

2017/18

# Dunedin City Council Summary Annual Report



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# Introduction from Mayor

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Thank you for your interest in Dunedin City Council's Summary 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

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We are pleased to present the 2017/18 Summary 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**

# 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 Summary 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.

# Summary of the Statement of Service Performance

As in previous years, the Dunedin City Council (DCC) has measured both its financial and non-financial performance. The following tables record a summary of the non-financial performance achievement of each activity group. The 2017/18 Annual Plan contained 101 service performance measures that were monitored and reported on. These covered areas of service provision such as customer satisfaction, maintenance and management of assets, environmental management, statutory compliance and enforcement, contract management, community support, and availability of information. This year, DCC departments achieved 62% of these performance measures, compared with 65% in 2016/2017.

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

For full details of DCC performance, including explanations of results, the reader is encouraged to obtain access to the full Annual Report either at [www.dunedin.govt.nz](http://www.dunedin.govt.nz) or via correspondence to Dunedin City Council, Dunedin 9054.

## Economic Development and City Promotion

Activity	No. of Measures	Achieved	Not Achieved	Not Measured	% Achieved
Economic Development and City Promotion	4	2	1	1	50%
<b>Totals:</b>	<b>4</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>50%</b>

## City Investments

Group	No. of Measures	Achieved	Not Achieved	Not Measured	% Achieved
City Investments	5	-	5	-	0%
<b>Totals:</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>0%</b>

## Roading and Footpaths

Group	No. of Measures	Achieved	Not Achieved	Not Measured	% Achieved
Roading and Footpaths	18	11	7	-	61%
<b>Totals:</b>	<b>18</b>	<b>11</b>	<b>7</b>	<b>-</b>	<b>61%</b>

## Water Supply

Group	No. of Measures	Achieved	Not Achieved	Not Measured	% Achieved
Water	9	8	1	-	89%
<b>Totals:</b>	<b>9</b>	<b>8</b>	<b>1</b>	<b>-</b>	<b>89%</b>

## Sewerage and Sewage

Group	No. of Measures	Achieved	Not Achieved	Not Measured	% Achieved
Wastewater	8	5	3	-	63%
<b>Totals:</b>	<b>8</b>	<b>5</b>	<b>3</b>	<b>-</b>	<b>63%</b>

**Stormwater**

Group	No. of Measures	Achieved	Not Achieved	Not Measured	% Achieved
Stormwater	8	5	2	1	63%
<b>Totals:</b>	<b>8</b>	<b>5</b>	<b>2</b>	<b>1</b>	<b>63%</b>

**Solid Waste**

Group	No. of Measures	Achieved	Not Achieved	Not Measured	% Achieved
Solid Waste	2	2	-	-	100%
<b>Totals:</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>100%</b>

**City Planning and Regulatory Services**

Group	No. of Measures	Achieved	Not Achieved	Not Measured	% Achieved
City Planning and Regulatory Services	9	4	5	-	44%
<b>Totals:</b>	<b>9</b>	<b>4</b>	<b>5</b>	<b>-</b>	<b>44%</b>

**Community Development and Support**

Group	No. of Measures	Achieved	Not Achieved	Not Measured	% Achieved
Community Development and Support	13	9	2	2	69%
<b>Totals:</b>	<b>13</b>	<b>9</b>	<b>2</b>	<b>2</b>	<b>69%</b>

**Museums, Art Gallery and Libraries**

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

**Sport, Recreation and Leisure**

Group	No. of Measures	Achieved	Not Achieved	Not Measured	% Achieved
Sport, Recreation and Leisure	12	7	4	1	58%
<b>Totals:</b>	<b>12</b>	<b>7</b>	<b>4</b>	<b>1</b>	<b>58%</b>

<b>Total for the Council</b>	<b>101</b>	<b>63</b>	<b>33</b>	<b>5</b>	<b>62%</b>
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# Overview of Financial Results

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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 of \$50.6 million for the year was \$15.1 million 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

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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.



# Summary Financial Report

	CORE COUNCIL			CONSOLIDATED	
	Actual	Budget	Actual	Actual	Actual
	2018	2018	2017	2018	2017
	\$000	\$000	\$000	\$000	\$000
<b>Summary of Statement of Comprehensive Revenue and Expense for the Year Ended 30 June 2018</b>					
Total operating revenue	258,461	241,151	238,233	520,038	481,207
Operating expenditure	245,985	225,875	223,438	468,190	421,234
Financial expenses	12,262	14,120	14,341	28,974	31,816
Total operating expenditure	258,247	239,995	237,779	497,164	453,050
Operating surplus/(deficit) from continued 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	(1,049)	(527)	(1,109)	7,711	9,281
<b>Operating surplus/(deficit) after taxation</b>	<b>1,263</b>	<b>1,683</b>	<b>1,563</b>	<b>16,801</b>	<b>20,037</b>
Attributable to:					
Dunedin City Council and Group	1,263	1,683	1,563	16,874	19,989
Non-controlling interest	-	-	-	(73)	48
<b>Total</b>	<b>1,263</b>	<b>1,683</b>	<b>1,563</b>	<b>16,801</b>	<b>20,037</b>
<b>Statement of Other Comprehensive Revenue and Expense for the Year Ended 30 June 2018</b>					
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)
<b>Total comprehensive revenue and expense for the year</b>	<b>119,502</b>	<b>2,433</b>	<b>196,226</b>	<b>133,807</b>	<b>231,495</b>
Attributable to:					
Dunedin City Council and Group	119,502	2,433	196,226	133,880	231,447
Non-controlling interest	-	-	-	(73)	48
<b>Total</b>	<b>119,502</b>	<b>2,433</b>	<b>196,226</b>	<b>133,807</b>	<b>231,495</b>
<b>Summary of Statement of Changes in Equity for the Year Ended 30 June 2018</b>					
Equity at the beginning of the year	2,933,438	2,868,703	2,737,212	3,143,328	2,911,833
Total comprehensive revenue and expense for the year	119,502	2,433	196,226	133,807	231,495
<b>Equity at the end of the year</b>	<b>3,052,940</b>	<b>2,871,136</b>	<b>2,933,438</b>	<b>3,277,135</b>	<b>3,143,328</b>

	CORE COUNCIL			CONSOLIDATED	
	Actual	Budget	Actual	Actual	Actual
<b>Summary of Statement of Financial Position as at 30 June 2018</b>	2018	2018	2017	2018	2017
	\$000	\$000	\$000	\$000	\$000
Total current assets	35,244	20,880	29,282	81,672	85,729
Total non-current assets	3,272,989	3,112,261	3,156,182	4,026,880	3,835,971
<b>Total assets</b>	<b>3,308,233</b>	<b>3,133,141</b>	<b>3,185,464</b>	<b>4,108,552</b>	<b>3,921,700</b>
Total current liabilities	38,802	55,879	30,859	80,879	74,578
Total non-current liabilities	216,491	206,126	221,167	750,538	703,794
Equity attributable to minority interest	-	-	-	543	616
Accumulated funds	1,668,710	1,809,030	1,680,653	1,811,892	1,811,725
Revaluation reserves	1,380,917	1,064,031	1,253,074	1,397,745	1,269,725
Restricted reserves	10,111	10,128	9,894	10,111	9,894
Cash flow hedge reserves	(6,798)	(12,053)	(10,183)	(17,484)	(13,309)
Carbon credit reserve	-	-	-	8,411	10,819
Forest revaluation reserve	-	-	-	65,917	53,858
Equity attributable to Dunedin City Council and Group	3,052,940	2,871,136	2,933,438	3,277,135	3,143,328
<b>Total liabilities and equity</b>	<b>3,308,233</b>	<b>3,133,141</b>	<b>3,185,464</b>	<b>4,108,552</b>	<b>3,921,700</b>
<b>Summary of Statement of Cash Flows for the Year Ended 30 June 2018</b>					
Net cash inflow/(outflow) from operating	54,622	61,622	47,635	86,520	82,055
Net cash inflow/(outflow) from investing	(51,250)	(68,100)	(31,820)	(136,102)	(80,280)
Net cash inflow/(outflow) from financing	(2,342)	3,002	(14,023)	37,519	(2,259)
<b>Net increase/(decrease) in cash held</b>	<b>1,030</b>	<b>(3,476)</b>	<b>1,792</b>	<b>(12,063)</b>	<b>(484)</b>
Opening cash balance	4,460	4,850	2,668	19,596	20,080
<b>Closing cash balance</b>	<b>5,490</b>	<b>1,374</b>	<b>4,460</b>	<b>7,533</b>	<b>19,596</b>

# Notes to the Financial Statements for the Year Ended 30 June 2018

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## 1. Reporting Entity

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

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

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

## 2. Accounting Policies

### Basis of preparation

The Council has prepared the summary financial report in order to provide users with a succinct overview of Council performance. The specific disclosures included in the summary financial report have been extracted from the full audited financial report dated 30th October 2018 and was authorised for issue by the General Manager Finance and Commercial on that date.

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

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

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

Users who require additional information are encouraged to access the full Council Annual Report on the Council website at [www.dunedin.govt.nz](http://www.dunedin.govt.nz). Users who do not have access to the website can request a printed version from the following address: Financial Controller, Dunedin City Council, PO Box 5045, Dunedin 9054.

## 3. 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.

## 4. Capital and Operating Commitments

The capital commitments of the Council were \$32,228,000 (2017: \$11,344,000) and of the Group \$55,001,000 (2017: \$22,684,000).

The significant operating commitments of the Council were \$89,532,000 (2017: \$116,171,000).

## 5. Contingencies

The Council has a contingent liability related to the equity investment in Golden Block Investments Limited of \$1,325,000. The Council has uncalled capital of \$849,900,000 for Dunedin City Holdings Limited. The Group has contingent liabilities relating to performance bonds of \$666,000.

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## 6. Explanations of Major Variances Against Budget

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.

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.

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).

## 7. Post Balance Date Events

There have been no post balance date events.

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

# Independent Auditor's Report

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

The summary of the annual report was derived from the annual report of Dunedin City Council (the Council) and its subsidiaries and controlled entities (the group) for the year ended 30 June 2018.

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

- the summary statement of financial position as at 30 June 2018;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2018;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of the statement of service performance.

### Opinion

In our opinion:

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

### Summary of the annual report

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

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

### The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2018 in our auditor's report dated 30 October 2018.

### Council's responsibility for the summary of the annual report

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

### Auditor's responsibility

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

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit of the summary annual report and the full annual report, we have completed an audit of the Council's long-term plan for the ten year period commencing 1 July 2018 and the following engagements:

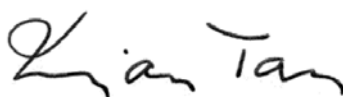
## Independent Auditor's Report (continued)

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- an assurance engagement in respect of Aurora Energy Limited's compliance statement prepared under the Electricity Distribution Services Default Price Quality Path Determination 2015 NZCC 35 for the assessment year ended 31 March 2018;
- an assurance engagement in respect of Aurora Energy Limited's compliance statement prepared under the Electricity Distribution Information Disclosure Determination 2012 for the assessment year ended 31 March 2018; and
- a regulatory audit of Dunedin International Airport Limited's disclosure financial statements for the year ended 30 June 2017 pursuant to the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999.

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

Other than the audit of the summary annual report, the full annual report and these engagements, we have no relationship with or interests in the Council or any of its subsidiaries and controlled entities.



Julian Tan

Audit New Zealand  
On behalf of the Auditor-General  
Dunedin, New Zealand  
23 November 2018



**DUNEDIN CITY  
COUNCIL**

*Kaunihera-a-rohe o Otago*

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