

# SECTION 3:

## Finances | **Tahua**

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# Financial statements | He pūroko tahua

## Dunedin City Council

### Statement of comprehensive revenue and expense for the year ended 30 June 2019

		CORE COUNCIL			CONSOLIDATED	
	Note	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
<b>Revenue continuing operations</b>						
Rates revenue	2	149,312	148,848	138,306	149,312	138,306
Development and financial contributions	3	1,358	672	1,426	1,358	1,426
Subsidies and grants	4	45,519	28,040	32,102	45,519	32,102
Financial revenue	5	15,680	11,379	13,180	10,957	9,073
Other revenue	6	74,540	68,833	73,447	350,319	345,218
<b>Total operating revenue</b>		<b>286,409</b>	<b>257,772</b>	<b>258,461</b>	<b>557,465</b>	<b>526,125</b>
<b>Expenses</b>						
Other expenses	7	123,082	117,498	123,230	272,268	265,272
Personnel expenses	12	62,353	60,010	57,429	128,353	114,742
Audit fees	8	176	177	291	543	601
Financial expenses	9	11,064	12,937	12,262	28,233	28,974
Depreciation and amortisation	10	68,597	63,388	65,035	98,392	93,662
<b>Total operating expenses</b>		<b>265,272</b>	<b>254,010</b>	<b>258,247</b>	<b>527,789</b>	<b>503,251</b>
<b>Operating surplus (deficit) from continuing operations</b>		<b>21,137</b>	<b>3,762</b>	<b>214</b>	<b>29,676</b>	<b>22,874</b>
Share of associate surplus (deficit)		-	-	-	1,794	1,638
<b>Surplus (deficit) before taxation</b>		<b>21,137</b>	<b>3,762</b>	<b>214</b>	<b>31,470</b>	<b>24,512</b>
Less taxation	13	(1,296)	(450)	(1,049)	4,897	7,711
<b>Surplus (deficit) after taxation</b>		<b>22,433</b>	<b>4,212</b>	<b>1,263</b>	<b>26,573</b>	<b>16,801</b>
<i>Surplus (deficit) attributable to:</i>						
Dunedin City Council and Group		22,433	4,212	1,263	26,607	16,874
Non-controlling interest		-	-	-	(34)	(73)

Explanations of major variances against budget are provided in Note 36.

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 2019

Note	CORE COUNCIL			CONSOLIDATED	
	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
<b>Other comprehensive revenue and expense</b>					
Gain (loss) on property, plant and equipment revaluations	42,280	37,500	114,854	42,280	114,854
Gain (loss) on forestry land revaluations	-	-	-	4,734	2,277
Gain (loss) of comprehensive revenue in associates	-	-	-	(116)	177
Gain (loss) of cash flow hedges at fair value through other comprehensive revenue and expense	2,533	3,053	3,385	(23,158)	(3,098)
Gain (loss) on foreign exchange hedges	-	-	-	497	(1,303)
Gain (loss) on carbon credit revaluation	-	-	-	2,846	5,158
Income tax on other comprehensive income	-	-	-	(992)	(1,059)
<b>Total other comprehensive revenue and expense</b>	<b>44,813</b>	<b>40,553</b>	<b>118,239</b>	<b>26,091</b>	<b>117,006</b>
Surplus (deficit) after taxation	22,433	4,212	1,263	26,573	16,801
<b>Total comprehensive revenue and expense</b>	<b>67,246</b>	<b>44,765</b>	<b>119,502</b>	<b>52,664</b>	<b>133,807</b>

*Total comprehensive revenue and expense attributable to:*

Dunedin City Council and Group	67,246	44,765	119,502	52,698	133,880
Non-controlling interest	-	-	-	(34)	(73)

## Statement of changes in equity for the year ended 30 June 2019

Note	CORE COUNCIL			CONSOLIDATED	
	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
<b>Movements in equity</b>					
Opening equity	3,052,940	2,970,761	2,933,438	3,277,135	3,143,328
Total comprehensive revenue and expense	67,246	44,765	119,502	52,664	133,807
<b>Closing equity</b>	<b>3,120,186</b>	<b>3,015,526</b>	<b>3,052,940</b>	<b>3,329,799</b>	<b>3,277,135</b>

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

## Dunedin City Council

## Statement of financial position as at 30 June 2019

		CORE COUNCIL			CONSOLIDATED	
	Note	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
<b>Current assets</b>						
Cash and cash equivalents	15	11,905	1,220	5,490	29,348	7,533
Other current financial assets	19	7,723	5,226	8,424	9,112	10,472
Derivative financial instruments	32	-	-	-	-	-
Trade and other receivables	16	18,238	13,945	18,758	46,675	46,137
Taxation refund receivable		954	450	841	6,632	3,495
Inventories	17	288	260	259	11,181	11,618
Non-current assets held for sale	18	1,287	-	900	1,287	900
Prepayments		699	511	572	1,552	1,517
<b>Total current assets</b>		<b>41,094</b>	<b>21,612</b>	<b>35,244</b>	<b>105,787</b>	<b>81,672</b>
<b>Non-current assets</b>						
Term receivables	16	-	-	-	11,041	11,968
Other non-current financial assets	19	192,477	193,384	190,672	80,487	78,681
Shares in subsidiary companies	20	123,589	123,589	121,039	-	-
Derivative financial instruments	32	-	-	-	10,560	4,421
Investments accounted for using the equity method	21	-	-	-	31,841	30,867
Intangible assets	28	3,395	1,882	1,468	4,346	2,704
Intangible assets carbon credits	30	-	-	-	26,894	27,024
Investment property	27	93,480	91,448	91,660	93,480	91,660
Forestry assets	29	-	-	-	164,010	150,172
Property, plant and equipment	26	2,944,977	2,835,133	2,868,150	3,756,679	3,629,383
<b>Total non-current assets</b>		<b>3,357,918</b>	<b>3,245,436</b>	<b>3,272,989</b>	<b>4,179,338</b>	<b>4,026,880</b>
<b>Total assets</b>		<b>3,399,012</b>	<b>3,267,048</b>	<b>3,308,233</b>	<b>4,285,125</b>	<b>4,108,552</b>
<b>Current liabilities</b>						
Short term borrowings	22	-	-	-	620	3,638
Trade and other payables	23	31,143	24,333	28,237	65,175	55,807
Revenue received in advance	23	6,212	3,256	3,676	6,212	3,676
Employee entitlements	23	6,812	5,282	6,337	13,217	11,876
Derivative financial instruments	32	957	-	552	956	786
Provision for tax		-	-	-	6,934	5,096
Current portion of term loans	24	-	-	-	-	-
<b>Total current liabilities</b>		<b>45,124</b>	<b>32,871</b>	<b>38,802</b>	<b>93,114</b>	<b>80,879</b>
<b>Non-current liabilities</b>						
Term loans	24	218,973	206,955	200,473	691,069	610,043
Provisions	25	11,192	8,309	9,500	12,178	10,467
Derivative financial instruments	32	3,308	3,158	6,289	43,512	20,889
Other non-current liabilities		229	229	229	760	1,192
Deferred taxation	13	-	-	-	114,693	107,947
<b>Total non-current liabilities</b>		<b>233,702</b>	<b>218,651</b>	<b>216,491</b>	<b>862,212</b>	<b>750,538</b>

## Dunedin City Council

## Statement of financial position as at 30 June 2019 (continued)

	Note	CORE COUNCIL		Actual 2018 \$000	CONSOLIDATED	
		Actual 2019 \$000	Budget 2019 \$000		Actual 2019 \$000	Actual 2018 \$000
<b>Equity</b>						
Accumulated funds		1,690,660	1,677,424	1,668,710	1,833,264	1,811,892
Minority interest in subsidiary company		-	-	-	512	543
<b>Total accumulated funds</b>	14	1,690,660	1,677,424	1,668,710	1,833,776	1,812,435
Revaluation reserves	14	1,423,197	1,331,512	1,380,917	1,439,909	1,397,745
Restricted reserves	14	10,594	9,748	10,111	10,594	10,111
Cash flow hedge reserves	14	(4,265)	(3,158)	(6,798)	(40,342)	(17,484)
Carbon credit reserve	14	-	-	-	5,697	8,411
Forest revaluation reserve	14	-	-	-	80,165	65,917
<b>Total equity</b>		<b>3,120,186</b>	<b>3,015,526</b>	<b>3,052,940</b>	<b>3,329,799</b>	<b>3,277,135</b>
<b>Total liabilities and equity</b>		<b>3,399,012</b>	<b>3,267,048</b>	<b>3,308,233</b>	<b>4,285,125</b>	<b>4,108,552</b>

Explanations of major variances against budget are provided in Note 36.

## Dunedin City Council

## Statement of cash flows for the year ended 30 June 2019

	CORE COUNCIL			CONSOLIDATED	
	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
<b>Cash flow from operating activities</b>					
<i>Cash was provided from operating activities</i>					
Rates	150,163	148,658	138,988	150,163	138,988
Other revenue	116,532	98,255	92,092	370,214	310,473
Interest received	8,106	8,192	7,965	3,040	1,968
Dividend received	1,519	1,487	1,421	2,223	2,125
Taxation refund received	1,174	527	1,139	1,660	1,730
	<b>277,494</b>	<b>257,119</b>	<b>241,605</b>	<b>527,300</b>	<b>455,284</b>
<i>Cash was applied to:</i>					
Suppliers and employees	(182,531)	(181,579)	(174,531)	(382,046)	(336,833)
Interest paid	(11,118)	(12,937)	(12,452)	(27,885)	(29,114)
Taxation paid	-	-	-	(1,917)	(2,817)
	<b>(193,649)</b>	<b>(194,516)</b>	<b>(186,983)</b>	<b>(411,848)</b>	<b>(368,764)</b>
<b>Net cash inflow (outflow) from operating activities</b>	<b>83,845</b>	<b>62,603</b>	<b>54,622</b>	<b>115,452</b>	<b>86,520</b>
<b>Cash flow from investing activities</b>					
<i>Cash was provided from investing activities</i>					
Sale of assets	508	60	191	903	2,651
Reduction in loans and advances	-	221	-	-	-
Carbon credits sold	-	-	-	7,215	8,010
Decrease in investments	4,307	-	-	6,080	66
	<b>4,815</b>	<b>281</b>	<b>191</b>	<b>14,198</b>	<b>10,727</b>
<i>Cash was applied to:</i>					
Increase in investments	(2,550)	(2,550)	(3,551)	(70)	(1,450)
Capital expenditure	(98,195)	(68,286)	(47,890)	(179,670)	(145,379)
	<b>(100,745)</b>	<b>(70,836)</b>	<b>(51,441)</b>	<b>(179,740)</b>	<b>(146,829)</b>
<b>Net cash inflow (outflow) from investing activities</b>	<b>(95,930)</b>	<b>(70,555)</b>	<b>(51,250)</b>	<b>(165,542)</b>	<b>(136,102)</b>
<b>Cash flow from financing activities</b>					
<i>Cash was provided from financing activities</i>					
Loans raised	18,500	17,424	2,000	71,905	42,697
Increase in short term borrowings	-	-	30,100	-	-
	<b>18,500</b>	<b>17,424</b>	<b>32,100</b>	<b>71,905</b>	<b>42,697</b>
<i>Cash was applied to:</i>					
Loans repaid	-	(9,260)	(4,342)	-	(5,178)
Decrease in short term borrowings	-	-	(30,100)	-	-
	<b>-</b>	<b>(9,260)</b>	<b>(34,442)</b>	<b>-</b>	<b>(5,178)</b>
<b>Net cash inflow (outflow) from financing activities</b>	<b>18,500</b>	<b>8,164</b>	<b>(2,342)</b>	<b>71,905</b>	<b>37,519</b>
<b>Net increase (decrease) in cash held</b>	<b>6,415</b>	<b>212</b>	<b>1,030</b>	<b>21,815</b>	<b>(12,063)</b>
Opening cash and cash equivalents balance	5,490	1,008	4,460	7,533	19,596
<b>Closing cash and cash equivalents balance</b>	<b>11,905</b>	<b>1,220</b>	<b>5,490</b>	<b>29,348</b>	<b>7,533</b>

Explanations of major variances against budget are provided in Note 36.

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

## Dunedin City Council

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

	CORE COUNCIL			CONSOLIDATED	
	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Surplus (deficit) after taxation	22,433	4,212	1,263	26,573	16,801
Share of retained surplus in associated companies	-	-	-	(1,794)	(1,638)
<b>Add (less) non-cash items</b>					
Depreciation and amortisation	68,597	63,388	65,035	98,392	93,662
Depletion of forest	-	-	-	8,860	10,761
Forestry revaluation	-	-	-	(20,333)	(19,672)
New Zealand carbon credits	-	-	-	(4,247)	(6,467)
After-care provision adjustment	1,773	-	1,162	1,773	1,162
Investment property fair value loss (gain)	(1,791)	-	(420)	(1,791)	(420)
Unrealised loss (gain) on investments	(5,882)	(1,700)	(3,503)	(5,882)	(3,503)
Vested assets	(4,634)	(2,500)	(8,128)	(4,634)	(8,128)
Increase (decrease) in cash flow hedge valuation	-	-	-	436	63
Add (less) non cash adjustments	66	(301)	330	710	2,139
<b>Total non-cash items</b>	<b>58,129</b>	<b>58,887</b>	<b>54,476</b>	<b>73,284</b>	<b>69,597</b>
<b>Add (less) movements in working capital items</b>					
(Increase) decrease in trade and other receivables	520	3,177	(5,564)	(538)	(6,862)
(Increase) decrease in term receivables	-	-	-	927	873
(Increase) decrease in inventories	(29)	-	1	437	(1,703)
(Increase) decrease in prepayments	(127)	-	(62)	(35)	172
(Increase) decrease tax refund receivable	(113)	-	90	(3,137)	(1,623)
Increase (decrease) in trade and other payables	2,906	(3,673)	6,686	9,368	648
Capital creditors in accounts payable	(3,116)	-	(2,814)	(1,900)	505
Increase (decrease) in other current liabilities	3,011	-	705	3,877	786
Increase (decrease) in other provisions	(81)	-	6	(62)	87
Increase (decrease) provision for tax	-	-	-	4,065	3,029
Increase (decrease) deferred tax	-	-	-	5,857	6,495
<b>Net movement in working capital items</b>	<b>2,971</b>	<b>(496)</b>	<b>(952)</b>	<b>18,859</b>	<b>2,407</b>
<b>Add (less) items classified as investing or financing activities</b>					
Profit on sale of investments	(208)	-	(348)	(208)	(348)
Loss on sale of investments	540	-	272	540	272
Profit on sale of property, plant and equipment	(35)	-	(89)	(44)	(571)
Loss on sale of property, plant and equipment	15	-	-	15	-
Investment in financial instrument	-	-	-	(1,773)	-
<b>Total items classified as investing or financing activities</b>	<b>312</b>	<b>-</b>	<b>(165)</b>	<b>(1,470)</b>	<b>(647)</b>
<b>Net cash flow from operating activities</b>	<b>83,845</b>	<b>62,603</b>	<b>54,622</b>	<b>115,452</b>	<b>86,520</b>

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



## Dunedin City Council

# Funding impact statement for the year ended 30 June 2019 (whole of Council)

	CORE COUNCIL			
	Annual Plan 2018 \$000	Actual 2018 \$000	Annual Plan 2019 \$000	Actual 2019 \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	71,047	71,631	78,877	79,581
Targeted rates	67,609	67,533	70,691	70,669
Subsidies and grants for operating purposes	10,665	14,950	9,898	11,654
Fees and charges	58,021	61,800	63,253	64,734
Interest and dividends from investments	9,987	9,239	11,379	9,390
Local authorities fuel tax, fines, infringement fees, and other receipts	3,086	3,147	3,200	3,368
<b>Total operating funding (A)</b>	<b>220,415</b>	<b>228,300</b>	<b>237,298</b>	<b>239,396</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	162,714	180,948	177,686	185,596
Finance costs	14,120	11,900	12,937	10,324
Other operating funding applications	722	-	-	-
<b>Total applications of operating funding (B)</b>	<b>177,556</b>	<b>192,848</b>	<b>190,623</b>	<b>195,920</b>
<b>Surplus (deficit) operating funding (A-B)</b>	<b>42,859</b>	<b>35,452</b>	<b>46,675</b>	<b>43,476</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	18,338	16,245	17,302	32,941
Development and financial contributions	425	1,426	672	1,358
Increase (decrease) in debt	3,002	(1,946)	8,164	18,500
Gross proceeds from sale of assets	60	179	60	450
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>21,825</b>	<b>15,904</b>	<b>26,198</b>	<b>53,249</b>
<b>Application of capital funding</b>				
Capital expenditure				
- to meet additional demand	1,649	1,456	2,008	3,316
- to improve the level of service	27,768	20,731	11,065	41,386
- to replace existing assets	36,265	28,406	55,213	56,580
Increase (decrease) in reserves	-	-	-	-
Increase (decrease) of investments	(998)	763	4,587	(4,557)
<b>Total applications of capital funding (D)</b>	<b>64,684</b>	<b>51,356</b>	<b>72,873</b>	<b>96,725</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(42,859)</b>	<b>(35,452)</b>	<b>(46,675)</b>	<b>(43,476)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Dunedin City Council

# Statement of financial involvement in Council controlled organisations as at 30 June 2019

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 2019 \$000	Interest 2019 \$000	Total 2019 \$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.
<b>Associated companies of the Dunedin City Council</b>		
1. Golden Block Investments Limited	49%	Investment rental building.
<b>Subsidiaries of Dunedin City Holdings Limited</b>		
1. City Forests Limited	100%	Sustainable production of logs for local and export markets.
2. Dunedin City Treasury Limited	100%	Management of financial risks and liquidity of the Dunedin City Council Group.
3. Aurora Energy Limited	100%	Provision of electricity distribution services in Dunedin City and Central Otago.
4. Otago Power Limited	100%	Non trading company.
5. Delta Utility Services Limited	100%	Infrastructure specialist providing a range of electrical and environmental services to local authority and private sector customers with service depots throughout the South Island.
6. Lakes Contract Services Limited	100%	Non trading company.
7. Dunedin Venues Management Limited	100%	Event, turf and stadium and facilities management company currently operating out of the Forsyth Barr Stadium, Dunedin Centre/Town Hall Complex and the University of Otago Oval.
8. Dunedin Stadium Property Limited	100%	Ownership of the Forsyth Barr Stadium.
9. Dunedin Railways Limited	72%	Operates a tourist and excursion train on the Taieri Gorge railway line and on the Seaside line north of Dunedin.
<b>Associated companies of Dunedin City Holdings Limited</b>		
1. Dunedin International Airport Limited	50%	Provision of airport services at Momona.

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

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

## Dunedin City Council

## Notes to the financial statements for the year ended 30 June 2019

### 1 Statement of accounting policies

#### REPORTING ENTITY

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

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

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

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

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

The financial statements of the Council and group are for the year ended 30 June 2019. The financial statements were authorised for issue by the Council on 8th October 2019.

#### BASIS OF PREPARATION

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

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

#### Statement of compliance

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

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

#### Presentation currency and rounding

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

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

##### Financial instruments

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

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

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

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

### Other changes in accounting policies

There has been one change in accounting policy as discussed below.

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

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

#### *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.

#### *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.

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### **Basis of consolidation**

The 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, with the exception of the valuation of Dunedin Stadium Property's fixed assets and the related depreciation expense.

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

#### **Foreign currency transactions**

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

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

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

#### Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

#### Critical accounting estimates and assumptions

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

- landfill provision (note 25);
- valuation of forestry assets (note 29);
- valuation of property, plant and equipment (note 26);
- valuation of derivative financial instruments (note 32);
- carrying value of the deferred tax liability (note 13).

#### Change in accounting policy

In prior years City Forests Limited used 'cost' as a basis for allocating 'decreases due to harvest'. As at 30 June 2019, City Forests Limited has adopted 'fair value' as the basis for decreases due to harvest in line with NZ IAS 41 Agriculture. As a result, the Company has restated the fair value allocation of decreases due to harvest for the 2018 financial statements. The results of this is shown below in the revised statement of financial performance (and related notes), and the forestry assets reconciliation (note 29). There is no net change in the Statement of Financial Position due to this restatement.

	Group 2018 Reported Position \$000	Fair Value Adjustment Group \$000	Group Restated Position \$000
Total operating revenue (including fair value of forestry asset)	520,038	6,087	526,125
Total operating expenses	497,164	6,087	503,251
Operating surplus (deficit) from continuing operations	22,874	-	22,874
Share of associate surplus (deficit)	1,638	-	1,638
Surplus (deficit) before taxation	24,512	-	24,512
Less taxation	7,711	-	7,711
Surplus (deficit) after taxation	16,801	-	16,801
Other comprehensive revenue and expense	117,006	-	117,006
<b>Total comprehensive revenue and expense</b>	<b>133,807</b>	<b>-</b>	<b>133,807</b>
<b>Forestry assets (note 29)</b>			
Balance at the beginning of the year	136,333		136,333
Add costs capitalised in establishing forests during the year	2,353		2,353
Increase in forest from acquisition	2,575		2,575
Revaluation	13,585	6,087	19,672
Less value of logs harvested	(4,674)	(6,087)	(10,761)
<b>Balance at the end of the year</b>	<b>150,172</b>	<b>-</b>	<b>150,172</b>

## 2 Rates revenue

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
General rates	78,643	91,594	78,643	91,594
Community services rate	11,367	11,189	11,367	11,189
Kerbside recycling rate	2,845	2,821	2,845	2,821
Citywide water rate	20,206	20,189	20,206	20,189
Citywide drainage rate	35,203	32,312	35,203	32,312
Allanton drainage rate	19	20	19	20
Blanket Bay drainage rate	1	4	1	4
Curles Point drainage rate	1	3	1	3
Private street lighting rate	29	29	29	29
Tourism/economic development rate	500	500	500	500
Warm Dunedin rate	498	467	498	467
Other sources contributing to general rates funding	-	(20,822)	-	(20,822)
	<b>149,312</b>	<b>138,306</b>	<b>149,312</b>	<b>138,306</b>

The total amount of rates charged on Council owned properties that have not been eliminated from revenue and expenditure is \$10.04m (2018: \$9.26m). For the Group, rates of \$10.99m have not been eliminated (2018: \$10.13m).

### Rating base information

	2019	2018	2017
The number of rating units	55,705	55,405	55,238
The total capital value of the rating units	\$25.376 billion	\$25.095 billion	\$22.033 billion
The total land value of the rating units	\$10.102 billion	\$10.068 billion	\$8.403 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 (2018: Nil).

### Relevant significant accounting policies

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

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

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

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

## 3 Development and financial contributions

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Development and financial contributions	1,358	1,426	1,358	1,426
	<b>1,358</b>	<b>1,426</b>	<b>1,358</b>	<b>1,426</b>

### Relevant significant accounting policies

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

#### 4 Subsidies and grants

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
New Zealand Transport Agency roading subsidies	40,038	30,574	40,038	30,574
Government and government agency grants	2,385	1,333	2,385	1,333
Other grants	3,096	195	3,096	195
	<b>45,519</b>	<b>32,102</b>	<b>45,519</b>	<b>32,102</b>

##### Relevant significant accounting policies

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

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

#### 5 Financial revenue

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Profit on sale of investments	208	348	208	348
Gain on fair value of investments	6,082	3,593	6,082	3,593
Gain on foreign currency transactions	-	-	-	559
Dividend received - Dunedin City Holdings Limited	-	-	-	-
Other dividends received	1,516	1,424	1,516	1,425
Interest received - Dunedin City Holdings Limited	5,902	5,902	-	-
Other interest received	1,972	1,913	3,151	3,148
	<b>15,680</b>	<b>13,180</b>	<b>10,957</b>	<b>9,073</b>

##### Relevant significant accounting policies

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

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

#### 6 Other revenue

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Rental from investment properties	8,119	7,868	8,119	7,868
Regulatory services rendered	3,965	3,271	3,965	3,271
Gain on fair value of investment property	1,791	420	1,791	420
Forest revaluation	-	-	20,333	19,672
Vested assets	4,634	8,128	4,634	8,128
Profit on sale of property, plant and equipment	35	89	44	571
Other fees and charges	55,996	53,671	311,433	305,288
	<b>74,540</b>	<b>73,447</b>	<b>350,319</b>	<b>345,218</b>

### Relevant significant accounting policies

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

#### *Rental from investment properties*

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

#### *Regulatory services rendered*

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

#### *Vested assets*

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

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

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

#### *Other fees and charges*

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

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

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

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

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

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

## 7 Other expenses

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
General grants	4,936	4,595	4,842	4,493
Otago Museum levy	4,105	3,920	4,105	3,920
Directors' remuneration	-	-	1,242	1,214
Research and development	-	-	214	205
Bad debts written off	16	140	104	294
Increase (decrease) in after-care provision	1,773	1,162	1,773	1,162
Increase (decrease) in doubtful debt provision	436	111	753	227
Loss on disposal of property, plant and equipment	15	-	15	-
Impairment of intangible assets	-	-	18	10
Elected members' remuneration and expenses	1,567	1,835	1,567	1,835
Rental expense operating leases	65	52	4,434	3,880
Investment property operating expenses	3,007	3,051	3,007	3,051
Inventories expensed	132	46	132	46
Other expenditure	107,030	108,318	250,062	244,935
	<b>123,082</b>	<b>123,230</b>	<b>272,268</b>	<b>265,272</b>



### Relevant significant accounting policies

#### General grants

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

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

#### Operating lease expenses

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

#### Finance leases

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

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

#### Research and development

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

#### Impairment losses

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

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

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

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

## 8 Audit fees

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Fees paid to Audit New Zealand for:				
Financial statements	176	174	483	449
Long-term plan audit	-	117	-	117
Regulatory (information disclosure) reporting	-	-	35	20
Price and quality thresholds and other regulatory reporting	-	-	25	15
	176	291	543	601

## 9 Financial expenses

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Overdraft interest	3	4	3	4
Loss on sale of investments	540	272	540	272
Loss on sale of foreign currency transactions	-	-	799	-
Fair value loss on investments	200	90	200	90
Interest paid to subsidiaries	10,321	11,896	-	-
Term interest	-	-	26,691	28,608
	<b>11,064</b>	<b>12,262</b>	<b>28,233</b>	<b>28,974</b>

### Relevant significant accounting policies

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

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

## 10 Depreciation and amortisation

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
- Operational	13,668	13,047	42,880	41,121
- Infrastructural	50,592	47,903	50,592	47,903
- Restricted and heritage	3,497	3,338	3,497	3,338
As per note 26 Property, plant and equipment	67,757	64,288	96,969	92,362
- Intangible	840	747	1,423	1,300
	<b>68,597</b>	<b>65,035</b>	<b>98,392</b>	<b>93,662</b>

### Depreciation and amortisation expense by group of activity

	CORE COUNCIL	
	Actual 2019 \$000	Actual 2018 \$000
Roading and footpaths	20,792	19,929
Water supply	13,226	11,767
Sewerage and sewage	11,878	11,536
Stormwater	4,440	4,290
Reserves and recreational facilities	4,197	4,074
Property	9,578	9,157
Libraries and museums	2,026	1,926
Regulatory services	449	474
Waste management	488	591
Community and planning	1	1
Economic development	61	80
Governance and support services	1,461	1,210
	<b>68,597</b>	<b>65,035</b>

## 11 Total group expenditure

	CORE COUNCIL		
	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000
Roading and footpaths	44,736	42,521	48,356
Water supply	29,518	27,717	28,630
Sewerage and sewage	32,048	29,933	29,870
Stormwater	8,302	7,422	7,397
Reserves and recreational facilities	37,582	36,763	35,547
Property	33,855	32,868	34,412
Libraries and museums	28,147	26,951	26,500
Regulatory services	15,968	15,734	15,131
Waste management	16,174	14,058	14,317
Community and planning	13,268	12,356	12,344
Economic development	6,182	6,367	5,995
Governance and support services	35,169	35,764	33,915
Total expenditure per activity	300,949	288,454	292,414
Less: Internal expenditure	(35,677)	(34,444)	(34,167)
<b>Total expenditure per financial statements</b>	<b>265,272</b>	<b>254,010</b>	<b>258,247</b>

## 12 Remuneration and staffing

### Key management personnel compensation

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

	CORE COUNCIL	
	Actual 2019 \$000	Actual 2018 \$000
<b>Mayor and Councillors</b>		
Remuneration	1,086	1,222
<b>Executive Leadership Team</b>		
Remuneration	1,947	1,974
<b>Total key management personnel remuneration</b>	<b>3,033</b>	<b>3,196</b>

Key management personnel comprises: 15 full-time equivalent elected members and 7 full-time equivalent executive leaders (2019 and 2018).

### 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**

		<b>Council Remuneration</b>	<b>Role</b>
Cull D C	1	157,634	Mayor
Benson-Pope D H	2,3,4	75,620	
Elder R A		59,412	
Garey C P	2	61,112	
Hall D W		59,412	
Hawkins A G	2	78,951	
Laufiso M E		59,412	
Lord M L	2,4,5	75,683	
Newell D J		59,412	
O'Malley J P	2,5	61,292	
Staynes C J		77,236	Deputy Mayor
Stedman C L		59,412	
Vandervis L	4	59,667	
Whiley A P	2	66,384	
Wilson K M H	2,5	75,410	
		<b>1,086,049</b>	

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

**Employee compensation - Core Council****Severance payments**

There were 3 severance payments made during the year; \$39,513; \$25,912; \$20,000. (2018 - \$25,000; \$20,000; \$15,720, \$3,537.)

**Chief Executive remuneration**

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

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

**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 2019 596.90 (2018: 557.76)

The number of full-time equivalent other employees as at 30 June 2019 150.11 (2018: 149.87)

(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 2019 receiving;

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

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

\* 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 2019 and 2018 exceed a \$20,000 movement. The more than 5 criterion does not apply to the top band.

### 13 Taxation

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

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Surplus (deficit) before taxation	21,137	214	29,676	22,874
(Gain) loss on fair value of investment property	(1,791)	(420)	(1,791)	(420)
Vested assets	(4,634)	(8,128)	(4,634)	(8,128)
Net non-taxable other income/non-deductible expenditure	(18,149)	5,332	(6,484)	11,518
<b>Income subject to taxation</b>	<b>(3,437)</b>	<b>(3,002)</b>	<b>16,767</b>	<b>25,844</b>
Prima facie taxation at 28%	(962)	(841)	4,695	7,236
Plus other adjustments	-	-	440	494
Imputation credits	-	-	-	-
Less tax effect of subvention payments	-	-	(4)	384
Under (over) provisions prior years	(334)	(208)	(234)	(403)
<b>Taxation charge</b>	<b>(1,296)</b>	<b>(1,049)</b>	<b>4,897</b>	<b>7,711</b>

As from 1 July, 2009 the Council joined a consolidated group for income tax purposes. The consolidated group is comprised of Council Controlled Organisations, including Dunedin City Holdings Limited, and a number of its subsidiaries. The members of the consolidated group are treated as a single entity for income tax purposes and file a single return of income for the tax year with each member of the group jointly and severally liable for the income tax liability. The Council has applied to Inland Revenue to be excluded from being joint and severally liable for income tax liabilities of the consolidated group for the 2019 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 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
The taxation charge is represented by:				
- Current taxation	(962)	(841)	(255)	1,103
- Deferred taxation	-	-	5,390	7,011
- Under (over) tax provision in prior years	(334)	(208)	(279)	(138)
- Under (over) deferred tax in prior years	-	-	41	(265)
	<b>(1,296)</b>	<b>(1,049)</b>	<b>4,897</b>	<b>7,711</b>

## Deferred taxation

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

	Group 2018 \$000 Opening Balance Sheet	Group 2018 \$000 Charged to Equity	Group 2018 \$000 Charged to Income	Group 2018 \$000 Closing Balance Sheet Assets	Group 2018 \$000 Closing Balance Sheet Liabilities	Group 2018 \$000 Closing Balance Sheet Net
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)
<b>Balance at the end of the year</b>	<b>100,295</b>	<b>1,059</b>	<b>6,593</b>	<b>(3,080)</b>	<b>111,027</b>	<b>107,947</b>

## Relevant significant accounting policies

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

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

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

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

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

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

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

## 14 Equity

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

### a) Accumulated funds

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
<b>Opening balance</b>	1,668,710	1,680,653	1,812,435	1,812,341
Surplus (deficit)	22,433	1,263	26,573	16,801
Transfers to:				
- Gains (losses) on interest rate swaps and foreign exchange transactions	-	-	-	-
- Forestry reserves	-	-	(9,512)	(9,783)
- Carbon credit reserve	-	-	4,763	6,282
- Restricted reserves	(1,615)	(261)	(1,615)	(261)
Transfers from:				
- Restricted reserves	1,132	44	1,132	44
- Revaluation reserves (road reserve writeback)	-	(12,989)	-	(12,989)
<b>Closing balance</b>	<b>1,690,660</b>	<b>1,668,710</b>	<b>1,833,776</b>	<b>1,812,435</b>

### Capital management strategy

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

### b) Revaluation reserves

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
<b>Opening balance</b>	1,380,917	1,253,074	1,397,745	1,269,725
Gain (loss) recognised on assets of associates	-	-	(116)	177
Road reserve writeback	-	12,989	-	12,989
Property, plant and equipment revaluations	42,280	114,854	42,280	114,854
<b>Closing balance</b>	<b>1,423,197</b>	<b>1,380,917</b>	<b>1,439,909</b>	<b>1,397,745</b>

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

The road reserve writeback adjustment in 2018 reflects the cumulative revaluations since 1998 related to road reserves, and is the result of the decision to discontinue revaluations of this asset.



## c) 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 2019 \$000	Transfers Inwards 2019 \$000	Transfers Outwards 2019 \$000	Closing Balance 2019 \$000
A. H. Reed Capital Account to extend the Reed library collections	241	6	-	247
R. J. Trust Capital Account to extend library collections	292	7	-	299
G. McKay Housebound Capital Account to extend library collections	10	1	-	11
Clive R. B. Lister Capital Account to maintain the Clive Lister garden	233	5	-	238
A. H. Reed Current Account to extend the Reed library collections	13	-	-	13
R. J. Trust Current Account to extend the library collections	1	-	-	1
E. E. Carpenter Current Account to extend the consumer library collections	45	1	-	46
DCC Recreation Loans Reserve to fund small loans to recreation clubs	247	6	-	253
Self Funded Insurance Reserve	300	7	-	307
Library Dunningham Bequest	13	-	-	13
Air Development Capital Reserve to develop the Taieri aerodrome	360	9	-	369
CARS Bethunes Operations Reserve	17	1	-	18
Dog Control Operations Reserve	12	1	-	13
Roading Property Reserve for property purchases	16	1	-	17
Road Maintenance 7 View St Waitati	9	-	-	9
Trans Net Mosgiel East	123	3	-	126
Library General operations Fund Reserve	91	2	-	93
Sportsground Upgrade Logan Park Reserve of development contributions	(182)	-	4	(186)
Sportsground Upgrade Bathgate Park Reserve of development contributions	20	-	-	20
Sportsground Upgrade Hancock Park Reserve of development contributions	30	1	-	31
Playground Upgrade Reserve of development contributions	8	-	-	8
Mosgiel East Reserve	235	5	-	240
Mere Mere Over View Subsidiary Reserve	70	2	-	72
Aviary Bird Fund Operations Reserve	26	1	-	27
Mediterranean Garden Development Reserve	15	-	-	15
Craigie Burn Operations Reserve	346	8	-	354
Ocean View Sand Sausage Reserve	147	3	-	150
Waikouaiti Forest	397	8	-	405
Walton Park Forest	57	1	-	58
Cemetery Service Fund Maintenance Reserve	2,187	-	-	2,187
Art Gallery Funded Operations Reserve	518	12	138	392
Sale of Reserve Land Reserve	17	-	-	17
Hillary Commission General Subsidies Reserve	32	1	-	33
Bateman Bequest (AG)	512	12	-	524
Harding Bequest Art Gallery Operations Reserve	30	1	-	31
Wastewater Mosgiel East	42	1	-	43
Waste Minimisation Reserve	532	1,439	990	981
EPH Renewal Fund Reserve	2,004	46	-	2,050
Endowment Property Investment Reserve	1,045	24	-	1,069
<b>Totals</b>	<b>10,111</b>	<b>1,615</b>	<b>1,132</b>	<b>10,594</b>

## Last Year

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

	Opening Balance 2018 \$000	Transfers Inwards 2018 \$000	Transfers Outwards 2018 \$000	Closing Balance 2018 \$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
<b>Totals</b>	<b>9,894</b>	<b>261</b>	<b>44</b>	<b>10,111</b>

### Relevant significant accounting policies

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

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

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

#### d) Cash flow hedge reserves

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Opening balance	(6,798)	(10,183)	(17,484)	(13,309)
Gains (losses) on interest rate swaps and foreign exchange transactions	2,533	3,385	(22,858)	(4,175)
Closing balance	(4,265)	(6,798)	(40,342)	(17,484)

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

#### e) Carbon credit reserves

	CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000
Opening balance	8,411	10,819
Transfer from retained earning	(4,704)	(6,282)
Gain in carbon credits above initial recognition value	1,990	3,874
Closing balance	5,697	8,411

#### f) Forestry reserves

	CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000
Opening balance	65,917	53,858
Net revaluation of forest	9,513	9,782
Net revaluation of forest land	4,735	2,277
Closing balance	80,165	65,917

## 15 Cash and cash equivalents

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Cash in bank and on hand	11,905	5,490	29,348	7,533
	11,905	5,490	29,348	7,533

### Relevant significant accounting policies

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

## 16 Trade and other receivables and term receivables

### Trade and other receivables

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Trade debtors	16,432	16,997	37,641	34,296
Rate accounts issued and owing	3,082	3,016	3,082	3,016
Other debtor accounts issued and owing	1,488	1,073	9,621	11,749
Less: provision for uncollectability	(2,764)	(2,328)	(3,669)	(2,924)
	<b>18,238</b>	<b>18,758</b>	<b>46,675</b>	<b>46,137</b>

### Provision for uncollectability of receivables movements

Opening balance provision for uncollectability	(2,328)	(2,218)	(2,924)	(2,621)
Additional provisions made during the year	(1,113)	(764)	(1,556)	(1,142)
Provisions reversed during the year	661	514	707	545
Receivables written-off during the year	16	140	104	294
Closing balance provision for uncollectability	<b>(2,764)</b>	<b>(2,328)</b>	<b>(3,669)</b>	<b>(2,924)</b>

### Provision for uncollectability of receivables analysis

Impaired credit loss	(2,090)	(1,904)	(2,090)	(1,904)
Expected credit loss	(674)	(424)	(1,579)	(1,020)
	<b>(2,764)</b>	<b>(2,328)</b>	<b>(3,669)</b>	<b>(2,924)</b>

### Term receivables

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Term receivables	-	-	11,041	11,968
	<b>-</b>	<b>-</b>	<b>11,041</b>	<b>11,968</b>

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

### Relevant significant accounting policies

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

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

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

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

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

## 17 Inventories

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Raw materials in store (at cost)	288	259	6,733	7,248
Work in progress (at cost)	-	-	4,393	4,370
Finished goods (at cost)	-	-	55	-
	<b>288</b>	<b>259</b>	<b>11,181</b>	<b>11,618</b>

The Council inventories are not pledged as security for liabilities (2018: \$nil).

### Relevant significant accounting policies

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

## 18 Non-current assets held for sale

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Land and buildings	1,287	900	1,287	900
Other assets	-	-	-	-
	<b>1,287</b>	<b>900</b>	<b>1,287</b>	<b>900</b>

### Relevant significant accounting policies

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

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

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

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

## 19 Other financial assets

### Other current financial assets

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Waipori Fund interest bearing securities	7,723	8,174	7,723	8,174
Self-insurance deposit	-	250	-	250
Other financial assets	-	-	1,389	2,048
	<b>7,723</b>	<b>8,424</b>	<b>9,112</b>	<b>10,472</b>

Other current financial assets are classified as fair value through Statement of Comprehensive Revenue and Expense. Fair value is determined by reference to the appropriate market. These investments are of short-term duration being between an on call position and twelve months. The effective interest rate is between 2.3% and 8.3%.

## Other non-current financial assets

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Waipori Fund interest bearing securities	35,848	37,035	35,848	37,035
Waipori Fund equity investments	44,144	41,009	44,144	41,009
Other shares	485	485	495	494
Advances to subsidiaries	112,000	112,000	-	-
Other loans, advances	-	143	-	143
	<b>192,477</b>	<b>190,672</b>	<b>80,487</b>	<b>78,681</b>

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

The advance from the Dunedin City Council to the group is subordinated and unsecured. The terms of the advance agreement between the Dunedin City Council and the group are such that there is no obligation on Dunedin City Holdings Limited to transfer economic benefit at any specific time. In 2019, the interest rate on the advance was 5.27% (2018 5.27%).

## Relevant significant accounting policies

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

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

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

## 20 Shares in subsidiary companies

	CORE COUNCIL	
	2019	2018
Shares Dunedin City Holdings Limited	123,589	121,039

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 2019 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
- June 2019	2,550,000
<b>Total number of shares</b>	<b>973,489,000</b>
- Incorporation call	(100,000)
- June 2016 call	(115,839,000)
- June 2017 call	(2,550,000)
- June 2018 call	(2,550,000)
- June 2019 call	(2,550,000)
<b>Total number of uncalled shares</b>	<b>849,900,000</b>

## 21 Investments accounted for using the equity method

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Interest and advances in associate company	-	-	31,841	30,867
Golden Block Investments Limited (Property)	49%	49%	49%	49%
Dunedin International Airport Limited (Transport)			50%	50%

For the purpose of applying the equity method of accounting, the financial statements of Golden Block Investments Limited and Dunedin International Airport Limited for the year ended 30 June 2019 have been used.

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

The only contingent liabilities arising from the group's involvement in the associate companies is for Golden Block Investments Limited which is detailed in note 34.

### Summarised balance sheet

	Other Associates		Dunedin International Airport Limited	
	As at 30 June		As at 30 June	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
<b>Current assets</b>				
Cash and cash equivalents	316	518	473	699
Other current assets	13	80	1,784	1,276
<b>Total current assets</b>	<b>329</b>	<b>598</b>	<b>2,257</b>	<b>1,975</b>
<b>Non-current assets</b>	<b>2,371</b>	<b>2,360</b>	<b>92,377</b>	<b>86,682</b>
<b>Total assets</b>	<b>2,700</b>	<b>2,958</b>	<b>94,634</b>	<b>88,657</b>
<b>Current liabilities</b>	<b>79</b>	<b>199</b>	<b>8,072</b>	<b>3,840</b>
<b>Non-current liabilities</b>				
Financial liabilities	2,600	2,600	8,000	8,000
Other financial liabilities		-	14,834	15,036
<b>Total non-current liabilities</b>	<b>2,600</b>	<b>2,600</b>	<b>22,834</b>	<b>23,036</b>
<b>Total liabilities</b>	<b>2,679</b>	<b>2,799</b>	<b>30,906</b>	<b>26,876</b>
<b>Net assets</b>	<b>21</b>	<b>159</b>	<b>63,728</b>	<b>61,781</b>
Less impairment		-	-	-
Other adjustments	(21)	(159)	(46)	(50)
<b>Net assets after impairment and other adjustments</b>	<b>-</b>	<b>-</b>	<b>63,682</b>	<b>61,731</b>
<b>Carrying value of associates</b>	<b>-</b>	<b>-</b>	<b>31,841</b>	<b>30,867</b>
	49.0%	49.0%	50.0%	50.0%



## Summarised statement of comprehensive income

	Other Associates		Dunedin International Airport Limited	
	As at 30 June		As at 30 June	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
<b>Total revenue</b>	641	650	17,190	16,522
<b>Less expenses</b>				
Other expenses	420	215	8,460	8,335
Interest expense	116	115	472	469
Depreciation and amortisation	1	1	3,075	2,957
<b>Total expenses</b>	<b>537</b>	<b>331</b>	<b>12,007</b>	<b>11,761</b>
Operating surplus (deficit) before tax	104	319	5,183	4,761
Less income tax	27	87	1,596	1,486
Operating surplus (deficit) after tax	77	232	3,587	3,275
Other comprehensive income		-	(232)	355
<b>Total comprehensive income (deficit)</b>	<b>77</b>	<b>232</b>	<b>3,355</b>	<b>3,630</b>
Dividend received from associate	107	-	704	704

## Relevant significant accounting policies

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.

## 22 Short term borrowings

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Short term borrowings	-	-	620	3,638
	-	-	<b>620</b>	<b>3,638</b>

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

## 23 Accounts payable, accrued expenditure and employee entitlements

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
<b>Trade and other payables</b>				
Trade creditors	5,266	4,943	31,476	30,380
Contract retentions	1,028	807	1,028	807
Accrued expenditure	23,977	21,675	29,021	22,013
Other payables	872	812	3,650	2,607
	<b>31,143</b>	<b>28,237</b>	<b>65,175</b>	<b>55,807</b>
<b>Revenue received in advance</b>				
Rates in advance	941	886	941	886
Other revenue in advance	5,271	2,790	5,271	2,790
	<b>6,212</b>	<b>3,676</b>	<b>6,212</b>	<b>3,676</b>
<b>Employee entitlements</b>				
Accrued leave	4,688	4,436	9,776	9,006
Accrued long service leave	391	431	671	676
Sick leave over and above annual average	147	147	242	204
Accrued pay	1,228	1,105	1,947	1,646
Gratuities provision current	358	218	581	344
	<b>6,812</b>	<b>6,337</b>	<b>13,217</b>	<b>11,876</b>

Aurora Energy Limited breached network reliability standards contained in the Commerce Commission's default price-quality path for Electricity Distribution Businesses in the 2015, 2016, 2017 and 2018 disclosure years. The Company also breached its regulated network reliability target for the 2019 disclosure year. As at 30 June 2019, a \$5 million provision has been made for pecuniary penalties that are likely to arise from these network reliability quality breaches.

### Relevant significant accounting policies

Trade and other payables are stated at cost.

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.

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.

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

## 24 Term loans

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Total loan balance	218,973	200,473	691,069	610,043
Less current portion	-	-	-	-
<b>Non-current portion</b>	<b>218,973</b>	<b>200,473</b>	<b>691,069</b>	<b>610,043</b>
<b>Non-current portion</b>				
Promissory notes issued	-	-	159,313	119,389
Bonds issued	-	-	531,283	490,181
Related parties	218,500	200,000	-	-
Other loans	473	473	473	473
	<b>218,973</b>	<b>200,473</b>	<b>691,069</b>	<b>610,043</b>

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 \$170 million (2018: \$125 million).

The amount of unamortised premium or (discount) on bonds on issue at 30 June 2019 is nil (2018: nil).

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

#### Analysis term loans non-current

		Group 2019 \$'000	Group 2018 \$'000
Interest Rate			
Promissory Notes		159,313	119,389
Bonds 17/7/18	Coupon rate 6.57%	-	50,000
Bonds 17/12/18	Coupon rate 6.85%	-	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	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	35,000
Bonds 17/7/25	Coupon rate 3.61%	50,000	-
Bonds 15/4/26	Coupon rate 3.98%	65,000	65,000
Bonds 15/3/26	Coupon rate 2.90%	50,000	-
Fair value impact on bonds		11,283	5,181
Housing NZ loan		473	473
		<b>691,069</b>	<b>610,043</b>

The fair value of the debt and maturity profile is disclosed in note 32.

#### Contractual maturity analysis of term loans

The following is a maturity analysis of the term loans

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Repayable less than one year	20,000	30,000	209,313	65,000
Repayable between one to five years	40,000	57,515	275,623	414,389
Repayable later than five years	158,973	112,958	206,133	130,654
	<b>218,973</b>	<b>200,473</b>	<b>691,069</b>	<b>610,043</b>

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

#### Relevant significant accounting policies

Borrowings are initially recorded net of directly attributable transaction costs 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.

## 25 Provisions

### Core Council movement in provisions

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

	Landfill aftercare 2018 \$000	Accrued long service leave 2018 \$000	Gratuities 2018 \$000	Total 2018 \$000
Opening balance	6,972	467	892	8,331
Provisions released	(382)	-	-	(382)
Provisions current year	1,224	-	-	1,224
Adjustment due to change in discount rate	321	-	-	321
Other net movements	-	(7)	13	6
<b>Closing balance</b>	<b>8,135</b>	<b>460</b>	<b>905</b>	<b>9,500</b>

### Consolidated movement in provisions

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

	Landfill aftercare 2018 \$000	Accrued long service leave 2018 \$000	Gratuities 2018 \$000	Total 2018 \$000
Opening balance	6,972	975	1,270	9,217
Provisions released	(382)	-	-	(382)
Provisions current year	1,224	-	-	1,224
Adjustment due to change in discount rate	321	-	-	321
Other net movements	-	63	24	87
<b>Closing balance</b>	<b>8,135</b>	<b>1,038</b>	<b>1,294</b>	<b>10,467</b>

**Landfill aftercare provision**

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

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

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

The cash outflow for the closure of this landfill and subsequent maintenance and monitoring has been included in this provision. The current provision includes costs out to 2043.

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

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

- the landfill will close when the current resource consent expires;
- an inflation factor of 1.7%
- a discount rate of 2.19% per Treasury Guidelines (2018 3.45%)

**Relevant significant accounting policies**

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

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

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

**26 Property, plant and equipment**

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

**COUNCIL ASSET VALUATIONS****Operational assets****Land and buildings**

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

**Infrastructure assets**

As required under section 6 paragraph 3 (c) of the Local Government (Financial Reporting and Prudence) Regulations 2014, the estimated replacement cost of core infrastructure assets is stated as follows: roading assets, \$1,674,398,937; water treatment plant and facilities, \$144,591,078; water other assets, \$791,356,672; sewerage treatment plant and facilities \$180,705,658; sewerage other assets, \$738,511,695; stormwater assets; \$465,568,463.

**Roadways and bridges**

The most recent valuation of infrastructural assets comprising roads, bridges, footpaths, lights, traffic signals and signs was performed by Larissa Curzon of Beca Limited and reviewed by Brian Smith of Brian Smith Advisory Services Limited. The valuation is effective 30 June 2019.

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

- Rates from the 2018 valuation have been used with the Cost Adjustment Factor from the Latest Values for Infrastructures Cost Indexes from the NZ Transport Agency Procurement Manual Tools applied, supported by current contract rates where available. The indexes used were March 2018 to March 2019.
- No asset, except for timber bridges, has a residual value.
- All replacement rates, where appropriate, have an amount for removal and disposal of the existing asset that is being replaced included in the rate.
- Where installation/constructed dates are unknown, assets were valued using a default construction date, which is 50% of the assets total useful life.
- Useful lives are generally based upon NZ Infrastructure Asset Valuation and Depreciation Guidelines – Version 2.0. In specific cases these have been modified where in the opinion of Beca and the Council a different life is appropriate. The changes are justified in the valuation report.
- The component level of the data used for the valuation is sufficient to calculate depreciation separately for those assets that have different useful lives.

### 3 waters and waste management

The most recent valuation of infrastructural assets comprising water reticulation, water plant and facilities, wastewater reticulation, wastewater plant and facilities, stormwater reticulation, stormwater plant and facilities, and landfill plant and facilities was performed by Council staff and independently reviewed by independent consultant Gary Dent of Fluent Infrastructure Solutions Limited. The valuation is effective as at 1 July 2018.

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

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

#### Restricted assets

##### *Land and buildings*

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

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

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

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

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

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

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

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

#### Heritage assets

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

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

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

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

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

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

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

## Current year

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



## Current year

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

## Current year

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

## Current year

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

## Current year

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

## Last 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
<b>Operational assets</b>									
<b>Gross carrying amount</b>									
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
<b>Total</b>	<b>363,553</b>	<b>3,838</b>	<b>-</b>	<b>(174)</b>	<b>9,664</b>	<b>-</b>	<b>-</b>	<b>(560)</b>	<b>376,321</b>
<b>Accumulated depreciation/ amortisation and impairment</b>									
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)
<b>Total</b>	<b>(62,668)</b>	<b>-</b>	<b>-</b>	<b>152</b>	<b>28,249</b>	<b>(13,047)</b>	<b>-</b>	<b>61</b>	<b>(47,253)</b>
<b>Net book value</b>									
Land	87,187	-	-	-	14,037	-	-	(120)	101,104
Buildings and structures	200,816	473	-	-	23,876	(9,456)	-	(283)	215,426
Fixed plant and equipment	4,780	524	-	-	-	(743)	-	-	4,561
Vehicle, mobile plant	1,017	391	-	(22)	-	(243)	-	-	1,143
Office equipment	4,522	1,704	-	-	-	(1,615)	-	-	4,611
Library collection	2,563	746	-	-	-	(990)	-	(96)	2,223
<b>Total net book value</b>	<b>300,885</b>	<b>3,838</b>	<b>-</b>	<b>(22)</b>	<b>37,913</b>	<b>(13,047)</b>	<b>-</b>	<b>(499)</b>	<b>329,068</b>

## Last 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
<b>Infrastructural assets</b>									
<b>Gross carrying amount</b>									
Land	24,435	-	-	-	1,423	-	-	-	25,858
Landfill 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
<b>Total</b>	<b>1,956,701</b>	<b>47,518</b>	<b>6,997</b>	<b>-</b>	<b>22,591</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,033,807</b>
<b>Accumulated depreciation/ amortisation and impairment</b>									
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)
<b>Total</b>	<b>(26,513)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44,648</b>	<b>(47,903)</b>	<b>-</b>	<b>-</b>	<b>(29,768)</b>
<b>Net book value</b>									
Land	24,435	-	-	-	1,423	-	-	-	25,858
Landfill provision capitalised	976	-	-	-	-	(162)	-	-	814
Roadways and bridges	988,213	29,406	2,134	-	27,502	(19,922)	-	-	1,027,333
Water reticulation	275,047	6,607	834	-	37,654	(8,511)	-	-	311,631
Water plant and facilities	72,163	1,625	-	-	(2,050)	(3,053)	-	-	68,685
Wastewater reticulation	314,847	5,592	1,443	-	1,491	(7,106)	-	-	316,267
Wastewater plant and facilities	97,192	1,482	-	-	(1,395)	(4,430)	-	-	92,849
Stormwater reticulation	150,083	2,530	2,586	-	2,434	(4,168)	-	-	153,465
Stormwater plant and facilities	2,277	-	-	-	(774)	(122)	-	-	1,381
Landfill plant and facilities	4,955	276	-	-	954	(429)	-	-	5,756
<b>Total net book value</b>	<b>1,930,188</b>	<b>47,518</b>	<b>6,997</b>	<b>-</b>	<b>67,239</b>	<b>(47,903)</b>	<b>-</b>	<b>-</b>	<b>2,004,039</b>

## Last 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
<b>Restricted assets</b>									
<b>Gross carrying amount</b>									
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
<b>Total</b>	<b>423,368</b>	<b>1,086</b>	<b>1,131</b>	<b>(69)</b>	<b>7,325</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>432,852</b>
<b>Accumulated depreciation/ amortisation and impairment</b>									
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)
<b>Total</b>	<b>(6,856)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,606</b>	<b>(3,106)</b>	<b>-</b>	<b>-</b>	<b>(2,356)</b>
<b>Net book value</b>									
Land	170,752	415	-	(69)	(1,323)	-	-	-	169,775
Buildings and structures	36,442	332	-	-	10,096	(1,845)	-	11	45,036
Road reserve	191,762	15	1,131	-	-	-	-	-	192,908
Hard surfaces and reticulation systems	10,073	8	-	-	6,158	(706)	-	-	15,533
Fixed plant and equipment	2,435	-	-	-	-	(90)	-	-	2,345
Playground and soft-fall areas	5,048	316	-	-	-	(465)	-	-	4,899
<b>Total net book value</b>	<b>416,512</b>	<b>1,086</b>	<b>1,131</b>	<b>(69)</b>	<b>14,931</b>	<b>(3,106)</b>	<b>-</b>	<b>11</b>	<b>430,496</b>



## Last 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
<b>Heritage assets</b>									
<b>Gross carrying amount</b>									
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
<b>Total</b>	<b>91,084</b>	<b>1,242</b>	<b>-</b>	<b>-</b>	<b>(3,330)</b>	<b>-</b>	<b>-</b>	<b>99</b>	<b>89,095</b>
<b>Accumulated depreciation/ amortisation and impairment</b>									
Land	-	-	-	-	-	-	-	-	-
Buildings	(280)	-	-	-	439	(159)	-	-	-
Collections	(492)	-	-	-	-	-	-	(3)	(495)
Monuments	(145)	-	-	-	217	(73)	-	1	-
<b>Total</b>	<b>(917)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>656</b>	<b>(232)</b>	<b>-</b>	<b>(2)</b>	<b>(495)</b>
<b>Net book value</b>									
Land	4,388	-	-	-	322	-	-	-	4,710
Buildings	8,030	1,046	-	-	(1,194)	(159)	-	-	7,723
Collections	65,739	182	-	-	-	-	-	96	66,017
Monuments	12,010	14	-	-	(1,802)	(73)	-	1	10,150
<b>Total net book value</b>	<b>90,167</b>	<b>1,242</b>	<b>-</b>	<b>-</b>	<b>(2,674)</b>	<b>(232)</b>	<b>-</b>	<b>97</b>	<b>88,600</b>
<b>Capital work in progress</b>									
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
<b>Total capital work in progress</b>	<b>20,177</b>	<b>(4,230)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,947</b>
<b>Council total net book value</b>	<b>2,757,929</b>	<b>49,454</b>	<b>8,128</b>	<b>(91)</b>	<b>117,409</b>	<b>(64,288)</b>	<b>-</b>	<b>(391)</b>	<b>2,868,150</b>

## Last 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
<b>Subsidiaries assets</b>									
<b>Gross carrying amount</b>									
Land	10,043	30	-	(290)	-	-	-	290	10,073
Forest land	36,144	4,901	-	-	2,277	-	-	-	43,322
Buildings and structures	20,047	617	-	(1,641)	-	-	-	552	19,575
Fixed plant and equipment	23,761	1,839	-	(7,982)	-	-	-	3,125	20,743
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)	-	-	-	(352)	1,090
<b>Total</b>	<b>937,792</b>	<b>89,723</b>	<b>-</b>	<b>(14,910)</b>	<b>2,277</b>	<b>-</b>	<b>-</b>	<b>3,648</b>	<b>1,018,530</b>
<b>Accumulated depreciation/ amortisation and impairment</b>									
Land	-	-	-	30	-	-	-	(30)	-
Forest land	(389)	-	-	-	-	-	(1,458)	-	(1,847)
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	(2,386)	(14,438)
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	251	(573)
<b>Total</b>	<b>(237,338)</b>	<b>(28)</b>	<b>-</b>	<b>7,754</b>	<b>-</b>	<b>(28,005)</b>	<b>2,861</b>	<b>(2,541)</b>	<b>(257,297)</b>
<b>Net book value</b>									
Land	10,043	30	-	(260)	-	-	-	260	10,073
Forest land	35,755	4,901	-	-	2,277	-	(1,458)	-	41,475
Buildings and structures	15,283	617	-	(1,377)	-	(322)	1,081	292	15,574
Fixed plant and equipment	6,402	1,832	-	(4,211)	-	(1,616)	3,159	739	6,305
Roadways and bridges	3,116	698	-	-	-	(180)	-	-	3,634
Stadium	177,752	-	-	-	-	(7,027)	-	-	170,725
Networks	396,428	60,603	-	(710)	-	(16,039)	-	-	440,282
Vehicle, mobile plant	11,441	2,302	-	(536)	-	(2,420)	77	215	11,079
Rolling stock and rail track	2,629	206	-	85	-	(292)	-	-	2,628
Construction	41,366	18,012	-	(139)	-	-	-	(298)	58,941
Office equipment	239	494	-	(8)	-	(109)	2	(101)	517
<b>Total net book value as at 30 June</b>	<b>700,454</b>	<b>89,695</b>	<b>-</b>	<b>(7,156)</b>	<b>2,277</b>	<b>(28,005)</b>	<b>2,861</b>	<b>1,107</b>	<b>761,233</b>
<b>Group total net book value</b>	<b>3,458,383</b>	<b>139,149</b>	<b>8,128</b>	<b>(7,247)</b>	<b>119,686</b>	<b>(92,293)</b>	<b>2,861</b>	<b>716</b>	<b>3,629,383</b>

### Relevant significant accounting policies

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

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

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

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

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

**Forestry 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 Morice Limited.

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

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

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

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

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

Assets held under finance leases are depreciated.

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

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

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

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

#### Stadium

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

## b) The Council property, plant and equipment

### **Operational assets**

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

#### *Land and buildings*

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

#### *Fixed plant and equipment*

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

#### *Vehicles, mobile plant*

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

#### *Office equipment*

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

#### *Library collection*

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

### **Infrastructural assets**

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

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

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

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

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

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

### **Restricted assets**

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

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

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

Road reserve was last revalued based on fair value at 30 June 2012 by Quotable Value Limited. The Council has 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**

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

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

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

**Vested assets**

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

**Revaluations**

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

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

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

**Derecognition**

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

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

**Depreciation**

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

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

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

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

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

Depreciation rates and methods used are as follows:

	Rate	Method
<b>Council operational assets</b>		
Buildings and structures	1% to 20%	SL
Plant and equipment	1% to 33%	SL
Motor vehicles	20%	SL
Office equipment and fittings	2% to 33%	SL
Library collections	10% to 50%	SL

	Rate	Method
<b>Infrastructure assets</b>		
Roadways and bridges		
- Formation	not depreciated	
- Sealed road surfacings	13%	SL
- Sealed base and first coat	3%	SL
- Sealed sub base	1%	SL
- Unsealed top course	26%	SL
- Unsealed base	not depreciated	
- Drainage (inc. SWC)	3%	SL
- Footpaths, steps and crossings	4%	SL
- Berms	not depreciated	
- Traffic control	6% to 27%	SL
- Bridges, retaining walls and sea walls	2% to 3%	SL
- Minor structures	6%	SL
- Street lighting	11%	SL
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	0.5% to 3%	SL
Sewerage reticulation	0.5% to 3%	SL
Stormwater reticulation	0.5% to 10%	SL
Landfill provision capitalised	6%	SL
Landfill plant and facilities	0.5% to 10%	SL
<b>Heritage assets</b>	0% to 5%	SL
<b>Restricted assets</b>		
Buildings and structures	1% to 20%	SL
Plant and equipment	2% to 15%	SL
Hard surfaces	0.5% to 10%	SL
Playground and soft-fall areas	2% to 12%	SL

## 27 Investment property

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
<b>Opening balance</b>	91,660	90,438	91,660	90,438
Plus additions	29	802	29	802
	91,689	91,240	91,689	91,240
Less disposals	-	-	-	-
	91,689	91,240	91,689	91,240
Net gains (losses) from fair value adjustments	1,791	420	1,791	420
<b>Closing balance</b>	<b>93,480</b>	<b>91,660</b>	<b>93,480</b>	<b>91,660</b>
Classified:				
Investment Property General	52,440	50,160	52,440	50,160
Investment Property Endowment *	41,040	41,500	41,040	41,500
	<b>93,480</b>	<b>91,660</b>	<b>93,480</b>	<b>91,660</b>

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

## Trend statement for the six years to 30 June 2019 (Core Council)

	Actual 2019 \$000	Actual 2018 \$000	Actual 2017 \$000	Actual 2016 \$000	Actual 2015 \$000	Actual 2014 \$000
Fair market value of investment properties	93,480	91,660	90,438	88,288	89,684	95,217

**Investment properties and properties intended for sale**

All investment properties were valued by Ian Clarkson, a registered independent valuer of Beca Limited (FAPI CPV, MRICS, MPINZ). Beca Limited are experienced valuers with extensive market knowledge in the types and location of investment properties owned by the Council.

In assessing the value of the properties an Income Approach supported by a Market Comparison Approach has been used. The Direct Capitalisation method was used as the primary method supported by the Sales Comparison Method.

Income Approaches are the most appropriate method to assess the value of investment properties as it enables the prime consideration for investors to be considered. The Direct Capitalisation method utilises the projected future income of an asset to determine value by discounting at an appropriate market derived yield that shows the return required by a potential investor in the asset. The yield (capitalisation rate or all risks yield) is value divided by net income. In the case of property, the income must be current market rent (or its equivalent). The yield is an accumulative figure reflective of return, risk, safety, capital gain, management burden and leverage. The assessed market rent for the asset is capitalised and then adjusted for various factors including under or over market face rent; risk of vacancy; term of remaining lease; incentives; capital works required; and lessor contribution to fit out.

The Sales Comparison method is the most appropriate method to value vacant land. This method is an assessment of value based on comparison of the property to similarly located properties that have recently sold. Adjustments are made to allow for factors such as date of sale, size, location, condition, marketability, shape of site, access, services, contour, aspect and tenure. These adjustments, or allowances, are based on what has been observed in the market from purchasers. This is then interpreted by the Valuer to apply to each property.

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

	CORE COUNCIL	
	Actual 2019 \$000	Actual 2018 \$000
Rental from investment properties	8,119	7,868
Operating expenditure investment properties	(3,007)	(3,051)
	5,112	4,817
Plus internal rental for car-park buildings	987	987
Less internal management fees and salaries	(567)	(577)
	5,532	5,227
Net gains or (losses) from fair value adjustments	1,791	420
<b>Net income including fair value gains and losses</b>	<b>7,323</b>	<b>5,647</b>

Attributable to Investment Property Endowment	2,310	2,832
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Investment return including fair value gains and losses but excluding the interest paid on loans borrowed: 7.83% (2018: 6.16%).

**Relevant significant accounting policies**

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

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



## 28 Intangible assets

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
<b>Opening cost</b>	9,454	9,121	15,650	15,101
Additional intangible assets	1,580	333	1,977	710
Disposals	-	-	(474)	(161)
Carbon credits surrendered	-	-	-	-
<b>Closing cost</b>	<b>11,034</b>	<b>9,454</b>	<b>17,153</b>	<b>15,650</b>
<b>Accumulated amortisation opening balance</b>	7,986	7,239	13,008	11,743
Impairments	-	-	-	10
Disposals	-	-	(385)	(45)
Amortisation	840	747	1,423	1,300
<b>Accumulated amortisation closing balance</b>	<b>8,826</b>	<b>7,986</b>	<b>14,046</b>	<b>13,008</b>
<b>Work in progress</b>	1,187	-	1,239	62
<b>Net book value</b>	<b>3,395</b>	<b>1,468</b>	<b>4,346</b>	<b>2,704</b>
<b>Computer intangibles</b>	3,373	1,446	4,324	2,682
<b>Carbon credits</b>	22	22	22	22
	<b>3,395</b>	<b>1,468</b>	<b>4,346</b>	<b>2,704</b>

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

### Relevant significant accounting policies

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

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

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

## 29 Forestry assets

	CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000
<b>Forestry assets</b>		
<b>Opening balance</b>	150,172	136,333
Add costs capitalised in establishing forests during year	2,275	2,353
Increase in forest from acquisition	90	2,575
Revaluation	20,333	19,672
Less value of logs harvested	(8,860)	(10,761)
<b>Closing balance</b>	<b>164,010</b>	<b>150,172</b>
<b>Gains (losses) arising from changes in fair value less point of sale costs:</b>		
Attributable to physical changes	7,224	12,097
Attributable to price changes	13,109	7,575
	<b>20,333</b>	<b>19,672</b>

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

The valuation methodology used establishes the fair value of the collective forest crop and an independent market value has been used to establish the forest land value. The 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 6.0% (2018: 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 6.0%; a +/- 50 basis point movement in the discount rate would change the valuation by +\$8.85 mil/ - \$8.04 mil. A 10% increase or decrease in assumed log prices would change the valuation by +\$13.59 mil/ -\$13.56 mil; (note that these sensitivities shown are independent and different outcomes would result from combined changes in discount and log prices).

At 30 June 2019 City Forests Limited owned stands of trees on 18,143 hectares of a total land holding (including lease, Joint Venture & Forestry Right) of 22,544 hectares. During the year the company harvested approx. 336,374 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 32, Financial Instruments. City Forests Limited is a long-term forestry investor that expects log prices to fluctuate within a commodity cycle. It is not possible to hedge against 100% of the price cycle but the company does manage harvest volumes to minimise the impact of the commodity price cycle over the longer term.

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

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

### Relevant significant accounting policies

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

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

### 30 Intangible assets carbon credits

	CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000
New Zealand carbon credits	26,894	27,024

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 2,503,401 Post-89 derived NZU's, being the carbon sequestered by these forests during the 2008 to 2019 calendar years. There has been carbon credit sales during the financial year of 300,000 units.

As at 30th June 2019, 1,164,008 units were unsold (2018: 1,280,834). 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.

#### Relevant significant accounting policies

Emission units held are treated as intangible assets, and initially recorded at:

Cost in the case of purchased units.

Government granted units are recognised at fair value (initial market value) when there is reasonable assurance that the company will comply with the attached conditions and the grant will be received.

Emissions unit fair value is marked to market (revalued) annually at 30 June subsequent to initial recognition and annually thereafter. Emissions obligations are recognised as a current or future liability depending on the legislated liability period. The difference between initial fair value or previous annual revaluations and disposal or revaluation value of the units is recognised in other comprehensive income.

### 31 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 2019

	Actual 2019 \$000	Actual 2018 \$000
Income	3,448	3,273
Less expenditure	(761)	(222)
Net operating income	2,687	3,051
Plus unrealised gains (loss)	5,882	3,503
Net surplus to equity	8,569	6,554
Less inflation adjustment	(1,295)	(926)
<b>Available for distribution to Council</b>	<b>7,274</b>	<b>5,628</b>

## Waipori Fund - Statement of movement in equity as at 30 June 2019

	Actual 2019 \$000	Actual 2018 \$000
Equity at the beginning of the year	87,289	84,217
Plus net surplus for the year	8,569	6,554
	95,858	90,771
Less distribution	(3,200)	(3,482)
	<b>92,658</b>	<b>87,289</b>

## Waipori Fund - Balance sheet as at 30 June 2019

	Actual 2019 \$000	Actual 2018 \$000
<b>Current assets</b>		
Bank account	4,737	315
Accounts receivable	303	355
Current investments		
- Other	7,723	8,587
- Dunedin City Council	-	-
<b>Total current assets</b>	<b>12,763</b>	<b>9,257</b>
<b>Investments</b>		
Equities	44,144	41,009
Non-current investments		
- Other	35,849	36,562
- Dunedin City Council	-	473
<b>Total investments</b>	<b>79,993</b>	<b>78,044</b>
<b>Total assets</b>	<b>92,756</b>	<b>87,301</b>
<b>Current liabilities</b>		
Accruals	98	12
<b>Total current liabilities</b>	<b>98</b>	<b>12</b>
<b>Equity</b>		
Principal of the fund	56,000	56,000
Inflation adjustment reserve	28,302	27,007
Retained earnings	8,356	4,282
<b>Total equity</b>	<b>92,658</b>	<b>87,289</b>
<b>Total equity and liabilities</b>	<b>92,756</b>	<b>87,301</b>

## Waipori Fund - Trend statement for the 6 years to 30 June 2019

	Actual 2019 \$000	Actual 2018 \$000	Actual 2017 \$000	Actual 2016 \$000	Actual 2015 \$000	Actual 2014 \$000
<b>Main income sources</b>						
Interest	1,831	1,774	1,819	1,669	1,743	1,675
Dividend	1,409	1,423	1,625	1,869	1,876	1,630
Rent	-	-	-	-	-	-
Realised gains (loss) on asset sales	(332)	76	(222)	(1,028)	(347)	217
<b>Main assets</b>						
Term financial investments	43,959	45,922	40,812	34,503	32,880	31,741
Equity	44,144	41,009	42,986	47,594	48,678	43,397
<b>Return on assets before unrealised gains or losses</b>						
Financial instruments	4.17%	3.86%	4.46%	4.84%	5.30%	5.28%
Equity	3.19%	3.47%	3.78%	3.93%	3.85%	3.75%
<b>Return on assets after unrealised gains or losses</b>	9.82%	7.78%	6.94%	6.30%	13.10%	6.08%

## 32 Financial risk

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

### a) General

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

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

### b) Liquidity risk

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

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

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

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

The maturity profile and effective interest rates of the Group term borrowings are set out in note 24. The maturity profiles of the Group's financial assets and liabilities, with the exception of equity investments are explained in note h) below.

### c) Interest rate risk

Under the Dunedin City Council Treasury Risk Management Policy approved on 2 October 2018, Dunedin City Treasury Limited utilises a portfolio approach to manage interest rate risk for the Group.

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

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

	CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000
Maturing in less than one year	30,000	42,500
Maturing between one and five years	530,000	437,500
Maturing in more than five years	365,000	382,500
	<b>925,000</b>	<b>862,500</b>

#### d) Currency market risk

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

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

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

	CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000
Forward foreign exchange contracts		
- fair value	(302)	(799)
- nominal value (sale of USD and purchase of NZD)	23,129	14,400
Forward foreign exchange contracts		
- fair value	-	-
- nominal value (sale of NZD and purchase of USD)	-	-

#### e) Effectiveness of cash flow hedges

The matched terms method is the method used in applying hedges across the Group. In all cases, the critical terms of both the hedge instrument and the underlying transaction are matched.

	CONSOLIDATED	
	%	%
Effectiveness	100	100

#### f) Credit risk

Credit risk is the risk that a third party will default on its obligation to the Group, causing the Group to incur a loss.

The Group has processes in place to review the credit quality of customers prior to the granting of credit where applicable.

In financial transactions, the Group deals only with credit-worthy counterparties that are rated the equivalent of investment grade and above. This information is supplied by credit rating agencies. The Group's exposure and the credit ratings of its counterparties are continually monitored and the aggregate value of transactions undertaken is spread among the approved counterparties.

Trade receivables consist of a large number of customers spread across diverse industries and geographical areas. The Group does not have any significant credit risk exposure to any single counterparty or Group of counterparties having similar characteristics.

The amounts presented in the balance sheet for trade receivables are net of allowances for doubtful debts. Credit terms differ within the Group.

Past due, but not impaired, receivables are as follows:

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Age analysis:				
30-60 days	165	182	384	1,562
60-90 days	29	56	686	381
90 days plus	341	182	1,250	1,403

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

#### Financial assets analysis

	CORE COUNCIL			Total
	AA	AA-	No Rating	
<b>2019</b>				
Cash and cash equivalents	-	11,905	-	11,905
Trade and other receivables	-	-	18,238	18,238
Advances due from related parties	112,000	-	-	112,000
Current financial assets	-	7,723	-	7,723
Other financial assets	-	79,992	485	80,477
Loans and advances	-	-	-	-
	<b>112,000</b>	<b>99,620</b>	<b>18,723</b>	<b>230,343</b>

<b>2018</b>				
Cash and cash equivalents	-	5,490	-	5,490
Trade and other receivables	-	-	18,758	18,758
Advances due from related parties	112,000	-	-	112,000
Current financial assets	-	8,424	-	8,424
Other financial assets	-	78,044	485	78,529
Loans and advances	-	-	143	143
	<b>112,000</b>	<b>91,958</b>	<b>19,386</b>	<b>223,344</b>

	CONSOLIDATED			Total
	AA	AA-	No Rating	
<b>2019</b>				
Cash and cash equivalents	-	29,348	-	29,348
Trade and other receivables	-	-	46,675	46,675
Advances due from related parties	-	-	-	-
Current financial assets	-	7,793	1,319	9,112
Other financial assets	-	79,993	494	80,487
Term receivables	-	-	11,041	11,041
Loans and advances	-	-	-	-
	-	<b>117,134</b>	<b>59,529</b>	<b>176,663</b>

<b>2018</b>				
Cash and cash equivalents	-	7,533	-	7,533
Trade and other receivables	-	-	46,137	46,137
Advances due from related parties	-	-	-	-
Current financial assets	-	10,472	-	10,472
Other financial assets	-	78,044	494	78,538
Term receivables	-	-	11,968	11,968
Loans and advances	-	-	143	143
	-	<b>96,049</b>	<b>58,742</b>	<b>154,791</b>



## g) Fair value of financial instruments

## Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	CORE COUNCIL			Total NZ \$'000
	Level 1 NZ \$'000	Level 2 NZ \$'000	Level 3 NZ \$'000	
<b>2019</b>				
<b>Financial assets</b>				
Advances due from related parties	-	-	112,000	112,000
Current financial assets	7,723	-	-	7,723
Other financial Assets	79,992	-	485	80,477
Loans and advances	-	-	-	-
	<b>87,715</b>	<b>-</b>	<b>112,485</b>	<b>200,200</b>
<b>Financial liabilities</b>				
Derivative financial liabilities with related parties	-	4,265	-	4,265
	<b>-</b>	<b>4,265</b>	<b>-</b>	<b>4,265</b>

<b>2018</b>				
<b>Financial assets</b>				
Advances due from related parties	-	-	112,000	112,000
Current financial assets	8,424	-	-	8,424
Other financial assets	78,044	-	485	78,529
Loans and Advances	-	-	143	143
	<b>86,468</b>	<b>-</b>	<b>112,628</b>	<b>199,096</b>
<b>Financial liabilities</b>				
Derivative financial liabilities with related parties	-	6,841	-	6,841
	<b>-</b>	<b>6,841</b>	<b>-</b>	<b>6,841</b>

	CONSOLIDATED			Total NZ \$'000
	Level 1 NZ \$'000	Level 2 NZ \$'000	Level 3 NZ \$'000	
<b>2019</b>				
<b>Financial assets</b>				
Advances due from related parties	-	-	-	-
Current financial assets	7,793	-	1,319	9,112
Other financial assets	79,993	-	494	80,487
Derivative financial assets	-	10,560	-	10,560
New Zealand carbon credits	26,894	-	-	26,894
Loans and advances	-	-	-	-
	<b>114,680</b>	<b>10,560</b>	<b>1,813</b>	<b>127,053</b>
<b>Financial liabilities</b>				
Derivative financial liabilities	-	44,468	-	44,468
	<b>-</b>	<b>44,468</b>	<b>-</b>	<b>44,468</b>

	CONSOLIDATED			
	Level 1 NZ \$'000	Level 2 NZ \$'000	Level 3 NZ \$'000	Total NZ \$'000
<b>2018</b>				
<b>Financial assets</b>				
Advances due from related parties	-	-	-	-
Current financial assets	10,472	-	-	10,472
Other financial assets	78,044	-	494	78,538
Derivative financial assets	-	4,421	-	4,421
New Zealand carbon credits	27,024	-	-	27,024
Loans and advances	-	-	143	143
	<b>115,540</b>	<b>4,421</b>	<b>637</b>	<b>120,598</b>
<b>Financial liabilities</b>				
Derivative financial liabilities	-	21,675	-	21,675
	-	<b>21,675</b>	-	<b>21,675</b>

#### h) Contractual maturity analysis of financial assets and liabilities

The tables below analyse the Group's financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Contractual amounts for the interest expense and balance of the shareholder advance have not been included as the interest is currently payable on a year by year basis and there is no contractual date for the repayment of the outstanding balance.

	CORE COUNCIL						
	Carrying Amount	Contractual Cash Flows	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	No maturity
<b>Financial assets</b>							
<b>2019</b>							
Cash and cash equivalents	11,905	11,905	11,905	-	-	-	-
Advances due from related parties	112,000	112,000	-	-	-	-	112,000
Trade and other receivables	18,238	18,238	18,238	-	-	-	-
Current Financial Assets	7,723	7,723	7,723	-	-	-	-
Other Financial Assets	80,477	80,477	-	7,215	20,302	52,475	485
Loans and Advances	-	-	-	-	-	-	-
<b>Total</b>	<b>230,343</b>	<b>230,343</b>	<b>37,866</b>	<b>7,215</b>	<b>20,302</b>	<b>52,475</b>	<b>112,485</b>
<b>2018</b>							
Cash and cash equivalents	5,490	5,490	5,490	-	-	-	-
Advances due from related parties	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	-	15,056	14,231	48,757	485
Loans and advances	143	143	-	-	-	143	-
<b>Total</b>	<b>223,344</b>	<b>223,344</b>	<b>32,672</b>	<b>15,056</b>	<b>14,231</b>	<b>48,900</b>	<b>112,485</b>
<b>Financial liabilities</b>							
<b>2019</b>							
Trade and other payables	31,143	31,143	31,143	-	-	-	-
Revenue received in advance	6,212	6,212	6,212	-	-	-	-
Term Liabilities	218,973	225,443	24,042	31,620	10,808	-	158,973
<b>Total</b>	<b>256,328</b>	<b>262,798</b>	<b>61,397</b>	<b>31,620</b>	<b>10,808</b>	-	<b>158,973</b>
<b>2018</b>							
Trade and other payables	28,237	28,237	28,237	-	-	-	-
Revenue received in advance	3,676	3,676	3,676	-	-	-	-
Term Liabilities	200,473	312,146	22,922	23,335	265,416	-	473
<b>Total</b>	<b>232,386</b>	<b>344,059</b>	<b>54,835</b>	<b>23,335</b>	<b>265,416</b>	-	<b>473</b>

## h) Contractual maturity analysis of financial assets and liabilities (continued)

	CONSOLIDATED						
	Carrying Amount	Contractual Cash Flows	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	No maturity
<b>Financial assets</b>							
<b>2019</b>							
Cash and cash equivalents	29,348	29,348	29,348	-	-	-	-
Advances due from related parties	-	-	-	-	-	-	-
Trade and other receivables	46,675	46,675	46,675	-	-	-	-
Current financial assets	9,112	9,112	9,112	-	-	-	-
Other financial assets	80,487	80,487	-	7,216	20,302	52,475	494
Loans and advances	-	143	-	-	-	143	-
<b>Total</b>	<b>165,622</b>	<b>165,765</b>	<b>85,135</b>	<b>7,216</b>	<b>20,302</b>	<b>52,618</b>	<b>494</b>
<b>2018</b>							
Cash and cash equivalents	7,533	7,533	7,533	-	-	-	-
Advances due from related parties	-	-	-	-	-	-	-
Trade and other receivables	46,137	46,137	46,137	-	-	-	-
Current financial assets	10,472	10,472	10,472	-	-	-	-
Other financial assets	78,538	78,538	-	-	29,287	48,757	494
Loans and advances	143	286	143	-	-	143	-
<b>Total</b>	<b>142,823</b>	<b>142,966</b>	<b>64,285</b>	<b>-</b>	<b>29,287</b>	<b>48,900</b>	<b>494</b>
<b>Financial liabilities</b>							
<b>2019</b>							
Short term borrowings	620	620	620	-	-	-	-
Trade and other payables	65,175	65,175	65,175	-	-	-	-
Term liabilities	691,069	761,006	229,583	141,749	179,515	209,686	473
<b>Total</b>	<b>756,864</b>	<b>826,801</b>	<b>295,378</b>	<b>141,749</b>	<b>179,515</b>	<b>209,686</b>	<b>473</b>
<b>2018</b>							
Short term borrowings	3,638	3,638	3,638	-	-	-	-
Trade and other payables	55,807	55,807	55,807	-	-	-	-
Term liabilities	610,043	676,466	203,233	64,801	273,624	134,335	473
<b>Total</b>	<b>669,488</b>	<b>735,911</b>	<b>262,678</b>	<b>64,801</b>	<b>273,624</b>	<b>134,335</b>	<b>473</b>

## 33 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 0.6719. A parallel shift of +1%/-1% in the NZD market interest rate from the year end 90 day BBBR of 1.64% (2018: 2.01%).

Should these movements occur, the effect on consolidated profit and loss and equity for each category of financial instrument held at balance date is presented below. The movements are illustrative only.

	Carrying Amount \$000	-100bp Profit	Interest Rate Equity	+100bp Profit	Equity	FX -10% Profit	10% Profit
<b>2019</b>							
<b>Financial assets</b>							
Derivatives - designated as cash flow hedges (interest rate swaps and forward currency deals separately disclosed)	10,560	-	-	-	-	(2,877)	1,797
Other financial assets	89,599	-	-	-	-	210	(172)
	<b>100,159</b>	-	-	-	-	<b>(2,667)</b>	<b>1,625</b>
<b>Financial liabilities</b>							
Derivatives - designated as cash flow hedges (interest rate swaps and forward currency deals separately disclosed)	44,468	-	(70,617)	-	(23,853)	-	-
Other financial liabilities	-	-	-	-	-	-	-
	<b>44,468</b>	-	<b>(70,617)</b>	-	<b>(23,853)</b>	-	-
<b>Total increase (decrease)</b>		-	<b>(70,617)</b>	-	<b>(23,853)</b>	<b>(2,667)</b>	<b>1,625</b>
<b>2018</b>							
<b>Financial assets</b>							
Derivatives - designated as cash flow hedges (interest rate swaps and forward currency deals separately disclosed)	11,262	-	-	-	-	2,369	(1,938)
Other financial assets	89,153	-	-	-	-	209	(171)
	<b>100,415</b>	-	-	-	-	<b>2,578</b>	<b>(2,109)</b>
<b>Financial liabilities</b>							
Derivatives - designated as cash flow hedges (interest rate swaps and forward currency deals separately disclosed)	21,675	-	(22,137)	-	20,284	-	-
Other financial liabilities	-	-	-	-	-	-	-
	<b>21,675</b>	-	<b>(22,137)</b>	-	<b>20,284</b>	-	-
<b>Total increase (decrease)</b>		-	<b>(22,137)</b>	-	<b>20,284</b>	<b>2,578</b>	<b>(2,109)</b>

1. Cash and cash equivalents include deposits at call which are at floating interest rates. Sensitivity to a 1% movement in rates is immaterial as these deposits are very short term.
2. Derivatives subject to the hedge accounting regime are managed by the company to be 100% effective and thus there is no sensitivity to change in either interest rates or exchange rates. Changes to interest rates charged caused by any change to the credit standing of the Group cannot be hedged.
3. Borrowings within each of the companies of the Group are subject to the Treasury Risk Management Policy. Sensitivity to any movement in the interest rate in the Statement of Comprehensive Revenue and Expense is limited to the effect on the amount of floating rate debt that exceeds the amount of the fixed rate hedge.

### 34 Commitments, contingencies, guarantees and insurance

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
<b>Capital commitments approved and contracted</b>				
Roading capital commitments	45,396	16,924	47,472	16,924
Water and waste capital commitments	16,608	13,942	16,474	13,942
Other property, plant and equipment capital commitments	5,455	1,362	60,402	24,135
	<b>67,459</b>	<b>32,228</b>	<b>124,348</b>	<b>55,001</b>
<b>Non-cancellable operating lease commitments</b>				
Not later than one year	94	53	4,085	2,875
Later than one year and not later than 5 years	261	114	5,812	4,326
Later than five years	-	-	739	579
	<b>355</b>	<b>167</b>	<b>10,636</b>	<b>7,780</b>

The Council has a number of commitments as lessor from leasehold property. As at 30 June 2019 the amount has not been quantified.

The Council has guarantees of \$341,158 (2018: \$390,463). These are on behalf of recreation and service organisations that have funded expenditure by way of commercial loan or prospective fund raising. These are not considered to be liabilities as the possibility of an outflow of resources embodying economic benefits is remote.

The Otago Regional Council requires the payment of a bond from those entities involved in solid waste disposal. By mutual agreement the payment of a bond of \$1,000,000 has been waived as long as the Council retains ownership of the Green Island landfill site, and maintains the conditions of the consents.

As detailed in note 20, the Council has uncalled capital of 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 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Golden Block Investments Limited	1,325	1,325	1,325	1,325
Performance bonds	-	-	724	666
	<b>1,325</b>	<b>1,325</b>	<b>2,049</b>	<b>1,991</b>

The borrowings of Golden Block Investments are secured by registered first mortgage over the property and undertakings and guarantees for the amount of \$1,325,000 or 50% of the debt, whichever is the lesser from each of the shareholders of which DCC is one.

The performance bonds issued are 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.

During the 2016/17 financial reporting period, Aurora Energy Limited was informed of a potential claim by landowners for property damage suffered as a result of the Saddle Hill, Dunedin fire in October 2015. An independent investigation found that the cause of the fire was unknown. The Company holds public liability insurance. At reporting date, the financial consequences of this matter (if any) were not known.

#### Insurance of assets

The total value of property plant and equipment of the Council covered by insurance contracts for the 2019/20 year is \$1,701,358,000 (2018/19: \$1,644,184,000).

The maximum amount to which assets are insured for non-natural disaster under the Council insurance policies is \$250,000,000 (2018: \$250,000,000).

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

An insurance reserve fund of \$307,000 (2018: \$300,000) exists to meet the cost of claims that fall below deductible limits under the Council insurance policies.

### 35 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.

### 36 Explanations of major variances against budget

Explanations for major variances from the Council's budget figures in its 2018/19 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 funding for roading capital projects, the Logan Park artificial turf and the Waterfront development (Provincial Growth Fund). There was also increased activity in a number of operational areas including building services, parking operations and the crematorium.

The favourable variance also included the following non-cash items: higher than expected vested assets (\$2.1 million), additional fair value gains related to the Waipori Fund (\$4.4 million), and an unbudgeted fair value increase related to the investment property portfolio (\$1.8 million).

Development and financial contributions from across the city were also greater than budget, including income from continued development in Mosgiel.

Other operating expenses were greater than budget due to the following: expenditure on the development of various projects including waste futures, central city, hospital rebuild and the waterfront development. Operating expenses were also impacted by increased maintenance on buildings and infrastructure assets along with a non-cash increase in the provision for landfill after-care costs. Some of the additional expenditure contributed to the increased revenue discussed above.

Financial expenses were less than budget by \$1.9 million primarily due to a favourable floating interest rate.

Depreciation expenditure was \$5.2 million greater than budget due to the impact of asset revaluations across multiple portfolios along with the increased level of capital expenditure.

#### Statement of financial position

The term loan balance as at 30 June 2019 was \$218.9 million or \$12.0 million greater than budget. This difference was driven by higher than expected capital expenditure for the year as evidenced in the statement of cashflows - see comment below regarding investing activities.

#### Statement of cashflows

Net cash inflow from operations was \$21.2 million greater than budget driven by the revenue and expense variances. The inflow was particularly impacted by the additional grants funding for the various capital projects discussed above.

Net cash outflow from investing activities was \$24.9 million greater than budget primarily driven by a higher level of capital expenditure including roading projects and two recent property purchases.

### 37 Post balance date events

There are no post balance date events.

