

# SECTION 4:

## Other disclosures | He whākika anō

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# Annual report disclosure statement

## Annual report disclosure statement for the year ending 30 June 2019

### What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

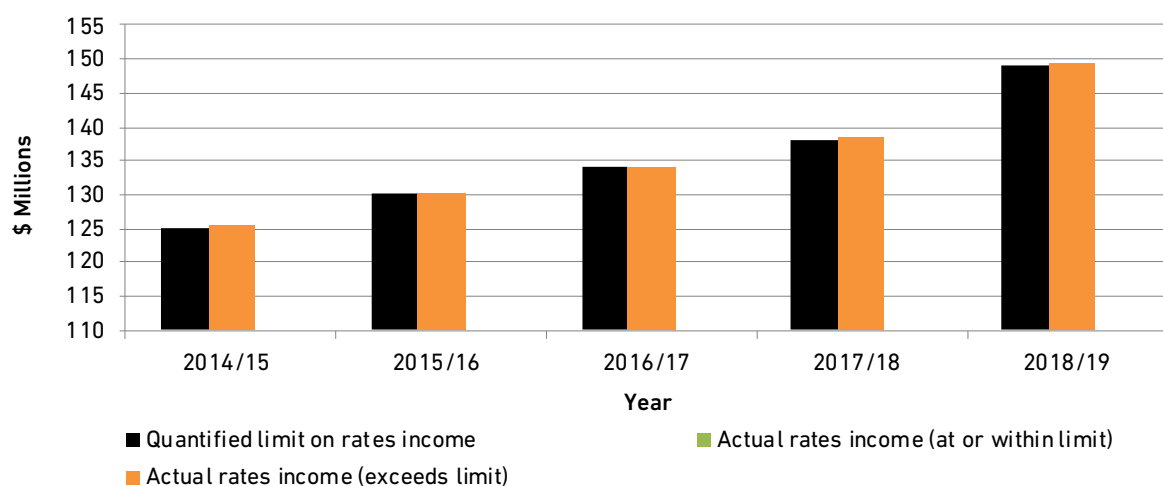
### Rates affordability benchmark

The Council meets the rates affordability benchmark if –

- Its actual rates income equals or is less than each quantified limit on rates; and
- Its actual rates increases equal or are less than each quantified limit on rates increases.

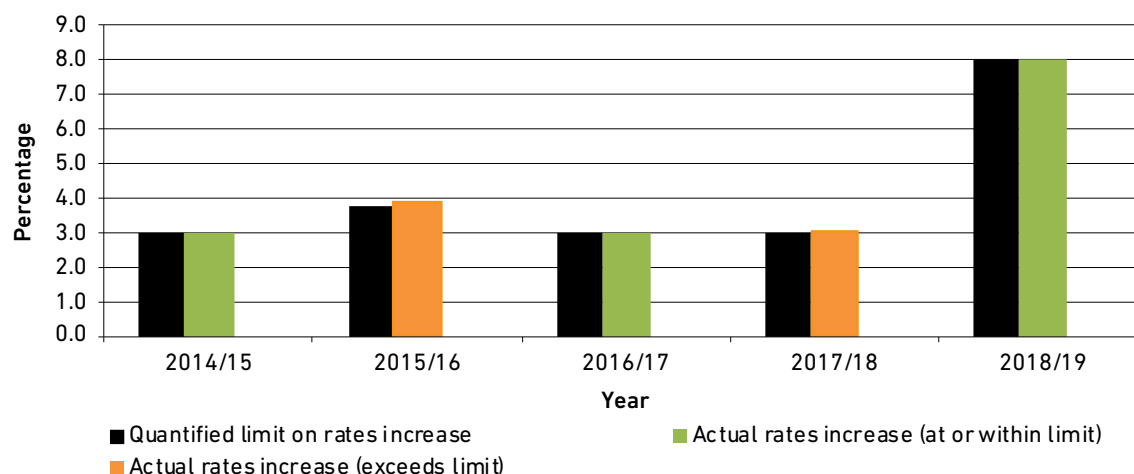
### Rates (income) affordability

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan. The quantified limit is \$149.07 million in 2018/19.



### Rates (increases) affordability

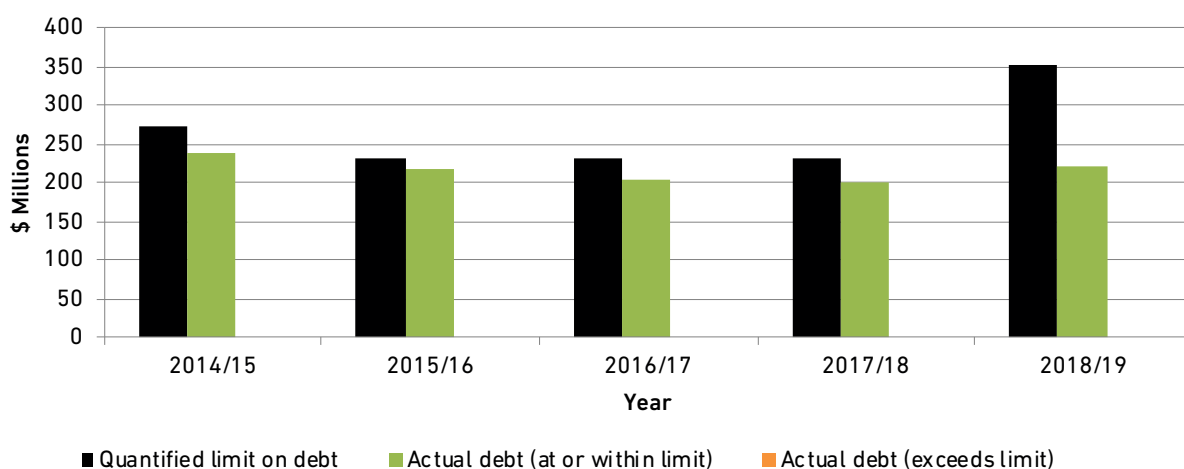
The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's long-term plan. The quantified limit is 8% in 2018/19.



### Debt affordability benchmark

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

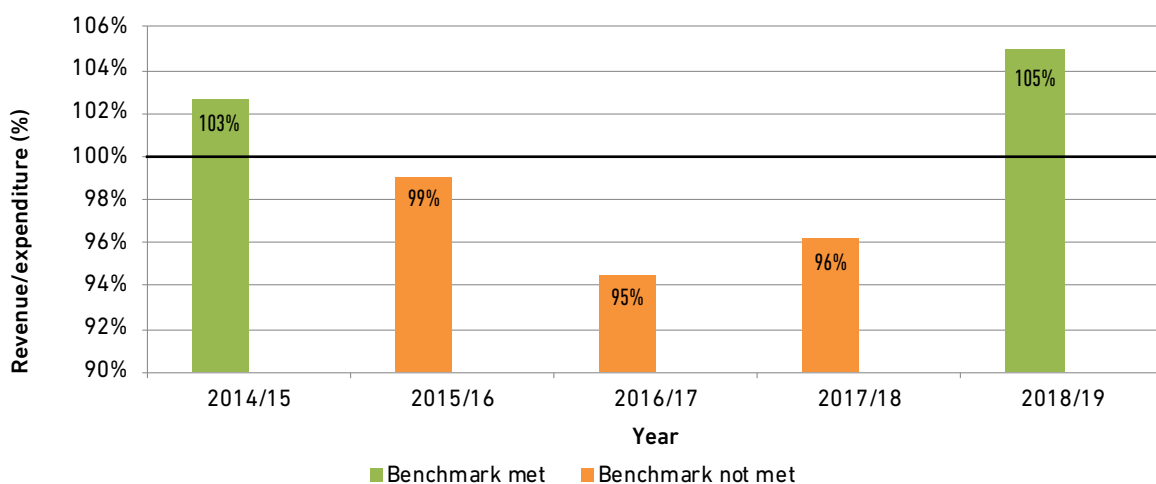
The following graph compares the Council's actual borrowing with a quantified limit on borrowing statement in the financial strategy included in the Council's long-term plan. The quantified limit is \$350 million in 2018/19.



### Balanced budget benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

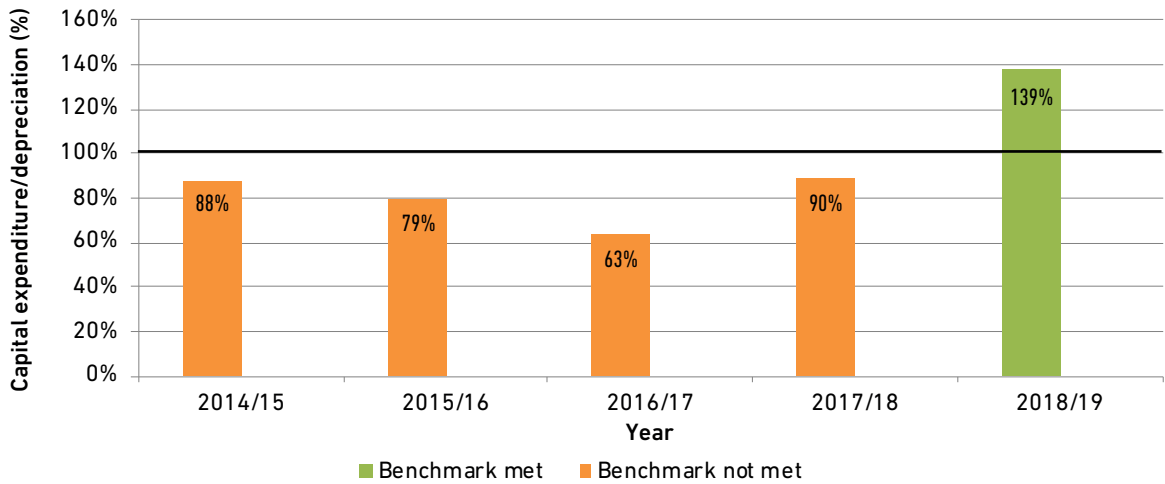
The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Essential services benchmark

The following graph displays the Council’s capital expenditure on network services as a proportion of depreciation on network services.

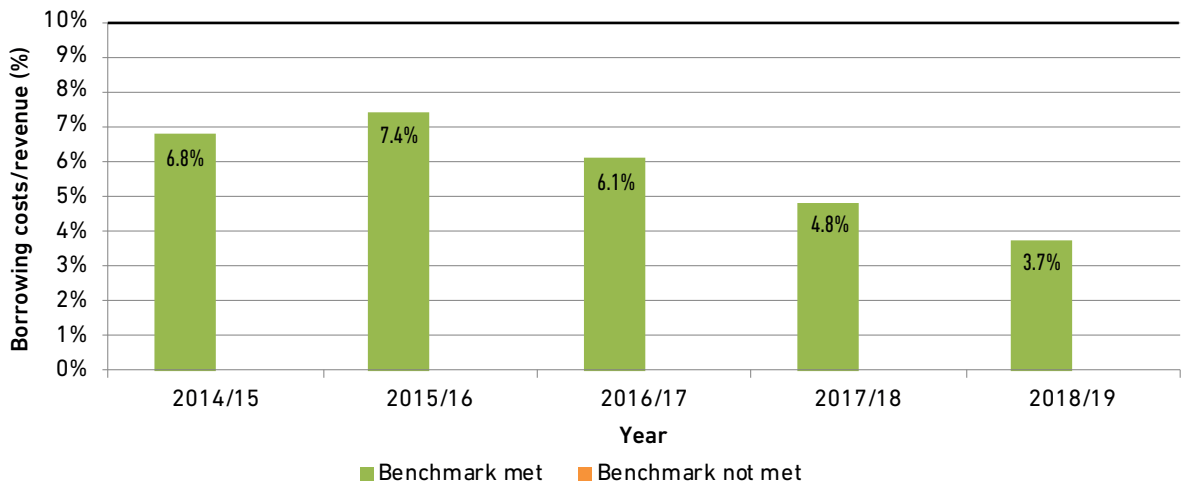
The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt servicing benchmark

The following graph displays the Council’s borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment).

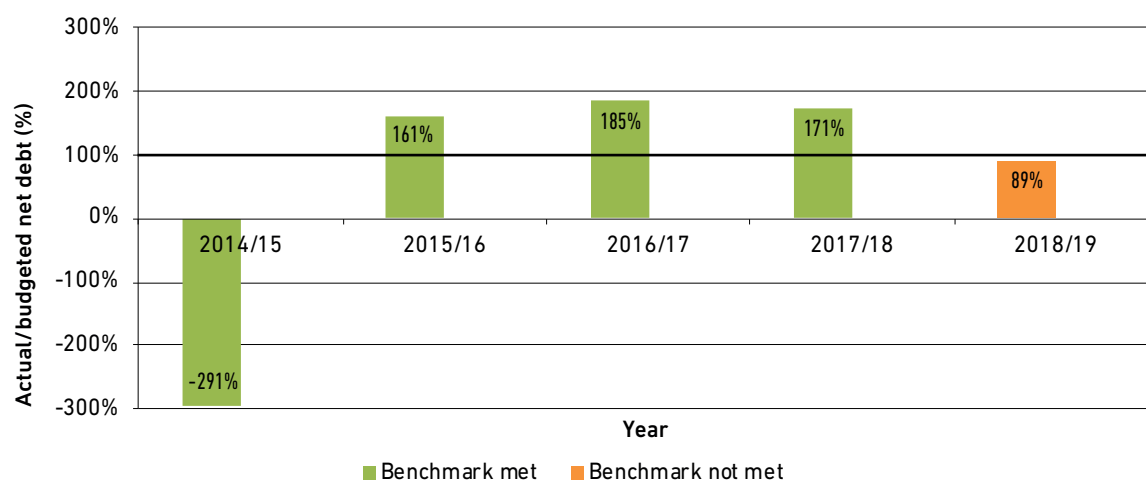
Because Statistics New Zealand projects the Council’s population will grow below the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



### Debt control benchmark

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

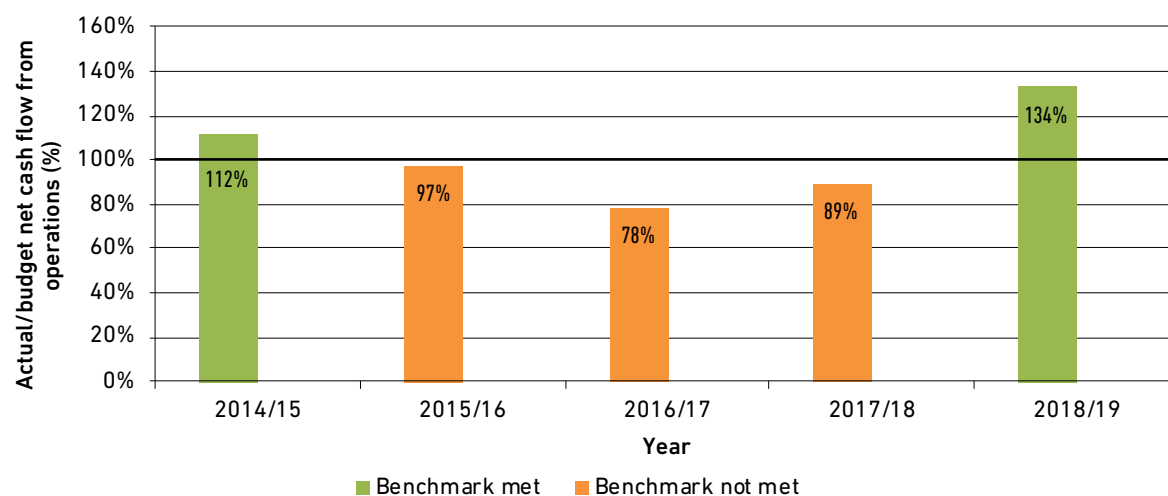
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



### Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



### Additional information or comment

Note 1: Rate projections are set at the end of May each year. Between May and June, additional rates revenue arises due to growth (eg subdivisions, extensions), and budgets don't include this. Actual rates include this growth. This affects the rates affordability benchmarks.

Note 2: Debt control benchmark. The Council planned to have net assets from 2015/16 – that is, its financial assets (excluding trade and other receivables) were planned to exceed its financial liabilities. The results shown graphically above are correct. The graph shows 'benchmark met' whenever the Council is better off (either less indebted or with greater net assets) than planned. Conversely, it shows 'benchmark not met' whenever the Council is either more indebted or has less net assets than planned.

## Council controlled organisations | He ohu nā te Kaunihera

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

### Dunedin City Holdings Limited

#### Statement of service performance for the year ended 30 June 2019

The performance targets established in the 2018/19 Statement of Intent for Dunedin City Holdings Limited and the results achieved for the year ended 30 June 2019 are as follows.

Parent Company Performance Targets	Parent Company Outcome Achieved
<b>Business Objectives</b>	
Review and approve the Statements of Intent and plans of each of the Group companies for consistency with the strategic direction of the DCC.	The review of the draft 2020 Statements of Intent of subsidiary companies were completed. Amendments were made to the Board's satisfaction. Updated and final Statements of Intent were received by the Board by 30 June 2019 and forwarded to the DCC as ultimate shareholder.
Review the operating activities of each of the Group companies along with Dunedin City Holdings Ltd for compliance with the goals and objectives of the Statement of Intent.	Reviews of the operating activities were performed as required by the Board of Dunedin City Holdings Ltd.
Monitor and review the performance of each Group Company against their Statement of Intent goals and objectives.	Continual monthly reviews of companies' performance against key Statement of Intent goals have been undertaken. Subsidiaries' performance against Statement of Intent goals also reported on to DCC on a quarterly basis.
<b>Financial</b>	
Monitor financial performance of each of the Group companies.	Continual monthly reviews of operating initiatives and financial performance of each of the Group companies have been undertaken, with Dunedin International Airport Ltd reviewed on a quarterly basis.
Monitor the capital structure of each Group Company.	The Company's Standard and Poor's long term credit rating was reaffirmed at AA in December 2018. The A1+ short term rating remained the same.  Reviews of capital structure within the Group were performed during the financial year.
Review the capital expenditure of each of the Group of companies for compliance and approval as required by Dunedin City Holdings Ltd.	Continual monthly reviews of capital expenditure of each of the Group companies have been undertaken, with Dunedin International Airport Ltd reviewed on a quarterly basis.
<b>Shareholders</b>	
Engage with the shareholder annually on opportunities for the Company and/or its subsidiaries to contribute, or assist where possible, with Council's community outcomes (as listed in the annual plan).	Consideration was given to the shareholder's expectations in the annual Company's Statement of Intent.
Engage with the shareholder regularly on the group's alignment with the Dunedin City Council Strategic Framework.	The Company regularly engages with the shareholder regarding the group's alignment with the Dunedin City Council Strategic Framework.
Bring to the attention of the shareholder any strategic or operational matters where there may be conflict between the Council's community outcomes and those of the Company and seek the shareholder's view on these.	There were no matters of conflict requiring escalation to the shareholder.
Encourage each Company within the Group to act as a socially and environmentally responsible corporate citizen.	Reviews of the activities undertaken by the Group companies for purposes of being a socially and environmentally responsible corporate citizen have been undertaken throughout the year.
Keep the shareholders informed of all substantive matters.	All substantive matters were reported to the shareholder within 24 hours of the Dunedin City Holdings Ltd board becoming aware of them.

## Parent Financial Forecasts

	\$,000		\$,000
Shareholder's funds to total assets	53%	Shareholder's funds to total assets	55%
Interest paid to shareholder	5,902	Interest paid to shareholder	5,902
Dividend distributions	-	Dividend distributions	-
Net profit after tax	-	Net profit after tax	3,347
Cash flow from operations	128	Cash flow from operations	3,215
Term loans	25,800	Term loans	19,800
Contributions of equity	2,550	Contributions of equity	2,550

## Parent Achievement

Group Performance Targets	Group Outcome Achieved
<b>Objectives</b>	
Subsidiaries have the required policies in place to be compliant with the Dunedin City Council Treasury Risk Management Policy.	There were no breaches of the Dunedin City Council Treasury Risk Management Policy.
Corporate Governance policies and procedures reflect best practice.	Confirmed that all group companies have appropriate Corporate Governance policies in place and they are reviewed on a regular basis.
Business Continuity Plans are in place.	Confirmed that all group companies have Business Continuity Plans in place or in progress, and they are reviewed at least annually.
Health and Safety is best practice.	Confirmed that all group companies have appropriate Health and Safety policies and procedures in place and they are reviewed at least annually.
Risk management structures are sound.	Confirmed that all group companies have appropriate risk management structures in place and they are reviewed at least annually.
Statutory and Regulatory is best practice with no urgent outstanding issues on Audit Reports.	Confirmed that all group companies are in the process of resolving any urgent outstanding audit issues from the prior year.

## Group Financial Forecasts

	\$,000		\$,000
Shareholder's funds to total assets	27%	Shareholder's funds to total assets	25%
Interest paid to shareholder	5,902	Interest paid to shareholder	5,902
Dividend distributions	-	Dividend distributions	-
Net profit after tax	5,071	Net profit after tax	4,186
Cash flow from operations	43,077	Cash flow from operations	31,616
Capital expenditure	87,434	Capital expenditure	81,475
Term loans	658,000	Term loans	690,596

## Group Achievement

## Aurora Energy Limited

### Statement of service performance for the year ended 30 June 2019

The performance targets established in the 2018/19 Statement of Intent for Aurora Energy Limited, and the results achieved for the Year Ended 30 June 2019 are as follows.

Performance Targets	Outcome Achieved
<b>Economic</b>	
<b>Network Operations</b>	
Consumer connections (ICP count) 89,000 average per annum.	Achieved. Total customer connections were 90,419 as at 31 March 2019.
Load factor % $\geq$ 54.00% energy into network/peak kW hours.	Achieved - 54%
Capacity utilisation % $\geq$ 30.0% peak network kW/installed distribution transformer capacity kVA.	Achieved - 31%
Customer responsiveness – achieve average network restoration times of < 4 hours for urban customers and < 6 hours for rural customers. $\leq$ 60 number of events outside urban and rural restoration targets that resulted in service payments to customers.	Achieved – 60 events occurred outside of restoration targets that resulted in service payments being made.
<b>Network Reliability</b>	
Statement of Intent Targets – Period ended 31 March 2019	
SAIDI (System Average Interruption Duration Index)	
Class B interruptions planned $\leq$ 146.00 minutes	Achieved – 77.15 minutes
Class C interruptions unplanned $\leq$ 111.00 minutes	Achieved – 108.34* minutes
Total $\leq$ 257.00 minutes	Achieved – 185.49 minutes
SAIFI (System Average Interruption Frequency Index)	
Class B interruptions planned $\leq$ 0.72	Achieved - 0.37 interruptions
Class C interruptions unplanned $\leq$ 2.05	Achieved – 1.75* interruptions
Total $\leq$ 2.77	Achieved – 2.12 interruptions
*Class C SAIDI and SAIFI are expressed as normalised figures. Regulatory reporting allows for the effect of extreme events to be removed, resulting in normalised figures that are compared against target. The raw results for Class C SAIDI and SAIFI were 168.00 minutes and 1.89 interruptions respectively.	
<b>Economic Development</b>	
Promote economic development by providing essential electricity infrastructure to support the council's strategy to be one of the world's great small cities.	Achieved. Safety and Network Reliability targets were achieved*.
*Refer to Safety & Network Reliability targets.	
<b>Shareholder Objectives</b>	
Engage with the Shareholder annually on opportunities for the Company to contribute, or assist where possible, with Council's community outcomes (as listed in the Annual Plan). Consult with the Shareholder on matters to be included in the Company's Statement of Intent.	2019-2020 Statement of Intent has been submitted and approved.
Bring to the attention of the Shareholder any strategic or operational matters where there may be a conflict between the Council's community outcomes and those of the Company.	Issues of potential strategic or operational conflicts were notified to the Shareholder.

## Health, Safety, Community and Environmental Objectives

### Health and Safety

Zero serious harm events involving members of the public

Achieved. There were no serious harm incidents during the year involving members of the public.

Reduce levels of recordable harm.  $\leq 4.50$  total recordable injury frequency rate (TRIFR) per 200,000 hours worked.

Achieved. Aurora Energy and its largest contractors achieved a TRIFR of 4.0 per 200,000 hours worked during the year.

### Community

Maintain community support with \$20,000 of sponsorship per annum and community initiatives including the street art programme on Aurora Energy assets

Achieved. \$35,800 was spent in support of community initiatives during the year. Aurora's main community sponsorship was the Southern Lakes Festival of Colour.

Promote uptake of electronic vehicles with at least three public charging facilities connected to Aurora network.

Achieved. There are at least seven public fast chargers connected to the network.

Partner with Department of Conservation in the NZ Falcon conservation project aimed at reducing risk of bird electrocution with network design standards updated to include FalconSafe requirements for all new installations.

Achieved. FalconSafe network design standards incorporated on all new installations across the business.

### Environment

No transgression of the environmental and resource law occurs.

Achieved. There were no Resource Management Act breaches during the year.

## Financial

### Objectives

Financial results before \$5.0 million provision for historical network reliability breaches

#### Target

#### Results

	\$,000		\$'000
EBITDA	21,440	Achieved	21,479
Net surplus after tax	(6,753)	Achieved	(5,943)
Shareholder's funds	184,174	Achieved	184,576
Shareholder's funds to total assets	32%	Achieved	32%

Financial results after \$5.0 million provision for historical network reliability breaches

#### Target

#### Results

	\$,000		\$'000
EBITDA	21,440	Not achieved	16,479
Net surplus after tax	(6,753)	Not achieved	(10,943)
Shareholder's funds	184,174	Not achieved	179,576
Shareholder's funds to total assets	32%	Not achieved	31%

### Financial results - other

	\$,000		\$,000
Cash flow from operations	17,651	Not achieved	16,887
Capital expenditure	66,568	Not achieved	62,040
Term debt	$\leq 307,415$	Achieved	301,350

## City Forests Limited

### Statement of service performance for the year ended 30 June 2019

The performance targets established in the 2018/19 Statement of Intent for City Forests Limited, and the results achieved for the year ended 30 June 2019 are as follows.

Performance Targets	Outcome Achieved
<b>General</b>	
The Company will achieve a 6% post-tax (or greater) return on shareholders' funds measured on a three year rolling average basis.	Three year rolling average return on shareholders' funds is 14.3%.
A review of the Company's long term strategic plan will have been completed which meets the objective of a 6% post-tax return on shareholders' funds measured on a three year rolling average basis.	Strategy day held on 25th June 2019. The Company's long term strategic plan was reviewed and adopted by the shareholder during the annual budget and statement of intent process. The plan incorporates a return on shareholders' funds of; 6.9%, 6.3% and 6.5% for the first three years measured on a forecast three year rolling average basis.
Opportunities for expanding the Company's scale will have been investigated including joint ventures. The company will report annually on the hectares of land acquired / divested including joint ventures.	The strategic plan incorporates a forest estate expansion program. Six new property purchases total 1003.5ha occurred during the year. No divestments occurred.
No single customer will have received more than 30% of the Company's annual harvest by volume.	Our largest customer Pan Pac Otago Limited received 6.7% of the Company's annual harvest volume.
The Company's sales agency will diversify export sales by geographic market destination and by customer which will be reported annually.	Export volume was shipped to: South Korea: 39.8% spread across 34 customers. China: 60.2% spread across 12 customers.
The Company will realise financial opportunities from the sale of carbon stored in the Company forests, in compliance with carbon policy.	The Company has regularly monitored Carbon sales price during the period and considered its Carbon Sales policy at board level. 300,000 NZU sales occurred during the period.
The Company will balance its exposure to domestic and export revenues taking into account market risk and product margin. The percentage annual supply to the domestic market by volume will be tracked.	Domestic log production was 28.9% by volume. (38.1% last year). Export log sales were 71.1% by volume.
The Company will incorporate Carbon accounting in the strategic plan in accordance with the New Zealand Emissions Trading Scheme (ETS).	The Company's strategy plan incorporates Carbon sales. The future Carbon sequestration and surrender obligations forecast in accordance with the Company's ETS obligations are recognised in the Forest Valuation and Strategic 10 year plan.
The Company will meet its annual supply commitments to domestic customers taking into account agreed variations.	On an annualised basis all customers received their contracted volumes within plus or minus 10%. A number of domestic supply commitments were varied during the year at the request of the customer.
The Company will meet its volume and log quality commitments to export shipping and export customer contracts.	All export commitments were met however purchase wood volumes were needed to supplement Company production for some shipments.
The annual harvest as detailed in the strategic plan will be within +/- 20% of the long term sustainable yield.	The annual harvest from the Company forest estate during the year was 336,374m <sup>3</sup> including billet wood. This is 101.6% of the sustainable yield of 330,923m <sup>3</sup> . Forecast harvest levels in the long term strategic plan for the next 3 years are; 337,028m <sup>3</sup> , 330,923m <sup>3</sup> and 330,923m <sup>3</sup> . All are within +/- 20% of the sustainable yield.
The Company will carry out annual forest inventory to measure and verify forest yield. The number of inventory plots measured will be reported.	The Company completed 500 inventory plots during the period.
An annual forest health surveillance program will be in place to assess the forest estate for pests and diseases, as part of the National Surveillance Program.	The forest industry wide biosecurity surveillance program was operational during the year. No new incursions were reported in the Company estate.

The annual fire plan will be updated and operational by September each year.

The Company will actively participate in regional land use and environmental planning processes.

The Company will have reviewed the best species and silvicultural management plan to apply to annual operational areas. The Company will report annually on percentage of pruned area by forest as a percentage of stocked P.rad area.

The Company will participate in Industry Research Consortia (via the Forest levy) to ensure research objectives are in line with Company Strategy and to gain financial leverage to receive research objectives.

At least one new forest management technique will be introduced as a result of research findings.

The Company will participate in environmental research to minimise the use of chemicals in compliance with FSC Standards and Requirements.

The Company will maintain supply arrangements with Otago and Southland wood processors provided customers match (or better) alternative supply options.

Annual supply volumes to major wood processors (Pan Pac, Craigpine, Niagara & Daiken) will be tracked and reported.

The volume of wood supplied to Bioenergy uses will be tracked and reported.

Lost time accident rates (12 month rolling average) for staff and forest contractors will be reduced to a maximum of 15 lost time injuries per 1,000,000 hours.

The Company will undertake drug and alcohol testing of staff and the contract workforce. The number of random tests and percentage of positive tests will be reported.

Maintain Forest Stewardship Council Certification of the Company's forests.

A current forest management plan will be in place (as required by FSC standards) which identifies social and environmental, as well as economic outputs.

Fire plan update was completed in September 2018 prior to the start of the fire season.

The Company actively participated with the Otago Regional Council's implementation of the National Environmental Standard for Plantation Forestry.

A comprehensive forest growing performance improvement program continued during the year incorporating input from Scion lead researchers and consultants. Pruned P.rad Percentage by Forest is:

Silverpeaks	63%
Flagstaff	73%
Waipori	25%
Tokoiti	42%
Total	43%

The Company has paid the Forest Growers Levy. Two staff are members of committees (through the Forest Owners Association) which are part of the process of allocating levy research funds. The Company Forest Levy contribution is pooled with industry and Government funds achieving considerable financial leverage enabling significant research to be undertaken.

Forest genetic review was undertaken and establishment plans have been modified to increase site productivity as a result of the results. A significant long term productivity trial is established in Tokoiti Forest.

Company staff are represented on the Forest Owners Association, Forest Environment Committee which recommends and monitors Forest Industry Levy research spend on chemical trials.

Otago and Southland wood processors receive supply volumes in accordance with the annual plan. Pricing is negotiated each quarter. Customers have been given the option to decline or reduce supply if they are unable to match returns from alternative supply options (log export) and this occurred by agreement with some customers for periods during the year.

Otago & Southland wood processors were supplied the following volumes during the period:

Pan Pac:	22,560m <sup>3</sup>
Craigpine:	12,327m <sup>3</sup>
Niagara:	888m <sup>3</sup>
Hollows:	9,113m <sup>3</sup>
Daiken:	14,337m <sup>3</sup>
Bioenergy:	12,339m <sup>3</sup>

12 month rolling lost time accident rate for staff and forest contractors was 0.0 lost time injuries per 1,000,000 hours. (31.7 last year).

87 tests were conducted during the period. One positive random test was recorded, being 1.15%.

Forest Stewardship Council Certification was maintained following audit in 2018.

The Company has a set of comprehensive forest management plans that have been externally audited as part of the Company maintaining FSC certification.

The Company will work with partners (DoC, University of Otago etc) to maintain and enhance threatened and endangered (RT&E) species on and around the Company estate. Sponsorship amounts for these activities will be reported annually.

The Company will have in place an environmental management system which will include procedures for sustainability monitoring. Results of water sampling and reserve area environmental assessments will be publicly available on the Company's website.

Company and Contract employees will have a training plan in place. The company will report on the number of National Certificates achieved by its workforce each year.

The Company will engage with its contractors to participate in Modern Apprenticeship programs. The number of apprentices working in Company operations will be reported each year.

Each harvesting crew will utilise trained; tree fellers, breaker outs and log makers.

There will be "nil" instances of non-compliance with the Company's EEO policy.

The Company's forest management plans will have a section allocated to Recreation and Educational use of the forests.

The Company will maintain a Forest Access Permit system, track and report on recreational use statistics.

The Company will track and report on the distance of public walking and mountain bike tracks in the Company's forests.

To contribute to, or assist where possible, with the Dunedin City Council community outcomes (as listed in the Annual Plan). The Company will be mindful the ultimate shareholder is the custodian of the community's interest and accepts that a greater need for consultation may be required.

Kaitiakitanga (Guardianship and Protection). To maintain and grow the forest estate for future generations of Dunedin Ratepayers. A continued and measured expansion of the forest estate will be part of Company Strategy, actioned and tracked annually.

Sponsorship of \$15,000 was awarded to Predator Free Dunedin to contribute towards conservation of rare threatened and endangered (RT&E) species on and around the Company estate.

An environmental management system is in place with on-going monitoring of environmental values. This is available on the Company's website and includes water, soil disturbance and reserve biodiversity monitoring.

Company Staff, Contractors and their employees achieved 8 National Certificates during the year.

At 30 June 2019 no modern apprentices were employed in Company operations as all have completed their apprenticeships.

Each harvest crew has multiple trained employees for all three listed tasks. A training matrix is in place to track compliance.

There were no instances of non-compliance with the Company's EEO policy.

The Company's forest management plans have sections allocated to recreation and education.

Recreation use is monitored through forest access permit issuance. 306 forest access permits were issued during the year.

The Company has 19.3 km of walking tracks and 23.2km of mountain bike tracks in its forests.

The Company's financial, sustainability, environmental and recreational achievements compliment the annual plan and are reported quarterly by exception to the ultimate shareholder (DCC) by the Dunedin City Holdings Limited. No issues of conflict with the DCC Annual plan have been identified and therefore no additional consultation has been required.

Company has purchased 1016.7ha of land during the period incorporating approximately 38ha of standing forest.

## Financial

### Targets

	\$'000
Profit before income tax	15,028
Profit after income tax	10,814
Shareholder's equity	152,352
Normal dividend	6,500
Special dividend	-
Operating cashflow	9,800
Capex	5,800
Term debt	17,000

### Achievements

	\$'000
Profit before income tax	34,768
Profit after income tax	25,232
Shareholder's equity	184,759
Normal dividend	6,500
Special dividend	1,500
Operating cashflow	13,578
Capex	8,930
Term debt	13,600

## Delta Utility Services Limited

### Statement of service performance for the year ended 30 June 2019

The performance targets established in the 2018/19 Statement of Intent for Delta Utility Services Limited, and the results achieved for the year ended 30 June 2019 are as follows.

Performance Targets	Outcome Achieved
<b>The Shareholder</b>	
Consult with the Shareholder on matters to be included in the Company's Statement of Intent.	Achieved. The Statement of Intent for the 2019 financial year was submitted to and accepted by DCHL prior to 30 June 2018.
Consult with the Shareholder at the earliest possible time on matters where conflict may or could result.	Achieved. Monthly KPI reports and financial information was provided to DCHL in line with the agreed timetable.
Keep the Shareholder informed of all substantive matters.	Achieved. Board reports were produced and meetings were held each month to review the Company's compliance with goals and objectives stated in the SOI and Strategic Plan.
<b>Community, People, Safety and Environment</b>	
<i>Community</i>	
Make positive contribution to our community with \$25,000 of sponsorship/donations per annum.	Achieved. Over \$30,000 was paid in sponsorship/donations to community groups during the year.
Support community recreation and visitor experience in Dunedin by achieving KPIs on service contracts.	Achieved. Target KPIs were maintained or exceeded on average throughout the year.
<i>People</i>	
Develop skill sets and succession planning through Delta's apprenticeship scheme. Average number of apprentices in the scheme of 10 or more per annum.	Achieved. The average apprentices in the scheme was over 34 during the period.
Maintain the health and wellbeing of staff. Lower than 2.5% sick leave based on hours.	Achieved. Staff sick leave was 1.7% of total hours during the year.
Maintain a positive and satisfying working environment with low levels of voluntary staff turnover. Below 15.0% staff turnover.	Achieved. Voluntary staff turnover was 13.4% over the 2018/19 year.
<i>Safety</i>	
Reduce harm to employees and contractors.	
≤ 4.50 total recordable injury frequency rate (TRIFR) per 200,000 hours worked.	Not achieved. TRIFR for the year was 4.90 per 200,000 hours worked.
≤ 1.00 total lost time injury frequency rate (LTIFR) per 200,000 hours worked.	Not achieved. LTIFR for the year was 1.68 per 200,000 hours worked.
<i>Environment</i>	
Maintain all existing environmental accreditations held during the year.	Achieved. All environmental accreditations were maintained.
Maintain full compliance with the Resource Management Act (RMA). 0 – number of breaches.	Achieved. There were no RMA breaches during the year.
Maintain or lower fuel efficiency to ≤ 9.50 litres fuel used per 100 kilometres.	Not achieved. Fuel efficiency across the Delta light commercial fleet was calculated at 9.70 litres per 100 kilometres.
<i>Economic</i>	
Maintain essential infrastructure to support Dunedin City Council's strategy to be one of the world's great small cities. Deliver maintenance services per contractual arrangements.	Achieved. Delta met or exceeded its KPIs on contracts held with Aurora Energy and the Dunedin City Council throughout the year.

Financial			
	\$'000		\$'000
EBITDA	8,645	Not achieved	6,675
Net profit after income tax	2,357	Not achieved	1,922
Shareholder's equity	21,825	Achieved	22,581
Cash flow from operations	5,846	Not achieved	5,223
Capital expenditure	7,167	Achieved	5,245
Term debt	24,455	Not achieved	25,350
Dividends	1,500	Achieved	1,500
Shareholder's equity to total assets	35%	Achieved	37%

## Dunedin City Treasury Limited

### Statement of service performance for the year ended 30 June 2019

The performance targets established in the 2018/19 Statement of Intent for Dunedin City Treasury Limited, and the results achieved for the year ended 30 June 2019 are as follows.

Performance Targets		Outcome Achieved	
Economic			
Zero breaches of the policies pertaining to Dunedin City Treasury Limited.		Achieved. There were no breaches of policies pertaining to Dunedin City Treasury Limited.	
All funds comply with the DCC Treasury Risk Management Policy's maturity profile of borrowing.		Achieved. The funds maturity complied with the DCC Treasury Risk Management Policy's maturity profile of borrowing, throughout the year.	
All funds invested outside the DCC Group have satisfied the DCC Treasury Risk Management Policy.		Achieved. All funds invested outside the DCC Group have satisfied the DCC Treasury Risk Management Policy.	
Continued maintenance to an interest rate reset profile in accordance with the DCC Treasury Risk Management Policy.		Achieved. Funds have been maintained to an interest rate reset profile in accordance with the DCC Treasury Risk Management Policy.	
Regular reporting of the Company's achievement against defined benchmarks.		Achieved. Reporting achievements against defined benchmarks are provided to the Board monthly and quarterly.	
Manage the 'Waipori Fund' as set by Council and meet performance benchmarks.		Achieved - The 'Waipori Fund' recorded a return for the year of \$8,571,106 which is a return of 9.8%. After deduction of inflation of 1.5%, the 'real' return is 8.3%.	
Advise shareholder within one business day of any breaches of policy.		Achieved. There were no breaches of policy that were required to be reported to the shareholder.	
Advise shareholder within 24 hours of any substantive matter.		Achieved. There were no substantive matters to be reported to the shareholder.	
Financial			
Targets		Achievement	
	\$'000		\$'000
Net profit after tax	10	Net profit after tax	3
Cash flow from operations	1	Cash flow from operations	1,759
Capital expenditure	-	Capital expenditure	-
Term loans	658,000	Term loans	690,596
Shareholder's funds to total assets	0.4%	Shareholder's funds to total assets	-4.9%

## Dunedin International Airport Limited

### Statement of service performance for the year ended 30 June 2019

The performance targets established in the 2018/19 Statement of Intent for Dunedin International Airport Limited, and the results achieved for the Year Ended 30 June 2019 are as follows.

Performance Targets	Outcome Achieved
<b>Safety and Compliance</b>	
<b>TO MAKE SAFETY AND SECURITY OUR FIRST PRIORITY</b>	
<i>To work with our staff and stakeholders to maximise safety on site for all staff and visitors.</i>	
Achieve Safety Management System (SMS) approval by CAA. Achieved	SMS Certification issued by CAA on 29 March 2019.
CEO to seek to be a member of the Business Leaders Health & Safety Forum. Achieved	The airport CEO is a member of the Business Leaders Health & Safety Forum and attended three meetings this year.
Implement a minimum of three health and safety initiatives aimed at promoting incident reporting. Achieved	Three health and safety initiatives were carried out in the current year including:  The roll out of our 'VAULT' reporting platform in conjunction with SMS,  The introduction of key stakeholder's health and safety representatives to the wider airport community through personal interaction with tenants, and  The implementation of a targeted approach to celebrating early and close call reporting.
Review the Health and Safety Plan and objectives with the Health and Safety Committee each year. Achieved	The Health and Safety plan, hazards and objectives were reviewed by the Health and Safety Committee at each committee meeting.
Hold a minimum of four Board Health and Safety Committee meetings and two Board site audits each year. Achieved	The Health and Safety Board held quarterly health and safety meetings during the year and completed site visits at the airport fire station, the Momona Garage and Terminal Expansion Program (TXP).
Hold a minimum of four airport Health and Safety Committee meetings each year. Achieved	Four H&S meetings were conducted in the year.
Report on health and safety management and provide statistical data to the company's monthly board meetings and quarterly Board Health & Safety Committee meetings. Achieved	Health and Safety management is reported via: <ul style="list-style-type: none"> <li>• Monthly Board Reports with both statistical data and commentary via Health and Safety dashboard</li> <li>• Safety alerts and memos issued to relevant stakeholders</li> <li>• Quarterly Board H&amp;S committee meetings allowing an oversight at governance level</li> </ul>
Attend our stakeholder's Health and Safety meetings each year. Achieved	The airport Safety and Compliance Manager attend Health and Safety meetings of all major stakeholders, including, but not limited to:  Airways NZ Air NZ Aviation Security
<b>Maintain our CAA Part 139 operating certificate.</b>	
Successfully achieve compliance in our annual CAA safety and security audits with no major findings. Achieved	CAA Safety Surveillance audit was completed on 18 December 2018 with no findings.  CAA Security audit was completed on the 22 May with no major findings.
<b>Proactively manage Wildlife Hazards</b>	
Complete a Wildlife Hazard management review. Achieved	Review of the Wildlife Hazard Management Plan has been completed during the year, resulting in no significant changes to the plan.

Strike Rate in line with Wildlife Hazard Management review recommendations. Achieved

The 12-month moving average strike rate for the year ending June 2019 was 2.5 strikes per 10,000 aircraft movements. This is below the limit of 5 outlined in the Wildlife Hazard Management Plan.

**Maintain food hygiene standards at Momona Garage.**

Maintain grade 'A' food hygiene certificate. Achieved

The Dunedin City Council (DCC) carried out the annual inspection of the Momona Garage and a Grade A certificate issued through to 31 July 2019.

**TO BE ENVIRONMENTALLY RESPONSIBLE**

**Maintain our obligations on any current resource consents in place.**

Report as required to the Otago Regional Council each year on bore water consent RM 11.369.01. Achieved

The annual report for consent RM 11.369.01 for bore water was submitted to the Otago Regional Council (ORC) in August 2018. The report was accepted with no issues raised.

Report as required to the Otago Regional Council on sewage discharge consent 2004.309. Achieved

Monthly reporting and an annual report for consent 2004.309 for sewage discharge was issued to the ORC in May 2019 covering the 2019 consent year. The report was accepted.

Maintain voluntary annual reporting to the Otago Regional Council on de-icing fluid usage at the airport. Achieved

The 2018 usage report was submitted and accepted by the ORC in February 2019.

**Maintain high quality dairy farming practices.**

No 'Critical' findings raised by any Fonterra dairy farm inspections. Achieved

Both of the airport's dairy farms were inspected by Fonterra in April 2019 with no critical findings.

**Financial**

**TO OPTIMISE COMMERCIAL RETURN TO OUR SHAREHOLDERS**

**Achieve increased non-aeronautical revenues from activities compared to the previous year.**

Increase total passenger related non-aeronautical revenue by a minimum of 2.0%. Achieved

Passenger related non-aeronautical revenue (which encompasses the carpark and Momona garage income streams) was 6.0% above last year.

The primary reason for this increase was an 10.1% increase in revenue from the airport carpark. There was no increase in parking fees during the year.

Offsetting this increase was a 0.8% decrease in revenue derived from the airport owned Momona garage. Despite the average fuel price increasing from \$1.72 in the prior year to \$1.86 for the 2018-2019 financial year, a 1.9% decrease in the volume of litres sold resulted in the decrease in revenue.

**Comply with financial covenants and policy.**

Fulfil lender borrowing facility financial covenants:

Equity Ratio (total equity over total assets) > 40%. Achieved

As at 30 June 2019 the airport's Equity Ratio was 67.3%

Earnings Ratio (EBITDA over interest) > 1.7. Achieved

For the year ended 30 June 2019 the airport's earnings ratio was 18.5

Comply with the company's Dividend Policy. Not Achieved

The airport's dividend policy is to distribute 60% of the operating surplus after income taxation (adjusted for fair value movements in equity investments) to shareholders as a dividend. In the current year the dividend declared and distributed, which related to the 2017 – 2018 financial year, was 41% of the 2017 – 2018 adjusted operating surplus after taxation.

The decision not to distribute based on policy was made due to the significant capital investment program for the 2018-2019 financial year and the associated cashflow requirements.

Comply with the company's Treasury Policy. Not Achieved

During certain months of the year the airport operated outside the parameters outlined in the Treasury Policy with regard to the percentage of Monthly Forecast Net Debt together with associated derivatives (e.g. interest rate swaps) that have fixed interest rates.

These breaches were caused by airport debt not reaching forecast levels.

Generate a Return on Shareholders' Funds excluding reserves > 7.5%. Achieved

There were no other breaches of the Treasury Policy.

The Return on Shareholders' Funds (excluding the Hedge and Revaluation Reserves) for the year ended 30 June 2019 is 12.0%.

Generate a Return on Shareholders' Capital invested > 25%. Achieved

The Return on Shareholders' Capital for the year ended 30 June 2019 is 40.8%

***On-going monitoring and refinement of the company's risk strategy.***

Six monthly risk analysis undertaken and reported to the board. Achieved

All corporate and operational business risks are reviewed on a six-monthly basis by the members of the airport's executive management team and the Safety and Compliance Manager.

The Risk Analysis Report for the six months ended December 2019, and June 2019 were distributed to the Board and analysed at subsequent Board meetings.

## Business Development

### INCREASE PASSENGER NUMBERS

***Partner with our airline, airport, city and tourism industry.***

Invest in strategic route development opportunities. Achieved

In February 2019 we undertook the development and implementation of strategy to promote the Lower South of NZ into the Queensland market. This involved working with eight RTOs, trade partners and Virgin Australia.

Invest in a minimum of two domestic and two international promotional campaigns a year jointly with airlines and/ or our industry partners. Achieved

#### International Campaigns

Outbound – three campaigns with ongoing radio and social media advertising through MediaWorks.

We completed one campaign with MediaWorks to promote DUD-BNE service, with one campaign still running in market.

Inbound – Lower South Strategy of which two campaigns have been delivered so far.

#### Domestic Campaigns

We completed three campaigns with Air NZ including a significant above the line campaign in September 2018 which included digital and print media activity.

We also completed a campaign promoting our Dunedin – Wellington service which involved both Enterprise Dunedin and WREDA.

Conduct consumer research to monitor awareness of our destination in Queensland. Achieved

As part of the Lower South strategy, we conducted customer research in the Queensland market to inform and develop our campaigns.

### TO DEVELOP & STRENGTHEN OUR PARTNERSHIPS

***Implement initiatives to improve the performance of our commercial relationships.***

Conduct stakeholder engagement surveys once a year with our strategic partners to review the strength of the relationships. Achieved

We completed a stakeholder engagement survey in June 2019. The feedback we received from this survey indicated positive and productive relationships.

Develop a Relationship Plan to manage our key stakeholder relationships. Achieved

Over the year, the Relationship Plan has been monitored and updated as required by Executive and Senior Leadership teams.

## Our Customers

### TO PROVIDE THE BEST CUSTOMER SERVICE EXPERIENCE

#### *Provide a high standard of service to our customers.*

Produce quarterly reports from our continuous customer satisfaction surveys. Achieve “good” or better across all surveyed areas of customer service. Achieved

Customer services surveys have been run continuously through the terminal Wi-Fi and results were tracked quarterly and reported back to our Airport team and our business/ airline partners.

An average rating of “good” or better across all areas of customer service was achieved.

#### *Ensure all airside infrastructure maintenance causes no delays to airline operations.*

No delays to regular scheduled passenger operations. Achieved

There were no delays to regular passenger services due to maintenance of airport infrastructure.

#### *Ensure the future of the airport is protected.*

Promote the airports needs for inclusion in the Second-Generation District Plan. Achieved

The 2GDP was released in November 2018. We have submitted an appeal on Decision 724 which was lodged in December 2018. We continue to work on the appeal with the DCC.

Ensure any new development is considered in conjunction with the Airport Master Plan and customer service needs. Achieved

The Master Plan will be considered before any future projects are implemented.

## Our People

### TO BE A GREAT PLACE TO WORK

#### *To provide relevant training to our staff.*

Ensure recurrent safety training for all staff is provided. Achieved

All required recurrent safety and compliance training for staff has been undertaken which Includes, but is not limited to:

First Aid refresher training

Basic Life Support/Pre-Hospital Emergency Care (PHEC) training for AES staff (refreshers and new staff)

Rescue Fire Annual Competency training

Rescue Fire Annual Hot Fire training

Recruit Firefighter

Qualified Fire Fighter

Elevated work platform (EWP) training

Confined Space training

Fire extinguisher training

Invest at least 0.1% of prior year operating revenue to staff training in line with Personal Development Plans. Achieved

Training spend to 30 June 2019 is \$103,744, which represents 0.6% of prior year operating revenue.

#### *To recognise and review staff performance.*

Each staff member to have a formal annual performance and objectives review. Achieved

All staff members had their Annual Employee Performance Review completed in the current year.

#### *Ensure that our staff are engaged with the company's Vision, Purpose and Values.*

Conduct an annual staff engagement survey. Achieved

An annual staff engagement survey was completed by staff in February 2019 and results have been presented to all staff.

## Our Community

### TO CONNECT & ENGAGE WITH OUR PLACE

#### *Provide sponsorship to community events and organisations.*

Invest 0.25% of prior year operating revenue to sponsorship in line with our sponsorship policy. Achieved

The sponsorship target for the 2018 – 2019 financial year was \$41,400.

Sponsorship spend to 30 June 2019 was \$45,358, representing 2.8% of prior year operating revenue

**Engage with our community and share information.**

Arrange for Dunedin Airport staff to work within the community once a year. Achieved

In September 2018 members of our airport team assisted the Yellow Eyed Penguin team with native planting on the Otago Peninsula.

Once again at Christmas we had Momona Playcentre visit the Airport. We hosted a morning tea for Playcentre children and a visit to the AES station.

For the second year in a row, we hosted the Run the Runway, a fundraising event for the Mosgiel Community Pool.

Initiate opportunities to speak to the community, stakeholders and organisations. Achieved

15 presentations were completed in the year to various groups and organisations across our region.

**Act as a socially and environmentally responsible corporate citizen.**

Develop and implement sustainable practices for our waste streams. Achieved

Tenant recycling was implemented in early 2018 resulting in 25% of our total waste now being diverted from landfill to recycling streams.

**Use NZ manufactured and/or supplied goods where possible.**

In accordance with the Procurement Policy, NZ manufactured or supplied goods will be used wherever possible. Achieved

No noted breaches.

**Shareholders****TO CONNECT & ENGAGE WITH OUR PLACE****Consult with shareholders on matters to be included in the company's Statement of Intent.**

Prepare annually the company's Statement of Intent having given consideration to shareholders expectations. Achieved

The Statement of Intent was submitted to shareholders for 2019 – 2020.

**Consult with shareholders at the earliest possible time on matters where conflict may or could result.**

Report to and consult with shareholders on matters where the company's and shareholders requirements are in conflict. Achieved

There have been no matters which have been reported to, or consulted with, shareholders.

**On a "no surprises" basis advise shareholders promptly of any substantive matter that has the potential to impact negatively on shareholders and the company with a particular focus on matters of interest to the media.**

Report to shareholders within 24 hours substantive matters which have the potential to impact negatively on shareholders and the company with a particular focus on matters of interest to the media. Achieved

On a "no surprises" basis, all relevant matters have been reported to shareholders.

## Dunedin Stadium Property Limited

### Statement of service performance for the year ended 30 June 2019

The performance targets established in the 2018/19 Statement of Intent for Dunedin Venues Limited, and the results achieved for the Year Ended 30 June 2019 are as follows.

Performance Targets		Outcome Achieved	
Economic			
Statement of Intent is consistent with the objectives of the shareholder.		Achieved. The Statement of Intent is consistent with the objectives of the shareholder.	
Operating activities are compliant with the goals and objectives stated in the Statement of Intent.		Achieved. The operating activities of Dunedin Stadium Property Limited are compliant with the objectives stated in the Statement of Intent.	
An Asset Management Plan is in place.		Achieved. An Asset Management Plan is in place.	
Assets are maintained at an operational level.		Achieved.	
Asset maintenance is compliant with the asset management timetable.		Asset repairs and maintenance were completed during the year, in line with the Asset Management Plan. The capital renewals budget of \$1,413,073 for the 2019 financial year has been deferred to the 2020 financial year, in accordance with the Asset Management Plan.	
The Asset Management Plan is reviewed annually.		Achieved. The Asset Management Plan was reviewed and approved during the 2019 financial year.	
Funding is in place to deliver on the Asset Management Plan.		Achieved. Funding is in place to deliver on the Asset Management Plan.	
A debt repayment program is in place and is reviewed annually.		Achieved. A debt repayment program is in place and was reviewed during the 2019 financial year. The debt balance was reduced by \$1,550,000 to \$87,825,000 at the end of the financial year.	
Consult with the shareholder where conflict with the Council’s community outcomes may or could result.		Achieved. There were no matters requiring escalation to the shareholder.	
To report matters of substance to the shareholder within 24 hours of the board becoming aware.		Achieved. There were no matters of substance to report to the shareholder.	
Financial			
Targets		Achievements	
	\$’000		\$’000
EBITDA	3,565	EBITDA	3,385
Net profit (loss)	(7,504)	Net profit (loss)	(7,002)
Cash flow from operations	(721)	Cash flow from operations	(718)
Capital expenditure	1,460	Capital expenditure	-
Term loans	91,573	Term loans	87,825
Shareholder’s funds to total assets	44%	Shareholder’s funds to total assets	45%
The financial forecasts in the Statement of Intent were impacted by reduced subventions receipts. The Company continues to work with Dunedin City Holdings Limited and its subsidiary companies on maintaining the cash funding model that has been in place through subvention receipts. The operating loss before subventions for the year of \$8,677,000 is consistent with the budgeted operating loss before subventions of \$9,369,000.			

## Dunedin Venues Management Limited

### Statement of service performance for the year ended 30 June 2019

The performance targets established in the 2018/19 Statement of Intent for Dunedin Venues Management Limited, and the results achieved for the Year Ended 30 June 2019 are as follows.

Performance Targets		Outcome Achieved	
Safety and Compliance			
Minimum of 11 Health and Safety Committee meetings held per year.		The Health and Safety Committee formally met on ten occasions.	
Health and Safety Plan has been reviewed.		The current Safety and Wellness Strategic Plan has been reviewed by the Health and Safety Committee during the year.	
Conduct a staff survey to gauge their understanding on Health and Safety procedures.		The improvement initiatives from the 2018 staff survey have been implemented through the Health and Safety policies, committees, and Health and Safety strategic plan.	
Lost Time Incident rate of less than two.		The Lost Time Incident Rate was one for the reporting period.	
Lost Time Incident Frequency Rate of less than 65.		The Lost Time Incident Frequency Rate was 11 for the reporting period.	
Total Recordable Incidents Rate of less than three.		The Total Recordable Incidents was one for the reporting period.	
Total Incident Rate of less than six incidents per 200,000 hours worked.		The Total Incident Rate was 5.2 incidents per 200,000 hours worked.	
A Incident Frequency Rate Events of less than 0.05% of the total number of people attending events and the venues.		The Incident Frequency Rate was 0.045% of the total number of people attending events and the venues.	
Facilities and infrastructure are maintained as fit for purpose and in accordance with the Asset Management Plan (AMP) entered into with Dunedin Stadium Property Limited (DSPL).		To ensure Forsyth Barr Stadium complies with the AMP entered into with DSPL, DVML undertakes the following:  Ensure all warranties and compliance at Forsyth Barr Stadium are maintained as per manufacturers specifications and or local legislation.  Provide to DSPL for each board meeting updates on the AMP, warranty and compliance and any significant maintenance undertaken.  Review and assess planned renewals as per the AMP and incorporate any works required into annual plans.  Engage respected service providers to carry out works as part of Service Level Agreements.	
Completed independent annual safety audit and any improvements/recommendations are implemented.		The SafePlus Audit is scheduled for November 2019 as recommended.	
DVML is not in breach of any statutory obligations.		There were no identified breaches of statutory obligations during the year.	
Financial			
Achieve budget results.		Achievement against forecasted SOI results are as follows:	
Targets		Achievements	
	\$'000		\$'000
EBITDA	670	EBITDA	471
Net profit after tax	160	Net Profit After Tax	84
Operating cash flow	927	Operating Cash Flow	194
Capital expenditure	86	Capital Expenditure	565
Shareholder's funds to total assets	0.47 : 1	Shareholder's funds to total assets	0.58 : 1
Dividend	-	Dividend	-

Achieve a 15:1 return on investment of the Event Attraction Fund.

The overall return on investment of the Event Attraction Fund for 2018/19 was:

Event	Return
Kendrick Lamar*	33:1
P!NK	140:1
Shania Twain	61:1
Eagles	120:1
Six60	320:1
Total	96:1

\* For Kendrick Lamar an estimate has been made based on the economic impact of the Robbie Williams concert as no post-event survey was conducted.

A breakdown of the return on investment for the previous financial year was as follows:

Event	Return
Stevie Nicks	28:1
Roger Waters	30:1
Robbie Williams	25:1
Ed Sheeran	95:1
Total	61:1

No unplanned call on capital.

There has been no unplanned call on capital during the 2018/19 year.

### Marketing and Business Objectives

Improved contribution to DVML's financial performance and reputation for service excellence.

DVML continues to develop and enhance its event delivery across all sectors of the industry. P!NK was the largest audience ever hosted under the roof (37,943).

Forsyth Barr Stadium was a finalist in two categories, Best Venue and Best Emerging Event Professional at the New Zealand Events Association Awards and winning Best Emerging Event Professional.

This year's Women You Can Bank on sold out one month before the event.

The University of Otago Oval turf team received an award from New Zealand Cricket for Domestic Short Form Pitch of the Year; and the BLACKCAPS beat Bangladesh in front of a happy crowd of 4,300.

From major concerts alone, almost \$39 million was injected into the local economy. The Dunedin Centre hosted 20 multi-day conferences which netted the city \$2.62m in economic impact.

Increasing the number and value of hire days in DVML's venues.

There was a total of 610 events (2018: 540) representing 702 event days (2018: 676) during the year.

Continued development for monitoring effectiveness across all digital platforms.

DVML is developing a bespoke monitoring report to build on its current practices.

Engagement continues to be positive across all of our digital channels. The Facebook post announcing Queen and Adam Lambert playing at Forsyth Barr Stadium had the highest ever engagement on a post reaching an audience of more than 100,000 and over 6,000 comments, reactions and shares.

A full calendar of quality events across all DVML's venues that provide economic benefit and positive community engagement to Dunedin City.

There was a total of 610 events (2018: 540 events) representing 702 event days (2018: 676 event days).

Achieve 100 new memberships.

A total of 75 memberships were sold during the year (2018: 131).

Survey Commercial Partners for satisfaction level - minimum 80% satisfaction to be achieved.

The Commercial Partners' survey is scheduled for August 2019.

Survey Members for satisfaction level - minimum 80% satisfaction to be achieved.

The Members' survey is scheduled for August 2019.

### Human Resources

Attract and retain key staff.

Staff turnover was 30% for the year (2018: 17%).

Conduct a confidential staff survey, achieve 80% satisfaction and improvements /recommendations are implemented.

During the year, the Company conducted a confidential staff survey which focused on seeking employees' views and opinions on engagement and satisfaction. The survey showed that of all staff who responded, an average of 79% agreed (2018: 61%), 16% had a neutral opinion (2018: 24%), and 4% disagreed (2018: 15%) to the statements on engagement and satisfaction.

### Shareholder

Submit annually DVML's Statement of Intent having given consideration to Dunedin City Council's expectations.

DVML's Statement of Intent was submitted within Dunedin City Holdings Limited timeframes after taking into consideration the requirements of Dunedin City Holdings Limited.

Matters have been escalated to the shareholder.

There were no matters, where there may be conflict between the Dunedin City Holdings Limited outcomes, that required escalation to the shareholder.

Report to Dunedin City Holdings Limited within 24 hours of the Board becoming aware of substantive matters which have the potential to negatively impact on the shareholder and the company with a particular focus on matters of interest to the media.

There were no matters, which may have the potential to negatively impact on the shareholder and the company, that were required to be reported to Dunedin City Holdings Limited.

### Social and Wellbeing

Positive community feedback and less than two LGOIMA requests annually.

There were eight LGOIMA requests in the year to 30 June 2019 for DVML's action (2018: nil).

Report to the Dunedin City Council six monthly on the application of the Service Level Agreement for Community Event Funding to ensure it is applied efficiently and caters to a variety of events and community groups.

Two reports were provided to the Dunedin City Council on the application of the Service Level Agreement for Community Event Funding. One for the six months to 31 December 2018 and a further one for the full year to 30 June 2019.

Senior management conduct a minimum of five speaking engagements.

Senior management conducted 16 speaking engagements for the year.

### Economic Development Strategy

Achieve a minimum of \$5m visitor spend per each major event (>10,000 pax) for Dunedin City.

The Economic Impact for major events in the year to 30 June 2019 were as follows:

Event	Economic Benefit \$'000
Kendrick Lamar*	3,000
P!NK	14,000
Shania Twain	5,500
Eagles	12,000
Six60	4,000
Total	38,500

\* For Kendrick Lamar an estimate has been made based on the economic impact of the Robbie Williams concert as no post-event survey was conducted.

Achieve a minimum of \$5m visitor spend per each major event (>10,000 pax) for Dunedin City. (continued)

The Economic Impact for major events for the previous year was as follows:

Event	Economic Benefit \$'000
Stevie Nicks*	3,600
All Blacks v Australia	9,300
All Blacks v France*	9,300
Roger Waters	3,900
Robbie Williams	3,310
Ed Sheeran	37,900
Total	67,310

\* For Stevie Nicks an estimate has been made based on the economic impact of the Roger Waters concert as no post-event survey was conducted. For All Blacks v France, an estimate had been made in last year's report and figures are now confirmed from the post event survey reporting.

Achieve minimum 80% satisfaction rating through surveys of all major events (>10,000 pax).

The following satisfaction and attendance numbers were achieved in the year to June 2019:

60% of attendees of all major events (>10,000 pax) to come from outside of Dunedin City.

Event	Satisfaction	% Attend outside of Dunedin
Kendrick Lamar	N/A*	57%
P!NK	96%	69%
Shania Twain	94%	62%
BLACKCAPS v Bangladesh	N/A*	53%
Eagles	97%	61%
Six60	96%	42%

\* No post event surveys were conducted for these events.

The following satisfaction and attendance numbers were achieved in the previous year:

Event	Satisfaction	% Attend outside of Dunedin
Stevie Nicks	N/A*	63%
All Blacks v Australia	96%	60%
All Blacks v France	98%	63%
BLACKCAPS v Pakistan	N/A*	54%
BLACKCAPS v England	N/A*	48%
Roger Waters	96%	55%
Robbie Williams	96%	44%
Ed Sheeran 1	97%	60%
Ed Sheeran 2	96%	69%
Ed Sheeran 3	96%	68%

\* No post event surveys were conducted for these events.

DVML and Dunedin City is successful in attracting, securing and creating major events that gain positive exposure for Dunedin City, create economic benefit and serve the community's needs.

The Company bid for and secured five major concerts at Forsyth Barr Stadium; Kendrick Lamar, P!NK, Shania Twain, Eagles and Six60. These concerts brought more than 74,000 visitors to the city with a collective economic contribution of \$38.5m. The Bangladesh community came together to support their side as they faced the BLACKCAPS at University of Otago Oval. In addition to this, the Dunedin Centre hosted 20 conferences bringing more than 6,500 delegates to Dunedin and an economic injection of \$2.6m to the city. Two clients utilised the Otago Daily Times Stand at Forsyth Barr Stadium for a change from the regular gala dinner and enjoyed an international food market with theming and entertainment to match. The Labour Party hosted its conference in the city for the first time since 1988.

Environment Strategy

Recycled waste is increased by 10% from the previous year.

Utilise low energy bulbs throughout all venues. Adjust timers on all lighting.

The overall recycled waste by tonnes increased by 15% from the previous year.

Over the last 12 months there has been over 100 fittings replaced with high efficiency LED fittings. In addition to this the light systems have been fitted with presence sensors, so they turn on and off as required.

Arts and Culture Strategy

The number of community event days is increased from the previous year.

In both the 2018/19 and the 2017/18 years, the full value of the Community Event Funding was utilised by the community. In 2018/19 this resulted in a total of 47 events with 39,520 people attending or participating. In 2017/18 there was a total of 70 events with 36,856 people attending or participating.

## Dunedin Railways Limited

### Statement of service performance for the year ended 30 June 2019

The performance targets established in the 2018/19 Statement of Intent for Dunedin Railways Limited, and the results achieved for the Year Ended 30 June 2019 are as follows.

Performance Targets	Outcome Achieved
<b>General</b>	
Three Risk committee meetings and nine Staff H&S committee meetings held per year.	Three Risk committee meetings and ten Staff H&S committee meetings were held.
Conduct an internal audit of the Safety System and Risk Register.	Rewrite of the safety system underway at present.
Monthly board reports contain a Health and Safety report.	Monthly Health and Safety report included in board papers.
Pass the NZTA annual audit and maintain the Rail Service Licence.	NZTA assessment completed successfully and Rail service licence maintained.
Target Zero lost time injuries (LTI).	Two LTI's in the current year.
Revenue increasing year on year.	Revenue has increased in the current financial year.
Break even result is returned.	The year's result was a loss.
Invest in a minimum of two promotional campaigns a year with industry partners.	Continued to do industry joint promotions.
Carry at least 80,000 passengers per annum.	Annual Pax numbers were 78,214.
Two new business initiatives implemented to improve business performance.	Seasider operated daily at 2pm for the summer season and engineering contracting work undertaken.
Maintain at least an 85% Trip Advisor customer satisfaction rating & 4.5 in overall satisfaction on our in-house customer survey.	Trip Advisor satisfaction level of 4.5/5, 90% achieved. In-house customer survey was not conducted during the year.
No recorded significant delays to regular scheduled train trips.	No significant delays or unplanned extended closures were experienced during the year.
Maintain an Asset Management Plan.	Asset management plans in place and maintained.
The Board and/or Management of the company to have engaged with Shareholders in the last year.	The Board and Management have engaged with the shareholders in the last year.
All relevant matters that have been escalated to shareholders.	All relevant matters have been escalated to shareholders.
All substantive matters to be reported to shareholders within 24 hours.	No substantive matters required to be reported in the current year.
Volunteers provide customer service on-board cruise ship trains.	Continue to host cruise ship trains successfully with volunteers providing outstanding customer service.
Record the number of train tickets given to community organisations/events and maintain relationships with organisations for charity events.	Continue to provide opportunities for community organisations and events to fundraise utilising spare capacity on trains.
Help DCC facilitate the use of the Railway Station for community activities.	Worked with DCC to assist with activities at the Railway Station.
Grow the number of non-Dunedin resident passengers.	Current year revenue growth has grown on non-Dunedin resident passengers.
Take part in at least one Enterprise Dunedin initiative with IMA involvement per annum.	No opportunities presented in the current year but will be doing so in the coming year.
Take part in Enterprise Dunedin marketing activities.	Hosted famils for Enterprise Dunedin and also attended TRENZ with Enterprise Dunedin.
Maintain active memberships of Dunedin Host and the Otago Chamber of Commerce.	Continued memberships of both organisations.
Initiate two new environmental initiatives per annum.	Cruise ship lunch boxes now all recyclable and replaced single serve water bottles to reduce waste.
Work with ID Fashion for their event at Dunedin Railway Station.	Event no longer held at the Railway Station.

Continued use of costumed Dunedin Railway Station ambassadors.

Maintain heritage aspects of the Taieri Gorge.

Where practical investigate and implement actions to reduce the dependence on diesel.

Retain accessible carriage and access ramps.

Access to Dunedin Railway Station and the precinct at Middlemarch is maintained.

Continuation of the tourism link to the start/finish of the Otago Central Rail Trail and other centres.

Ambassadors have continued to be involved on cruise ship days at the Railway Station.

Working on preserving some Sutton Station etchings to be removed, tidied and then redisplaying these.

Continuing to investigate but at this time no viable alternatives available.

Car P has wheelchair access and we also use access ramps.

Continued access to both areas has been maintained.

Tourist link is provided by the linkage with Rail Trail operators.

# Statement of compliance and responsibility

## Compliance

The Council and Management of the Dunedin City Council confirm that all statutory requirements of Schedule 10 Part 3 of the Local Government Act 2002 regarding financial management and borrowing have been complied with.

## Responsibility

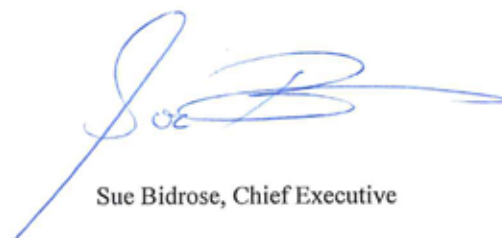
The Council and Management of the Dunedin City Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.

The Council and Management of the Dunedin City Council accept responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and Management of the Dunedin City Council, the annual Financial Statements 30 June 2019 fairly reflects the financial position and operations of the Dunedin City Council.



Dave Cull, Mayor of Dunedin



Sue Bidrose, Chief Executive

# Independent Auditor's Report

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## To the readers of Dunedin City Council's annual report for the year ended 30 June 2019

The Auditor-General is the auditor of Dunedin City Council (the City Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to report on the information in the City Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the City Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the City Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 8 October 2019. This is the date on which we give our report.

## Opinion on the audited information

In our opinion:

- the financial statements on pages 68 to 73 and 75 to 129:
  - » present fairly, in all material respects:
    - the City Council and Group's financial position as at 30 June 2019;
    - the results of the operations and cash flows for the year ended on that date; and
  - » comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards;
- the funding impact statement on page 74, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's long-term plan;
- the statement of service performance on pages 18 to 23, 25 to 27, 29 to 30, 33 to 34, 36 to 37, 40 to 41, 44 to 47, 49 to 50, 53 to 54, 56 to 57, 59 to 60 and 62 to 63:
  - » presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2019, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - » complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 23, 27, 31, 34, 38, 41 to 42, 47, 51, 54, 57, 60 and 64 presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council's long-term plan; and
- the funding impact statement for each group of activities on pages 24, 28, 32, 35, 39, 43, 48, 52, 55, 58, 61 and 65 presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's long-term plan.

## Report on the disclosure requirements

We report that the City Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 132 to 135, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council and Group's audited information and, where applicable, the City Council's long-term plan and annual plans.

## Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

### Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the City Council and the Group or there is no realistic alternative but to do so.

### Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the City Council's long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the City Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the City Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the City Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Other information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 16 and 136 to 159, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Independence

We are independent of the City Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have completed other statutory and regulatory engagements for the City Council and its subsidiaries and controlled entities. These engagements are compatible with those independence requirements. Other than the audit, our report on the disclosure requirements and these engagements, we have no relationship with or interests in the City Council or its subsidiaries and controlled entities.



Julian Tan

Audit New Zealand

On behalf of the Auditor-General

Dunedin, New Zealand