,490	-
Receivables from subsidiary	112,000	112,000	-	-	112,000
Receivables	18,758	18,758	-	-	18,758
Current financial assets	8,424	8,424	-	8,424	-
Other financial assets	78,529	78,529	41,009	37,520	-
Loans and advances	143	-	-	-	143
Financial liabilities					
Short term borrowings	-	-	-	-	-
Trade and other payables	28,237	28,237	-	-	28,237
Revenue received in advance	3,676	3,676	-	-	3,676
Term liabilities	200,473	200,473	-	200,473	-
Financial instrument exposures					
Derivative financial asset	-	-	-	-	-
Derivative financial liability	6,289	6,289	-	6,289	-
Interest rate swaps	-	-	-	-	-

Current Year 30 June 2018

	CONSOLIDATED				Significant Non- Observable Inputs \$000
	Carrying Value \$000	Fair Value \$000	Quoted Market Price \$000	Observable Inputs \$000	
Financial assets					
Bank balance	7,533	7,533	-	7,533	-
Receivables	46,137	46,137	-	-	46,137
Current financial assets	10,472	10,472	-	10,472	-
Other financial assets	78,538	78,538	37,035	41,503	-
Loans and advances	143	143	-	-	143
Financial liabilities					
Short term borrowings	3,638	3,638	-	3,638	-
Trade and other payables	55,807	55,807	-	-	55,807
Revenue received in advance	3,676	3,676	-	-	3,676
Term liabilities	610,043	610,043	-	610,043	-
Financial instrument exposures					
Derivative financial asset	4,421	4,421	-	4,421	-
Derivative financial liability	21,675	21,675	-	21,675	-
Interest rate swaps	-	-	-	-	-

Last Year 30 June 2017

	CORE COUNCIL				Significant Non- Observable Inputs \$000
	Carrying Value \$000	Fair Value \$000	Quoted Market Price \$000	Observable Inputs \$000	
Financial assets					
Bank balance	4,460	4,460	-	4,460	-
Receivables from subsidiary	112,000	112,000	-	-	112,000
Receivables	13,194	13,194	-	-	13,194
Current financial assets	6,864	6,864	-	6,864	-
Other financial assets	75,120	75,120	42,986	32,134	-
Loans and advances	324	-	-	-	324
Financial liabilities					
Short term borrowings	-	-	-	-	-
Trade and other payables	21,551	21,551	-	-	21,551
Revenue received in advance	3,256	3,256	-	-	3,256
Term liabilities	202,419	202,419	-	202,419	-
Financial instrument exposures					
Derivative financial asset	-	-	-	-	-
Derivative financial liability	10,188	10,188	-	10,188	-
Interest rate swaps	-	-	-	-	-

Last Year 30 June 2017

	CONSOLIDATED				
	Carrying Value \$000	Fair Value \$000	Quoted Market Price \$000	Observable Inputs \$000	Significant Non- Observable Inputs \$000
Financial assets					
Bank balance	19,596	19,596	-	19,596	-
Receivables	39,275	39,275	-	-	39,275
Current financial assets	8,772	8,772	-	8,772	-
Other financial assets	75,129	75,129	31,649	43,480	-
Loans and advances	324	324	-	-	324
Financial liabilities					
Short term borrowings	473	473	-	473	-
Trade and other payables	54,659	54,659	-	-	54,659
Revenue received in advance	3,256	3,256	-	-	3,256
Term liabilities	573,029	573,029	-	573,029	-
Financial instrument exposures					
Derivative financial asset	6,419	6,419	-	6,419	-
Derivative financial liability	21,730	21,730	-	21,730	-
Interest rate swaps	-	-	-	-	-

b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Council and Group. The Council and Group has adopted a policy of only dealing with creditworthy counterparties that are rated the equivalent of investment grade and above. This information is supplied by credit rating agencies. The group's exposure and credit ratings of its counterparties are continually monitored and the aggregate value of transactions undertaken is spread amongst the approved counterparties. In terms of the ratepayer base, the Rating Powers Act provides significant legal remedy to recover amounts owing to the Council.

Financial instruments which potentially subject the Group to credit risk principally consist of bank balances, accounts receivable, short term investments and various other financial instruments.

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 Council and Group is not exposed to any concentration of credit risk. The carrying amounts of the Council and Group's financial assets and financial liabilities are equivalent to their fair value, except with regard to forestry suspensory loans and the term bonds which carry an interest liability below the current market rate. The fair value of the financial instruments is based on quoted market prices for these instruments at balance date.

Policy and practice for the Council is detailed and recorded in the Liability Management Policy and the Investment Policy.

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Past due, but not impaired, receivables are as follows				
Age analysis:				
30 - 60 days	159	69	1,535	511
60 - 90 days	68	48	333	278
90 days plus	612	409	1,748	1,190

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard & Poor's credit ratings.

Current Year 30 June 2018

	CORE COUNCIL		
	AA	AA- No Rating	Total 2018
Financial assets analysis			
Bank balance		5,490	5,490
Receivables from subsidiary	112,000		112,000
Receivables		18,758	18,758
Current financial assets		8,424	8,424
Other financial assets		78,044	78,529
Loans and advances		143	143

	CONSOLIDATED		
	AA	AA- No Rating	Total 2018
Financial assets			
Bank balance		7,533	7,533
Receivables		46,137	46,137
Current financial assets		10,472	10,472
Other financial assets		78,538	78,538
Loans and advances		143	143

Last Year 30 June 2017

	CORE COUNCIL		
	AA	AA- No Rating	Total 2017
Financial assets analysis			
Bank balance		4,460	4,460
Receivables from subsidiary	112,000		112,000
Receivables		13,194	13,194
Current financial assets		6,864	6,864
Other financial assets		74,635	75,120
Loans and advances		324	324

	CONSOLIDATED		
	AA	AA- No Rating	Total 2017
Financial assets			
Bank balance	19,596		19,596
Receivables		39,275	39,275
Current financial assets	8,772		8,772
Other financial assets	75,129		75,129
Loans and advances		324	324

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 hedges instrument and the underlying transaction are matched.

	CORE COUNCIL		CONSOLIDATED	
	Actual 2018	Actual 2017	Actual 2018	Actual 2017
Effectiveness	100%	100%	100%	100%

c) Interest rate risk

Under the Dunedin City Council Treasury Risk Management Policy approved on 29 August 2017, Dunedin City Treasury Limited utilise 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	
	2018 \$000	2017 \$000
Maturing in less than one year	42,500	32,500
Maturing between one and five years	437,500	250,000
Maturing after five years	382,500	507,500
	<u>862,500</u>	<u>790,000</u>

d) Currency risk

The group uses currency derivatives to hedge significant future export sales by City Forests Limited and significant future expenditure by the Dunedin City Council. NZD is the functional currency of both City Forests Limited and the Dunedin City Council 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 the Company's foreign exchange policy.

The 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.

Projected sales of City Forests Limited, up to two years out, may be covered by forward exchange hedging instruments. Transactions may only be undertaken with a core of nominated international banks and the quantities of the transactions are subject to limits against each individual bank. The types of transactions that may be carried out are limited by policy and a report on foreign funds held and the forward cover in place is provided at each director's meeting.

The foreign exchange policy of the Dunedin City Council allows for funds spent in foreign currency to be protected by foreign currency hedging to protect NZD cash flows. Funds spent in foreign currency are remitted from New Zealand at the earliest opportunity.

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

	CONSOLIDATED	
	2018 \$000	2017 \$000
Forward foreign exchange contracts		
- fair value	(799)	656
- nominal value	14,400	8,800
(sale of USD and purchase of NZD)		
Forward foreign exchange contracts		
- fair value	-	-
- nominal value	-	-
(sale of NZD and purchase of USD)		

All contracts are current.

20 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 0.6754. A parallel shift of +1%/-1% in the NZD market interest rate from the year end 90 day BBBR of 2.01% (2017: 2.41%).

Should these movements occur, the impact 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 and considers + or - 100 basis points (bp).

	Carrying Amount \$000	Effect of movement in Interest Rates				Effect of movement in FX	
		-100bp		+100bp		-10%	10%
		Profit	Equity	Profit	Equity	Profit	Profit
Financial assets							
Derivatives - designated as cash flow hedges (interest rate swaps, forward currency deals separately disclosed)	4,421	-	-	-	-	2,369	(1,938)
Other financial assets	89,153	-	-	-	-	209	(171)
	93,574	-	-	-	-	2,578	(2,109)
Financial liabilities							
Derivatives - designated as cash flow hedges (interest rate swaps, forward currency deals separately disclosed)	21,675	-	(22,137)	-	20,284	-	-
Other financial liabilities	-	-	-	-	-	-	-
	21,675	-	(22,137)	-	20,284	-	-

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. External borrowings within each of the companies of the Group are subject to an interest rate hedge policy. Sensitivity to any movement in the interest rate is limited to the effect on the amount of floating rate debt that exceeds the amount of the fixed rate hedge.

21 Commitments, Contingencies, Guarantees and Insurance

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Capital commitments approved and contracted				
Other property plant and equipment capital commitments	1,362	588	24,135	11,928
Roading capital commitments	16,924	2,424	16,924	2,424
Water and waste capital commitments	13,942	8,332	13,942	8,332
	32,228	11,344	55,001	22,684
Non-cancellable operating lease commitments				
Not later than one year	53	31	2,875	2,992
Later than one year and not later than 5 years	114	31	4,326	4,949
Later than five years	-	-	579	535
	167	62	7,780	8,476
Significant Council operating commitments				
Not later than one year	35,613	32,796		
Later than one year and not later than 5 years	51,392	77,916		
Later than five years	2,527	5,459		
	89,532	116,171		

The Council has a number of commitments as lessor from leasehold property. As at 30 June 2018 the amount has not been quantified.

The Council has guarantees of \$390,463 (2017: \$500,628). 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 10 the Council has uncalled capital of 849,900,000 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	Actual	Actual	Actual
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Golden Block Investments Limited	1,325	1,325	1,325	1,325
Performance bonds	-	-	666	700
	1,325	1,325	1,991	2,025

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 in favour of other 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.

Breach of Default Price-Quality Path Reliability Standards

Network reliability standards are contained in the Commerce Commission's Default Price-Quality Path for Electricity Distribution Businesses. The regulations provide for pecuniary penalties in the event that a company breaches its standards in 2 of any 3 successive years.

During the 2016/17 financial reporting period, the Commerce Commission initiated an investigation into Aurora Energy Limited's breach of regulated network reliability standards in the 2015, 2016 and 2017 disclosure years.

Aurora Energy Ltd has since also breached its regulated network reliability targets for the 2018 disclosure year, giving rise to a third instance of breaching 2 of any 3 successive years.

The maximum fines for each instance of breaching the regulated reliability targets are \$500,000 for an individual and \$5,000,000 in any other case. Any such fine(s) must be sought through the courts and determined by a court ruling.

Subsequent to year end and to the finalisation of the audit of Aurora Energy Ltd, the Commerce Commission announced that it had decided to file court proceedings against Aurora Energy Ltd for breaching its regulated quality standards in 2016 and 2017. The Commerce Commission will be asking the High Court to impose financial penalties on Aurora Energy Ltd under the Commerce Act. The financial consequences of this matter (if any) were not known.

The Commerce Commission has issued a notice requiring Dunedin City Holdings Limited to supply documents as part of its investigation of contraventions by Aurora Energy Limited of the regulated network reliability standards imposed by clause 9.1 of the Electricity Distribution Services Default Price-Quality Determination 2015. This is to examine if any persons may be secondarily liable for Aurora Energy Limited's network reliability breaches. As the investigation is ongoing, the financial impact on Dunedin City Holdings Limited is not known yet.

Insurance of assets

The total value of property plant and equipment of the Council covered by insurance contracts for the 2018/19 year is \$1,644,184,000 (2017/18: \$1,533,083,000).

The maximum amount to which assets are insured for non-natural disaster under the Council insurance policies is \$250,000,000 (2017: \$250,000,000).

The Council is not covered by any financial risk sharing arrangements in relation to its assets.

An insurance reserve fund of \$272,000 (2017: \$293,000) exists to meet the cost of claims that fall below deductible limits under the Council insurance policies.

22 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 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.

23 Explanations of Major Variances Against Budget

Explanations for major variances from the Council's budget figures in its 2017/18 annual plan are as follows:

Statement of Comprehensive Revenue and Expense

Total operating revenue was greater than budget due to the following: higher than expected vested assets (\$5.6 million), unbudgeted fair value gains related to the Waipori Fund (\$3.6 million), additional grants revenue to fund remediation across the roading network following the July 2017 weather event (\$3.1 million) and higher than expected revenue from the Green Island Landfill (\$2.9 million).

In addition, development and financial contributions from across the city were greater than budgeted, including income from continued development in Mosgiel.

Other expenses were greater than budget due to the following: unbudgeted infrastructure remediation following the July 2017 weather event (\$7.4 million), and unbudgeted expenditure as Council completed asset assessments and condition remediation across a number of portfolios (\$5.3 million).

Financial expenses were less than budget by \$1.9 million due to a lower debt position and favourable floating interest rate.

Depreciation expenditure was \$3.0 million greater than budget due to the impact of a revaluation of Three Waters assets effective from 1 July 2017.

Statement of Financial Position

The term loan balance as at 30 June 2018 was \$200.5 million or \$10.9 million less than budget. This difference was driven by higher than expected repayments during the year as evidenced in the statement cashflows - see comment below regarding investing activities.

Statement of Cashflows

Net cash inflow from operations was \$7.0 million less than budget driven by the revenue and expense variances discussed above.

Net cash outflow from investing activities was \$16.9 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 - Logan Park Artificial Turf, Peninsula road widening, LED lighting and urban cycleways. These projects are now either underway or scheduled for the 2018/19 financial year.

This underspend was partially offset by unbudgeted cash outflow on investments (\$1.0m) related to acquisitions by the Waipori Fund (bonds and equities).

24 Post Balance Date Events

There are no post balance date events.

Appendices



Dunedin Midwinter Carnival lanterns

Appendix 1

Community Outcome Reporting Update

Community outcome indicator reporting completed this year is shown below. It should be noted that reporting on indicators that the Council directly controls or influences can be found in Section 2 of this report.

A thriving and diverse economy

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

Indicators that the Council influences are shown in Section 2: Economic Development and City Promotion Group of Activity

City Indicator	Result 2014/15	Result 2015/16	Result 2016/17	Result 2017/18	Trend	Data Source
Growth in Dunedin GDP (% Growth)	2.20%	2.30%	2.4% (Infometrics)*	2.6% (Infometrics YE March 2017)*	Increase	Business and Economic Research Ltd/Infometrics
Total Employment (FTE)	51,118 FTE	51,670 FTE	60,804 filled jobs (Infometrics)*	60,804 filled jobs (Infometrics YE March 2017)*	-	Business and Economic Research Ltd/Infometrics
Number of New Businesses	315	218	Data not available	1.3% on prior year Actual number of businesses is 11,562 (Infometrics YE March 2017)*	-	Business and Economic Research Ltd/Infometrics

**Enterprise Dunedin procured economic data relating to these indicators from Infometrics. The March 2018 report was not available at the time of printing. BERL data has not been procured since 2017.*

A connected community

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

Indicators that the Council influences are shown in Section 2: Roading and Footpaths Group of Activity

City Indicator	Mode	Result 2015/16	Result 2016/17	Result 2017/18	Trend	Data Source
Means of travel to work/school (mode of commute)	Drove truck, van or car (no passengers)*	37%	41%	59%	Increase	Residents' Opinion Survey
	*Privately owned vehicle	Not measured	Not measured	Not measured	-	
	*Company owned vehicle	Not measured	Not measured	Not measured	-	
	Drove truck, van or car (with passengers)	11%	13%	14%	Increase	
	Walk or jog	9%	8%	7%	Decrease	
	Work from home	5%	4%	5%	Increase	
	Passenger in truck, van or car	3%	4%	4%	No change	
	Public Transport (Bus)	5%	4%	4%	No change	
	Bicycle	4%	3%	4%	Increase	
	Motorcycle	0%	1%	1%	No change	
	Other	3%	2%	2%	No change	

City Indicator	Result 2014/15	Result 2015/16	Result 2016/17	Result 2017/18	Trend	Data Source
Frequency of bus use (At least once per week)	Not measured (biennial)	16% (2016)	Not measured (biennial)	18% (2018)	No change	Biennial Quality of Life Survey
Number of international flights per week	Average of 4 per week (with some seasonal variation)	Average of 4 per week (with some seasonal variation)	Average of 4 per week (with some seasonal variation)	Average of 4 per week (with some seasonal variation)	-	Dunedin International Airport Limited
Passenger loadings (international and domestic)	861,982	909,614	973,089	Not available at the time of printing	Increase	Dunedin International Airport Limited
Value of goods loaded at Port Otago (\$ million)	\$3,611	\$3,428	\$3,424*	\$4,172	Increase	Statistics NZ

*This was reported incorrectly in the 2016/17 Annual Report as \$3,246 million. This has now been changed to reflect the correct number.

A safe and healthy city

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

Indicators that the Council influences are shown in Section 2: Water Supply, Sewage and Sewerage, Stormwater and Solid Waste Groups of Activity

City Indicator	Result 2014/15	Result 2015/16	Result 2016/17	Result 2017/18	Trend	Data Source
Total recorded crime (reported incidents)	9,962 Year to 31 Dec 2014	Not available at the time of printing	Changes to statistical methods; data not available due to changes	Changes to statistical methods; data not available due to changes	-	NZ Police
Feel safe in city centre during the day	Not measured (biennial)	96% (2016)	Not measured (biennial)	96% (2018)	No change	Biennial Quality of Life Survey
Feel safe in city centre during the night	Not measured (biennial)	47% (2016)	Not measured (biennial)	58% (2018)	Increase	Biennial Quality of Life Survey
Feel safe at home during the day	Not measured (biennial)	96% (2016)	Not measured (biennial)	Not measured	-	Biennial Quality of Life Survey
Feel safe at home during the night	Not measured (biennial)	94% (2016)	Not measured (biennial)	95% (2018)	Increase	Biennial Quality of Life Survey
Experience of barriers to general practitioners (% no barrier)	Not measured	Not measured	Not measured	Not measured	-	Biennial Quality of Life Survey

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.

Indicators that the Council influences are shown in Section 2: City Planning Group of Activity

City Indicator	Result 2014/15	Result 2015/16	Result 2016/17	Result 2017/18	Trend	Data Source
Perceptions of city vibrancy – Dunedin is a fun city (% positive)	49%	66%	66%	67%	Increase	Residents' Opinion Survey
Perception of the value of the city's architecture (% positive)	81%	88%	87%	87%	No change	Residents' Opinion Survey
Number of properties and structures protected under District Plan that are demolished	Reported in Section 2: City Planning and Regulatory Services					DCC Planning

A valued and protected natural environment

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

Indicators that the Council influences are shown in Section 2: City Planning and Stormwater Groups of Activity

City Indicator	Result 2014/15	Result 2015/16	Result 2016/17	Result 2017/18	Trend	Data Source
Air quality—number of days PM10 Standards exceeded	0 days (2014)	Not available at the time of printing	Not available at the time of printing	Not available at the time of printing	-	Otago Regional Council
Recreational water quality (number of times it is not safe to swim at popular swimming locations)	5	0	Not available at the time of printing	Not available at the time of printing	-	Otago Regional Council
Areas of Significant Conservation Value (Hectares and km)	10,688 Ha plus 91km of estuarine edge	10,688 Ha plus 91km of estuarine edge	10,688 Ha plus 91km of estuarine edge	10,688 Ha plus 91km of estuarine edge	-	DCC Planning
Total area of indigenous habitat in Dunedin protected by the District Plan, DCC reserve land and land held under QEII covenants and other statute-based protective mechanisms	Reported in Section 2: City Planning and Regulatory Services					DCC Planning

A supportive community

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

Indicators that the Council influences are shown in Section 2: Events and City Development Group of Activity

City Indicator	Result 2014/15	Result 2015/16	Result 2016/17	Result 2017/18	Trend	Data Source
Perceptions of quality of life (% positive) (extremely good or good)	Not measured (biennial)	88% (2016)	Not measured (biennial)	87% (2018)*	-	Biennial Quality of Life Survey
Residents' sense of community within their local community	Reported in Section 2: Community Development and Support					Biennial Quality of Life Survey
Residents' perception that Dunedin recognises and supports cultural diversity	Reported in Section 2: Community Development and Support					Biennial Quality of Life Survey

*There has been a change to this question in the 2018 Quality of Life survey. The % positive now includes extremely good, very good and good.

A city of learning

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

Indicators that the Council influences are shown in Section 2: Museums, Libraries and Art Gallery Group of Activity

City Indicator	Result 2014/15	Result 2015/16	Result 2016/17	Result 2017/18	Trend	Data Source
Number of tertiary enrolments per year Equivalent Full time students	22,645 (2015)	Data not available at the time of printing	Changes to statistical methods; data not available due to changes	Changes to statistical methods; data not available due to changes	-	Ministry of Education (Education Counts)

An active city

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

Indicators that the Council influences are shown in Section 2: Sport Recreation and Leisure Group of Activity

City Indicator	Result 2014/15	Result 2015/16	Result 2016/17	Result 2017/18	Trend	Data Source
Frequency of physical activity (% of nearly every day)	Not measured (biennial)	35% (2016) 6 or more days/week)	Not measured (biennial)	45% (2018, 5 or more days/week)	-	Biennial Quality of Life Survey
Perception of overall health (Rate health as excellent, very good or good)	Not measured (biennial)	81% (2016)	Not measured (biennial)	81% (2018)	No change	Biennial Quality of Life Survey
Ratio of sportsfields to population (hectares per 1,000 population)	Reported in Section 2: Sport, Recreation and Leisure					DCC Parks and Reserves yardstick statistic
Participation at Council-owned pools (total attendances)	Reported in Section 2: Sport, Recreation and Leisure					DCC internal attendance data
The Botanic Gardens maintains a grading of "International Significance" from the New Zealand Gardens Trust	Reported in Section 2: Sport, Recreation and Leisure					NZ Gardens Trust

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.

City Indicator	Result 2014/15	Result 2015/16	Result 2016/17	Result 2017/18	Trend	Data Source
Decrease in the waste sourced from within Dunedin and disposed of to DCC landfills in Dunedin (kg/person/year)	423kg/person	457kg/person	466kg/person	592kg/person	Increase	DCC internal reporting
Increase in the quantity of diverted material collected via the DCC's collection service for diverted material	Reported in Section 2: Solid Waste					DCC quarterly reports
Decrease in the number of dry weather sewerage overflows from the DCC's sewerage system, expressed per 1,000 sewerage connections (required under DIA mandatory measures)	Reported in Section 2: Sewerage and Sewage					DCC internal reporting
Increase in the percent of Dunedin residents agreeing that Dunedin is a sustainable city (Residents' Opinion Survey)	37%	52%	57%	55%	Decrease	Residents' Opinion Survey
Increase in the percent of Dunedin residents who feel a sense of community with others in their local neighbourhood (Quality of Life Survey)	Reported in Section 2: Community Development and Support					Biennial Quality of Life Survey

Appendix 2

Schedule 5: Annual Report Disclosure Statement

Annual Report Disclosure Statement for the Year Ending 30 June 2018

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.

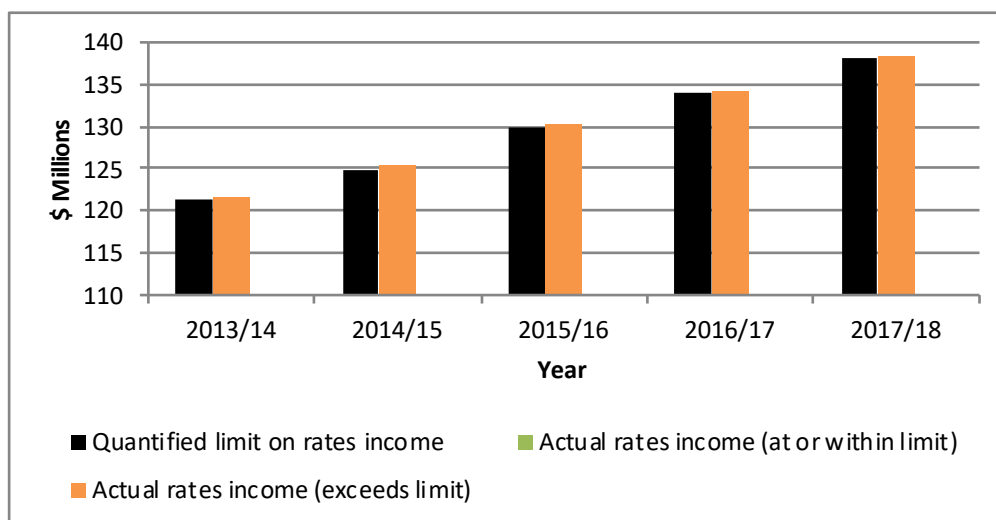
Rates affordability benchmark

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.

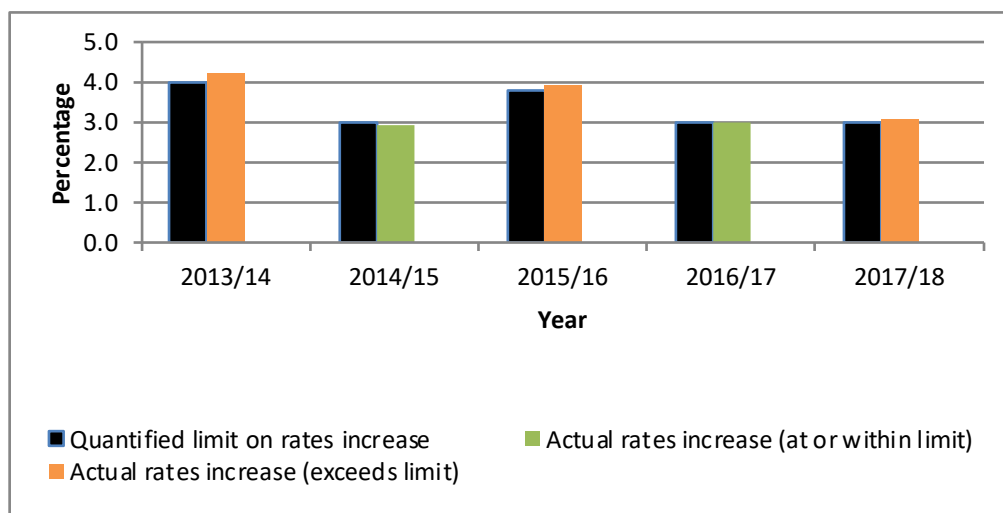
Rates (income) affordability

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 \$138 million in 2017/18.



Rates (increases) affordability

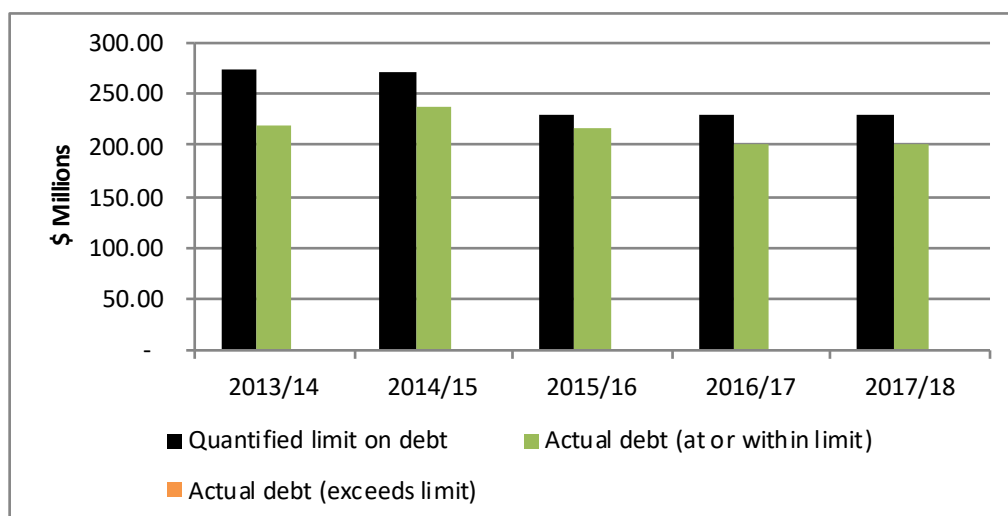
The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's long term plan. The quantified limit is 3% in 2017/18.



Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

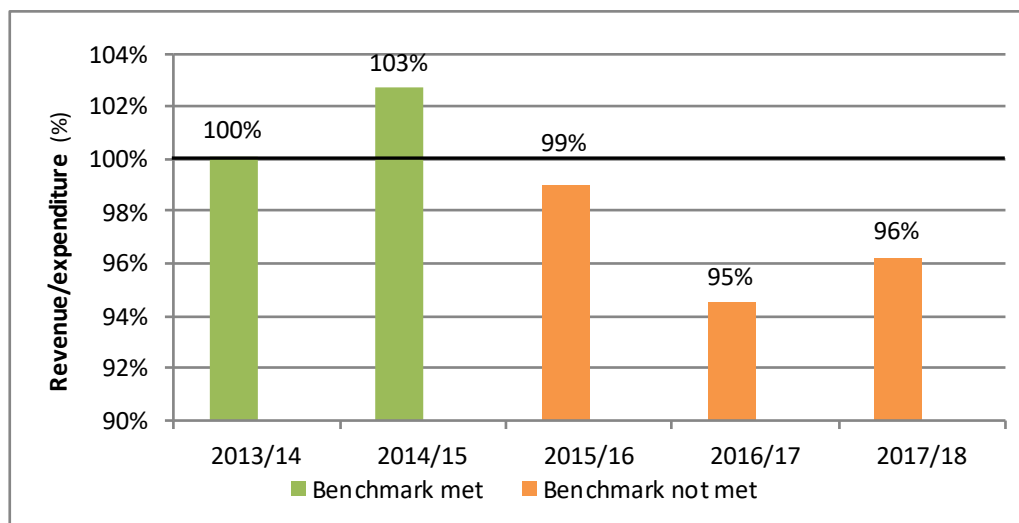
The following graph compares the Council's actual borrowing with a quantified limit on borrowing statement in the financial strategy included in the Council's long term plan. The quantified limit is \$230 million in 2017/18.



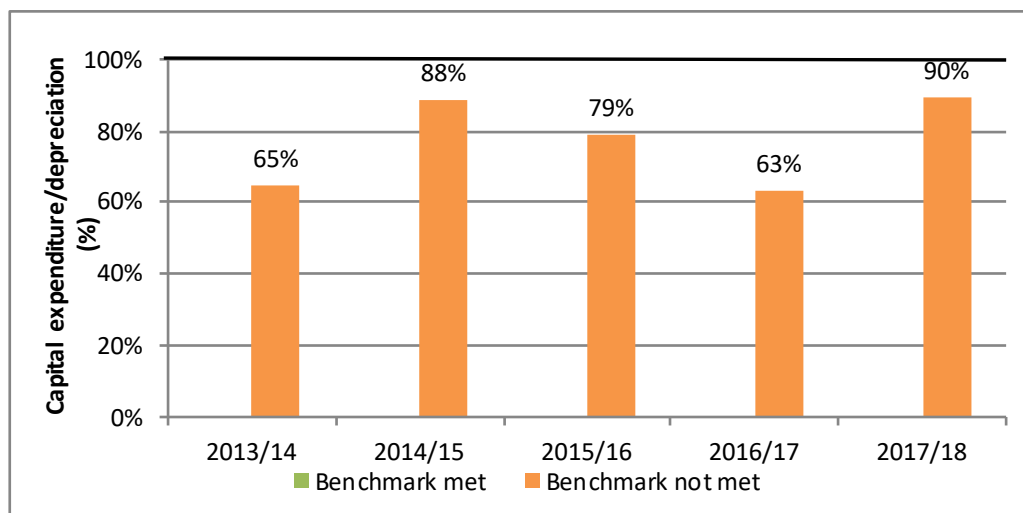
Balanced budget benchmark

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**

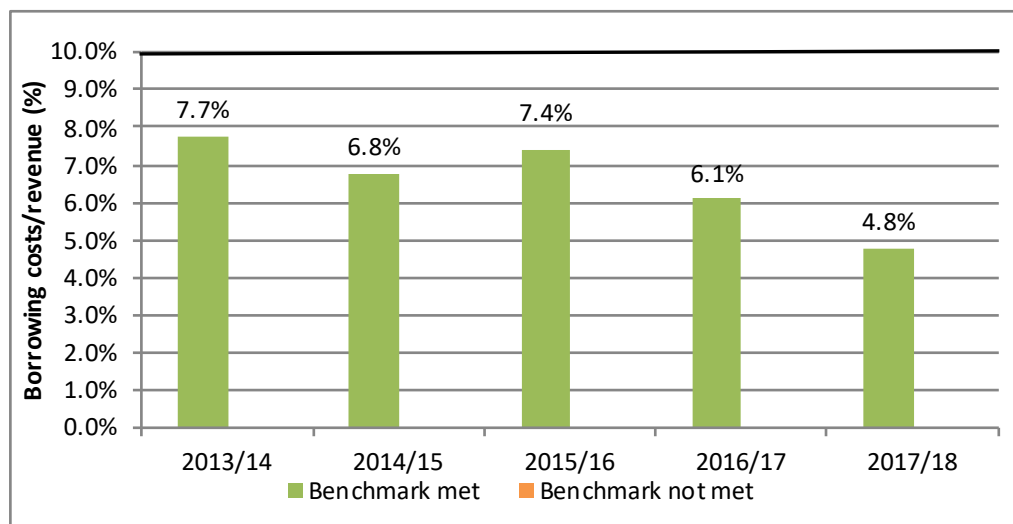
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



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).

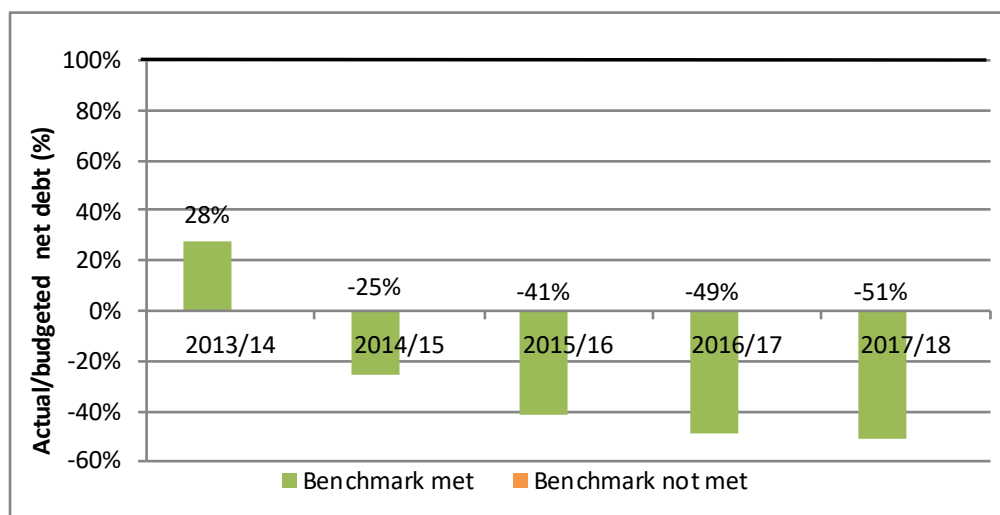
Because Statistics New Zealand projects the Council's population will grow below the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



Debt control benchmark

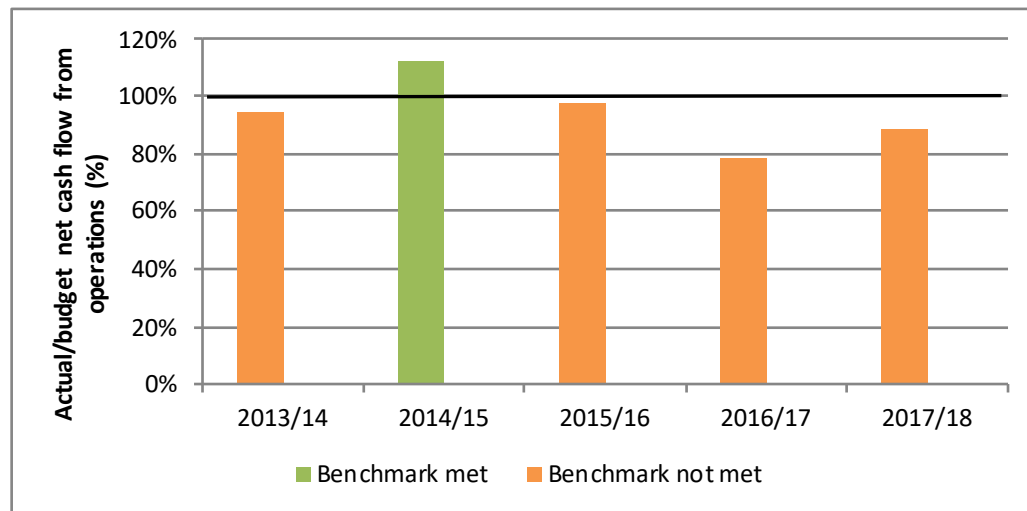
The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

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: Budgets, including rates, are approved and set at the end of May each year. Between May and June, additional rates revenue arises due to growth (e.g. subdivisions, extensions) and budgets don't include this. Actual rates include this growth. This affects the Rates Affordability benchmarks.
- Note 2: The Quantified Limit used in the 2012/13 Long Term Plan is the forecast as opposed to the target in the Rates (Income) Affordability benchmark.
- Note 3: Voluntary rates (e.g. Warm Dunedin) are excluded from the quantified limits for rates in the Long Term Plans but are included in actual rates revenue in the Rates Affordability benchmarks. This is because the Council has no control over uptake of the scheme and it only effects rates of those in the scheme.
- Note 4: Debt control benchmark. The Council planned to have net assets from 2012/13 – 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.

Appendix 3

Report on Council Controlled Organisations

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 2018

The performance targets established in the 2017/18 Statement of Intent for Dunedin City Holdings Limited and the results achieved for the year ended 30 June 2018 are as follows.

Performance Targets	Outcome Achieved
Business Objectives	
Review and approve the Statements of Intent and plans of each of the Group companies for consistency with the strategic direction of the DCC.	The review of the draft 2019 Statements of Intent of subsidiary companies were completed by 31 December 2017. Amendments were made to the Board's satisfaction. Updated and final Statements of Intent were received by the Board by 30 June 2018 and forwarded to the DCC as ultimate shareholder.
Review the operating activities of each of the group companies along with Dunedin City Holdings Limited for compliance with the goals and objectives of the Statement of Intent.	Reviews of the operating activities were performed as required by the Board of Dunedin City Holdings Limited.
Review the performance of each Group company against their Statement of Intent goals and objectives.	Continual monthly reviews of companies' performance against key Statement of Intent goals have been undertaken. Subsidiaries' performance against Statement of Intent goals also reported on to DCC on a quarterly basis.
Financial	
Monitor financial performance of each of the Group companies.	Continual monthly reviews of operating initiatives and financial performance of each of the Group companies have been undertaken, with Dunedin International Airport Limited reviewed on a quarterly basis.
Monitor the capital structure of each Group company.	The Company's Standard and Poor's long term credit rating was reaffirmed at AA in December 2017. The A1+ short term rating remained the same. Reviews of capital structure within the Group were performed at the half year and full year balance dates.
Review the capital expenditure of each of the Group companies for compliance and approval as required by Dunedin City Holdings Limited.	Continual monthly reviews of capital expenditure of each of the group companies have been undertaken, with Dunedin International Airport Limited reviewed on a quarterly basis.
Shareholders	
Engage with the shareholder annually on opportunities for the Company and/or its subsidiaries to contribute, or assist where possible, with Council's community outcomes (as listed in the annual plan).	Consideration was given to the shareholder's expectations in the annual Company's Statements of Intent.
Bring to the attention of the shareholder any strategic or operational matters where there may be conflict between the Council's community outcomes and those of the Company and seek the shareholder's view on these.	There were no matters of conflict requiring escalation to the shareholder.

Encourage each Company within the Group to act as a socially and environmentally responsible corporate citizen.	Reviews of the activities undertaken by the Group companies for purposes of being a socially and environmentally responsible corporate citizen have been undertaken throughout the year.
Keep the shareholders informed of all substantive matters.	All substantive matters were reported to the shareholder within 24 hours of the Dunedin City Holdings Ltd board becoming aware of them.
Parent Financial Forecasts <div> <div></div> <div>\$'000</div> </div> <div> <div>EBITDA</div> <div>7,133</div> </div> <div> <div>Net profit after tax</div> <div>11</div> </div> <div> <div>Cash flow from operations</div> <div>422</div> </div> <div> <div>Capital expenditure</div> <div>-</div> </div> <div> <div>Term loans</div> <div>29,000</div> </div> <div> <div>Interest/dividend distributions to shareholder</div> <div>5,902</div> </div> <div> <div>Shareholder's funds to total assets</div> <div>52%</div> </div>	Parent Achievement <div> <div></div> <div>\$'000</div> </div> <div> <div>EBITDA</div> <div>10,038</div> </div> <div> <div>Net profit after tax</div> <div>3,302</div> </div> <div> <div>Cash flow from operations</div> <div>3,345</div> </div> <div> <div>Capital expenditure</div> <div>-</div> </div> <div> <div>Term loans</div> <div>23,060</div> </div> <div> <div>Interest/dividend distributions to shareholder</div> <div>5,902</div> </div> <div> <div>Shareholder's funds to total assets</div> <div>54%</div> </div>
Group Financial Forecasts No Group forecasts were prepared in the 2017/2018 Statement of Intent. The Board of Dunedin City Holdings Limited has included Group targets in 2018/2019 Statement of Intent.	Group Achievement <div> <div></div> <div>\$'000</div> </div> <div> <div>EBITDA</div> <div>87,390</div> </div> <div> <div>Net profit after tax</div> <div>15,493</div> </div> <div> <div>Cash flow from operations</div> <div>31,892</div> </div> <div> <div>Capital expenditure</div> <div>97,489</div> </div> <div> <div>Term loans</div> <div>609,570</div> </div> <div> <div>Interest/dividend distributions to shareholder</div> <div>5,902</div> </div> <div> <div>Shareholder's funds to total assets</div> <div>28%</div> </div>

Aurora Energy Limited

Statement of Service Performance for the Year Ended 30 June 2018

The performance targets established in the 2017/18 Statement of Intent for Aurora Energy Limited, and the results achieved for the Year Ended 30 June 2018 are as follows.

Performance Targets	Outcome Achieved
Economic	
Shareholder Objectives <p>The Statement of Intent (SOI) will be submitted to and approved by Dunedin City Holdings Limited (DCHL), ensuring consistency across the DCHL Group.</p> <p>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.</p> <p>Keep the Shareholder informed of all substantive matters.</p> <p>Implementation and progress reporting of recommendations set out at Section 1.5.9 of the Deloitte report on Network Safety concerns.</p>	<p>The Statement of Intent for the 2018 financial year was submitted to and accepted by DCHL prior to 30 June 2017.</p> <p>Issues of potential strategic or operational conflicts were notified to the Shareholder.</p> <p>All substantive matters were reported to the Shareholder within 24 hours.</p> <p>All recommendations have been addressed. One longer term action has been carried forward to a future period.</p>
Network Operations <p>To successfully transition Aurora Energy into a self performing asset management and network operating business from 1 July 2017.</p> <p>Implementation of new procurement models by 30 June 2018.</p> <p>Consumer connections (ICP count) 88,000 average per annum.</p> <p>Energy received into the network for delivery to customers 1,400 Gigawatt hours per annum.</p> <p>Load factor $\% \geq 54.00\%$ energy into network/peak kW hours.</p> <p>Loss ratio $\% \leq 6.0\%$ energy into network less energy delivered/energy into network.</p> <p>Capacity utilisation $\% \geq 30.0\%$ peak network kW/installed distribution transformer capacity kVA.</p> <p>Customer responsiveness – achieve average network restoration times of < 4 hours for urban customers and < 6 hours for rural customers.</p> <p>≤ 60 number of events outside urban and rural restoration targets that resulted in service payments to customers.</p>	<p>Achieved. With effect from 1 July 2017, Aurora Energy directly employed around 100 staff to self perform its own asset management and operation functions.</p> <p>Not achieved. New key field service providers announced August 2018.</p> <p>Achieved. Total customer connections were 89,199 as at 31 March 2018.</p> <p>Achieved 1,400</p> <p>Not achieved - 53%</p> <p>Not achieved - 6.6%</p> <p>Achieved - 31%</p> <p>Not achieved - 81 events occurred outside of restoration targets that resulted in service payments being made.</p>
Network Reliability <p>SAIDI (<i>System Average Interruption Duration Index</i>)</p> <ul style="list-style-type: none"> - Class B interruptions planned ≤ 138.40 minutes - Class C interruptions unplanned ≤ 76.41 minutes <p>SAIFI (<i>System Average Interruption Frequency Index</i>)</p> <ul style="list-style-type: none"> - Class B interruptions planned ≤ 0.52 - Class C interruptions unplanned ≤ 1.40 	<p>Not achieved - 144.98 minutes</p> <p>Not achieved - 108.15* minutes</p> <p>Not achieved - 0.71 interruptions</p> <p>Not achieved - 2.03* interruptions</p> <p>*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 117.96 minutes and 2.10 interruptions respectively.</p>

Community, People, Safety and Environment			
Community			
Maintain community support with \$10,000 of sponsorship per annum.		\$10,103 was spent in support of community initiatives during the year. Aurora’s main community sponsorship was the Otago Science & Technology Fair.	
Promote uptake of electric vehicles with at least 2 public charging facilities connected to Aurora network.		There are five public fast chargers connected to the network, one each in Dunedin, Alexandra, Cromwell, Wanaka and Roxburgh.	
Partner with Department of Conservation in the NZ Falcon conservation project aimed at reducing risk of bird electrocution with at least 3 site installations of Falcon safe network designs.		Falcon safe network designs were tested and the findings progressively incorporated into network standards across all regions.	
Safety			
Reduce levels of recordable harm with ≤4.75 total recordable injury frequency rate (TRIFR) per 200,000 hours worked.		Aurora and its contractors achieved a TRIFR of 4.63 per 200,000 hours worked during the year.	
Zero serious harm events involving members of the public.		There were no serious harm incidents during the year involving members of the public.	
Environment			
No transgression of the environmental and resource law occurs.		There were no Resource Management Act breaches during the year.	
Financial			
Objectives			
	\$,000		\$'000
EBITDA (before subvention)	29,679	Not achieved	27,444
Net surplus (before subvention)	590	Not achieved	425
Shareholder's funds	186,899	Achieved	190,819
Cash flow from operations	29,267	Not achieved	18,448
Capital expenditure	≥ 74,916	Achieved	78,421
Term debt	249,850	Not achieved	254,550
Shareholder's funds to total assets	35%	Achieved	36%

City Forests Limited

Statement of Service Performance for the Year Ended 30 June 2018

The performance targets established in the 2017/18 Statement of Intent for City Forests Limited, and the results achieved for the year ended 30 June 2018 are as follows.

Performance Targets	Outcome Achieved
General	
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 14.2%.
A comprehensive 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 3 year rolling average basis.	Strategy day held on 8 June 2018 involving the Board and Senior Managers. 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; 12.8%, 10.2% and 6.9% for the first 3 years measured on a forecast 3 year rolling average basis.
Opportunities for expanding the Company's scale will have been investigated.	The strategic plan incorporates a forest estate expansion program. Three new property purchases total 706ha occurred during the year and a number of opportunities were investigated. The Company divested in the Milburn Wood Processing Plant including 10.7ha of land.
No single customer will have received more than 30% of the Company's annual harvest by volume.	Our largest customer Pan Pac Otago Limited received 12.3% of the Company's annual harvest volume.
The Company will realise financial opportunities from the sale of Carbon stored in the Company forests.	The Company has regularly monitored Carbon sales price during the period and considered its Carbon Sales policy at board level. 400,000 NZU sales occurred during the period.
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 balance and track exposure to domestic and export markets.	Domestic log production was 38.1% by volume. (44.3% last year). Export log sales were 61.9% by volume.
The Company will meet its annual supply commitments to domestic customers.	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 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.
Log Quality: log deliveries will be at least 95% within specification measured over a 12 month average basis.	Log quality sampling of 2222 logs undertaken during the period found 2.84% were out of specification.
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 303,922m ³ including billet wood. This is 101.4% of the sustainable yield of 300,000m ³ . Forecast harvest levels in the long term strategic plan for the next 3 years are: 308,446m ³ , 308,557m ³ and 296,066m ³ . All are within +/- 20% of the sustainable yield.

<p>The Company will carry out annual forest inventory to measure and verify forest yield. The number of inventory plots measured will be reported.</p> <p>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.</p> <p>The annual fire plan will be updated and operational by September each year.</p> <p>The Company will actively participate in regional land use planning processes.</p> <p>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.</p> <p>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.</p> <p>At least one new forest management technique will be introduced as a result of research findings.</p> <p>The Company will participate in environmental research to minimise the use of chemicals in compliance with FSC Standards and Requirements.</p> <p>The Company will maintain supply arrangements with Otago and Southland wood processors provided customers match (or better) alternative supply options.</p> <p>Annual supply volumes to major wood processors (Pan Pac, Craigpine, Niagara & Dongwha) will be tracked and reported.</p> <p>The volume of wood supplied to Bioenergy uses (excluding Firewood).</p> <p>Lost time accident rates for staff and contractors will be reduced to a maximum 25 lost time injuries per 1,000,000 hours.</p>	<p>The Company completed 474 inventory plots during the period.</p> <p>The forest industry wide biosecurity surveillance program was operational during the year.</p> <p>Fire plan update was completed in September 2017 prior to the start of the fire season.</p> <p>The Company actively participated with the Otago Regional Council's implementation of the National Environmental Standard for Plantation Forestry.</p> <p>A comprehensive forest growing performance improvement program continued during the year incorporating input from Scion lead researchers. Pruned P.rad Percentage by Forest is:</p> <table data-bbox="837 638 1061 817"> <tr> <td>Silverpeaks</td><td>62%</td></tr> <tr> <td>Flagstaff</td><td>74%</td></tr> <tr> <td>Waipori</td><td>30%</td></tr> <tr> <td>Tokoiti</td><td>43%</td></tr> <tr> <td>Total</td><td>45%</td></tr> </table> <p>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.</p> <p>Forest management thinning plans have been modified to increase site productivity as a result of research results. A significant long-term productivity trial is being established in Tokoiti Forest.</p> <p>Company staff are represented on the Forest Owners Association, Forest Environment Committee, which recommends and monitors Forest Industry Levy research spend on chemical trials. Herbicide and cutover over-sowing testing was conducted during the period.</p> <p>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 limited periods during the year.</p> <p>Otago & Southland wood processors were supplied the following volumes during the period:</p> <table data-bbox="837 1612 1085 1848"> <tr> <td>Pan Pac</td><td>37,235m³</td></tr> <tr> <td>Craigpine</td><td>17,734m³</td></tr> <tr> <td>Niagara</td><td>13,149m³</td></tr> <tr> <td>Hollows</td><td>10,207m³</td></tr> <tr> <td>Dongwha</td><td>12,380m³</td></tr> <tr> <td>Bioenergy</td><td>7834m³</td></tr> </table> <p>Lost time accident rate for staff and contractors was 31.7 lost time injuries per 1,000,000 hours. (7.1 last year).</p>	Silverpeaks	62%	Flagstaff	74%	Waipori	30%	Tokoiti	43%	Total	45%	Pan Pac	37,235m ³	Craigpine	17,734m ³	Niagara	13,149m ³	Hollows	10,207m ³	Dongwha	12,380m ³	Bioenergy	7834m ³
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<p>The Company will carry out pre-employment, just cause and random drug & alcohol testing of staff and the contract workforce. The number of tests and percentage of positive tests results will be reported.</p> <p>Maintain Forest Stewardship Council Certification of the Company's forests.</p> <p>A current forest management plan will be in place (as required by FSC standards) which identifies social and environmental, as well as economic outputs.</p> <p>The Company will work with partners (DOC, University of Otago, etc) to maintain and enhance threatened and endangered (RT&E) species on and around the Company estate. Sponsorship amounts for these activities will be reported annually.</p> <p>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.</p> <p>Every staff member will have a training plan.</p> <p>Harvesting and Silvicultural Contractors will be required to have training plans in place for their employees. The Company will report on the number of National Certificates achieved by its workforce each year.</p> <p>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.</p> <p>Each harvesting crew will utilise trained tree fellers, breaker outs and log makers.</p> <p>There will be "nil" instances of non-compliance with the Company's EEO policy.</p> <p>The Company's forest management plans will have a section allocated to Recreation and Educational use of the forests.</p> <p>The Company will maintain a Forest Access Permit system, track and report on recreational use statistics.</p> <p>The Company will track and report on the distance of public walking and mountain bike tracks in the Company's forests.</p> <p>To contribute to, or assist where possible, with the Dunedin City Council community outcomes (as listed in the Annual Plan). The Company will be mindful the ultimate shareholder is the custodian of the community's interest and accepts that a greater need for consultation may be required.</p> <p>Kaitiakitangi (Guardianship and Protection). To purchase green fields and / or established forests as economic conditions allow.</p>	<p>116 tests were conducted during the period. One positive random test was recorded, being 0.86%.</p> <p>Forest Stewardship Council Certification was maintained following audit in 2017.</p> <p>The Company has a set of comprehensive forest management plans that have been externally audited as part of the Company maintaining FSC certification.</p> <p>Sponsorship of \$5000 was donated to research and conservation of the NZ Falcon in a collaborated research project with a neighbouring forest owner.</p> <p>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.</p> <p>Forest staff members have training plans. Other training provided as necessary. Contractors have training plans for their employees.</p> <p>Company Staff, Contractors and their employees achieved 11 National Certificates during the year.</p> <p>At 30 June 2018 no modern apprentices were employed in Company operations as all have completed their apprenticeships.</p> <p>Each harvest crew has multiple trained employees for all three listed tasks. A training matrix is in place to track compliance.</p> <p>There were no instances of non-compliance with the Company's EEO policy.</p> <p>The Company's forest management plans have sections allocated to recreation and education.</p> <p>Recreation use is monitored through forest access permit issuance. 201 forest access permits were issued during the year.</p> <p>The Company has 8.2km of walking tracks and 20.9km of mountain bike tracks in its forests.</p> <p>The Company's financial, sustainability, environmental and recreational achievements compliment the annual plan and are reported quarterly by exception to the ultimate shareholder (DCC) by the Holding Company. No issues of conflict with the DCC Annual plan have been identified and therefore no additional consultation has been required.</p> <p>Company has purchased 706ha of land during the period incorporating approximately 78ha of standing forest.</p>
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<i>Financial</i>			
Targets		Achievements	
	\$'000		\$'000
Profit before income tax	14,887	Profit before income tax	33,055
Profit after income tax	10,714	Profit after income tax	23,913
Shareholder's equity	134,362	Shareholder's equity	160,343
Normal dividend	5,000	Normal dividend	5,000
Special dividend	-	Special dividend	3,000
Operating cashflow	11,994	Operating cashflow	15,353
Capex	4,555	Capex	6,236
Term debt	22,593	Term debt	15,100

Delta Utility Services Limited

Statement of Service Performance for the Year Ended 30 June 2018

The performance targets established in the 2017/18 Statement of Intent for Delta Utility Services Limited, and the results achieved for the year ended 30 June 2018 are as follows.

Performance Targets	Outcome Achieved
<i>The Shareholder</i>	
Consult with the Shareholder on matters to be included in the Company's Statement of Intent.	Achieved. The Statement of Intent for the 2018 financial year was submitted to and accepted by DCHL prior to 30 June 2017.
Bring to the attention of the Shareholder any strategic or operational matters where there may be conflict between the Council's community outcomes and/or the Ministers' expectations and those of the Company and seek the Shareholders view on these.	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.	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.
<i>Community, People, Safety and Environment</i>	
Community	
Make positive contribution to our community with \$25,000 of sponsorship per annum.	Achieved. Over \$40,000 was paid in sponsorship / donations to community groups during the year.
Support community recreation and visitor experience by achieving KPIs on service contracts.	Achieved. Target KPI's were maintained or exceeded on average throughout the year.
People	
Support Delta apprenticeship scheme. Average number of apprentices in the scheme of 10 or more per annum.	Achieved. The average apprentices in the scheme was over 25 during the period.
Monitor absences due to illness. Lower than 2.5% sick leave based on hours.	Achieved. Staff sick leave was 1.6% of total hours during the year.
Monitor voluntary leavers relative to permanent staff. Below 15.0% staff turnover.	Achieved - Voluntary staff turnover was 14.4% over the 2017/18 year.

Safety			
Reduce harm to employees and contractors with ≤ 4.75 total recordable injury frequency rate (TRIFR) per 200,000 hours worked.		Not achieved. Although the TRIFR achieved for the year was 3.76 per 200,000 hours worked, the outcome has been noted as not achieved due to an employee fatality in November 2017.	
Zero serious harm events involving members of the public.		Achieved. There were no actual serious harm incidents during the year involving the public.	
Maintain tertiary level ACC workplace management practices accreditation. Obtain.		Achieved. All accreditation was maintained.	
Environment			
Maintain all existing environmental accreditations held during the year.		Achieved. All environmental accreditations were maintained.	
Maintain full compliance with the Resource Management Act (RMA). Zero breaches.		Achieved. There were no RMA breaches during the year.	
Maintain or lower fuel efficiency to ≤ 9.75 litres fuel used per 100 kilometres.		Achieved. Fuel efficiency across the Delta light commercial fleet was calculated at 9.74 litres per 100 kilometres.	
Economic			
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 contracts held with Aurora Energy and the Dunedin City Council throughout the year.	
Financial			
	\$'000		\$'000
EBITDA	9,509	Not achieved	9,378
Net profit after income tax	2,440	Achieved	3,776
Shareholder's funds	19,979	Achieved	22,122
Cash flow from operations ¹	6,101	Not achieved	3,924
Capital expenditure	≤ 8,780	Achieved	3,938
Term debt	≤ 30,490	Achieved	26,100
Dividends	1,750	Achieved	1,750
Shareholder's funds to total assets	30%	Achieved	36%
¹ The company references a Cash flow from operations of \$9.328 million in its 2017/2018 Statement of Intent. It has since been noted that \$6.101 million was in fact the target for cash flow from operations. The correct target for cash flow from operations was \$6.101 million as per the table above.			

Dunedin City Treasury Limited

Statement of Service Performance for the Year Ended 30 June 2018

The performance targets established in the 2017/18 Statement of Intent for Dunedin City Treasury Limited, and the results achieved for the year ended 30 June 2018 are as follows.

Performance Targets		Outcome Achieved	
<i>Economic</i>			
Zero breaches of the policies pertaining to Dunedin City Treasury Limited.		Achieved. There were no breaches of policies pertaining to Dunedin City Treasury Limited.	
A variety of funding sources are used for the level of funds required by the DCC Group and complying with the DCC policies on the maturity profile of borrowing.		Achieved. During the year the Company successfully issued: - 16 tranches of promissory notes - 1 tranche of Floating rate notes - 1 bond at rates which were consistent or better than organisations with similar ratings.	
All funds invested outside the DCC Group have satisfied DCC policies.		Achieved. All funds invested outside the DCC Group have satisfied DCC policies.	
Continued maintenance to an interest rate reset profile in accordance with DCC policies.		Achieved.	
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' fully as set by Council and meet performance benchmarks.		Achieved - The 'Waipori Fund' recorded a return for the year of \$6,554,078 which is a return of 7.8%. After deduction of inflation of 1.1%, the 'real' return is 6.7%.	
Advise shareholder within 1 business day of any breaches of policy.		Achieved. There were no breaches of policy that were required to be reported to the shareholder.	
Advise shareholder within 24 hours of any substantive matter.		Achieved. There were no substantive matters to be reported to the shareholder.	
<i>Financial</i>			
Targets		Achievement	
	\$'000		\$'000
Net profit after tax	1	Net profit after tax	171
Cash flow from operations	5	Cash flow from operations	324
Capital expenditure	-	Capital expenditure	9
Term loans	624,900	Term loans	609,570
Shareholder's funds to total assets	0.4%	Shareholder's funds to total assets	-1.3%

Dunedin International Airport Limited

Statement of Service Performance for the Year Ended 30 June 2018

The performance targets established in the 2017/18 Statement of Intent for Dunedin International Airport Limited, and the results achieved for the Year Ended 30 June 2018 are as follows.

Performance Targets	Outcome Achieved
Safety and Compliance	
TO MAKE SAFETY AND SECURITY OUR FIRST PRIORITY	
To work with our staff and stakeholders to maximise safety on site for all staff and visitors.	
Hold a minimum of 2 airport Health and Safety Committee meetings each year. Achieved	Two Health and Safety Committee Meetings took place. One meeting took place with a newly elected committee operating under a new Terms of Reference.
Review the Health and Safety Plan with the Health and Safety Committee each year. Achieved	The new committee reviewed the plan, objectives and hazards. The previous plan was extended to make any future changes align with a new Safety Management System (SMS) currently being built.
Review health and safety objectives with the Health and Safety Committee each year. Achieved	Objectives were minimised and aligned to the company values.
Attend a minimum of 2 of our stakeholder's Health and Safety meetings each year. Achieved	In this reporting period, the airport Safety and Compliance Manager has had a one-on-one meeting with stakeholder staff responsible for Health and Safety, as well as attending Health and Safety meetings of both our major domestic airline partners. The airport Safety and Compliance Manager has attended numerous meetings with high stakeholder engagement where safety was a central consideration.
Report on health and safety management and provide statistical data to the company's monthly board meetings. Achieved	Health and Safety management is reported via: <ul style="list-style-type: none"> • Monthly Board reports with both statistical data and commentary via a H&S dashboard. • Safety Alerts / memos issued to relevant stakeholder • Quarterly Board Health and Safety committee reporting period, with increased oversight at a governance level.
DIAL staff Lost Time Incident Frequency Rate (LTIF) target of zero. Achieved	In the reporting period, no injuries were sustained that resulted in lost time.
Maintain our CAA Part 139 operating certificate.	
Successfully achieve compliance in our annual CAA safety and security audits with no major findings. Achieved	The annual CAA Security Audit undertaken during the reporting period reported no major findings.
Conduct an annual internal audit of our CAA safety and security systems. Achieved	The annual internal audit was completed in May 2018. Minor findings identified were addressed.
Proactively manage Wildlife Hazards	
Strike rate of less than 5 per 10,000 aircraft movements. Not Achieved	The 12-month moving average strike rate for the period ending June 2018 was 7.5 per 10,000 aircraft movements. This results in Dunedin Airport being classified as medium risk by the Civil Aviation Authority (CAA), due to the slight upward trend in strike rate.

<p>Near-miss strike rate of less than 10 per 10,000 aircraft movements.</p> <p>Not Achieved</p>	<p>CAA have now ceased reporting on the Near-miss rate per 10,000 aircraft movements.</p> <p>The airport commissioned the expertise of an international airport wildlife hazard management agency (AVISURE), to undertake a complete wildlife risk assessment and critical review of the airport's wildlife hazard management practices. This work commenced in the 2018 financial year and will be finalised in 2019 financial year.</p>
Maintain food hygiene standards at Momona Garage.	
<p>Maintain grade 'A' food hygiene certificate.</p> <p>Achieved</p>	<p>The Dunedin City Council (DCC) carried out the annual inspection of the Momona Garage and a Grade A was issued on 31 July 2017. This is due for renewal in August 2018.</p>
TO BE ENVIRONMENTALLY RESPONSIBLE	
Maintain our obligations on any current resource consents in place.	
<p>Report as required to the Otago Regional Council each year on bore water consent RM 11,369.01.</p> <p>Achieved</p>	<p>The annual report for consent RM 11,369.01 for bore water was issued to the Otago Regional Council (ORC) in August 2017. Additionally, the current year report was submitted in August 2018. Both reports were accepted with no issues raised.</p>
<p>Report as required to the Otago Regional Council on sewage discharge consent 2004.309.</p> <p>Achieved</p>	<p>Monthly reporting and an annual report for consent 2004.309 for sewage discharge was issued to the ORC in July 2018 covering the 2018 financial year. The report was accepted. The ORC remains engaged with the airport on some exceedances in Phosphorus and Ammoniacal Nitrogen levels during the reporting period. The ORC commended the airport for our proactive stance in remedying these issues. No enforcement or improvement notices have been raised.</p>
<p>Maintain voluntary annual reporting to the Otago Regional Council on de-icing fluid usage at the airport.</p> <p>Achieved</p>	<p>2018 report on de-icing fluid usage will be submitted at the end of Winter. The 2017 usage report was submitted and accepted by the ORC.</p>
Maintain high quality dairy farming practices.	
<p>No 'Critical' findings raised by any Fonterra dairy farm inspections.</p> <p>Achieved</p>	<p>Both of the airports dairy farms were inspected by Fonterra in April 2018 with no critical findings.</p>
Financial	
TO OPTIMISE COMMERCIAL RETURN TO OUR SHAREHOLDERS	
Achieve increased revenues from non-aeronautical activities compared to the previous year.	
<p>Increase total non-aeronautical revenue by a minimum of 2.0%.</p> <p>Achieved</p>	<p>Non-aeronautical income (excluding interest income, dividends received, gain on sale of fixed assets, and gains on fair value movements of investments) was 6.4% above last year. The primary reason for this increase was an 8.6% increase in revenue from the airport owned garage as fuel prices continued to rise.</p> <p>Airport owned dairy farms recorded a 13.6% increase in revenue against prior year as a result of the dairy industry rebounding from 2016 historical lows. This was in the context of total farm milk production decreasing by 1.0%.</p> <p>Additionally, parking revenue increased 2.7% against prior years as a result of an increase in the number of domestic flights and passengers. There was no increase in parking fees during the year.</p>

On-going monitoring and refinement of the company's risk strategy.	
Monthly financial report to the Board. Achieved	Monthly and Quarterly Financial Reports were circulated to the Board for review and comment.
Quarterly financial statements, cash flows and aircraft and passenger activity to the Board and Shareholders. Achieved	Quarterly Shareholder Reports including financial statements, cash flows, aircraft and passenger movements are reviewed and approved by the Board prior to being sent to shareholders.
Six monthly risk analysis undertaken and reported to the Board. Not achieved	In the first half of the year we conducted a full review of our corporate and operational business risks and associated reporting which was not completed until March 2018. As such, the Risk Analysis Report was not prepared for the six months ended December 2017. The Risk Analysis Report for the six months ended June 2018 was distributed and analysed. Six monthly Statutory Compliance Reports were circulated to the Board for review and comment.
Business Development	
INCREASE PASSENGER NUMBERS	
Partner with our airline, airport, City and tourism industry.	
Conduct stakeholder engagement surveys once a year with our major airlines, City and industry partners to review the strength of the relationships. Achieved	A stakeholder relationship survey was conducted this year. This survey was sent to 40 stakeholders. The results were very positive and indicated collaborative and strong relationships between Dunedin Airport and our stakeholders.
Invest in strategic route development opportunities. Achieved	We continue to work with our airline partners to sustain our trans-Tasman service and identify new route opportunities both on the Tasman and domestically. We have met with our airline partners regularly and shared with them market information to demonstrate demand in the market for additional trans-Tasman services. This year we engaged aviation consultants to present to the Dunedin City Holdings Board to reiterate the importance of sustaining and growing our Tasman service.
Invest in a minimum of 2 promotional campaigns a year jointly with airlines and our industry partners. Achieved	We invested in approximately 24 campaigns with our airline and industry partners focusing on both promotion of domestic and trans-Tasman services in and out of Dunedin.
TO DEVELOP & STRENGTHEN OUR PARTNERSHIPS	
Implement initiatives to improve the performance of non-aeronautical activities.	
Conduct stakeholder engagement surveys once a year with our major non-aeronautical business partners to review the strength of the relationships. Achieved	A stakeholder relationship survey was conducted this year. This survey was sent to 40 stakeholders. The results were very positive and indicated collaborative and strong relationships between Dunedin Airport and our stakeholders.
Develop and maintain productive relationships with our non-aeronautical business partners and identify opportunities to implement initiatives to improve business performance. Achieved	A Marketing Manager was employed in July last year. This role has been instrumental in ensuring regular communication and collaboration with our Airport retail, food and beverage partners, along with identifying ways to increase revenue through our conference centre. A new food and beverage partner, Airspresso, joined the Airport this year, a great addition to our Airport offering. We continue to focus on creating stronger and more collaborative relationships with our airport partners.

<i>Our Customers</i>	
TO PROVIDE THE BEST CUSTOMER SERVICE EXPERIENCE	
Provide high standards of service to our customers and recognise the role the airport plays in connecting our customers to the Dunedin experience.	
Produce quarterly reports from our continuous customer satisfaction surveys. Achieved	Customer services surveys are run continuously through the terminal WiFi and results are tracked quarterly and reported back to our Airport team and our business/ airline partners.
Strive for continuous improvement across all areas of customer service. Achieved	An average rating of “good” or better across all areas of customer service was achieved.
Ensure all airside infrastructure maintenance causes no delays to airline operations.	
No delays to regular scheduled passenger operations. Achieved	All airside work is controlled under an approved Method of Work Plan (MOWP) which resulted in no delays to any aircraft operations with any of our airline partners due to airside maintenance work. There was one airport attributable delay to airline operations during the reporting period caused by a faulty sensor on an airbridge.
Ensure the future of the airport is protected.	
Promote the airports needs for inclusion in the Second-Generation District Plan (2GP). Achieved	We have done no further work on the 2GP this year. The council are in deliberation and the next step will see Council release draft proposals.
Create, maintain and protect the Airport Master Plan. Achieved	The reviewed Airport Master Plan was completed in 2018 and approved by the Board. We must now consider how to present the plan to our shareholders and community.
<i>Our People</i>	
TO BE A GREAT PLACE TO WORK	
To provide relevant training to our staff.	
Ensure recurrent safety training for all staff is provided. Achieved	All Required recurrent safety and compliance training for staff has been undertaken which Includes but is not limited to: <ul style="list-style-type: none"> • First Aid refresher training • Basic Life Support/Pre-Hospital Emergency Care (PHEC) training for AES staff (refreshers and new staff) • Rescue Fire Annual Competency training • Rescue Fire Annual Hot Fire training • NZQN Level 3 & Level 4 Health & Safety representative training • Elevated work platform (EWP) training • Fire extinguisher training
Invest a minimum of 0.1% of prior year operating revenue to staff training. Achieved	\$92,270 was invested in staff training during the year.
To recognise and review staff performance.	
Each staff member to have a formal annual performance review. Achieved	All staff members had their Annual Employee Performance Review completed in 2018 financial year.

Ensure that our staff are engaged with the company's Vision, Purpose and Values.	
Conduct an annual staff engagement survey. Not achieved	This year the airport has been in recruitment mode, bringing on a significant number of new members to the team before the end of 2018. The number of employees increased by over 40%. In advance of undertaking the staff engagement survey we questioned the value vs purpose of the staff engagement survey, including through consultation with our HR consultants, due to the high proportion of short term employees. Based on our assessment of this advice we decided it was better to postpone the staff engagement survey until February 2019 to ensure more meaningful results.
Strive for continuous improvement across all areas of staff engagement. Achieved	As employers we are always striving for continued development in staff engagement. This is achieved by constant all of staff communications, staff meetings and our investment in training.
<i>Our Community</i>	
TO CONNECT & ENGAGE WITH OUR PLACE	
Provide sponsorship to community events and organisations.	
Invest 0.25% of prior year operating revenue to sponsorship. Achieved	This year we distributed \$59,900 to the following organisations/events: <ul style="list-style-type: none"> • DCC - TRENZ • OUSA Beer and Food Festival 2017 • Yellow Eyed Penguin Trust • Wild Dunedin Festival 2018 • Tourism Waitaki • Christmas Choirs • Momona Playcentre • iD Fashion Event 2018
Engage with our community and share information.	
Conduct a minimum of 10 school or community group visits per year. Achieved	13 organised community airport visits were facilitated this year by our airport customer service and Airport Emergency Services teams who welcomed more than 510 adults and children to the airport. These visits continue to be an important part of our community engagement strategy and create a stronger connection between the airport, City and region.
Arrange for the Airport team to work within the community once a year. Achieved	During the Christmas period the Airport team engaged with the local Momona playcentre to bring some Christmas cheer to both the playcentre helpers and children. This included Christmas gifts, Santa on a Rescue Fire truck and morning tea.
Initiate opportunities to speak to the community, stakeholders and organisations. Achieved	A number of public speaking engagements have been undertaken this year by CEO and GM Business Development.
Act as a socially and environmentally responsible corporate citizen.	
Develop and implement sustainable practices for our waste streams. Achieved	Implementation of back of house recycling streams commenced in March 18. Average landfill diversion rate for the Jun- Feb period was 18.5% and the average diversion rate for the Mar-Jul period was 25.8% for the airport waste stream, an increase of over 7%. Full front of house recycling is due for implementation during FY18/19. The Momona village recycling continued to perform well with an increase from 54% to 67% of all waste being recycled.

Use NZ manufactured and/or supplied goods where possible.	
In accordance with the Procurement Policy, NZ manufactured or supplied goods will be used wherever possible. Achieved	Dunedin Airport only has procurement relationships with organisations outside of New Zealand with the following companies: <ul style="list-style-type: none"> o Three Consulting of Sydney for Aviation Strategy and Route Business case o Tourism Futures – Dunedin Aviation Monitoring Report
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. Achieved	The Company's Statement of Corporate Intent was submitted to both shareholders for review and comment and subsequently approved in a timely manner as required.
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. Achieved	No such areas of conflict arose during the year.
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. Achieved	Dunedin Airport maintained communication with its shareholders through regular quarterly reporting.

Dunedin Stadium Property Limited

Statement of Service Performance for the Year Ended 30 June 2018

The performance targets established in the 2017/18 Statement of Intent for Dunedin Venues Limited, and the results achieved for the Year Ended 30 June 2018 are as follows.

Performance Targets		Outcome Achieved	
Economic			
Statement of Intent is consistent with the objectives of the shareholder.		Achieved. Statement of Intent is consistent with the objectives of the shareholder.	
Operating activities are compliant with the goals and objectives stated in the Statement of Intent.		Achieved. The operating activities of Dunedin Stadium Property Limited are compliant with the objectives stated in the Statement of Intent.	
Assets are maintained at an operational level. Asset maintenance is compliant with the asset management timetable. - The asset management plan is reviewed annually.		Not achieved. A review of the asset management timetable during the year deemed the budgeted capital expenditure of \$157,000 as unnecessary. This amount was not spent during the year. Separately, WSP Opus completed a formal asset condition assessment during the year that confirmed that the stadium is in good condition. Not achieved. In June 2018 the DSPL board reviewed and approved the asset management plan schedules supplied by WSP Opus. The schedules form the basis of the full asset management plan report. The full report will be received in August 2018.	
Reduce debt over time.		Achieved. The debt has been reduced by \$3,560,000 to \$89,375,000 at the end of the financial year.	
Consult with the shareholder where conflict with the Council's community outcomes may or could result.		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 are no matters of substance to report to the shareholder.	
Financial			
Targets			
	\$'000		\$'000
EBITDA	7,352	EBITDA	3,703
Net profit (loss)	(2,608)	Net profit (loss)	(7,619)
Operating cash flow from operations	3,149	Operating cash flow from operations	(506)
Capital expenditure	157	Capital expenditure	-
Term loans	87,400	Term loans	89,375
Shareholder's funds to total assets	48%	Shareholder's funds to total assets	46%
The financial forecasts in the Statement of Intent were impacted by reduced 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 subventions for the year of \$9,529,000 is consistent with the budgeted operating loss before subventions of \$9,703,000.			

Dunedin Venues Management Limited

Statement of Service Performance for the Year Ended 30 June 2018

The performance targets established in the 2017/18 Statement of Intent for Dunedin Venues Management Limited, and the results achieved for the Year Ended 30 June 2018 are as follows.

Performance Targets		Outcome Achieved	
Safety and Compliance			
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.	
Minimum of 11 Health and Safety Committee meetings held per year.		The Health and Safety Committee formally met on two occasions. As a result of the Gap Analysis Review a number of further collective and individual meetings have taken place involving wider stakeholders.	
Conduct a staff survey to gauge their understanding on Health and Safety procedures.		During the year, SafePlus have undertaken an assessment (engagement survey) in conjunction with Worksafe NZ, ACC, and the Ministry of Business, Innovation and Employment to gauge staff understanding on Health and Safety Procedures. The survey showed that staff had a good understanding of policies and procedures.	
TIR rate of <2 incidents per 200,000 hours worked.		The TIR was 12 incidents per 200,000 hours worked.	
A TIR rate of less than 0.05% of the total number of people attending events and the venues.		The TIR rate was 0.041% of the total number of people attending events and the venues.	
Facilities and infrastructure are maintained as fit for purpose and in accordance with the Asset Management Plan (AMP) entered into with Dunedin Stadium Property Limited (DSPL).		To ensure Forsyth Barr Stadium complies with the AMP entered into with DSPL, DVML undertakes the following: <ul style="list-style-type: none">• Ensure all warranties and compliance at Forsyth Barr Stadium are maintained as per manufacturers specifications and or local legislation.• Provide to DSPL for each board meeting updates on the AMP, warranty and compliance and any significant maintenance undertaken.• Engage respected service providers to carry out works as part of Service Level Agreements.• Engaged Opus to update the AMP. Part of this involved a condition assessment of the Forsyth Barr Stadium. The Stadium was found to be in good condition.	
Completed independent annual safety audit and any improvements/recommendations are implemented. DVML is not in breach of its statutory obligations.		During the year, the Company engaged SafePlus to complete an onsite assessment of workplace health and safety at DVML. There were no identified breaches of statutory obligations during the year.	
Financial			
Achieve budget results.			
Targets		Achievement	
	\$'000		\$'000
EBITDA	1,380	EBITDA	1,359
Net profit after tax	670	Net Profit After Tax	602
Operating cash flow	1,260	Operating Cash Flow	724
Capital expenditure	370	Capital Expenditure	241
Shareholder's funds to total assets	0.40 : 1	Shareholder's funds to total assets	0.33 : 1
Dividend	-	Dividend	-

Achieve a 15:1 return on investment of the Event Attraction Fund.	<p>The overall return on investment of the Event Attraction Fund for 2017/18 was:</p> <table> <tr> <th>Event</th><th>Return</th></tr> <tr> <td>Stevie Nicks</td><td>19:1</td></tr> <tr> <td>Roger Waters</td><td>20:1</td></tr> <tr> <td>Robbie Williams</td><td>17:1</td></tr> <tr> <td>Ed Sheeran</td><td>60:1</td></tr> <tr> <td>Total</td><td>40:1</td></tr> </table>	Event	Return	Stevie Nicks	19:1	Roger Waters	20:1	Robbie Williams	17:1	Ed Sheeran	60:1	Total	40:1
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	<p>A breakdown of the return on investment for the previous financial year was as follows:</p> <table> <tr> <th>Event</th><th>Return</th></tr> <tr> <td>D1 Drifting</td><td>13:1</td></tr> <tr> <td>Black Caps v South Africa</td><td>9:1</td></tr> <tr> <td>Bulldogs v Warriors</td><td>11:1</td></tr> <tr> <td>Total</td><td>11:1</td></tr> </table>	Event	Return	D1 Drifting	13:1	Black Caps v South Africa	9:1	Bulldogs v Warriors	11:1	Total	11:1		
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No unplanned call on capital.	There has been no unplanned call on capital during the 2017/18 year.												
Marketing and Business Objectives													
Improved contribution to DVML's financial performance and reputation for service excellence.	DVML continues to develop and enhance its event delivery across all sectors of the industry. Ed Sheeran saw the introduction of a new Stadium footprint to enhance the fan engagement and a Stadium flyover model was created for social media. DVML also utilised local App company My Little Local and hosted an event button for Ed Sheeran and All Blacks v France. At this year's Women You Can Bank On, new technology was introduced through Tablehub, a new innovation for a table centre piece.												
Increasing the number and value of hire days in DVML's venues.	There was a total of 540 events (2017: 504) representing 676 event days (2017: 603) during the year.												
We have established a benchmark for monitoring effectiveness across all digital platforms.	DVML continues to work on its expanded social media channels reach and engagement of content, integrated digital campaigns into the greater marketing campaign, and increased digital media via video content in new media, e.g. on demand advertising, Stuff and Fairfax, and social media platforms.												
A full calendar of quality events across all DVML's venues that provide economic benefit and positive community engagement to Dunedin City.	There was a total of 540 events (2017: 504 events) representing 676 event days (2017: 603 event days). Economic benefit from major events at Forsyth Barr Stadium and the University of Otago Oval was \$67.3 million (2017: \$4.1 million). Economic benefit from the Dunedin Centre was \$8.3 million.												
Achieve 150 new memberships.	A total of 131 memberships were sold during the year (2017: 142).												
Survey Members for satisfaction level – minimum 80% satisfaction to be achieved.	A survey of members showed Members' satisfaction level of 92%.												
Human Resources													
Attract and retain key staff.	Staff turnover was 17% for the year (2017: 11%).												
Conduct a confidential staff survey, achieve 80% satisfaction and improvements/recommendations are implemented.	During the year, the Company conducted a confidential staff survey which focused on seeking employees' views and opinions on engagement and satisfaction. The survey showed that of all staff who responded, an average of 15% disagreed, 24% had a neutral opinion, and 61% agreed to the statements on engagement and satisfaction.												

Shareholder																											
Submit annually DVML's Statement of Intent having given consideration to Dunedin City Council's expectations.	DVML'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 may have 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.	There were no LGOIMA requests in the year to 30 June 2018 (2017: nil).																										
Report to the Dunedin City Council 6 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.	Two reports were provided to the Dunedin City Council on the application of the Service Level Agreement for Community Event Funding. One for the 6 months to 31 December 2017 and a further one for the full year to 30 June 2018.																										
Senior management conduct a minimum of five speaking engagements.	Senior management conducted eight 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.	<p>The Economic Impact for major events in the year to 30 June 2018 were as follows:</p> <table> <tr> <th>Event</th><th>Economic Benefit \$'000</th></tr> <tr> <td>Stevie Nicks*</td><td>3,600</td></tr> <tr> <td>All Blacks v Australia</td><td>9,300</td></tr> <tr> <td>All Blacks v France*</td><td>9,300</td></tr> <tr> <td>Roger Waters</td><td>3,900</td></tr> <tr> <td>Robbie Williams</td><td>3,310</td></tr> <tr> <td>Ed Sheeran</td><td>37,900</td></tr> <tr> <td>Total</td><td>67,310</td></tr> </table> <p>* Data was not available at the time of preparing this report. For Stevie Nicks an estimate has been made based on the economic impact of the Roger Waters concert. For All Blacks v France, an estimate has been made based on the economic impact of the All Blacks vs Australia Test held at Forsyth Barr Stadium on 26 August 2017.</p> <p>The Economic Impact for major events for the previous year was as follows:</p> <table> <tr> <th>Event</th><th>Economic Benefit \$'000</th></tr> <tr> <td>D1 Drifting</td><td>856</td></tr> <tr> <td>Black Caps v South Africa</td><td>1,200</td></tr> <tr> <td>Bulldogs v Warriors</td><td>3,000</td></tr> <tr> <td>Total</td><td>5,056</td></tr> </table>	Event	Economic Benefit \$'000	Stevie Nicks*	3,600	All Blacks v Australia	9,300	All Blacks v France*	9,300	Roger Waters	3,900	Robbie Williams	3,310	Ed Sheeran	37,900	Total	67,310	Event	Economic Benefit \$'000	D1 Drifting	856	Black Caps v South Africa	1,200	Bulldogs v Warriors	3,000	Total	5,056
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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 2018:																																	
60% of attendees of all major events (>10,000 pax) to come from outside of Dunedin City.	<table><tr><th>Event</th><th>Satisfaction</th><th>% Attend outside of Dunedin</th></tr><tr><td>Stevie Nicks</td><td>N/A</td><td>63%</td></tr><tr><td>All Blacks v Australia</td><td>96%</td><td>60%</td></tr><tr><td>All Blacks v France</td><td>N/A</td><td>63%</td></tr><tr><td>Black Caps v Pakistan</td><td>N/A</td><td>54%</td></tr><tr><td>Black Caps v England</td><td>N/A</td><td>48%</td></tr><tr><td>Roger Waters</td><td>96%</td><td>55%</td></tr><tr><td>Robbie Williams</td><td>96%</td><td>44%</td></tr><tr><td>Ed Sheeran 1</td><td>97%</td><td>60%</td></tr><tr><td>Ed Sheeran 2</td><td>96%</td><td>69%</td></tr><tr><td>Ed Sheeran 3</td><td>96%</td><td>68%</td></tr></table> <p>No surveys on attendees satisfaction were performed for Stevie Nicks and the Black Caps test matches.</p> <p>Satisfaction results for the All Blacks v France test match not yet available.</p>	Event	Satisfaction	% Attend outside of Dunedin	Stevie Nicks	N/A	63%	All Blacks v Australia	96%	60%	All Blacks v France	N/A	63%	Black Caps v Pakistan	N/A	54%	Black Caps v England	N/A	48%	Roger Waters	96%	55%	Robbie Williams	96%	44%	Ed Sheeran 1	97%	60%	Ed Sheeran 2	96%	69%	Ed Sheeran 3	96%	68%
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	<table><tr><th>Event</th><th>Satisfaction</th><th>% Attend outside of Dunedin</th></tr><tr><td>D1 Drifting</td><td>92%</td><td>47%</td></tr><tr><td>Black Caps v South Africa</td><td>N/A</td><td>51%</td></tr><tr><td>Bulldogs v Warriors</td><td>86%</td><td>57%</td></tr></table>	Event	Satisfaction	% Attend outside of Dunedin	D1 Drifting	92%	47%	Black Caps v South Africa	N/A	51%	Bulldogs v Warriors	86%	57%																					
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DVML and Dunedin City is successful in attracting, securing and creating major events that gain positive exposure for Dunedin City, create economic benefit and serve the community’s needs.	<p>The Company bid for and secured nine major events at Forsyth Barr Stadium being three Ed Sheeran concerts, Robbie Williams concert, Roger Waters concert, Stevie Nicks concert, Black Caps v England Test Match Cricket, All Blacks v Australia rugby test match, and the All Blacks v France rugby test match.</p> <p>In addition to this, the major conferences and conventions held at the Dunedin Centre included NZSTA Conference, and Conference for General Practice Conference.</p> <p>NZSTA attracted 1,000 delegates and Dunedin Centre utilized other venues around the Octagon such as The Regent Theatre and Art Gallery. The Edgar Centre was also used.</p> <p>Civil Contractors in August included Dunedin Centre and The Edgar Centre for social events.</p> <p>May and June has seen strong growth with a large corporate conference by Sovereign Insurance in the Dunedin Centre and Regent Theatre. Dunedin Centre and Stadium also hosted the NZ TRENZ Conference. This attracted approximately 1,200pax.</p> <p>Lastly, the South Island Dairy Conference was hosted at the Dunedin Centre in June.</p>																																	

<i>Environment Strategy</i>	
Recycled waste is increased by 10% from the previous year.	<p>In the current year a total of 52% of waste was recycled. In the previous year, an average of 53% of waste was recycled at the Dunedin Centre and Forsyth Barr Stadium.</p> <p>The Company is also implementing new signage for waste and recycling for waste compound around the venue, to encourage the public and venue users to dispose in correct bins. New recycling and waste bins are now in place at the Dunedin Centre to capture more recycling through business events.</p>
Utilise low energy bulbs throughout all venues. Adjust timers on all lighting.	Over the past 12 months approximately 100 lighting fittings have been replaced with LED bulbs. The Company will continue to focus on replacing a further 80 fittings with LED over the next year.
<i>Arts and Culture Strategy</i>	
The number of community event days is increased from the previous year.	In both the 2017/18 and the 2016/17 years, the full value of the community access fund was utilised by the community. In 2017/18 this resulted in a total of 70 events with 36,856 people attending or participating. In 2016/17 there was a total of 79 events with 43,979 people attending or participating.

Dunedin Railways Limited

Statement of Service Performance for the Year Ended 30 June 2018

The performance targets established in the 2017/18 Statement of Intent for Dunedin Railways Limited, and the results achieved for the Year Ended 30 June 2018 are as follows.

Performance Targets	Outcome Achieved
Safety and Compliance	
To make safety our first priority and provide a safe environment Maximise safety for all staff and visitors by holding a minimum of three Board Health and Safety Committee and nine Staff Health and Safety Committee meetings per year. Review/audit the Safety System and Risk Register within the company each year. Report on health and safety management and provide statistical data in the monthly board reports.	Achieved. Three Health and Safety Committee meetings held. Ten staff committee meetings held. Achieved. Reviewed in April 2018. Two internal Audits completed. Achieved. All monthly Board papers contained health and safety reports.
Ensure the Company meets all of its safety, security and environmental obligations To undertake an annual safety audit as required by NZTA.	Achieved. NZTA ordinary safety assessment passed in April 2018. Holding Rail Safety Licence.
Reduce accidents for staff, contractors and customers A minimal accident record not exceeding four work related lost time injuries per 100,000 hours worked.	Achieved. Four lost time injuries and 126,345 hours worked.
Financial	
Grow the company's revenues from the trading activities Achieve financial performance that represents an acceptable rate of return on investment for its shareholders. Revenue increase. Achieve financial performance that represents an acceptable rate of return on investment for its shareholders. A financial result which is at least break even. Improve the Company's equity ratio Reduce long term bank debt. Bank debt reduced from previous year. Maintain the Company's economic sustainability through the mitigation of business risk Monthly passenger activity to the Board. Financial risk analysis undertaken and mitigation measures reported to the Board as required.	Achieved. Revenue increased from \$6,939,000 in FY17 to \$7,547,000 in FY18. Not achieved. The year resulted in a loss due to additional cost and loss in revenue from the flood. Not achieved. Debt increased by \$665,000 primarily due to the flood. Achieved. Passenger activity and risks reported to the Board Monthly.
Marketing and Business	
Increase passenger numbers using train services Invest in a minimum of two promotional campaigns a year with industry partners. Develop strategies and initiatives to maximise resource use Carry at least 80,000 passengers on no fewer than 700 trips per annum. To develop diversified markets for the company's products Increase in trips to new destinations.	Achieved. 1) "Where the Wild Things Are" –Enterprise Dunedin. 2) Headfirst combo product. Achieved. Over 81,000 passengers and 803 trips. Achieved. Rail Touring – ShantyTown and Maitaia.

<i>Customer Service</i>	
Provide outstanding customer service to our valued customers Monitor Trip Advisor to ensure customer satisfaction levels of 85% or better. Investigate the introduction of a new customer service survey.	Achieved. Trip Advisor satisfaction level of 89.2% achieved. Achieved. Survey implemented.
<i>Infrastructure</i>	
Provide and efficiently maintain infrastructure to meet the needs of our customers No delays to regular scheduled passenger operations. Continuation of and development of an Asset Management Plan.	Not Achieved. Taieri Gorge Trains cancelled for 59 days due to the flood. Achieved. Framework in place and asset review with third party programmed.
<i>Human Resources</i>	
To retain and value our employees Increase level of staff training and to update staff files to show individual training records. Each senior staff member has an annual performance review. Develop an annual staff engagement survey. No breaches of EEO policy. Staff turnover not to exceed 15%.	Achieved. Ongoing with Health Safety Training and Environment Coordinator appointment. Achieved. All reviews complete. Achieved. Survey developed. Achieved. No breaches identified. Achieved. Staff turnover 13%.
<i>Shareholders</i>	
Engage with shareholders 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 shareholders on matters to be included in the company's Statement of Intent. Bring to the attention of the shareholders any strategic or operational matters where there may be conflict between the Council's community outcomes and those of the company and seek the shareholder's view on these Consult with shareholders at the earliest possible time on matters where conflict may or could result. Keep the shareholders informed of all substantive matters 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 the media.	Achieved. The Statement of Intent was prepared with input from shareholders. Achieved. No matters required to be escalated. Achieved. July flood is the only matter that needed to be advised to shareholders.
<i>DCC Strategic Framework Accountabilities</i>	
Social and Wellbeing Promote and preserve the volunteer input to the business and to ensure that the reasonable needs of this group are met. Number of volunteer hours to host trips in the year. Continue with a Memorandum of Co-Operation with OETT for the use of volunteer staff. Free train tickets given to community organisations/events. Continuation of relationship with Cadbury and Childcare Association to run train trips for their events. Agree for access to station/train for community activities.	Achieved. Memorandum of Co-Operation with OETT continued. Achieved. Free tickets continue to be issued. Not Achieved. The Child Care association no longer run their train. The last Cadbury train was in July 2017. Achieved. Ed Sheeran Trains, Farmers Market and school activities.

<p>Run train services to rural and coastal areas of Dunedin and Otago.</p> <p>To achieve the highest grade in food hygiene.</p> <p>Promote staff taking leave. Annual Leave balance stable or falling.</p>	<p>Achieved. Continuation of train services to inland rural areas and on the coastline north of Dunedin.</p> <p>Achieved. 'Grade A' rating certificate achieved.</p> <p>Achieved. Leave balance has been reduced in the year.</p>
<p>Economic Development</p> <p>Domestic and international income earned maintained or grows per annum.</p> <p>Using Trip Advisor to promote Taieri Gorge Railway.</p> <p>Investigate the possibility of having an emerging Director on the Board.</p> <p>What initiatives have been introduced to increase numbers from cruise ships?</p> <p>Growth in percentage of customers from outside the city?</p> <p>New Marketing Plan introduced during the year.</p> <p>Develop a customer survey to evaluate customer perceptions.</p> <p>Continue membership of Dunedin Host and partner with other operators for marketing initiatives.</p> <p>Evidence of participation in Enterprise Dunedin marketing campaigns.</p> <p>Continue with Track and Trail train and coach service from and to Queenstown.</p>	<p>Achieved. Revenue increased 9%.</p> <p>Achieved. Monitored – Trip advisor rating 89.2%.</p> <p>Achieved. Intern Director with board for 2018.</p> <p>Cruise leader appointed. Welcome and education process.</p> <p>Not Achieved. Passenger mix local vs visitor remained similar to prior year.</p> <p>Achieved. Plan implemented.</p> <p>Achieved. Survey in place.</p> <p>Achieved. A member of Dunedin Host and partnered with several other operators with Wild Dunedin.</p> <p>Achieved. Wild Dunedin and I-site displays.</p> <p>Not Achieved. Coach operator ceased.</p>
<p>Environment</p> <p>Recycle plastic/cardboard waste generated.</p> <p>Weed control operation carried out.</p> <p>Improving passenger numbers per litre of fuel. How many passengers per litre of fuel compared to previous year?</p>	<p>Achieved. Cardboard, plastic and glass have been recycled.</p> <p>Achieved. Weed spraying carried out.</p> <p>Not achieved. 4% increase. More heavy work trains due to flood.</p>
<p>Arts and Culture</p> <p>Work with ID Fashion committee to ensure event can happen at Dunedin Station while train operations continue.</p> <p>Enhance awareness of the heritage value of Taieri Gorge Railway and Dunedin Railway Station. Maintain a heritage plaque at Dunedin Railway Station and report to the City any station building heritage deterioration.</p> <p>Increase number of train services on tracks within the city from the previous year.</p>	<p>Not Achieved. ID moved to another venue.</p> <p>Achieved. Dunedin Railway Station and the Taieri Gorge were awarded NZ Landmarks status by Heritage NZ.</p> <p>Achieved. More trips operated in the year due to increase in cruise ships.</p>
<p>Spatial Plan</p> <p>Continue to make Dunedin look good as a recreation and leisure community through the provision of attractive train services. Measured by the number of trains run and the Trip Advisor rating for the train services.</p> <p>Reduce dependence on use of hydrocarbon-based diesel and petrol. Investigate use of biodiesel.</p> <p>The Company does not disturb the heritage nature of aspects of the line measured by any complaints.</p> <p>Carry out a weed control programme.</p> <p>Retention of in-house maintenance teams.</p> <p>Retention of an accessible carriage and access ramps.</p>	<p>Achieved. Increase in the number of trips due to increase in cruise ships. Trip Advisor rating of 89.2%.</p> <p>Not achieved. Investigated and not practical at this time.</p> <p>Achieved. No complaints received.</p> <p>Achieved. Weed control carried out periodically.</p> <p>Achieved. Maintenance teams retained in-house.</p> <p>Achieved. Accessible carriages and access ramps maintained.</p>

Parks and Recreation Running trains to the Strath Taieri to connect with the Rail Trail and provision of toilet facilities at Pukerangi and Middlemarch and on the train. Continuation of the annual Walk the Gorge initiative.	Achieved. Connections and facilities maintained. Achieved. Event occurred.
Integrated Transport Taking passenger freight on suitable vans and investigating opportunities for bulk freight transport. Maintenance of a regular train/coach tourist service to and from Queenstown and a train service to and from Oamaru.	Achieved. Passenger luggage and bikes transported. Freight options investigated when opportunities arise. Achieved - noting coach to Queenstown through other operators.
Three Waters No discharges into waterways from operations.	Achieved. No discharge to waterways.



**DUNEDIN CITY
COUNCIL**
Kaunihara-a-rohe o Otago

50 The Octagon, PO Box 5045, Moray Place, Dunedin 9058

03 477 4000

www.dunedin.govt.nz