



**te ripoata-a-tau mō te
kaunihera a-rohe o Ōtepoti
dunedin city council
annual report
2022/23**

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SECTION 1:

He kupu whakataki | Introduction

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He Kupu Whakataki nā te Kahika

Introduction from the Mayor

This Annual Report shows the Dunedin City Council's progress during the 2022/23 year, and how we have tracked against our budget as set out in the second year of the 10 year plan 2021-31.

The local body elections in October 2022 delivered four new and one previously experienced Councillor and an enormous amount of wisdom, talent and skill around the Council table.

In November, Council signed the Manatu Whakaaetaka Relationship Agreement – a refreshed Memorandum of Understanding between Te Rūnanga o Ōtākou, Kāti Huirapa ki Puketeraki Rūnaka and the Dunedin City Council – signalling a new era of partnership between mana whenua and the DCC.

Significant capital projects have progressed well over the past 12 months, with a capital spend of around \$207 Million. The George Street Retail Quarter Upgrade is on track to be completed by April 2024. Te Puna o Whakaehu – Mosgiel's new aquatic centre opened in June 2023 and is being very well-received by the community

Pleasingly, the South Dunedin Library and Community Complex is now expected to be built sooner than expected thanks to an agreement between Council and a local property developer, with a new location for the facility secured.

In January, we launched Dunedin's first new fully electric book bus, Te Pahi Pukapuka, replacing one of our two older diesel buses. The new electric bookbus services a community of avid readers less able to reach Dunedin's libraries and also contributes towards our Zero Carbon goals.

Responding to and preparing for climate change continues to be a strong focus and our South Dunedin Future joint climate adaptation project with the Otago Regional Council is making positive progress. We have a proposal on the table in Wellington.

Council continued to advocate for the community's best interests in other areas as well and accessibility to and through the city will be retained with our efficient one-way system.

Following a Council resolution in January, we embarked on the 'They Save, We Pay' campaign to reverse central government cuts to the New Dunedin Hospital. The campaign produced positive results and the new hospital will continue be an area of high interest for several years.

With plenty of projects on the horizon for 2023/24 and beyond, we need to continue investing responsibly to ensure we're providing infrastructure and services that look after the health and wellbeing of the community.



Jules Radich
Mayor of Dunedin

Ko tō Koromatua me kā Kaikaunihera

Mayor and Councillors as at 30 June 2023



Jules Radich (Mayor)



Kevin Gilbert



Jim O'Malley



Sophie Barker (Deputy Mayor)



Carmen Houlahan



Lee Vandervis



Bill Acklin



Marie Laufiso



Steve Walker



David Benson-Pope



Cherry Lucas



Brent Weatherall



Christine Garey



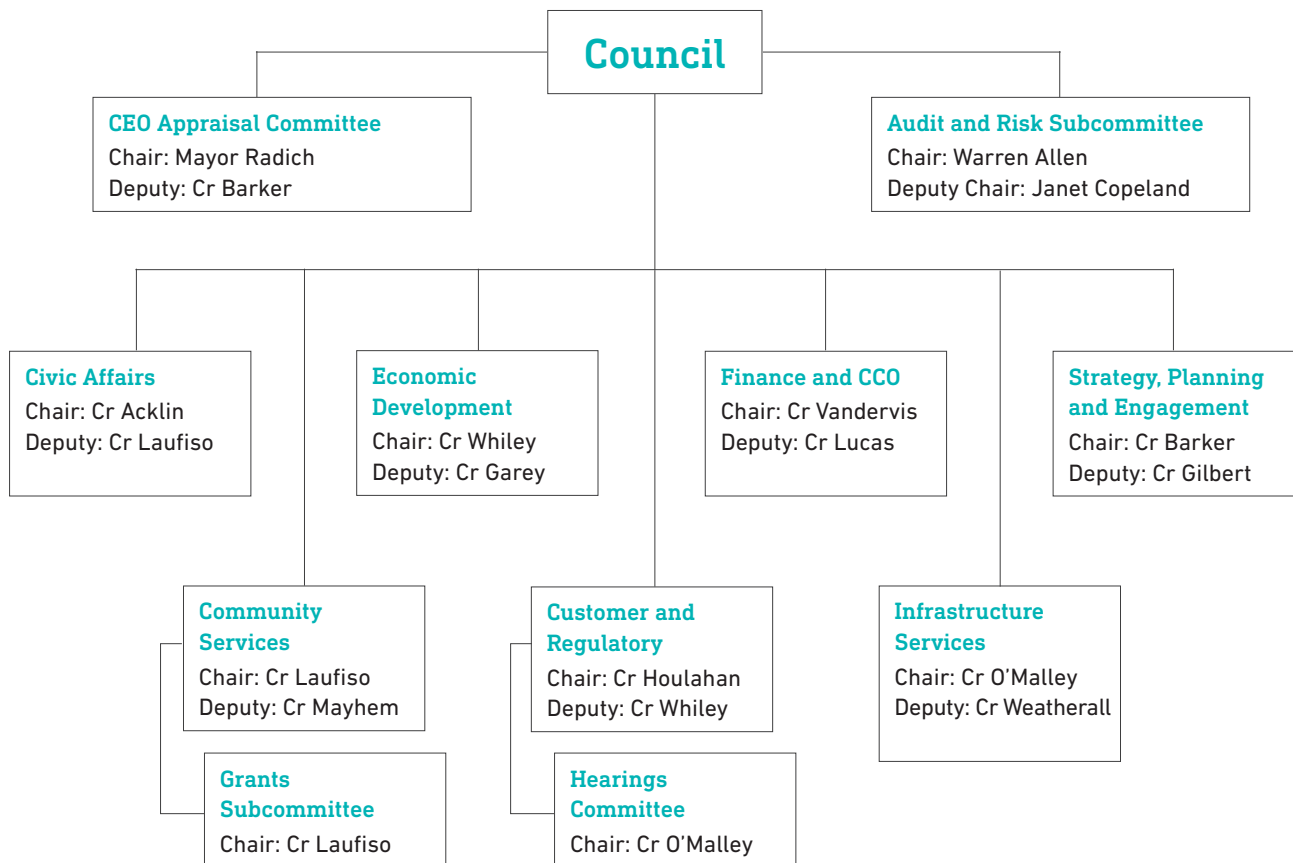
Mandy Mayhem



Andrew Whiley

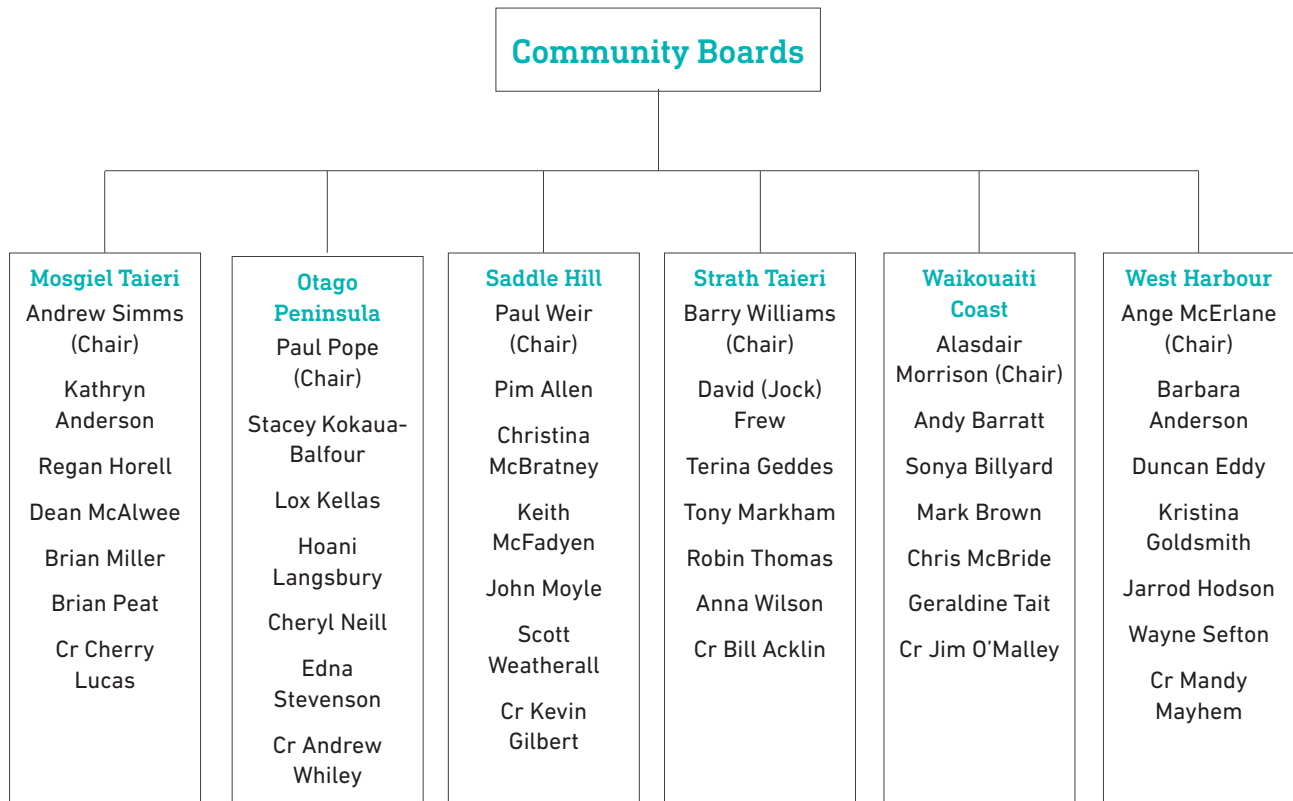
Te aka o Te Kōmiti Kaunihera

Council Committee structure



Kā poari hapori

Community Boards as at 30 June 2023



Kā mahi tahua

Finances

This section presents a summary of the financial results for the year ending 30 June 2023.

Council Financial Results

	2023 \$000	2022 \$000	2021 \$000	2020 \$000	2019 \$000	2018 \$000
Rates	191,150	179,556	163,492	156,949	149,312	138,306
Dunedin City Holdings Limited interest	5,902	5,902	5,902	5,902	5,902	5,902
Dunedin City Holdings Limited dividend	5,500	–	–	–	–	–
Crown subsidies and grants	47,585	29,803	33,536	39,628	42,423	31,907
Vested assets	2,375	6,784	7,957	4,867	4,634	8,128
Other revenue including unrealised gains and capital receipts	81,523	95,499	95,685	71,571	84,138	74,218
Total revenue	334,035	317,544	306,572	278,917	286,409	258,461
Personnel expenses	75,285	68,287	65,970	67,488	62,353	57,429
Operational expense	169,807	139,603	140,821	127,554	123,798	123,793
Fair value losses	437	7,415	1,055	548	200	90
Interest expense	15,540	8,560	8,007	9,822	10,324	11,900
Depreciation expense	110,128	81,349	74,283	73,097	68,597	65,035
Total expenditure	371,197	305,214	290,136	278,509	265,272	258,247
Surplus (deficit) before taxation	(37,162)	12,330	16,436	408	21,137	214
Cash flow position						
Cash flows from operating activities	79,504	81,134	75,567	66,379	83,845	54,622
Cash flows from investing activities including capital	(208,405)	(139,387)	(110,990)	(87,922)	(95,930)	(51,250)
Cash flows from financing activities including debt raising	126,000	62,300	28,000	25,000	18,500	(2,342)
Interest						
Interest expense	15,540	8,560	8,007	9,822	10,324	11,900
Capitalised interest	–	–	–	–	–	–
Total interest	15,540	8,560	8,007	9,822	10,324	11,900
Financial position						
Total assets	4,896,492	4,720,644	3,859,662	3,429,429	3,399,012	3,308,233
Term loans	460,273	334,273	271,973	243,973	218,973	200,473
Total equity	4,354,978	4,309,630	3,512,539	3,121,579	3,120,186	3,052,940
Rates as a percentage of total revenue	57.22%	56.55%	53.33%	56.27%	52.13%	53.51%
Interest expense as % of operating revenue	4.65%	2.70%	2.61%	3.52%	3.60%	4.60%
Interest expense as % of rates revenue	8.13%	4.77%	4.90%	6.26%	6.91%	8.60%
Number of times that operating cash flow pays the interest expense	5.1	9.5	9.4	6.8	8.1	4.6
Number of times rates pays the interest expense	12.3	21.0	20.4	16.0	14.5	11.6
Net debt as % of total revenue	138%	105%	89%	87%	76%	78%
Net debt as % of rates	241%	186%	166%	155%	147%	145%

Consolidated Financial Results

	2023 \$000	2022 \$000	2021 Restated \$000	2020 Restated \$000
Total revenue	616,756	571,219	580,361	510,984
Surplus (deficit) before taxation	(30,339)	9,398	55,215	(10,058)
Total assets	6,003,410	5,785,482	4,816,526	4,318,243
Total equity	4,636,327	4,614,332	3,737,678	3,283,790
Financial expenses *	40,068	30,443	23,929	29,241
Term loans	1,084,286	891,651	819,465	790,609
Financial expenses as % of operating revenue	6%	5%	4%	6%
Term loans as % of total assets	18%	15%	17%	18%

* Financial expenses excludes fair value loss on investment properties

Issuer Credit Rating

The achievement of a good credit rating is another important indication of prudent financial management and is an important factor in obtaining finance at a competitive interest rate. The Council as a Group is assessed by the rating agency Standard & Poor's. Below is the rating history for the Group. The most recent and full Standard & Poor's rating report is available on the Standard and Poor's website.

Standard & Poor's Credit Rating

Issuer Credit	13/12/2022	15/12/2021	11/12/2020	12/12/2019	11/12/2018	08/12/2017
Rating as of:						
Rating:	AA/Stable/A-1+	AA/Stable/A-1+	AA/Stable/A-1+	AA/Stable/A-1+	AA/Stable/A-1+	AA/Stable/A-1+

He tirohaka whānui

Strategic overview

The DCC's current strategic framework

The DCC's strategic vision was developed through a city-wide engagement process that started in 2011. Developed over a period of approximately eight years, the first of the eight strategies was adopted in 2010 and the last completed in 2017.

Currently, there are eight strategies focused on long-term outcomes and Dunedin's development.

- The *3 Waters Strategic Direction Statement* sets out how the DCC will ensure the city has safe, reliable and affordable water services.
- The *Spatial Plan* shapes the form of the city.
- The *Economic Development Strategy* sets out priorities for creating jobs, incomes and opportunities.
- The *Social Wellbeing Strategy* outlines how the DCC will foster inclusive communities and quality lifestyles.
- The *30 year Integrated Transport Strategy* sets priorities for how the safe and efficient movement of people and goods will be supported.
- *Ara Toi Ōtepoti Arts and Culture Strategy* roadmaps strategic actions which support the creative sector in Dunedin and develop an environment which acknowledges the intrinsic value of the arts.
- *Te Ao Tūroa, Dunedin's Environment Strategy* delineates Dunedin's climate change impact plan and connects the communities with sustainable ecology and environmental actions.
- The *Parks and Recreation Strategy* develops the use of Dunedin's open spaces, recreation facilities and parks to connect and value our spaces and promote more active communities.

The DCC's work to achieve these strategic goals is underpinned by two overarching principles: **The Treaty of Waitangi** – the Council's work and partnership with Māori is guided by the Treaty principles; and **Sustainability** – the Council takes a sustainable development approach that takes into account the social, economic, environmental and cultural interests of Dunedin's communities and the needs of future generations. The below image is an illustration of the current Strategic Framework.



Vision: Dunedin is one of the world's great small cities

Achieving great outcomes as a community

The purpose of a strategic approach to decision-making is ultimately to achieve great outcomes for the city. The hard work is done by everyone in the city when it comes to achieving our goals and the DCC is just one of many stakeholders working to support Dunedin being one of the world's great small cities.

Strategic Principles

Strategic Principles	Indicators	2022/2023 update	Statistics for Māori 2022/2023 (where applicable)
The Treaty of Waitangi	The DCC's capability to work with Māori is developed through the implementation of a Māori Cultural Capabilities Pathway for DCC staff and Councillors	Not measured	Not measured
	Meaningful partnership arrangements have been established with Māori in Dunedin		
	An increased number of collaboratively developed partnership projects and ventures with mana whenua		
Sustainability	Percentage of residents agreeing that 'Dunedin is a sustainable city'	43%	40%
	Percentage of residents agreeing that 'the DCC is a leader in encouraging the development of a sustainable city'	33%	24%

Summary of Community Outcomes

Strategic Principles	Indicators	2022/2023 update	Statistics for Māori 2022/2023 (where applicable)
Social Wellbeing: A supportive city with caring communities and a great quality of life	Percentage of residents who have experienced problems with damp or mould in their homes during winter	Not measured	Not measured
	Residents' sense of community within their local neighbourhood	59%	58%
3 Waters: A healthy city with reliable and quality water, wastewater and stormwater systems	Satisfaction with the way the DCC manages the city's water related infrastructure	63%	51%

Strategic Principles	Indicators	2022/2023 update	Statistics for Māori 2022/2023 (where applicable)
Spatial Plan: A compact city with a vibrant CBD and thriving suburban and rural centres	Satisfaction with the way the city is developing in terms of its look and feel	58%	55%
	Number of residential building consents for new builds issued in the past 12 months	467	Not measured
Economic Development: A successful city with a diverse, innovative and productive economy	Growth in full-time equivalent jobs	1.4% growth in filled jobs	Not measured
	Growth in real GDP per capita	2.8% growth	Not measured
	Ability to cover costs of everyday needs	Not measured	Not measured
Ara Toi: A creative city with a rich and diverse arts and culture scene	Percentage of residents rating Dunedin as creative	68%	67%
	Percentage of residents visiting one or more cultural facility within the last 12 months	91%	93%
Integrated Transport: A connected city with a safe, accessible and low-carbon transport system	Percentage of residents who walk, jog, cycle or take public transport to work	21%	22%
	Number of fatal and serious injury crashes	41	12
Te Ao Tūroa: A sustainable city with healthy and treasured natural environments	City greenhouse gas emissions	Not measured	Not measured
	Total area of indigenous habitats in Dunedin protected by the District Plan, DCC reserve land and land held under QEII covenants and other statute-based protective mechanisms and/or recognised as Areas of Significant Biodiversity Value	*ASBV = 20002.1ha QEII = 983.5 ha (since 1995) DoC Protected = 33563.7ha (since 1995) Total = 37,153ha	Not applicable
Parks and Recreation: An active city with quality and accessible recreational spaces and opportunities	Percentage of residents who participate in physical activity 5 or more days a week	Not measured	Not measured
	Percentage of residents using a park, reserve and/or open space and/or recreation facility at least once a month	74%	78%

Note, the Quality of Life survey is carried out every two years and therefore there are results not measured for the 2022/23 year

*ASBV = Areas of Significant Biodiversity Value. This is introduced in the Second Generation District Plan to recognise and protect areas of significant indigenous vegetation and significant habitats of indigenous fauna. Since there is overlap between the different protection types the total area is less than the sum of the above, there is some overlap between the new protected areas across the three protection types.

Outcomes for our communities

An active city with quality and accessible recreational spaces and opportunities

A key achievement has been the development of Te Puna o Whakaehu complex, which opened in June 2023.

The new facility replaces a pool originally built in the 1930s, called the Taieri Baths. The complex has a leisure pool for recreational play for children, a dedicated learners' pool, mainly used for swimming lessons, and a 25m pool with eight lanes for swimming. There are spaces for rehabilitation, relaxation and physiotherapy.

When we designed Te Puna o Whakaehu, the new aquatic facility in Mosgiel, we talked to disability access advisors to make sure we understood what's needed. Consequently, it's been designed to high accessibility standards. One of its best features is that it has accessible entry to all pools via ramps, including the spa, and a beach entrance into the leisure pool. Two water wheelchairs are available and there are accessible and unisex changing rooms.

A healthy city with reliable and quality water, wastewater and stormwater systems

The George Street Upgrade project has seen significant work undertaken in George Street to renew ageing pipes and infrastructure, some of which date back to the late 1800s. The upgrades to the network ensure we are delivering services that look after the health and well being of the community. The new stormwater pipes are wider, which increases water capacity. The stormwater inlet capacity in the hill catchments which flow into the central city is being increased, which will reduce the risk of surface flooding on the flat. We're also retaining most of the existing brick barrel pipes on some streets to reduce costs, retain heritage features, and reduce waste.

The Farmers Block of George Street was completed in November 2022. Work is ahead of schedule in the Knox Block, and New Edinburgh Way and the Golden Block will be focused on next.

A compact city with a vibrant CBD and thriving suburban and rural centres

As well as contributing to a healthy city, the Central City upgrades also illustrate the DCC's commitment to the spatial plan. Above ground, work aims to create a more people friendly space, with new paving, street furniture, lighting, plantings and public art. The end result will be a more vibrant city centre where people will want to spend more time and money, with new opportunities for businesses such as outdoor dining. It is fantastic to see so many people using and enjoying the revamped space already created.

A supportive city with caring communities and a great quality of life

Puketeraki Maara Kai, Corstorphine Community Hub and the Tomahawk-Smaills Beach Care Trust's nursery are three projects to benefit from the re-use of old pavers from Ōtepoti Dunedin's main street.

As part of the Retail Quarter upgrade underway, pavers in George Street are being progressively replaced. In order to reuse, rather than disposing of the old pavers, we're providing them to groups and residents to use in projects which have positive community and/or environmental outcomes.

We're delighted to have been able to give out 32 pallets (about 16,000 pavers in total) to 14 different groups through an initial round of applications.

Isaac Construction, DCC's construction partner on the upgrade, has also come to the party by offering free labour and assisting with site works on several of the projects which have received pavers to date.

A successful city with a diverse, innovative and productive economy

Centre of Digital Excellence (CODE) is an economic development initiative established in 2019 to expand video game development across Aotearoa from Dunedin. It works to assist creators and studios to develop digital game prototypes, found new studios or expand existing companies' ambitions. The ability to reconcile economic and social outcomes has been a key success of CODE. This has been achieved through the creation of an inclusive partnership between local rūnaka, tertiary partners, industry and Council. To date CODE has created 25 gaming studios in Dunedin and more than 90 long term jobs. Dunedin gaming studios have received \$3.24m from CODE, which in turn has attracted \$8.46m investment.

Council novated the CODE to a new limited company structure in late 2021/22 retaining a 49% shareholding. During 2022/23 Government decided to invest and roll out CODE nationally. This decision reflected the outcomes being delivered by CODE in Dunedin and resulted in offices being opened in Wellington and Auckland.

A creative city with a rich and diverse arts and culture scene

The Dunedin Public Art Gallery exhibited a retrospective of work by contemporary Aotearoa New Zealand artist Dame Robin White (Ngāti Awa, Pākehā), *Te Whanaketanga | Something is Happening Here*.

Developed by the Museum of New Zealand Te Papa Tongarewa and Auckland Art Gallery Toi o Tāmaki, this exhibition spanned White's 50-year career and included her celebrated portraits, her iconic landscapes, and her collaborative works with artists from across the Pacific. The gallery had over 49,000 visitors over the duration of the exhibition.

Some of the first works to be installed in the galleries include those made while White was living on the Otago Peninsula in the 1970s, including *Harbour Cone* (1972) and *Sam Hunt at the Portobello Pub* (1978), both drawn from the Dunedin Public Art Gallery's collection.

A connected city with a safe, accessible and low-carbon transport system

We launched Dunedin's first new fully electric bookbus – Te Pahi Pukapuka. The new bus replaces one of our two older diesel buses. The new bookbus carries more than 2000 books to readers less able to reach our libraries, and will also help the DCC reach its Zero Carbon 2030 goal.

The artwork adorning Te Pahi Pukapuka is designed by Dunedin-based artist Aroha Novak and based on the story of Matamata, a taniwha from Kāti Māmoe tradition.

Our mobile library service is the oldest continuous service of its kind in New Zealand. It started in April 1950 with one bus and 10 stops, but now requires two vehicles to cover 42 stops across the city and cater for about 50,000 visitors each year.

A sustainable city with healthy and treasured natural environments

21 years of EnviroSchools in Otago was celebrated in June 2023. There are now over 1,400 EnviroSchools nationwide, 36 of those in Dunedin. Through EnviroSchools, children and young people are empowered to connect with and explore the environment, then plan, design and take action in their local places in collaboration with their communities.

The milestone was celebrated together with many Ōtepoti schools and a range of organisations that support the mahi. It was fantastic to see how many different things schools are doing to look after te taiao and make our community more resilient. Students from Waitati School, the first EnviroSchool in Ōtepoti, and Tania McLean, the first EnviroSchools' facilitator, cut the cake.

Te ū ki te toitūtaka

Our commitment to sustainability

The DCC is committed to its strategic principle of sustainability, that Dunedin works to become a sustainable city and that the DCC is a leader in encouraging the development of a sustainable city.

Emissions reduction has been a focus for the organisation since June 2019, when the Council declared a climate emergency, adopted Zero Carbon targets for Dunedin (net zero emissions by 2030, with a separate Government-aligned target for biogenic methane), and seed-funded development of a work programme focused on climate change mitigation. The 10 Year Plan 2021-31 provided resource to progress the Zero Carbon work programme, including strategic projects to reduce emissions at both city-wide and DCC organisational levels.

Preparing to adapt to climate change continued to be a key focus of the DCC's business and planning in 2022/23. South Dunedin is one area where the DCC has been planning for future adaptation projects to prepare stormwater and wastewater systems for the more frequent and intense rainfalls that are expected.

There were many highlights over the year, some are included here

- In conjunction with key stakeholders and drawing on input from a wide range of community groups, the DCC developed a draft Zero Carbon Plan for the Council to consider, outlining the key shifts Dunedin needs to achieve its Zero Carbon targets by 2030, and potential action areas for the DCC.
- The DCC has improved and expanded the measurement of its organisational emissions. This includes adopting a more accurate measurement of waste and wastewater emissions, and measuring emissions associated with: staff travel; major contractors undertaking work on the DCC's behalf; closed landfills managed by the DCC; and chemicals used to treat drinking water.
- The latest Dunedin City Community Carbon Footprint was completed, which shows that Dunedin's total gross emissions dropped by 9% between 2018/19 and 2021/22. When carbon absorbed by the city's forests is included, net emissions were down 21% over the same time period.
- Significant progress continues to be made on major work programmes that will positively impact on city-wide emissions, including Waste Futures and Shaping Future Dunedin Transport.
- The Zero Carbon Alliance was formally established between the DCC, Otago Regional Council, The University of Otago, Te Pūkenga Otago Polytechnic (Dunedin campus) and Te Whatu Ora (Southern) – Health New Zealand. The Alliance seeks to collaboratively deliver emissions reduction in pursuit of both organisational and Dunedin's Zero Carbon 2030 targets.
- The joint DCC-ORC programme South Dunedin Future continues to progress strongly towards the development of a climate adaptation strategy for the area by 2026, through a wide range of community engagement, technical and policy activities. We are advancing this work in partnership with local mana whenua and a wide range of community and government stakeholders. Through a public procurement process the programme has now contracted a team of engineering, planning and environmental services firms led by WSP to support and peer review this technical work.
- The national legislative and policy environment has been changing rapidly in response to central government direction, particularly in response to major flooding in Auckland in January 2023 and Cyclone Gabrielle in the upper North Island. A new national policy framework is emerging, including stronger national hazards guidance, cost-sharing with local government and support for community-led community retreat, which will have a major impact on the city's adaptation planning.
- Against this backdrop, in May 2023, DCC Councillors resolved to call for the development of a city-wide Climate Adaptation Plan for Dunedin. The first report due in November 2023 will provide a stocktake of current adaptation work and outline next steps including resourcing requirements to be considered as part of next year's 10 year plan.

Te ārahi me te whakarite i kā hua pai ake mā te Māori

Leading and developing better outcomes for Māori

For many years the DCC, mana whenua and Māori have been on a long journey towards more meaningful partnership.

Over the years, at a governance level the DCC's partnership has been expressed in a number of ways, some of these have included a 2003 relationship protocol agreed between Kāi Tahu ki Otago and DCC; a 2006 Memorandum of Understanding agreed between Council, Te Rūnanga o Ōtākou, Kāti Huirapa Rūnaka ki Puketeraki and Araiteuru Marae and the 2006 establishment of the Māori Participation Working Party as a forum for Council and Māori to discuss strategic opportunities. Significant developments have occurred in recent years to progress the DCC's Treaty of Waitangi commitments across our governance arrangements, these include:

2021: the establishment of Kā Rūnaka representative positions on two Council committees

2022: the signing of the Manatu Whakaaetaka Relationship Agreement, a refreshed Memorandum of Understanding between Council and Kā Rūnaka. The intended outcome of this Agreement is to facilitate a relationship of mutual benefit between mana whenua and the DCC, in order to produce meaningful outcomes for current and future generations of Māori within Ōtepoti Dunedin.

2022: the establishment of Te Pae Māori, a mana to mana forum. The intended outcome of Te Pae Māori is to bring all of Council, mana whenua and mātāwaka together to advance shared aspirations and respect, to acknowledge one another's roles and responsibilities and uphold each other's obligations under the Treaty of Waitangi.

With the governance level partnership arrangements developed and underway, the next important strategic steps in strengthening the DCC's Treaty of Waitangi partnership with mana whenua and Māori has been to develop two important frameworks that focus on operationalising the Treaty of Waitangi across the DCC as an organisation.

The adoption by Council of **Te Taki Haruru – the DCC's Māori wellbeing framework**. Collaboration between mana whenua, Māori and the DCC has resulted in a strategic framework that establishes a vision, principles and values by which the DCC can give effect to its commitment to the Treaty of Waitangi across DCC work. The implementation of Te Taki Haruru will ensure Māori have a voice in outlining key priorities and defining the outcomes that matter most to them. Te Taki Haruru will also provide the DCC with a clear set of objectives to contribute to these outcomes through its activities and budgets. Overall, Te Taki Haruru will guide the DCC to support strong and thriving Māori communities, as well as enable effective Māori participation and ensure staff are empowered to deliver on outcomes for and with mana whenua and Māori.

The implementation of **Tū Kotahi – the DCC's Māori Cultural Capability framework**. Tū Kotahi has been developed to provide DCC staff, teams and the organisation as a whole with the cultural knowledge and capability to work with the Māori community. In 2023 the first introductory Te Reo and Tikanga Māori programme was developed and delivered. Kāi Tahu history and cultural narratives, the Treaty of Waitangi and addressing racism and unconscious bias workshops have also been developed and will be delivered late in 2023.

Key roles within the DCC over recent years have been instrumental in leading and developing the Māori work programme. This work programme has established the foundations for DCC to continue to grow and progress its commitment to the Treaty of Waitangi. These key roles have included the Executive level role of Manahautū Māori (established in 2020). Two further key senior roles were established, Manager of Māori Partnerships (established in 2021) and Manager of Māori Capability (established in 2023).

Te whakahou i Te Akaaka Rautaki

Refreshing the Strategic Framework

The Strategic Refresh is underway.

Staff are aligning their work with the development of a Wellbeing Framework, a Māori Strategic Framework and exploring the City Portrait model as a means of defining and measuring sustainable outcomes for Dunedin. Residents will have the opportunity to engage in the work of refreshing the strategic framework and the design of Dunedin's City Portrait in late 2023.

The timing of the project takes account of other Council work, such as the development of the 10 Year Plan 2024-34.

The Strategic Refresh project will illustrate the DCC's commitment to improving the well-being of Dunedin's current and future residents. It will also help the DCC to prepare for any changes to local government, such as Three Waters and Resource Management Act reforms and The Future of Local Government review.

He Tāone e Tipu ana

A Growing City

The DCC and Otago Regional Council, in partnership with mana whenua, have started work developing the Future Development Strategy for Dunedin. This strategy is required by the National Policy Statement on Urban Development 2020.

The purpose of the Future Development Strategy is to promote long-term strategic planning by setting out how sufficient development capacity and supporting infrastructure will be provided over the coming 30 years to meet the city's anticipated growth needs.

The Future Development Strategy will be notified for public submissions in 2024 and will replace the Dunedin Spatial Plan (2012).

SECTION 2:

He ratoka, he mahi | Services and activities

Section contents

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He ratoka, he mahi | Services and activities

This section provides information on the DCC's activities and services, and describes:

- how the services and activities contribute to our community outcomes
- how performance is measured
- the costs for providing the services and activities.

The services and activities that the DCC provides are grouped into 12 groups of activity. The community outcomes that they mainly contribute to are described within each activity.

The activity group structure is as follows:

Group of Activity	Services and activities	
Community and planning	City development Resource consents	Community development and events
Economic development	Economic development Marketing Dunedin	Dunedin isite Visitor Centre
Ara Toi (Arts and Culture) Galleries, libraries and museums	Dunedin Public Art Gallery Dunedin Public Libraries Lan Yuan Chinese Garden	Olveston Historic Home Toitū Otago Settlers Museum
Governance and support services	Civic and administration Civil defence	Customer services agency
Property	Commercial property Community housing	Operational property
Regulatory services	Building services Compliance solutions	Parking operations Parking services (enforcement)
Reserves and recreational facilities	Aquatic services Botanic Garden	Cemeteries and crematorium Parks and reserves
Roading and footpaths	Transport	
Three Waters – Water supply	Water supply	
Three Waters – Sewerage and sewage	Wastewater	
Three Waters – Stormwater	Stormwater	
Waste management	Waste and environmental solutions	

The information in this section of this Annual Report (pages 21 to 68) constitutes Council's Statement of Service Performance information.

The Statement of Service Performance is compliant with the following legislation and regulations:

- Local Government Act 2002
- Requirements of the Department of Internal Affairs for Local Government, including the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP)
- PBE FRS– 48 Service Performance Reporting Standard (accounting standards).

Disclosure of Significant Judgements

The Council's 10 year plan 2021 – 31 “tō tātou eke whakamuri – the future of us” outlines the services and activities the Dunedin City Council will provide, the projects that will be carried out and the level of service that the community can expect over the 10 year period. This is our Statement of Service Performance. The plan also sets out how much things will cost, how they will be paid for, and their impact on rates and debt. The 10 year plan takes account of the social, economic, environmental and cultural interests of Dunedin's communities and the needs of future generations.

The Statement of Service Performance in the 10 year plan 2021 – 31 sets out 12 groups of activities. For each activity group, details are provided on the community outcomes that its activities will contribute to. Also provided are levels of service statements, performance measures, and targets. These describe the services that Council will provide to the community, and how Council will measure that it has achieved what it said it would.

When the Statement of Service Performance was developed, Council made the following judgements in its selection. Council considered the extent to which services would be provided to the community and the performance measures that would be used to capture our achievement in delivering those services. The selection of services took account of the views of our community.

Measurement judgements to monitor performance have also been included within each activity group. Under the Local Government Act 2002, Council is required to have prescribed performance measures for the following group of activities: water supply, sewerage, stormwater drainage and the provision of roading and footpaths. These prescribed measures enable comparison of performance between all local authorities.

Performance measures for other activities of Council cover both output and outcome measurements of progress towards the levels of service provided for in the 10 year plan 2021-31.

In addition to the above judgements, Council has also applied judgements in the aggregation and presentation of service performance information, to provide information that is relevant, and easily understood.

The purpose of this part of the Annual Plan is to report back to the community on how Council has performed in delivering the services it said it would. It includes explanations for any measure not achieved, outlining the challenges presented over the year. It also provides highlights from each activity area. Each activity group has an associated financial summary to provide an understanding of the cost related to the services provided to the community.

In preparing the Statement of Service Performance, Council has provided comparative information for all performance measures. In two instances, Council has used its judgement to change the methodology for measuring achievement of its targets. In doing so, it has also restated the comparative data for those measures. Details of these changes are as follows:

Activity	Levels of service, measures and targets	Non compliance detail
Roading	<p>Level of Service: – the use of electric vehicles (EVs) is supported.</p> <p>Performance measure: – the number of electric vehicles (plug in hybrids and pure EVs including heavy vehicles) registered in Dunedin is increasing.</p> <p>Target: – Increase on June 2020 baseline</p>	<p>The methodology for reporting on this target has been updated. In 2021/22 the total number of registered EVs was reported as 552. This only took account of the new EV registrations in the 12 month period.</p> <p>The revised methodology is based on the total number of electric vehicles registrations, which accounts for the electric vehicles already registered, new EV registrations and disposals.</p>
Roading	<p>Level of Service: – the use of electric vehicles (EVs) is supported.</p> <p>Performance measure: – annual sales volumes of petrol and diesel in Dunedin city.</p> <p>Target: – Decrease year on year.</p>	<p>The methodology for determining Dunedin's petrol and diesel consumption has been revised from the 2021/22 year. The new methodology, undertaken by the University of Otago, better apportions the total Otago fuel consumption between the three territorial authorities. The original data was based on regional fuel tax data and was apportioned between the Otago local authorities based on rate income.</p> <p>The new methodology uses StatsNZ data on vehicle kilometres travelled. While a better method to estimate Dunedin's fuel consumption, it is still an estimation.</p>

Roading (contd.)		<p>The comparative figures for 2021/22 using the new methodology are:</p> <p>2021/22 – Petrol consumption 46.8 million litres compared to 59.6 million litres; 2021/22 – Diesel consumption 89.0 million litres compared to 95.4 million litres.</p> <p>Comparison of consumption using the new methodology shows that the targets to reduce consumption have not been met in the 2022/23 year.</p>
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There are three activities where Council has not complied with statutory or mandated performance measurement, and these are discussed below.

Activity	Levels of service, measures and targets	Non compliance detail
Building Consents (prior year only)	<p>Level of Service: Statutory timeframes for processing of building consent applications and certifications are met.</p> <p>Performance measure: Percentage of building consent applications processed in accordance with statutory timeframes.</p> <p>Target: – 100%</p>	<p>The Ministry of Business, Innovation and Employment (MBIE) has guidance on how to count the number of days for processing building consent applications.</p> <p>In the prior year, the method used by Council to count the number of days to process some building consents has been too high, and the reported percentage of compliance with statutory timeframes for processing has been too low.</p>
Complaints about Water, Stormwater and Wastewater (current and prior year)	<p>Performance measure: – the total number of complaints received about any of the following:</p> <ul style="list-style-type: none"> • Drinking water clarity • Drinking water taste • Drinking water odour • Drinking water pressure or flow • Continuity of supply • Sewage odour • Sewage systems faults • Sewage system blockages • Stormwater system 	<p>The Department of Internal Affairs has guidance on classifying and counting the complaints for the prescribed performance measures for water, stormwater and wastewater. Complete records for all complaints made to the DCC were not available so it has not been possible to determine the accuracy of count results or classification of complaints between categories for these performance measures.</p>
Roading (current year)	<p>Level of Service: The transport network facilitates comfortable travel.</p> <p>Performance measure: The average quality of ride on local sealed road network measured by smooth travel exposure.</p> <p>Target: – Smooth Travel Exposure $\geq 80\%$</p>	<p>Traffic count data is used in the calculation for Smooth Travel Exposure. Traffic count data loaded in the 2022/23 financial year were incorrect, and this has impacted the Smooth Travel Exposure calculation. It is therefore not possible to confirm the accuracy of the performance result of 75.6% of Smooth Travel Exposure provided in this report.</p>

As part of the development of the 10 year plan 2024–34, Council is reviewing its levels of service statements, performance measures and targets. It is intending to improve describing the services that it will deliver, how much it will deliver and the targets for delivery. There will be a greater focus on output measures, rather than outcome measurements, e.g., satisfaction measured through the Residents Opinion Survey. While taking account of community views, judgement will be used to select relevant performance measures, including the number of measures and targets, and how they might be aggregated and presented.

Residents' Opinion Survey

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

The Residents' Opinion Survey (ROS) uses a sequential mixed-mode methodology and is conducted continuously over the year.

Residents are randomly selected from the electoral roll to participate in the survey. Selected residents are sent a letter that invites them to complete the survey online. After two weeks, non-responding individuals are sent a reminder postcard and then a paper questionnaire a further one and a half weeks later.

In 2022/23, 1,402 responses were obtained over the course of 12 months, giving a response rate of 31% and a margin of error of $\pm 2.6\%$ at a confidence interval of 95%. Post data collection, the sample has been weighted to known population distributions according to the 2018 Census using age, gender, ethnicity and location.

Technical note: Not all survey respondents answered all questions.

The 2022/23 ROS has been conducted using standard analytical methods. Satisfaction with facilities are reported for respondents who have used that facility in the previous 12 months. Where a respondent has answered 'don't know', their response is not included in the percentage calculations.

The full results of the 2022/23 ROS and results of previous years are available at www.dunedin.govt.nz/council/residents-opinion-survey

Satisfaction Scale

A ten point scale is used to measure satisfaction although results are presented at the five point level and either a 'Don't know' or 'Not at all' option is provided as appropriate.

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

Te hāpori me te whakamahere kaupapa

Community and planning

Services and activities

The community and planning group includes activities and services related to:

- Community development and events
- City development
- Resource consents.

The DCC is responsible for promoting the sustainable management of the natural and physical resources within Dunedin. This includes developing, reviewing and administering the District Plan, Spatial Plan and related policies, and processing applications for resource consents under the District Plan. The DCC also provides heritage, biodiversity and urban design advice to the Council and residents and administers the heritage fund.

The community and planning group provide advice and support to community providers, administers a range of community support and grants, and organises community events. The community and planning group contributes to the vibrancy of the city for Dunedin residents and visitors and works with community groups to provide a better quality of life, while driving development and delivery of the city's key strategies.

Community outcomes

The community and planning group contribute to the following community outcomes:

- A creative city with a rich and diverse arts and culture scene
- A successful city with a diverse, innovative, and productive economy
- A supportive city with caring communities and a great quality of life
- A sustainable city with healthy and treasured natural environments
- A compact city with a vibrant CBD and thriving suburban and rural centres.

Measuring performance

Measure	Data Source	Target 2022/23	Actual 2022/23	Actual 2021/22	Achievement
Level of service: Advice and support is provided to the community and key stakeholders, and grants funding and contract support is appropriately administered and monitored					
Percentage of customers satisfied with advice, support and assistance provided by the Community Development Team	Annual survey	≥95%	92%	92%	Not Achieved 1
Level of service: Council funded events meet the needs of residents					
Percentage of residents satisfied with city festivals and events	ROS	≥70%	61%	55%	Not achieved 2
Level of service: Residents are satisfied with the look and feel of the city					
Percentage of residents satisfied with the overall look and feel of the city	ROS	≥75%	58%	59%	Not achieved 3
Level of service: Resource consents are processed efficiently and meet statutory timeframes and customer information needs are met					
Percentage of resource consents processed within statutory timeframes	Internal data	100%	93%	93%	Not achieved 4

ROS Residents' Opinion Survey

Explanations:

- 1 The annual survey was conducted for one week in August 2023.
- 2 Covid 19 has had a long-lasting effect on the events industry which is still recovering.
- 3 Staff have completed an evaluation of amenity and transportation upgrade requirements for Dunedin's larger centres (outside the CBD) to help Council prioritise upgrades.
- 4 There were 882 applications processed. A total of 821 were granted within the statutory maximum number of working days.

Some of our achievements in 2022/2023:

Enviroschools celebrated 21 years of mahi in Dunedin with 16 schools (75 students), and 15 community organisations who all shared their sustainability journeys through photos, displays, posters and more.

Hui for the former refugee community was held in conjunction with the Dunedin Former Refugee Steering Group (DFRSG). It was attended by over 140 participants. The outcomes from the hui are being discussed to inform potential changes to the DFRSG action plan.

We continue to work with external event organisers to support their events to ensure they run well for the wider community. A number of events have been delivered, Thieves Alley and the inaugural Music In Parks events were well attended. A diverse range of local events were supported through funding including the Whare Flat Folk Festival, the Dunedin Fringe Festival, and the Celebration of Samoan Independence and Samoan Language Week.

ORC/DCC Future Development Strategy. 14 community workshops were held.

Continued progress on resolving appeals on the 2GP. 90% of appeals were resolved during the year.

Completed Variation 2 (Additional Housing Capacity) (decision released). This contributed significant new housing capacity particularly for medium density housing.

Led DCC input into the Resource Management Reform process including submission on Natural and Built Environment Act and Spatial Planning Act.

Heritage and Biodiversity funds supported significant investment in heritage building and biodiversity protection and restoration.

Capital Expenditure

New Capital	Note	2022/23 Actual \$000	2022/23 Budget \$000
City Development – Street Trees and Furniture		164	100
City Development – Warehouse Precinct Upgrades		-	50
City Development – Minor Amenity Centres Upgrades		-	100
City Development – Community Development and Events		35	-
Water Screen – Puaka Matariki			
		199	250
Renewals			
Community Development and Events – Task Force Green		-	1
Total Capital		199	251

Dunedin City Council: Funding impact statement for the year ended 30 June 2023 for

Community and planning

	2022 Long-term plan \$000	2023 Long-term plan \$000	2023 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	12,669	12,660	13,582
Targeted rates	–	–	–
Subsidies and grants for operating purposes	140	144	1,091
Fees and charges	2,022	1,582	1,625
Internal charges and overheads recovered	203	209	610
Local authorities fuel tax, fines, infringement fees, and other receipts	–	–	–
Total operating funding (A)	15,034	14,595	16,908
Application of operating funding			
Payments to staff and suppliers	13,063	12,544	13,401
Finance costs	–	24	–
Internal charges and overheads applied	1,963	2,018	2,093
Other operating funding applications	–	–	–
Total application of operating funding (B)	15,026	14,586	15,494
Surplus (deficit) of operating funding (A-B)	8	9	1,414
Sources of capital funding			
Subsidies and grants for capital expenditure	–	–	–
Development and financial contributions	–	–	–
Increase (decrease) in debt	378	902	–
Gross proceeds from sale of assets	–	–	–
Lump sum contributions	–	–	–
Other dedicated capital funding	–	–	–
Total sources of capital funding (C)	378	902	–
Application of capital funding			
Capital expenditure			
– to meet additional demand	–	–	–
– to improve the level of service	350	970	199
– to replace existing assets	5	1	–
Increase (decrease) in reserves	–	–	–
Increase (decrease) of investments	31	(60)	1,215
Total application of capital funding (D)	386	911	1,414
Surplus (deficit) of capital funding (C-D)	(8)	(9)	(1,414)
Funding balance ((A-B)+(C-D))	–	–	–

Te whakatupu ohaoha

Economic development

Services and activities

The economic development group includes activities and services related to:

- Economic development
- Marketing Dunedin
- Visitor Centre (isite)

The DCC supports and encourages business vitality, alliances for innovation, a hub of skills and talent, linkages beyond our borders and a compelling destination to make Dunedin a great place to live, work, study, visit and invest in.

The economic development group works in partnership with other agencies to promote the city, attract visitors and migrants, and encourage and support business, job growth and entrepreneurial activity.

Community outcomes

The economic development group contributes to the following community outcomes:

- A creative city with a rich and diverse arts and culture scene
- A successful city with a diverse, innovative and productive economy
- A supportive city with caring communities and a great quality of life.

Measuring performance

Measure	Data Source	Target 2022/23	Actual 2022/23	Actual 2021/22	Achievement
Level of service: Enterprise Dunedin provides business sector support and coordinates the marketing of the city for tourism and education and attracting investment and skilled migrants					
Percentage of residents satisfied with the Council's support for economic development	ROS	≥50%	41%	35%	Not achieved 1
Dunedin's share of national domestic visitor spend	MBIE TECTs	Grow 10% year on year	3%	3.4%	Not achieved 2
Level of service: The isite Visitor Centre provides an accessible, accurate tourism information and booking service					
Percentage of external customers satisfied with the isite Visitor Centre	Independent external survey	≥90%	89%	100%	Not achieved 3

ROS Residents' Opinion Survey

Explanations:

- 1 Perceptions can be affected by economic outcomes as a result of factors such as the ongoing impact of previous Covid 19 border closures and current national cost of living.
- 2 Uncontrollable factors, such as Covid 19 border closures and alert level shifts, impacts on international, trans-Tasman and domestic visitors in Dunedin.
- 3 This year the isite sample was smaller than normal.

Some of our achievements in 2022/2023:

The 2022/23 cruise season saw the return of 101 ships, with 1,297 bookings made for tours or activities by the isite. The cruise ship visits are worth an estimated \$60 million in revenue into Dunedin's economy.

Destination Marketing focused on the New Zealand domestic market with a series of seasonal campaigns targeting audiences in the Auckland 'fly' market as well as the South Island 'drive' market.

Enterprise Dunedin business clinics were held with 48 businesses to support their development, including inquiries ranging from food businesses, wellbeing, new retail and working from home ideas.

JobDUN's 2022/23 season saw 21 businesses register and 49 JobDUN internships offered. By June 2023 this had led to the creation of 24 jobs (10 PTE, 8 FTE, 6 Contracts) of which 15 are new jobs.

Project China renewed four Memorandums of Understanding (MoUs) with China:

- Dunedin – Shanghai Sister City Agreement
- Dunedin Public Library
- Lan Yuan /Dunedin Chinese Garden
- Shanghai Science and Technology Commission

Film Dunedin continued to support film activity in the city and region; in the 12 months to 30 June 2023, 21 film permits were issued – including short films, music video, domestic tourism commercials and a reality show.

Capital Expenditure

	Note	2022/23 Actual \$000	2022/23 Budget \$000
New Capital			
Economic Development – Virtual Production Studio	1	-	250
		-	250
Renewals			
Destination Marketing – Digital Content – Camera & Video Gear		5	15
		5	15
Total Capital		5	265

Explanation of Variance

1 This project will not be going ahead.

Dunedin City Council: Funding impact statement for the year ended 30 June 2023 for

Economic development

	2022 Long-term plan \$000	2023 Long-term plan \$000	2023 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	4,902	5,037	4,846
Targeted rates	500	500	500
Subsidies and grants for operating purposes	–	–	2,527
Fees and charges	419	431	380
Internal charges and overheads recovered	3	3	2
Local authorities fuel tax, fines, infringement fees, and other receipts	–	–	–
Total operating funding (A)	5,824	5,971	8,255
Application of operating funding			
Payments to staff and suppliers	4,685	4,776	6,601
Finance costs	–	8	–
Internal charges and overheads applied	1,115	1,146	1,150
Other operating funding applications	–	–	–
Total application of operating funding (B)	5,800	5,930	7,751
Surplus (deficit) of operating funding (A-B)	24	41	504
Sources of capital funding			
Subsidies and grants for capital expenditure	–	–	–
Development and financial contributions	–	–	–
Increase (decrease) in debt	270	–	–
Gross proceeds from sale of assets	–	–	–
Lump sum contributions	–	–	–
Other dedicated capital funding	–	–	–
Total sources of capital funding (C)	270	–	–
Application of capital funding			
Capital expenditure			
– to meet additional demand	–	–	–
– to improve the level of service	250	–	–
– to replace existing assets	15	5	5
Increase (decrease) in reserves	–	–	–
Increase (decrease) of investments	29	36	499
Total application of capital funding (D)	294	41	504
Surplus (deficit) of capital funding (C-D)	(24)	(41)	(504)
Funding balance ((A-B)+(C-D))	–	–	–

Kā wharepukapuka, kā whare taoka

Galleries, libraries and museums

Services and activities

The Galleries, libraries and museums group includes activities and services related to:

- Dunedin Public Libraries (including City of Literature)
- Dunedin Public Art Gallery
- Toitū Otago Settlers Museum
- Lan Yuan Chinese Garden
- Olveston Historic Home

The DCC owns and operates the Dunedin Public Libraries, Dunedin Public Art Gallery, Toitū Otago Settlers Museum, Lan Yuan Chinese Garden and Olveston Historic Home.

The DCC provides opportunities to access and experience visual arts and culture by viewing art collections held in a safe and quality environment. The DCC maintains and preserves a rich heritage of stories, treasures and knowledge through its cultural institutions.

The Council is one of four local authorities in Otago that contribute to the management and funding of the Otago Museum under the Otago Museum Trust Board Act 1996.

Community outcomes

The Galleries, libraries and museums group contributes to the following community outcomes:

- A creative city with a rich and diverse arts and culture scene
- A supportive city with caring communities and a great quality of life
- A successful city with a diverse, innovative and productive economy

Measuring Performance

Measure	Data Source	Target 2022/23	Actual 2022/23	Actual 2021/22	Achievement
Level of service: Library facilities are accessible, and collections are maintained and updated to meet the needs of the community					
Percentage of residents who visit Dunedin Public Libraries at least once in a year	ROS	≥60%	60%	56%	Achieved
Percentage of residents who visited and were satisfied with Dunedin Public Libraries	ROS	≥90%	89%	90%	Not achieved 1
Total number of visits to Dunedin Public Libraries annually	Internal data	≥1.1 million	773,841	866,149	Not achieved 2
Number of participants in lifelong learning programmes conducted by the library annually	Internal data	≥35,000	27,150	14,967	Not achieved 3
Level of service: The Dunedin Public Art Gallery provides access to a diverse visual art experience which meets the expectations of visitors and the collection is managed according to international best practice					
Percentage of residents who visit Dunedin Public Art Gallery at least once in a year	ROS	≥40%	47%	46%	Achieved
Percentage of residents who visited and were satisfied with to their visit to the Dunedin Public Art Gallery	ROS	≥90%	87%	89%	Not achieved 4
Total number of visits to Dunedin Public Art Gallery annually	Internal data	≥195,000	188,943	128,277	Not achieved 5
Level of visitor satisfaction with Dunedin Public Art Gallery	Visitor surveys	≥90%	93%	92%	Achieved
Percentage of designated exhibition galleries that are committed to displays from the permanent collection (in order to provide access to the city's holding of nationally significant art)	Internal data	≥40%	58%	57%	Achieved

Measure	Data Source	Target 2022/23	Actual 2022/23	Actual 2021/22	Achievement
Level of service: The Toitū Otago Settlers Museum (Toitū) facilities provide access to a diverse social history experience which meets the expectations of visitors					
Percentage of residents who visit Toitū at least once a year	ROS	≥75%	61%	66%	Not Achieved 6
Percentage of residents who visited and were satisfied with their visit to Toitū	ROS	≥95%	93%	92%	Not Achieved 7
Total number of visits to Toitū annually	Internal data	≥250,000	210,135	127,137	Not achieved 8
Number of special exhibitions, public programs and events staged per year at Toitū and at Lan Yuan Chinese Garden	Annual status analysis	≥100	102	66	Achieved
Level of visitor satisfaction with Toitū	Trip Advisor	≥4.5 out of 5 stars (as at 30 June each year)	5.0	4.6	Achieved
Level of service: Visitors enjoy an authentic Chinese architectural and cultural experience					
Percentage of residents who visit Lan Yuan Chinese Garden at least once a year	ROS	≥15%	26%	25%	Achieved
Percentage of residents who visited and were satisfied with their visit to Lan Yuan Chinese Garden	ROS	≥85%	89%	82%	Achieved
Total number of visits to Lan Yuan Chinese Garden annually	Internal data	≥40,000	29,308	15,946	Not achieved 9
Level of visitor satisfaction with Lan Yuan Chinese Garden	Trip Advisor	≥4.0 out of 5 stars (as at 30 June each year)	4.5	4.5	Achieved
Level of service: Visitors enjoy an authentic experience at Olveston Historic House					
Percentage of residents who visit Olveston at least once a year	ROS	≥10%	11%	13%	Achieved
Percentage of residents who visited and were satisfied with their visit to Olveston	ROS	≥90%	90%	94%	Achieved
Total number of visits to Olveston annually	Internal data	≥35,000	22,886	6,004	Not achieved 10
Level of visitor satisfaction with Olveston	Trip Advisor	≥4.5 out of 5 stars (as at 30 June each year)	4.7	4.7	Achieved

ROS Residents' Opinion Survey

Explanations:

- 1 – 3 Additional library close dates due to new public holiday (Matariki) and seven close days over the Christmas and New year period. Participation in events has increased on the previous year, however with Covid 19 still in the community, numbers have not returned to previous levels.
- 4 – 10 Visitation to cultural attractions has not yet returned to pre-Covid 19 levels. Art Gallery visitation has also been affected by the closure of Nova Café. While there has been a decrease in visits to the library, there has been an increase in issues of both physical and digital items.

Some of our achievements in 2022/2023:

Dunedin Libraries' new fully electric Book Bus was unveiled in January 2023. Te Pahi Pukapuka marks an exciting new chapter in the oldest continuous mobile library service in New Zealand. The new vehicle carries more than 2000 books and will also help the DCC reach its Zero Carbon 2030 goal. The new bus has been well received by our customers, with improved access and warmth.

Dunedin Libraries technology refresh included updated self-check machines in all libraries. Mosgiel library added smart returns shelves and City library implemented the Adilam automated material sorter which has improved efficiency with a smaller footprint.

Dunedin Public Art Gallery hosted major international exhibitions by artists Emily Floyd and Jasmina Cibic.

Lan Yuan successfully rolled out annual events programme including Chinese New Year which attracted 10,000 attendees.

Toitū commenced a major refresh of the Transportation gallery to be completed in late 2023.

First-ever Caselberg Trust Margaret Egan Cities of Literature Writers Resident is Melbourne's award-winning writer Shu-Ling Chua 蔡淑玲. The residency, launched by the City of Literature and the Caselberg Trust in March 2023 will be offered every second year to writers from the other 41 Cities of Literature worldwide, and solely to applicants from Ōtepoti and across Aotearoa every other year.

City of Literature South D Poet Lorikeet, Jenny Powell delivered a series of free workshops to new entrants' classes across South Dunedin. Each group's poem, inspired by Jenny's well-worn Teddy, was captured in the City of Literature publication gifted to all whānau, *Teddy Poems*, which included photographs of Teddy in various locations around the city.

Dunedin UNESCO City of Literature supported and mentored the Dunedin Youth Writers' Association, a student-led group of self-selected writers from across Ōtepoti secondary schools who have gone on to appear in nationwide festivals and publications.

International Mother Language Day was celebrated through participation in a Cities of Literature chain poem created by our friends at Manchester UNESCO City of Literature. Two versions of 'Words from the Childhood Home' were exhibited in Manchester's Central Library during March. A stanza was written in te reo Māori by Waiāriki Parata-Taiapa.

World Poetry Day was marked in Dunedin by filming and sharing a dynamic reading of 'What the future holds' by David Eggleton, Aotearoa Poet Laureate 2019-22.

Capital Expenditure

	Note	2022/23 Actual \$000	2022/23 Budget \$000
New Capital			
Dunedin Public Art Gallery – Minor Capital Works		49	40
Dunedin Public Art Gallery – Acquisitions – DPAG Society Funded		–	30
Dunedin Public Art Gallery – Acquisitions – Rates Funded		126	100
Dunedin Public Art Gallery – Acquisitions – Donation Funded		176	35
Dunedin Public Art Gallery – Collection Store Painting Racks		14	25
Dunedin Public Libraries – Heritage Collection Purchases – Rates Funded		46	56
Dunedin Public Libraries – Heritage Collection Purchases – Trust Funded		1	10
Toitū Otago Settlers Museum Minor – Capital Works		41	40
Toitū Otago Settlers Museum – Acquisitions – Rates Funded		1	50
		454	386
Renewals			
Dunedin Public Art Gallery – Exhibition Lighting		26	26
Dunedin Public Art Gallery – Minor Capital Works		6	–
Dunedin Public Art Gallery – Heating and Ventilation System		9	31
Dunedin Public Libraries – Minor Capital Equipment		22	57
Dunedin Public Libraries – Acquisitions – Operational Collection		938	942
Dunedin Public Libraries – RFID Replacement		406	322
Olveston House – Minor Capital Works		3	56
Toitū Otago Settlers – Museum Plant Renewal		81	163
Toitū Otago Settlers – Museum Asset Renewals		110	–
Toitū Otago Settlers – Museum Minor Equipment Renewals		–	196
Toitū Otago Settlers – Museum Gallery Furniture and Office/Gallery Renewal	1	–	250
		1,601	2,043
Total Capital		2,055	2,429

Explanation of variance

1 Project deferred until 2023/24

Dunedin City Council: Funding impact statement for the year ended 30 June 2023 for

Galleries, libraries and museums

	2022 Long-term plan \$000	2023 Long-term plan \$000	2023 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	24,672	24,454	26,394
Targeted rates	–	–	–
Subsidies and grants for operating purposes	317	326	340
Fees and charges	1,137	1,919	1,782
Internal charges and overheads recovered	21	21	125
Local authorities fuel tax, fines, infringement fees, and other receipts	–	–	–
Total operating funding (A)	26,147	26,720	28,641
Application of operating funding			
Payments to staff and suppliers	18,197	18,675	19,516
Finance costs	373	337	557
Internal charges and overheads applied	6,512	6,694	6,689
Other operating funding applications	–	–	–
Total application of operating funding (B)	25,082	25,706	26,762
Surplus (deficit) of operating funding (A-B)	1,065	1,014	1,879
Sources of capital funding			
Subsidies and grants for capital expenditure	30	31	153
Development and financial contributions	–	–	–
Increase (decrease) in debt	1,370	1,123	23
Gross proceeds from sale of assets	–	–	–
Lump sum contributions	–	–	–
Other dedicated capital funding	–	–	–
Total sources of capital funding (C)	1,400	1,154	176
Application of capital funding			
Capital expenditure			
– to meet additional demand	–	–	–
– to improve the level of service	859	832	919
– to replace existing assets	1,505	1,420	1,136
Increase (decrease) in reserves	–	–	–
Increase (decrease) of investments	101	(84)	–
Total application of capital funding (D)	2,465	2,168	2,055
Surplus (deficit) of capital funding (C-D)	(1,065)	(1,014)	(1,879)
Funding balance ((A-B)+(C-D))	–	–	–

Ratoka whakahaere, ratoka tautoko

Governance and support services

Services and activities

The governance and support services group includes activities and services related to:

- Civic and administration
- Customer services agency
- Council Communications and marketing
- Warm Dunedin

The governance and support services group provides technical and administrative support for the key delivery activities of the DCC. In some instances, an external service to residents and the public is provided (e.g. the provision of the Council's website). The support services are largely funded by an internal charge to the other activities in this section. The charge is based on an allocation method that endeavours to reflect the true cost to the key delivery activities.

Community outcomes

The governance and support services group contributes to the following community outcomes:

- A healthy city with reliable and quality water, wastewater and stormwater
- A compact city with a vibrant CBD and thriving suburban and rural centres
- A successful city with a diverse, innovative and productive economy
- A creative city with a rich and diverse arts and culture scene
- A connected city with a safe, accessible and low-carbon transport system
- A sustainable city with healthy and treasured natural environments
- An active city with quality and accessible recreational spaces and opportunities
- A supportive city with caring communities and a great quality of life

Measuring Performance

Measure	Data Source	Target 2022/23	Actual 2022/23	Actual 2021/22	Achievement
Level of service: The information required to participate in the democratic process is appropriately available					
Percentage of non-public material that is assessed for proactive release to the public during each Council Committee meeting round	Internal data	100%	100%	100%	Achieved
Percentage of LGOIMA official information requests that are responded to within 20 working days	Internal data	100%	86%	73%	Not achieved 1
Percentage of residents satisfied with the amount of public consultation undertaken	ROS	≥50%	37%	31%	Not achieved 2
Level of service: The information residents require is appropriately available					
Percentage of residents satisfied with the Council's website	ROS	≥65%	57%	57%	Not achieved 3
Level of service: Staff communicate with residents appropriately					
Percentage of residents satisfied with how staff communicate	ROS	≥80%	56%	76%	Not achieved 4

ROS Residents' Opinion Survey

LGOIMA Local Government Official Information and Meetings Act

Explanations:

- 1 A total of 222 LGOIMA requests were received during the year and 192 were responded to within statutory timeframes.
- 2 Public consultation undertaken during the year included 'the future of us', an update of year three of our 10 year plan, the interim Speed Management Plan and initial feedback on Reserve Management Plans – General Policies.
- 3 There was a 9% increase in the total number of pages viewed on the DCC website and a 53% increase in users. An increase in the number of online services available to residents is planned for over the next financial year, incorporating feedback from users to improve the information and pages provided.
- 4 DCC Customer Services team responded to 255,098 customer requests during the 2022/23 period. This included via phone, emails, and in person transactions.

Capital Expenditure

	Note	2022/23 Actual \$000	2022/23 Budget \$000
New Capital			
Business Information Services – Internal Services Workstream	1	133	600
Business Information Services – Internal Legacy Correction		49	200
Business Information Services – Value Added External Services Workstream	2	360	1,250
Fleet Operations – EV Charging Infrastructure		-	50
		542	2,100
Renewals			
Business Information Services – Internal Services Workstream	3	415	1,438
Business Information Services – Internal Legacy Corrections		937	1,053
Fleet Operations – Fleet Replacement		827	810
Fleet Operations – Mobile Library Replacement		416	402
Customer Services Agency – Self Service Kiosks		-	52
Communications and Marketing – Replacement of Webcams		-	2
		2,595	3,757
Total Capital		3,137	5,857

Explanation of variance

- 1 The contract management software was under budget. New telephone system is rescheduled in the 2024/25 financial year.
- 2 The DCC e-Services program was in initiation stage for most of the 2022/23 financial year.
- 3 The mobility programme and project management software project have been rescheduled to the 2023/24 year.

Dunedin City Council: Funding impact statement for the year ended 30 June 2023 for

Governance and support services

	2022 Long-term plan \$000	2023 Long-term plan \$000	2023 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	6,980	8,032	2,765
Targeted rates	513	518	431
Subsidies and grants for operating purposes	–	–	1,806
Fees and charges	9,684	9,645	16,399
Internal charges and overheads recovered	25,635	26,353	27,045
Local authorities fuel tax, fines, infringement fees, and other receipts	–	–	–
Total operating funding (A)	42,812	44,548	48,446
Application of operating funding			
Payments to staff and suppliers	33,792	35,121	36,258
Finance costs	1,230	1,442	1,127
Internal charges and overheads applied	6,770	6,960	9,123
Other operating funding applications	–	–	–
Total application of operating funding (B)	41,792	43,523	46,508
Surplus (deficit) of operating funding (A-B)	1,020	1,025	1,938
Sources of capital funding			
Subsidies and grants for capital expenditure	–	–	354
Development and financial contributions	–	–	–
Increase (decrease) in debt	1,440	1,356	(2,086)
Gross proceeds from sale of assets	165	120	161
Lump sum contributions	–	–	–
Other dedicated capital funding	–	–	–
Total sources of capital funding (C)	1,605	1,476	(1,571)
Application of capital funding			
Capital expenditure			
– to meet additional demand	–	–	–
– to improve the level of service	1,100	2,009	542
– to replace existing assets	3,552	3,143	2,595
Increase (decrease) in reserves	–	–	–
Increase (decrease) of investments	(2,027)	(2,651)	(2,770)
Total application of capital funding (D)	2,625	2,501	367
Surplus (deficit) of capital funding (C-D)	(1,020)	(1,025)	(1,938)
Funding balance ((A-B)+(C-D))	–	–	–

Kā wāhi whenua | Property

Services and activities

The property group includes activities and services related to:

- Community housing
- Property management (including Investment Property, Operational Property and Community Property)
- Land and lease management

The DCC manages property to maintain core services, provide community housing, and provide non-rates revenue.

The property portfolio includes the management of community housing units for qualifying residents; arts and culture facilities like the Regent Theatre; sports facilities like Edgar Centre and the Ice Sports Stadium; and non-rates revenue from the management of investment properties.

Property management is essential to the Council's influence in economic development, arts and culture, community housing, and libraries and museums, and maintaining the range of services provided to Dunedin's communities. It supports the DCC's activities and services.

Community outcomes

The property group contributes to the following community outcomes:

- A creative community with a rich and diverse arts and culture scene
- A supportive city with caring communities and a great quality of life
- An active city with quality and accessible recreational spaces and opportunities
- A compact city with a vibrant CBD and thriving suburban and rural centres

Measuring performance

Measure	Data Source	Target 2022/23	Actual 2022/23	Actual 2021/22	Achievement
Level of service: The housing provided by the Council meets the needs of tenants and rental values will not exceed operating expenses					
Percentage occupancy of Council provided rental housing	Internal data	≥94%	99%	96%	Achieved
Percentage of tenants satisfied with Council provided rental housing	Tenant survey	≥95%	99%	100%	Achieved
Level of service: Council investment properties are appropriately managed					
Percentage overall occupancy of Council investment properties	Internal data	≥95%	96%	97%	Achieved
Level of service: Council operational properties are appropriately managed					
Percentage of service request response times met	Internal data	≥75%	78%	85%	Achieved
Level of service: The impact of Council operations on the environment are managed.					
The amount of energy used by DCC properties is reducing year on year	Internal data	Reducing year on year	48.8 GWh	47.2 GWh	Not achieved 1
The amount of energy generated from fossil fuels in DCC properties*	Energy from LPG	Internal data	Reduction on 2018/19 baseline of 9.3 GWh*	11.7 GWh	Not achieved 2
	Energy from diesel		Reduction on 2018/19 baseline of 3.0 GWh*	3.7 GWh	

Measure	Data Source	Target 2022/23	Actual 2022/23	Actual 2021/22	Achievement
Level of service: The number of public toilets throughout Dunedin will increase					
Provide a changing places bathroom in the central city area	Internal data	By 30 June 2022	Not achieved	Not measured	Not achieved 3
Increase in the number of public toilets	Internal data	2 new toilets each year	Not achieved	Not measured	Not achieved 4

* The baseline levels of fossil fuels have changed from those shown in the 10 year plan 2021-31, to provide a more relevant comparison against actual results.

Explanations:

- 1, 2 Energy from LPG increased by a total of 1.0 GWh. Moana Pool accounts for 0.7 of the increase, rising from 4.4 GWh in 2021/22 to 5.1 GWh in 2022/23. Covid 19 restrictions during the previous reporting period meant that Moana Pool was either closed or did not have showers operating, which reduced demand for heating water and burning LPG.
Energy from diesel increased by a total of .5 GWh. Mosgiel Wastewater Treatment Plant increase accounts for 0.4GWh, rising from less than 0.1 GWh in 2021/22 to 0.5 GWh in 2022/23.
More wet weather events during 2022/23 compared to 2021/22 meant that systems were running at a greater rate, and issues with the biogas boiler contributed to higher diesel use.
- 3 The provision of a changing places bathroom in the central city is delayed due to issues with securing components and an increased scope to include resurfacing of the surrounding area. The revised completion date is now December 2023.
- 4 New public toilets at Signal Hill, Tunnel Beach, Outram Glen and the Exchange will all be open by the end of 2023. The completion date for new public toilets at St Leonards it yet to be determined.

Some of our achievements in 2022/2023:

The Community Housing Policy (2022) has been successful in ensuring tenants with urgent or physically accessible housing needs are housed faster.

Healthy Homes Standards require a minimum standard of heating, ventilation, insulation, and draft exclusion in all residential tenancies. All units must meet the Health Homes Standard by 1 July 2025. Council's Healthy Homes Upgrade programme is underway and as of 30 June 2023, 55% of the Community Housing portfolio met Healthy Homes Standards. The Healthy Homes Upgrade programme is scheduled for completion by 30 June 2024.

Dunedin Railway Station restoration. The first and second stages concentrated on the removal of the roof, replacement of damaged tiles, leadwork and stonework repairs, timber replacement and repainting. These are now complete. Work has commenced on stage three and repairs on the clock tower.

Dunedin Town Hall & Municipal Chambers restoration project. Planning and design for a multi-year project to repair the roof, stonework, and ornate features is underway.

Capital Expenditure

	Note	2022/23 Actual \$000	2022/23 Budget \$000
New Capital			
Community – New Public Toilets (Changing Places)	1	113	377
Housing – Housing Growth	2	470	1,500
Operational – South Dunedin Library and Community Complex	3	(295)	200
Operational – District Energy Scheme		1	973
Operational – Minor Capital		13	-
Commercial – Commercial Property Purchases	4	2,745	-
		3,047	3,050
Renewals			
Community – Asset Renewals	5	405	755
Community – Railway Station Exterior and Lift	6	1,780	2,383
Community – Public Toilet Renewals		40	103
Community – Community Hall Renewals		739	515
Community – Edgar Centre Refurbishment		236	110
Community – Tarpits	7	29	542
Housing – Asset Renewals	8	1,762	2,201
Housing – Healthy Homes Upgrades	9	1,702	2,277
Housing – Palmyra Refurbishment		64	-
Operational – Asset Renewals		1,682	1,615
Operational – Town Hall/Municipal Chamber Exterior and Lift	10	591	156
Operational – Dunedin Public Art Gallery Refurbishment		2	15
Operational – Furniture		78	100
Operational – Dunedin Library Refurbishment		27	27
Operational – Civic Centre	11	3,199	9,499
Operational – Olveston House Renewal		410	232
Investment – Asset Renewals	12	2,711	3,450
Investment – Lift Renewals		98	52
Commercial – Asset Renewals	13	3	1,000
		15,558	25,032
Total Capital		18,605	28,082

Explanation of variance

- 1 The construction phase will now occur in 2023/24 financial year. Project yet to progress beyond feasibility stage.
- 2 Delayed timing of projects. Design work for Thorn St and Oxford St underway.
- 3 Design related costs associated with the Macandrew Rd site have been expensed as this project will now be delivered on an alternative site at 138-156 King Edward St.
- 4 Unbudgeted property purchases (Foulden Maar, 326 Moray Place).
- 5 Regent Theatre compliance project is underway but behind schedule.
- 6 Exterior work almost completed, lift renewal project on hold.
- 7 Investigation work is nearing completion and options are being considered.
- 8 Timing of Fitzroy St Housing project. Design to be confirmed early in 2023/24 followed by demolition and construction phases.
- 9 Project delayed due to availability of contractors, due to be completed by mid-2024.
- 10 Investigations and planning underway. Physical works will increase during 2023/24.
- 11 The project is behind budget due to delays with some scheduled work, but the budget is fully committed.
- 12 Delayed timing of expenditure on the 414 Moray Place project, now underway. Offset by unbudgeted expenditure for structural remedial work at the Rosebank Rd property.
- 13 Project delayed due to availability of geotechnical consultants.

Dunedin City Council: Funding impact statement for the year ended 30 June 2023 for

Property

	2022 Long-term plan \$000	2023 Long-term plan \$000	2023 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	9,155	9,661	12,749
Targeted rates	–	–	–
Subsidies and grants for operating purposes	60	–	20
Fees and charges	17,091	17,646	17,439
Internal charges and overheads recovered	7,659	7,873	7,804
Local authorities fuel tax, fines, infringement fees, and other receipts	–	–	–
Total operating funding (A)	33,965	35,180	38,012
Application of operating funding			
Payments to staff and suppliers	19,703	20,283	22,057
Finance costs	1,332	1,522	2,959
Internal charges and overheads applied	2,559	2,631	2,689
Other operating funding applications	–	–	–
Total application of operating funding (B)	23,594	24,436	27,705
Surplus (deficit) of operating funding (A-B)	10,371	10,744	10,307
Sources of capital funding			
Subsidies and grants for capital expenditure	–	–	40
Development and financial contributions	200	295	66
Increase (decrease) in debt	12,137	11,822	8,192
Gross proceeds from sale of assets	3,000	–	–
Lump sum contributions	–	–	–
Other dedicated capital funding	–	–	–
Total sources of capital funding (C)	15,337	12,117	8,298
Application of capital funding			
Capital expenditure			
– to meet additional demand	339	582	22
– to improve the level of service	5,726	9,486	4,213
– to replace existing assets	15,735	13,613	14,370
Increase (decrease) in reserves	–	–	–
Increase (decrease) of investments	3,908	(820)	–
Total application of capital funding (D)	25,708	22,861	18,605
Surplus (deficit) of capital funding (C-D)	(10,371)	(10,744)	(10,307)
Funding balance ((A-B)+(C-D))	–	–	–

Ratoka waeture | Regulatory services

Services and activities

The regulatory services group includes activities and services related to:

- Animal services
- Building services
- Environmental health and alcohol licencing
- Parking services (enforcement)

Regulatory services plays an important role in protecting the safety and well-being of Ōtepoti Dunedin's residents. Many of the staff are the first point of contact for our community. Our work ensures that Council fulfils its responsibilities for a range of national regulatory frameworks, bylaws, and services. This includes

- public education and monitoring of the care, well-being and control of dogs and other animals to ensure public safety
- providing building services that support customers to meet statutory building requirements, and that buildings are healthy, durable and safe
- monitoring, promoting and enforcing legal standards to protect public health and prevent ill-health
- providing services to reduce alcohol-related harm by education, monitoring and enforcing standards within licensed premises

Community outcomes

The regulatory services group contributes to the following community outcomes:

- A supportive city with caring communities and a great quality of life
- A sustainable city with healthy and treasured natural environments

Measuring Performance

Measure	Data Source	Target 2022/23	Actual 2022/23	Actual 2021/22	Achievement
Level of service: Legislative standards and bylaws are enforced to protect the public					
Percentage of residents satisfied with the control of roaming dogs	ROS	≥60%	66%	62%	Achieved
Percentage of "A" graded food premises	Internal data	≥70%	95%	94%	Achieved
Percentage of residents satisfied with the control of noise	ROS	≥60%	58%	55%	Not achieved 1
Level of service: Statutory timeframes for processing of building consents applications and certifications are met					
Percentage of building consent applications processed in accordance with statutory timeframes *	Internal data	100%	92.9%	81.8%	Not achieved 2
Percentage of Code Compliance Certificates issued in accordance with statutory timeframes	Internal data	100%	97.9%	98.9%	Not achieved 3
Level of service: Monitoring of legislative standards and bylaws is undertaken to protect the public					
Percentage of registered health premises inspected in accordance with statutory timeframes	Internal data	100%	93%	81%	Not achieved 4
Number of alcohol licensing monitoring visits completed each quarter	Internal data	≥50 compliance visits per quarter	80	4	Not achieved 5
Level of service: Car parking is available, meets the needs of users and parking regulations are enforced					
Percentage of residents satisfied with availability of metered on-street parking in the central city	ROS	≥40%	22%	18%	Not achieved 6

ROS Residents' Opinion Survey

* The method for measuring the percentage of building consent applications processed in accordance with statutory timeframes has changed from the method used in the 2021/22 year, to improve the accuracy of counting the building consent processing days. The comparative has not been restated to the new methodology.

Explanations:

- 1 Staff are working with various stakeholders to help develop a Live Music Action Plan for the Central Business District.
- 2 2,158 of 2,322 building consents were processed within the statutory timeframes. Record numbers of building consent numbers in the prior year and increasing build complexity contributed to this result.
- 3 1,912 of 1,952 code compliance certificates were processed within the statutory timeframe.
- 4 The reduction in inspections was impacted by the closure of several health businesses.
- 5 This target relates to the monitoring of events. There were insufficient events to achieve monitoring 50 or more events per quarter, i.e. 200 or more per annum.
- 6 Parking strategies are being developed as part of the Central City Parking Management project. This intends to develop a policy that guides the supply and management of parking to ensure it meets the community's needs.

Some of our achievements in 2022/2023 were:

Life-time dog registration tags have been introduced to replace annual plastic tags, saving around 1900 plastic tags from the landfill each year.

All dog registrations can now be completed online when renewing a registration and for new dogs.

The DCC retained its approval as a recognised agency under the Food Act 2014 following an Environmental Health audit by International Accreditation NZ.

'Pay by Plate' technology is now available on parking meters and all machines now have credit card readers. Parking zones have been simplified by having fewer cost zones.

Building Services provided 42 training sessions on various topics with a total of 416 attendees from multiple organisations across the region, including building and construction companies.

Our Rapid Building Assessors helped respond to Cyclone Gabrielle and flooding in the Auckland and Wairoa regions.

Capital Expenditure

	Note	2022/23 Actual \$000	2022/23 Budget \$000
New Capital			
Compliance Solutions – Minor Equipment		1	-
		1	-
Renewals			
Compliance Solutions – Noise Meters		6	19
Parking Operations – Parking Meters	1	1	309
Parking Operations – Car Park Buildings Equipment		6	-
Parking Services – Electronic Ticket Writers		-	26
		13	354
Total Capital		14	354

Explanation of Variance

- 1 Parking meter renewals were funded from Transport's Traffic Services Renewals. Planned off-street carpark resurfacing and carpark barrier arms were delayed to 2023/24.

Dunedin City Council: Funding impact statement for the year ended 30 June 2023 for

Regulatory services

	2022 Long-term plan \$000	2023 Long-term plan \$000	2023 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	–	–	–
Targeted rates	–	–	–
Subsidies and grants for operating purposes	–	–	–
Fees and charges	15,994	16,313	14,537
Internal charges and overheads recovered	102	105	107
Local authorities fuel tax, fines, infringement fees, and other receipts	2,127	2,335	2,317
Total operating funding (A)	18,223	18,753	16,961
Application of operating funding			
Payments to staff and suppliers	11,119	11,329	12,242
Finance costs	–	4	–
Internal charges and overheads applied	5,704	5,863	5,939
Other operating funding applications	–	–	–
Total application of operating funding (B)	16,823	17,196	18,181
Surplus (deficit) of operating funding (A-B)	1,400	1,557	(1,220)
Sources of capital funding			
Subsidies and grants for capital expenditure	–	–	–
Development and financial contributions	–	–	–
Increase (decrease) in debt	22	249	–
Gross proceeds from sale of assets	–	–	–
Lump sum contributions	–	–	–
Other dedicated capital funding	–	–	–
Total sources of capital funding (C)	22	249	–
Application of capital funding			
Capital expenditure			
– to meet additional demand	–	–	–
– to improve the level of service	–	–	1
– to replace existing assets	300	366	13
Increase (decrease) in reserves	–	–	–
Increase (decrease) of investments	1,122	1,440	(1,234)
Total application of capital funding (D)	1,422	1,806	(1,220)
Surplus (deficit) of capital funding (C-D)	(1,400)	(1,557)	1,220
Funding balance ((A-B)+(C-D))	–	–	–

Taunaha whenua, papa rēhia

Reserves and recreational facilities

Services and activities

The reserves and recreational facilities group includes activities and services related to:

- Aquatic services
- Botanic Garden
- Cemeteries and crematorium
- Parks and recreation

The DCC operates four community swimming pools and over 100 playgrounds, sportsgrounds, parks and reserves. They are maintained every day to meet the leisure, fitness and lifestyle needs of Dunedin residents. The DCC also maintains open green spaces and reserves like the Botanic Gardens and other important facilities like cemeteries and crematoriums.

Green spaces, aquatic facilities and the other activities in this group are central to the wellbeing of Dunedin's communities. The maintenance of these activities allows a breadth of leisure opportunities and the pursuit of 'active' lifestyles in parks, pools, gardens and reserves so that Dunedin's communities can be fit, active and connected in natural spaces.

Community outcomes

The reserves and recreational facilities group contributes to the following community outcomes:

- An active city with quality and accessible recreational spaces and opportunities
- A supportive city with caring communities and a great quality of life
- A sustainable city with healthy and treasured natural environments

Measuring Performance

Measure		Data Source	Target 2022/23	Actual 2022/23	Actual 2021/22	Achievement
Level of service: Aquatic facilities are accessible to everyone						
Percentage of residents who visit a DCC swimming pool at least once in a year		ROS	≥50%	48%	48%	Not achieved 1
Number of annual attendances at DCC swimming pools	Moana Pool	Internal data	≥600,000	579,868	445,943	Not Achieved 2
	St Clair Hot Salt Water Pool		≥36,000	51,476	32,137	Achieved
	Mosgiel Pool		≥33,000	0	0	Not Achieved 3
	Port Chalmers Pool		≥14,500	12,199	6,123	Not Achieved 4
Level of service: Aquatic facilities are well maintained and meet the needs of users						
Percentage of users satisfied with Moana Pool		ROS	≥85%	80%	75%	Not Achieved 5
Percentage of users satisfied with community swimming pools (St Clair Salt Water Pool, Mosgiel Pool and Port Chalmers Pool)		ROS	≥85%	76%	68%	Not Achieved 6
Level of service: We will build a new aquatic facility in Mosgiel						
Construct the aquatic facility		Internal data	By 30 Dec 2022	June 2023		Not Achieved 7
Level of service: The Botanic Garden and its facilities are well maintained and meet the needs of users						
Percentage of residents who visit the Botanic Garden at least once in a year		ROS	≥75%	77%	76%	Achieved
Percentage of users satisfied with the Botanic Garden		ROS	≥90%	95%	93%	Achieved

Measure	Data Source	Target 2022/23	Actual 2022/23	Actual 2021/22	Achievement
Level of service: Parks and reserves facilities are accessible to everyone					
Percentage of respondents that agree sites and facilities are satisfactorily accessible	ROS	≥80%	66%	67%	Not Achieved 8
Level of service: Parks and reserves facilities are well maintained and meet the needs of users					
Percentage of users satisfied with DCC playgrounds	ROS	≥80%	67%	56%	Not Achieved 9
Percentage of users satisfied with DCC sports fields	ROS	≥80%	74%	75%	Not Achieved 10
Percentage of users satisfied with DCC tracks	ROS	≥80%	83%	82%	Achieved
Percentage of users satisfied with DCC scenic, bush and coastal reserves	ROS	≥80%	85%	83%	Achieved
Level of service: Cemetery and crematorium services meet the needs of funeral directors and the bereaved					
Percentage of users satisfied with cemeteries	ROS	≥80%	77%	72%	Not Achieved 11

ROS Residents' Opinion Survey

Explanations:

- 1 The Mosgiel Pool was closed during the period.
- 2 There was a significant increase in usage of Moana Pool from the previous year as events returned.
- 3 Mosgiel Pool was closed due to new pool being constructed.
- 4 Increase from the previous season, still well used by local schools for lessons.
- 5 Moana Pool was undergoing construction, with some disruption and restricted access.
- 6 Some residents were dissatisfied with Mosgiel Pool being closed while Te Puna o Whakaehu was being constructed. St Clair and Port Chalmers had increased attendance.
- 7 The pool opened in June 2023, later than the target date of 30 December 2022, due to construction delays.
- 8 Accessibility is a high priority as we progressively upgrade our facilities, playgrounds and open space areas.
- 9 Feedback received during the drafting of the Play Spaces Plan 2021 demonstrated that people were not satisfied with the condition of many of our playgrounds. Through the annual implementation of the Play Space Plan, playgrounds are upgraded based on asset condition assessments.
- 10 The Sports Facilities review identified areas for improvement, which include field drainage, lighting and change facilities. The annual sports facilities renewals programme is focussed on progressively improving these elements.
- 11 Feedback received throughout the year indicates a good level of satisfaction with cemeteries. Staff will continue to consider the ROS results and identify areas that could be improved.

Some of our achievements in 2022/2023:

Recreation Tracks Plan 2022 was adopted by Council. This plan replaces the Track Policy and Strategy (1998), and centres on the management, maintenance, and information needs of existing tracks. The 2022 Plan looks beyond solely maintenance and management activities, to the broader wellbeing, social and economic outcomes that tracks provide for the city.

Play Spaces Plan 2021 Implementation:

Bathgate Playground upgrade: Ageing play equipment and the basketball area have been replaced with new equipment and a newly marked half basketball court and height adjustable net. A fence has been installed along the basketball court area.

College Street Playground upgrade: The existing playground has been reconfigured and includes some new equipment and repurposed existing equipment.

Aramoana Playground upgrade: The existing playground equipment has been refreshed and new equipment has been installed including a tree house and fort with tube slide, half basketball court, log scramble and boardwalk. There are also new paths, soft-fall and landscaping.

Karitāne Playground upgrade: The revamped playground on the Karitāne foreshore features an adventure course and new equipment. The Waikouaiti Māori Foreshore Trust Board was involved and provided input on this playground. The playground makes the most of the existing space and coastal environment by encouraging inventive adventure play in a natural setting.

Te Rauone Reserve development: The redevelopment of the reserve followed the Port Otago works to improve the nearby Te Rauone Beach with 3 new groynes to help sand retention. Te Rauone Reserve improvements include a new car park, an upgraded playground, a basketball half court, artwork, better beach access, planting and a picnic area.

Ralph Ham Reserve in Macandrew Bay: A new skateboard ramp and basketball court have been installed, the half pipe skate ramp is bigger than the old skate ramp at the park. The new skate ramp is ideal for beginners and skateboarders of all ages. The half-size basketball court is 10m wide and 14m long and, although marked up for basketball, can be used by people of all ages for other ball games.

The Ross Creek track signage upgrade was the first of a number of projects identified in the Recreation Tracks Plan 2022. Replacement of signage on the Ross Creek tracks involved removal of the old signage and installing new signs in agreed locations to improve wayfinding for walkers using the track network.

Te Puna o Whakaehu complex opened, replacing a pool originally built in the 1930s, called the Taieri Baths. The new facility is open year-round and has been designed to suit the needs of Mosgiel's growing population. The complex has a leisure pool for recreational play for children, a dedicated learners' pool, mainly used for swimming lessons, and a 25m pool with eight lanes for swimming. There are spaces for rehabilitation, relaxation and physiotherapy. It has a hydrotherapy pool, which is warmer than the other pools, and a spa which is even warmer. There is ramp access into every pool and two accessible changing rooms.

Volunteer participation and facilitation increased across DCC Parks and Reserves. The number of single volunteer visits increased by 125% from 1,632 in 2021/22 to 3,674, and volunteer hours increased by 85% from 6,505 in 2021/22 to 12,228. This year over 10,000 seedlings were planted in reserves around the city by volunteers.

Successful Community Ranger summer programme in partnership with the Department of Conservation. There were three shared Community Rangers undertaking advocacy to ensure responsible camping and appropriate behaviour around wildlife, provide storytelling at visitor sites, disseminate information to visitors, maintain camping and other compliance monitoring and communication for DCC and DoC. This aligns with the DCC Parks and Recreation Strategy and DoC's Heritage and Visitor Strategy.

Reestablishment of the Botanic Garden Sunday Sounds programme of musicians and entertainers during March and April after a two-year hiatus due to Covid 19.

Friends of the Botanic Garden have continued to provide support at our frontline visitor reception area.

Capital Expenditure

	Note	2022/23 Actual \$000	2022/23 Budget \$000
New Capital			
Aquatic Services – Mosgiel Pool	1	10,937	11,909
Aquatic Services – Moana Pool Improvements	2	4	430
Botanic Garden – Botanic Garden Improvements		51	114
Cemeteries and Crematorium – City Wide Beam Expansion		96	40
Parks and Recreation – Track Network Development		-	50
Parks and Recreation – Playground Improvements	3	265	1,104
Parks and Recreation – Recreation Facilities Improvements		4,179	4,020
Cemeteries and Crematorium – Cemetery and Crematorium Improvements		9	15
Cemeteries and Crematorium – Cemetery Strategic Development Plan	4	15	575
		15,556	18,257
Renewals			
Aquatic Services – Moana Pool Renewals	2	4,077	4,645
Aquatic Services – Port Chalmers Pool Renewals		-	74
Aquatic Services – Hydroslide Renewal	2	14	1,336
Aquatic Services – St Clair Pool Renewals		8	14
Botanic Garden – Botanic Garden Renewals	5	53	380
Cemeteries and Crematorium – Structures Renewals	6	36	287
Parks and Recreation – Greenspace Renewals		554	440
Parks and Recreation – Playground Renewals	7	1,157	2,360
Parks and Recreation – Recreation Facilities Renewals		4,063	3,925
St Clair – St Kilda Coastal Plan – St Clair Beach Transition Plan		-	129
St Clair – St Kilda Coastal Plan – Kettle Park Transition Plan		2	221
		9,964	13,811
Total Capital		25,520	32,068

Explanation of variance

- 1 Pool construction completed and opened in June 2023.
- 2 This renewal is deferred to the 2024-34 10 year plan.
- 3 Playground Improvements were deferred to 2024 (including Seddon Park BMX track).
- 4 Green Park expansion deferred to 2024/25.
- 5 Botanic Garden Renewals were deferred to 2024.
- 6 Cemeteries Renewals were deferred to 2024.
- 7 Playground Renewals were deferred to the 2024-34 10 year plan (including Mornington Skatepark).

Dunedin City Council: Funding impact statement for the year ended 30 June 2023 for

Reserves and recreational facilities

	2022 Long-term plan \$000	2023 Long-term plan \$000	2023 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	26,762	28,620	29,283
Targeted rates	5,070	5,212	5,244
Subsidies and grants for operating purposes	285	293	546
Fees and charges	5,264	5,918	5,841
Internal charges and overheads recovered	–	–	1
Local authorities fuel tax, fines, infringement fees, and other receipts	30	31	20
Total operating funding (A)	37,411	40,074	40,935
Application of operating funding			
Payments to staff and suppliers	28,494	29,754	29,219
Finance costs	934	1,425	1,671
Internal charges and overheads applied	3,026	3,111	3,121
Other operating funding applications	–	–	–
Total application of operating funding (B)	32,454	34,290	34,011
Surplus (deficit) of operating funding (A-B)	4,957	5,784	6,924
Sources of capital funding			
Subsidies and grants for capital expenditure	4,559	–	2,854
Development and financial contributions	175	264	235
Increase (decrease) in debt	18,335	11,316	15,507
Gross proceeds from sale of assets	–	–	–
Lump sum contributions	–	–	–
Other dedicated capital funding	–	–	–
Total sources of capital funding (C)	23,069	11,580	18,596
Application of capital funding			
Capital expenditure			
– to meet additional demand	1,257	861	1,354
– to improve the level of service	14,340	8,907	14,523
– to replace existing assets	10,132	9,857	9,643
Increase (decrease) in reserves	–	–	–
Increase (decrease) of investments	2,297	(2,261)	–
Total application of capital funding (D)	28,026	17,364	25,520
Surplus (deficit) of capital funding (C-D)	(4,957)	(5,784)	(6,924)
Funding balance ((A-B)+(C-D))	–	–	–

Kā huanui me kā ara hīkoi

Roading and footpaths

Services and activities

The roading and footpaths group includes activities and services related to transport.

The DCC provides for the planning, construction, maintenance, and upgrading of Dunedin's roads and footpaths. This includes making sure street lighting is adequate, traffic signals and road marking are functioning and clear, and cycle ways and footpaths are fit for purpose for Dunedin's communities.

The transport network is vital to Dunedin's economy and is an important contributor to the lifestyle of every Dunedin resident as they move about the city. It is DCC's role to maintain and upgrade the transport network to meet all relevant legislative requirements.

Community outcomes

The roading and footpaths group contributes to the following community outcomes:

- A connected city with a safe, accessible and low-carbon transport system
- A supportive city with caring communities and a great quality of life
- A successful city with a diverse, innovative and productive economy
- An active city with quality and accessible recreational spaces and opportunities
- A sustainable city with healthy and treasured natural environments
- A compact city with a vibrant CBD and thriving suburban and rural centres

Measuring performance

Measure		Data Source	Target 2022/23	Actual 2022/23	Actual 2021/22	Achievement
Level of service: The transport network facilitates efficient travel						
Percentage of residents satisfied with overall roading and maintenance		ROS	≥60%	27%	26%	Not achieved 1
Average travel time by vehicle on five key urban routes at peak time (7.30-9.00am)	Route 1-St Clair to Octagon	Travel Time Survey	<15 mins	11.05 mins	10.51 mins	Achieved
	Route 2-Normanby to Octagon		<15 mins	15.32 mins	11.12 mins	Not achieved 2
	Route 3-Mosgiel to Octagon		<22 mins	20.41 mins	18.00 mins	Achieved
	Route 4-Brockville to Octagon		<15 mins	8.15 mins	8.23 mins	Achieved
	Route 5-Waverley to Octagon		<15 mins	12.32 mins	11.14 mins	Achieved
Average travel time by bus on key urban routes at peak time	Route 1-St Clair to bus hub	Measured by ORC	29 mins	19.25 mins	19 mins	Achieved
	Route 2-Normanby to bus hub		27 mins	16.75 mins	22.8 mins	Achieved
	Route 3-Mosgiel to bus hub		37 mins	40.5 mins	38.3 mins	Not achieved 3
	Route 4-Brockville to bus hub		20 mins	18.5 mins	15 mins	Achieved
	Route 5-Waverley to bus hub		28 mins	23.5 mins	21.3 mins	Achieved
Level of service: The transport network facilitates active travel						
Percentage of residents satisfied with the suitability of the road network for cyclists throughout the city		ROS	≥30%	28%	33%	Not achieved 4
Percentage of residents satisfied with condition of footpaths throughout the city		ROS	≥60%	35%	36%	Not achieved 5
Percentage of residents satisfied with the ease of pedestrian access throughout the city		ROS	≥65%	56%	62%	Not achieved 6
Percentage of residents satisfied with condition of the streetlights throughout the city		ROS	≥75%	61%	62%	Not achieved 7
Average cycle count movements in the city where cycle counters are available		Cycle Counters	Grow year on year	118 average daily movements per counter	171 average daily movements per counter	Not achieved 8

Measure		Data Source	Target 2022/23	Actual 2022/23	Actual 2021/22	Achievement
Level of service: The transport network facilitates accessibility						
Percentage of residents satisfied with parking availability in the central city		ROS	≥45%	21%	15%	Not achieved 9
Level of service: The transport network facilitates safe travel						
The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network expressed as number (DIA measure)		Waka Kotahi NZTA, Dunedin City Road Safety Report	Reducing	An increase of 17 crashes with fatalities or injuries from previous financial year	12 fewer crashes with fatalities or injuries from previous financial year	Not achieved 10
Level of service: The transport network facilitates comfortable travel						
The average quality of ride on local sealed road network measured by smooth travel exposure (DIA measure)		RAMM, Waka Kotahi NZTA	Smooth travel exposure ≥80%	75.6%	76.7%	Not achieved 11
Level of service: The transport network facilitates sustainable maintenance						
Percentage of sealed road network that is resurfaced (DIA measure)		Work Achieved reports	Target (m ²) equating to 6%of network	6.0% of the network	4.6% of the network	Achieved
Percentage of footpaths within the level of service standard adopted by the Council Asset Management Plan (DIA measure)		RAMM	<15% of network is rated poor or very poor	7.3%	8.1%	Achieved
Level of service: The network is maintained in a responsive manner						
Percentage of service requests relating to roads and footpaths to which the response is provided within five working days (DIA measure)		Customer Service Agency Records	≥90%	85%	84%	Not achieved 12
Level of service: The use of electric vehicles (EVs) is supported						
The number of publicly available fast charging stations for EVs in Dunedin is increasing		Waka Kotahi NZTA	Increase on June 2020 baseline	6 EV charging stations	6 EV charging stations	Achieved
The number of electric vehicles (plug in hybrids and pure EVs including heavy vehicles) registered in Dunedin is increasing		Ministry of Transport/ Te Manatū Waka	Increase on June 2020 baseline	6,127	4,216	Achieved Note13
Annual sales volumes of petrol and diesel in Dunedin city	Petrol	Annual Dunedin Energy Study/ Dunedin Greenhouse Gas Inventory	Decrease year on year	53.97 million litres	46.8 million litres	Note 14
	Diesel			94.2 million litres	89.0 million litres	
Level of service: Minimising transport disruption during and after the construction of the new Dunedin Hospital rebuild will be supported through the Shaping Future Dunedin project						
Provide an alternative route (harbour arterial route) that bypasses the central city		Internal data	By 30 June 2027	In progress	In progress	Note 15
Provide a Parking Wayfinding System to direct drivers to selected off street parking facilities		Internal data	By 30 June 2027	In progress	In progress	Note 16

Measure	Data Source	Target 2022/23	Actual 2022/23	Actual 2021/22	Achievement
Provide bus priority at the intersections where bus delays are currently experienced in the Princes Street (Kensington to Moray Place) and Andersons Bay Road (Caversham Motorway to Princes Street) areas	Internal data	By 30 June 2024	In progress	In progress	Note 17
Provide a safe route for cyclists and pedestrians from the Anzac Avenue and Thomas Burns shared path to the Hospital and central city, and from the Harbour walkway/cycleway to the city centre and tertiary areas	Internal data	By 30 June 2026	In progress	In progress	Note 18
Provide Park and Ride sites at Mosgiel and Burnside	Internal data	By 30 June 2024	In progress	In progress	Note 19
Provide bike hub facilities for secure storage in North Dunedin, the central city and South Dunedin/the Oval	Internal data	By 30 June 2026	In progress	In progress	Note 20

ROS Residents' Opinion Survey

Explanations:

- 1 The 10 year plan 2021-31 provides for an increase in the maintenance and renewals budget for roading and footpaths. It is noted that even with these increases, there will still be a shortfall in achieving the levels of service provided for in Asset Management Plans.
- 2 Construction on George Street has resulted in vehicles being diverted onto alternative routes.
- 3 Construction on the Green Island roundabout has resulted in buses being diverted onto alternative routes through Green Island. Speed limits through the centre of Green Island have been reduced to 30km/hr which is affecting travel time.
- 4 Satisfaction with suitability of the road network for cyclists is decreasing, cycling network improvements continue to be delivered through both business as usual and capital projects such as the Harbour link and Tunnels Trail Cycleway.
- 5 Investment in footpath renewals has increased in 2022/23 to address poor footpath condition across the network.
- 6 The Central City George Street upgrade project is in progress and aims to provide safe and accessible access for pedestrians in the retail quarter.
- 7 The LED streetlight installation project is now complete. Satisfaction is declining but requests for additional streetlights or changes to brightness are low.
- 8 New count sites at Factory Rd, Gladstone Rd, Kaikorai Valley Rd have reduced the average. Excluding these new sites the average would have been 129 daily trips.
- 9 Parking strategies are being developed as part of the Central City Parking Management project. This project will develop a parking management policy to guide the supply and management of parking to ensure it meets the community's requirements.
- 10 Death and serious injuries have been trending downward for Dunedin since 2016. 2022/23 has not been a good year for crashes with fatalities or injuries.
- 11 We are striving to meet the reseal targets year on year which will improve smooth travel scores.
- 12 Process has been improved throughout the year to reduce contractor response times; potential safety issues are prioritised which can lead to lower risk requests having a delayed response in times of high request volumes. This measure has improved from the 2021/22 result.

Notes

- 13 The methodology for reporting on this target has been updated. In 2021/22 the total number of registered EVs was reported as 552. This only took account of the new EV registrations in the 12 month period. The revised methodology is based on the total number of electric vehicles registrations, which accounts for the electric vehicles already registered, new EV registrations and it also takes into account EV disposals.
- 14 The methodology for determining Dunedin's petrol and diesel consumption has been revised from the 2021/22 year. The new methodology better apportions the total Otago fuel consumption between the three territorial authorities. The comparative figures for 2021/22 using the new methodology are:
 2021/22 – Petrol consumption 46.8 million litres compared to 59.6 million litres
 2021/22 – Diesel consumption 89.0 million litres compared to 95.4 million litres
 Comparison of consumption using the new methodology shows that the targets to reduce consumption have not been met. The Covid-19 alert level four restrictions from August 2021 limited travel during the 2021/22 year and will likely have reduced fuel consumption.

- 15 Harbour Arterial Stage 2: Detailed designs are completed to provide efficiency improvements along Strathallan St and installation of a roundabout at the Orari/ Otaki intersection. Procurement is underway for construction in the 2023/24 financial year. Harbour Arterial Stage 3: Detailed designs are underway to address efficiency and safety improvements along Thomas Burns St. Tewesley St designs are completed for construction.
- 16 Parking wayfinding technology is currently being investigated.
- 17 A business case is currently being progressed for this project.
- 18 A safe route for cyclists from the Thomas Burns shared path will be realised once the City to Waterfront bridge is completed.
- 19 The Mosgiel Park and Ride project will increase mode choice and access for people living in Mosgiel and on the Taieri. A single stage business case is underway for a Park and Ride facility in Mosgiel and public consultation on what issues commuters currently experience travelling to Dunedin.
- 20 The Bike Hubs project will provide high quality end of trip facilities that will support and encourage more people to travel to and from the Dunedin CBD by bike. A single stage business case is underway and public consultation has been carried out to identify issues commuters currently experience and facilities required.

Some of our achievements in 2022/23:

Interim Speed Management Plan. Speed limits around all Dunedin Schools, the Tertiary Precinct and some commercial centres were changed to 30km/h. Installation of new speed limit signs started in mid-2023.

School Safety Improvements. Detailed designs to improve pedestrian safety, speed management and parking around schools, safety improvements were completed for 9 schools and procurement is on progress to implement them in 2023/24 and 2024/25 financial years.

Retail Quarter (George Street) Central City Upgrade. The George Street Farmers Block has been completed. The Knox Block and Great King Street are nearing their final stages. George Street Golden Block and New Edinburgh Block are currently under construction. Work on St Andrew and Hanover Streets is also underway. The Waka Kotahi funding application has been officially endorsed.

Dunedin Tunnels Trail shared path seeks to connect Mosgiel and Dunedin using two disused historical rail tunnels. Detailed design is underway with construction expected to start in 2024. Waka Kotahi has committed pre-implementation funding which has enabled design progression. Engagement with key stakeholders and landowners has been positive with support for the consenting components. An application for implementation funding from Waka Kotahi will be made in early 2024 to enable construction to commence.

The Peninsula Connection Safety Improvement Project. Section 9A (from Beaconsfield Road to Allans Beach Road) has been completed. Road widening and construction works at Section 5 (from Sandpiper Street to Frances Street) is almost complete with only minor works remaining.

Shaping Future Dunedin Transport

Albany St Connections. The purpose of the Albany Street Connection project is to provide a separated cycleway that connects the harbour cycleway with the SH1 cycle lanes, the tertiary area, and the CBD. Changes to bus stops and routes, pedestrian improvements and parking changes in the area are part of the project. Construction is planned for summer in the 2023/24 financial year.

Princes Street Connections. The purpose of the Princes Street Connection project is to improve safety, access for active modes and bus journey times along the Princes Street corridor. A single stage business case is underway and public consultation has been completed.

Central City Bike hubs. Concept designs and consultation have been completed to provide end of journey facilities for active mode transport. Procurement is underway to implement several facilities over the next 3 years.

Mosgiel Park and Ride facility. Concept designs have been completed and detailed designs are underway. Construction will commence in the 2023/24 financial year.

George/Bank Connections. Concept designs are completed, detailed designs are underway to improve intersection safety around George and Bank Streets. Construction will commence in the 2023/24 financial year.

South Dunedin Schools. Detailed designs are underway to improve pedestrian safety, speed management and parking around 8 schools in South Dunedin. Construction will commence in the 2023/24 financial year.

Central City Parking Management. The city's parking meters have been upgraded to use pay-by-plate technology. As part of this upgrade, all meters now accept credit card and the 50c credit card fee has been removed. New simplified parking zones have been introduced that are easier for customers to understand. Work has commenced on a Parking Management Policy for Dunedin.

Capital Expenditure

	Note	2022/23 Actual \$000	2022/23 Budget \$000
New Capital			
Shaping Future Dunedin – Harbour Arterial Efficiency Improvements		624	660
Shaping Future Dunedin– Central City Parking Management	1	729	1,800
Shaping Future Dunedin – Mosgiel and Burnside Park and Ride	2	262	1,500
Shaping Future Dunedin – Central City Bike Hubs – Parking and Facilities	2	133	850
Shaping Future Dunedin – Princes St Bus Priority and Corridor Safety Plan	2	-	2,143
Shaping Future Dunedin – Central City Cycle and Pedestrian Improvements	2	261	2,050
Transport – Central City Upgrade	3	19,848	9,869
Transport – Dunedin Urban Cycleways	2	3,012	4,200
Transport – Mosgiel East Plan Change Areas		142	-
Transport – Peninsula Connection	4	7,995	5,049
Transport – Low Cost, Low Risk Improvements	5	3,258	2,000
Transport – LED Street Lights		(52)	-
Transport – Other Unsubsidised New Capital		84	-
Transport – Mosgiel West Plan Change Areas		(53)	-
		36,243	30,121
Renewals			
Transport – Footpath Renewals		4,410	4,386
Transport – Gravel Road Re-Metaling	6	890	1,290
Transport – Major Drainage Control		3,903	3,833
Transport – Pavement Rehabilitations	6	1,128	1,548
Transport – Pavement Renewals	6	10,444	7,637
Transport – Structure Component Replacement		2,269	2,250
Transport – Traffic Services Renewal	7	1,106	775
		24,150	21,719
Total Capital		60,393	51,840

Explanation of variance

- 1 Parking meter upgrade was completed. Parking wayfinding technology is being investigated.
- 2 Project budget reprofiled in the 2023/24 Annual Plan.
- 3 This projects timeframe was accelerated and budget reprofiled from future years.
- 4 Project almost complete but faced increased costs to complete current stage of the project.
- 5 Completion of the Green Island upgrade and safety improvements in school safety, guardrails and traffic calming work are contributors to the variance.
- 6 Renewals spend focussed on pavement renewals which were prioritised to meet network needs.
- 7 Pole and sign renewals ahead of budget.

Dunedin City Council: Funding impact statement for the year ended 30 June 2023 for

Roading and footpaths

	2022 Long-term plan \$000	2023 Long-term plan \$000	2023 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	17,875	21,389	20,052
Targeted rates	30	32	29
Subsidies and grants for operating purposes	10,158	10,383	9,559
Fees and charges	1,126	1,162	2,055
Internal charges and overheads recovered	–	–	336
Local authorities fuel tax, fines, infringement fees, and other receipts	846	873	826
Total operating funding (A)	30,035	33,839	32,857
Application of operating funding			
Payments to staff and suppliers	23,923	24,761	31,883
Finance costs	2,530	2,266	3,784
Internal charges and overheads applied	1,826	1,876	2,095
Other operating funding applications	–	–	–
Total application of operating funding (B)	28,279	28,903	37,762
Surplus (deficit) of operating funding (A-B)	1,756	4,936	(4,905)
Sources of capital funding			
Subsidies and grants for capital expenditure	16,856	15,171	27,195
Development and financial contributions	721	481	281
Increase (decrease) in debt	8,852	12,264	37,822
Gross proceeds from sale of assets	–	–	–
Lump sum contributions	–	–	–
Other dedicated capital funding	–	–	–
Total sources of capital funding (C)	26,429	27,916	65,298
Application of capital funding			
Capital expenditure			
– to meet additional demand	1,376	1,460	2,224
– to improve the level of service	17,194	15,220	23,229
– to replace existing assets	21,431	26,272	34,940
Increase (decrease) in reserves	–	–	–
Increase (decrease) of investments	(11,816)	(10,100)	–
Total application of capital funding (D)	28,185	32,852	60,393
Surplus (deficit) of capital funding (C-D)	(1,756)	(4,936)	4,905
Funding balance ((A-B)+(C-D))	–	–	–

He putaka wai | Water supply

Services and activities

The water supply group includes activities and services related to water supply.

The DCC collects, stores and treats raw water to make it of a standard that is safe to drink. The water is supplied in adequate quantities for drinking and other uses to Dunedin homes, businesses and fire hydrants, for use by Dunedin's communities and firefighters. It is supplied through a reticulated water system of pipelines that distribute water from treated water reservoirs to property boundaries. Some residents use bore-water, surface water or other sources of water to meet their water needs.

By delivering a reticulated water system, the DCC ensures that every customer connected to the network receives adequate quantities of safe water with a minimal impact on the environment and at an acceptable financial cost.

Community outcomes

The water supply group contributes to the following community outcomes:

- A sustainable city with healthy and treasured natural environments
- A healthy city with reliable and quality water, wastewater and stormwater systems
- A supportive city with caring communities and a great quality of life

Measuring performance

Measure		Data Source	Target 2022/23	Actual 2022/23	Actual 2021/22	Achievement
Level of service: The water tastes and looks pleasant and is supplied at adequate pressure						
Percentage of residents satisfied with water pressure and quality		ROS	≥70%	72%	65%	Achieved
Level of service: The water is safe to drink						
The extent to which the drinking water supply complies with:	a) part 4 of the drinking-water standards (bacteria compliance criteria)**	Internal reporting	100%	81%*	50.4%	Not achieved 1
	(b) part 5 of drinking-water standards (protozoal compliance criteria)**		100%	98.6%*	99.6%	Not achieved 2
Level of service: Service calls are responded to promptly						
Where the DCC attends a call out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times are measured.	a) Attendance for urgent call outs: from the time that notification is received, to the time that the service personnel reach the site	Internal data	<60 minutes	49 minutes	51 minutes	Achieved
	b) Resolution of urgent call outs: from the time that notification is received to the time that service personnel confirm resolution of the fault or interruption		<240 minutes	95 minutes	112 minutes	Achieved
	c) Attendance for non-urgent callouts: from the time that notification is received, to the time that the service personnel reach the site		<1 day (1,440 minutes)	0.91 days (1,306 minutes)	0.93 days (1,340 minutes)	Achieved

Measure		Data Source	Target 2022/23	Actual 2022/23	Actual 2021/22	Achievement
	d) Resolution of non-urgent callouts: from the time that notification is received to the time that service personnel confirm resolution of the fault or interruption	Internal data	<1.67 days (2,400 minutes)	1.83 days (2,631 minutes)	1.88 days (2,707 minutes)	Not achieved 3
The total number of complaints received about any of the following:	Level of service: The water tastes and looks pleasant					
	Drinking water clarity	Internal reporting	* Not applicable	119 complaints	58 complaints	Not applicable
	Drinking water taste		* Not applicable	9 complaints	5 complaints	Not applicable
	Drinking water odour		* Not applicable	2 complaints	3 complaints	Not applicable
	Level of service: Water is supplied at adequate pressure					
	The total number of complaints received by the local authority about drinking water pressure or flow	Internal reporting	* Not applicable	161 complaints	129 complaints	Not applicable
	Level of service: The water supply is reliable					
	The total number of complaints received by the local authority about continuity of supply	Internal reporting	* Not applicable	531 complaints	378 complaints	Not applicable
	Level of service: The Council is responsive to customer concerns					
	Response to any of these issues per 1,000 connections to the networked reticulation system	Internal reporting	*Not applicable	0.24 per 1,000 customers	0.34 per 1,000 customers	Not applicable
	Total complaints expressed per 1,000 connections to networked reticulation system		<15 per 1,000 customers	18.1 per 1,000 customers	12.81 per 1,000 customers	Not achieved 4
Level of service: Water resources are used efficiently and sustainably						
The average consumption of drinking water per day per resident within the DCC district.		Internal reporting	<240 litres	280 litres per day	237 litres per day	Not achieved 5
The percentage of real water loss from the networked reticulation system (including a description of the methodology to calculate this) Calculation Method: 1. Treatment plant production minus non-domestic minus domestic minus known unbilled = Estimated non-revenue water 2. Estimated non-revenue water divided by periods' treatment plant production = Percentage real water loss			≤20%	15%	22%	Achieved

ROS Residents' Opinion Survey

* These DIA mandatory measures require a count of complaints received therefore do not have a target. The method for counting customer complaints has changed from the method used in the 2021/22 year, to improve the accuracy of counting the complaints received. The comparative has not been restated to the new methodology.

** The Drinking Water Quality Assurance Rules 2022 (DWQAR 2022) and the Water Services (Drinking Water Standards for New Zealand) Regulations 2022 replaced the Drinking-water Standards for New Zealand 2005 (Revised 2018 – DWSNZ 2018) on 14 November 2022. Compliance with the drinking water standards has been assessed against the Drinking-water Standards for New Zealand 2005 standards from 1 July 2022 to 31 December 2022, and assessed against the Drinking Water Quality Assurance Rules 2022 from 1 January 2023 to 30 June 2023. The compliance percentage represents the population that was supplied compliant water for 100% of the year.

Total number of rated properties for water as at 30 June 2023: 45,397.

Explanations:

1 The Wingatui distribution zone (population 1124) did not meet the relevant bacterial compliance requirements due to Free Available Chlorine (FAC) result <0.1 mg/L on 17 January 2023. The likely cause of the result was low turnover in the drinking water network at the sampling site. The DCC made operational adjustments to increase water movement and raise the FAC level at this site.

The Kinmont distribution zone (population 341) did not meet the relevant bacterial compliance requirements in January and April 2023 due to three instances (across both months) of exceeding the maximum interval between FAC samples (maximum interval of four days exceeded by one day on two instances, and by 5 days on one instance); and three instances of not taking the minimum number of FAC samples per week (minimum requirement of three samples per week not met due to taking only two samples per week on two instances and one sample per week on one instance). This was due to errors in the implementation of the FAC sampling schedule (per new DWQAR requirements). Quality assurance measures have been put in place to avoid future errors.

The following locations did not meet the relevant bacterial compliance requirements due to instances of exceeding the maximum interval of nine days between samples (for *E. coli* and total coliforms).

- East Taieri distribution zone (population 300)
- Green Island distribution zone (population 10199)
- Kinmont distribution zone (population 341)
- Quarry Hill distribution zone (population 9535)
- Wingatui distribution zone (population 1124)
- West Taieri distribution zone (population 450)

These were due to an error in the scheduling of new *E. coli* and total coliforms sampling requirements. Quality assurance measures have been put in place to avoid future errors.

- 2 The Waikouaiti Water Treatment Plant (population 1642) did not meet the relevant protozoal compliance requirements of part five of the DWSNZ for daily direct integrity testing of the membrane filtration system in July 2022 for approximately 3–4 days.
- 3 Time to resolve was higher than target for a small number of non-urgent service calls. Delays in administrative processing, where the work has been completed and the call is not closed, affects results for this measure.
- 4 Higher number of complaints were received about continuity of supply this year and contributed to non-achievement of this measure. Reduced river flows and lower reservoir levels impact continuity of supply in restricted water zones, such as Waikouaiti and Karitāne where water is trickle fed to private water tanks and affected by changes in flow and pressure on the network. An extended dry period during the summer of 2023 and associated increase in consumption resulted in reduced water levels in reservoirs in parts of the city including restricted water zones. Water use restrictions are used to balance supply and demand on the network.
- 5 Increased consumption and demand for water were experienced during an extended dry period during the summer of 2023. Increased demand and falling reservoir levels resulted in voluntary restrictions on water use in Dunedin, Outram, Waikouaiti, Warrington and Karitāne and level one compulsory restrictions on use in Mosgiel.

Some of our achievements in 2022/23

Revision of Drinking Water Safety Plans, including Source Water Risk Management Plans, the Source to Supply Sampling Rationale and Plan was completed and forwarded to Taumata Arowai on 14 November 2022 to ensure compliance with the requirements of Water Services Act 2021, Drinking Water Standards for New Zealand (DWSNZ), Drinking Water Quality Assurance Rules and Aesthetic Values 2022.

3.5 km of network watermains were replaced. This is lower than the 20.4 km replaced in 2021/22 when significant amounts of stimulus funding from central government supported the renewals programme. The renewals programme ensures the ongoing integrity of the water reticulation network, supporting growth and managing replacement of assets as they age.

Water Supply Hydraulic Model issues have been addressed, to provide more accurate information on current and expected future demands and improve our future planning.

Completion of a carbon baseline for 3 Waters activities including a forecast for carbon (embodied and operational) for the next ten years under “Business as Usual” activity.

A Basis of Planning (BoP) and set of guiding principles have been developed to set the direction of 3 Waters’ adaptive long term investment plans.

Capital Expenditure

	Note	2022/23 Actual \$000	2022/23 Budget \$000
New Capital			
Water Supply – Water New Capital Other	1	1,116	40
Water Supply – New Capital Supporting Growth	2	524	797
Water Supply – Water Supply Resilience	3	1,240	750
Water Supply – Port Chalmers Water Supply		179	-
		3,059	1,587
Renewals			
Water Supply – Careys Bay Renewals	4	134	464
Water Supply – Central City Renewals	5	10,621	3,119
Water Supply – Other Water Renewals	6	21,205	8,114
Water Supply – Water Supply Resilience	7	1,388	1,998
Water Supply – Dam Safety Action Plan		35	-
Water Supply – Renewals Supporting Growth	4	-	859
		33,383	14,554
Total Capital		36,442	16,141

Explanation of variance

1. New watermains and filling station spend was ahead of budget for the year.
2. Reduced spend on growth utilised by water new capital other budget.
3. State Highway 88 improvement project was ahead of budget.
4. There has been a delay in the project.
5. The Central City upgrade was ahead of budget.
6. Renewals expenditure was ahead of budget for the year especially in Sawyers Bay, North East Valley and Edinburgh St, Waikouaiti.
7. Delay in project especially Waikouaiti water treatment plant.

Dunedin City Council: Funding impact statement for the year ended 30 June 2023 for

Water supply

	2022 Long-term plan \$000	2023 Long-term plan \$000	2023 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	–	–	–
Targeted rates	24,915	25,466	26,536
Subsidies and grants for operating purposes	–	–	829
Fees and charges	5,915	6,122	6,044
Internal charges and overheads recovered	–	–	343
Local authorities fuel tax, fines, infringement fees, and other receipts	–	–	–
Total operating funding (A)	30,830	31,588	33,752
Application of operating funding			
Payments to staff and suppliers	13,477	13,951	17,416
Finance costs	813	1,191	1,913
Internal charges and overheads applied	1,516	1,559	1,557
Other operating funding applications	–	–	–
Total application of operating funding (B)	15,806	16,701	20,886
Surplus (deficit) of operating funding (A-B)	15,024	14,887	12,866
Sources of capital funding			
Subsidies and grants for capital expenditure	–	–	–
Development and financial contributions	610	801	908
Increase (decrease) in debt	6,459	1,985	22,668
Gross proceeds from sale of assets	–	–	–
Lump sum contributions	–	–	–
Other dedicated capital funding	–	–	–
Total sources of capital funding (C)	7,069	2,786	23,576
Application of capital funding			
Capital expenditure			
– to meet additional demand	1,532	1,281	3,167
– to improve the level of service	9,230	2,006	12,312
– to replace existing assets	9,788	4,998	20,963
Increase (decrease) in reserves	–	–	–
Increase (decrease) of investments	1,543	9,388	–
Total application of capital funding (D)	22,093	17,673	36,442
Surplus (deficit) of capital funding (C-D)	(15,024)	(14,887)	(12,866)
Funding balance ((A-B)+(C-D))	–	–	–

Pūnaha parakaika me te parawai

Sewerage and sewage

Services and activities

The sewerage and sewage group includes activities and services related to wastewater. Wastewater is the dirty water discharged from toilets, kitchens, bathrooms and laundries in dwellings and commercial premises. It also includes trade waste discharged from industrial premises into public sewers. The DCC collects domestic and trade wastewater via its systems of sewers and pumping stations, and transfers them to the wastewater treatment plants, where it is treated to a standard acceptable for discharge to the environment.

The DCC protects public health and safety by delivering effective wastewater services to every customer connected to the network with a minimal impact on the environment and at an acceptable financial cost.

Community outcomes

The sewerage and sewage group contributes to the following community outcomes:

- A sustainable city with healthy and treasured natural environments
- A healthy city with reliable and quality water, wastewater and stormwater systems
- A supportive city with caring communities and a great quality of life

Measuring Performance

Measure	Data Source	Target 2022/23	Actual 2022/23	Actual 2021/22	Achievement
Level of service: Sewage is managed without adversely affecting the quality of the receiving environment					
The number of dry weather sewerage overflows from the sewerage system, expressed per 1000 sewerage connections to that sewerage system. (DIA measure)	Internal data	0	3.58 overflows per 1,000 connections	2 overflows per 1,000 connections	Not achieved 1
Compliance with DCC resource consents for discharge from its sewerage system measured by the number of abatement notices, infringement notices, enforcement orders and convictions. (DIA measure).		0	1	3	Not achieved 2
Level of service: Service calls are responded to promptly					
Where the DCC attends to sewerage overflows resulting from a blockage or other fault in the sewerage system, the following median response times are measured:	Internal data	<60 minutes	36 minutes	35 minutes	Achieved
		<240 minutes	125 minutes	134 minutes	Achieved
Level of service: The wastewater service is reliable and the Council is responsive to customer concerns					
Percentage of residents satisfied with the sewerage system	ROS	≥65%	68%	62%	Achieved

Measure		Data Source	Target 2022/23	Actual 2022/23	Actual 2021/22	Achievement
The total number of complaints received* about any of the following: (DIA measure)	Sewage odour	Internal data	*Not applicable	5	17	Not applicable
	Sewerage system faults		*Not applicable	86	130	Not applicable
	Sewerage system blockages		*Not applicable	158	121	Not applicable
	Response to issues with the sewage system expressed per 1,000 connections to the sewerage system.		*Not applicable	0.02 per 1,000 connections	0.18 per 1,000 connections	Not applicable
	All of the above complaints expressed per 1,000 connections to the territorial authority's sewerage system		<5 per 1,000 connections	5.8 per 1,000 connections	5.58 per 1,000 connections	Not achieved 3

ROS Residents' Opinion Survey

* These DIA mandatory measures require a count of complaints received therefore do not have a target. The method for counting customer complaints has changed from the method used in the 2021/22 year, to improve the accuracy of counting the complaints received. The comparative has not been restated to the new methodology.

Total number of rated properties for wastewater as at 30 June 2023: 50,305

Explanations:

- The following dry weather overflow events were experienced in 2022/23:
 - nine dry weather overflows occurred at the consented overflow site at Kaikorai Valley due to a blockage.
 - a dry weather overflow occurred at Broad Bay No.5 Pump Station due to a broken pipe.
 - six dry weather overflows occurred at the consented site at Lindsay creek due to a blockage.
 - a dry weather overflow occurred at Marne St Pump station due to an electrical fault.
 - other dry weather overflows occurred on private property.
- The DCC has received one infringement notice in the 2022/23 year.
 - Infringement notice EN.RMA.22.0087 related to a discharge of wastewater from the Dunedin City Council (DCC) wastewater network to the Kaikorai Stream on 7 September 2022 that created an objectionable odour in breach of resource consent RM16.335.01.
 - The DCC also received one warning notice relating to a discharge incident on the road reserve in Broad Bay on 20 August 2022. The incident arose as the result of a burst pipe.
- Higher numbers of blockages were reported than previous years. This reflects aging infrastructure and resultant deterioration of the pipe network, with increased risk of blockages and infiltration of stormwater into the network during rain events. Notably Dunedin recorded it's wettest July on record in 2022 and reporting of complaints were higher in these months.

Some of our achievements in 2022/23:

Basis of Planning and set of guiding principles have been developed to set the direction of 3 Waters' adaptive long term investment plans.

Completion of a carbon baseline for 3 Waters activities including a forecast for carbon (embodied and operational) for the next 10 years under "Business as Usual" activity.

Completion of work to improve the accuracy of our wastewater hydraulic modelling for planning and operational purposes.

A new lime dosing process has been implemented at the Tahuna Wastewater Treatment Plant to enable local disposal of dewatered sludge to landfill when the Tahuna sludge incineration process is offline.

Capital Expenditure

	Note	2022/23 Actual \$000	2022/23 Budget \$000
New Capital			
Wastewater – Other Wastewater Renewals		26	-
Wastewater – Wastewater New Capital Other	1	2,347	50
Wastewater – Metro Wastewater Treatment Plant Resilience	2	4,264	2,046
Wastewater – New Capital Supporting Growth	3	67	1,046
		6,704	3,142
Renewals			
Wastewater – Central City Renewals	4	9,895	2,615
Wastewater – Other Wastewater Renewals	5	13,830	7,957
Wastewater – Wastewater Pumpstation Renewals	6	3,407	618
Wastewater – Metro Wastewater Treatment Plant Resilience	7	2,107	3,900
Wastewater – Rural Wastewater Schemes	8	617	2,441
Wastewater – Renewals Supporting Growth	9	-	871
Wastewater – Biofilter Media Replacement		(2)	-
		29,854	18,402
Total Capital		36,558	21,554

Explanation of variance

- 1 Integrated catchment model and new capital minor plant expenditure was ahead of budget.
- 2 Tahuna sludge delivery project was ahead of budget.
- 3 Reduced spend on growth utilised by Wastewater New Capital Other budget.
- 4 The Central City upgrade was ahead of budget.
- 5 Renewals spend was ahead of budget for the year especially in Sawyers Bay, North East Valley, Tahuna pipes and other minor plant upgrades.
- 6 The pumpstation upgrade was ahead of budget.
- 7 Delay in Tahuna, Green Island and Mosgiel treatment plants resilience projects.
- 8 Delay in Seacliff wastewater scheme project.
- 9 Renewals spend for the year has been planning and maintenance rather than capital.

Dunedin City Council: Funding impact statement for the year ended 30 June 2023 for

Sewerage and sewage

	2022 Long-term plan \$000	2023 Long-term plan \$000	2023 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	–	–	–
Targeted rates	32,190	32,436	34,282
Subsidies and grants for operating purposes	41	41	291
Fees and charges	856	886	623
Internal charges and overheads recovered	–	–	325
Local authorities fuel tax, fines, infringement fees, and other receipts	–	–	–
Total operating funding (A)	33,087	33,363	35,521
Application of operating funding			
Payments to staff and suppliers	14,735	15,403	18,498
Finance costs	2,381	1,200	1,928
Internal charges and overheads applied	2,913	2,995	2,991
Other operating funding applications	–	–	–
Total application of operating funding (B)	20,029	19,598	23,417
Surplus (deficit) of operating funding (A-B)	13,058	13,765	12,104
Sources of capital funding			
Subsidies and grants for capital expenditure	–	–	–
Development and financial contributions	1,247	1,066	1,033
Increase (decrease) in debt	2,964	3,343	23,421
Gross proceeds from sale of assets	–	–	–
Lump sum contributions	–	–	–
Other dedicated capital funding	–	–	–
Total sources of capital funding (C)	4,211	4,409	24,454
Application of capital funding			
Capital expenditure			
– to meet additional demand	1,116	1,692	1,790
– to improve the level of service	2,592	2,656	3,226
– to replace existing assets	10,214	11,052	31,542
Increase (decrease) in reserves	–	–	–
Increase (decrease) of investments	3,347	2,774	–
Total application of capital funding (D)	17,269	18,174	36,558
Surplus (deficit) of capital funding (C-D)	(13,058)	(13,765)	(12,104)
Funding balance ((A-B)+(C-D))	–	–	–

Wai marakai | Stormwater

Services and activities

The stormwater group includes activities and services related to managing stormwater.

Stormwater is rainwater that flows across the ground and does not get absorbed into the soil. It flows into stormwater pipes and streams, and from there into the sea. The DCC owns and maintains a large network of pipes, pumping stations and other infrastructure to safely dispose of stormwater.

By ensuring adequate stormwater provision to Dunedin communities, we can protect public safety with a minimal impact on the environment.

Effective management of stormwater is essential to prevent the flooding of properties and businesses. Controls are also necessary to ensure that stormwater does not become excessively contaminated and cause pollution of the watercourses, the harbour and the ocean.

Community outcomes

The sewerage and sewage group contributes to the following community outcomes:

- A sustainable city with healthy and treasured natural environments
- A healthy city with reliable and quality water, wastewater and stormwater systems
- A supportive city with caring communities and a great quality of life

Measuring Performance

Measure		Data Source	Target 2022/23	Actual 2022/23	Actual 2021/22	Achievement
Level of service: Stormwater services perform adequately and reliably						
Percentage of residents satisfied with the stormwater system		ROS	≥50%	56%	47%	Achieved
System and adequacy	The number of flooding events that occur in the DCC district	Internal data	0	1	0	Not achieved 1
	For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the stormwater system)	Internal data	0	3	0	Not achieved 2
Level of service: Stormwater is managed without adversely affecting the quality of the receiving environment						
Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of:	Abatement notices	Internal data	0	0	0	Achieved
	Infringement notices		0	0	0	Achieved
	Enforcement notices		0	0	0	Achieved
	Successful prosecutions		0	0	0	Achieved
Level of service: Service calls are responded to promptly						
The median response time to attend a flooding event, measured from the time that notification is received to the time that service personnel reach the site (DIA measure)		Internal data	<60 minutes	62 minutes	0 minutes	Not achieved 3
The number of complaints received about the performance of the stormwater system, expressed per 1000 properties connected to the stormwater system (DIA measure)		Internal data	<1 per 1,000 connections	1.09 per 1,000 connections	0.51 per 1,000 connections	Not achieved 4

* The method for counting customer complaints has changed from the method used in the 2021/22 year, to improve the accuracy of counting the complaints received. The comparative has not been restated to the new methodology.

Total number of rated properties for stormwater as at 30 June 2023: 50,305

Explanations:

- 1, 2 On 14 May 2023 there were three flooding calls with in-residence flooding reported. This rainfall was a 1-in-5-year significant event.
- 3 July 2022 was the wettest month on record in Dunedin. More than 50% of annual customer requests for service call volume occurred in July. Response time marginally exceeds the target, 2020/21 response time was 49 minutes, 2019/20 was 50 minutes.
- 4 July 2022 was the wettest month on record in Dunedin and contributed to the increased number of complaints (28 of a total of 55 calls were received in July 2023).

Some of our achievements in 2022/23

Basis of Planning and set of guiding principles have been developed to set the direction of 3 Waters' adaptive long term investment plans.

Completion of a carbon baseline for 3 Waters activities including a forecast for carbon (embodied and operational) for the next ten years under "Business as Usual" activity.

Rapid Flood Hazard Assessments have been completed for the majority of Dunedin's urban areas that do not currently have full stormwater hydraulic models. These assessments assist in identifying high risk flood hazard areas for further investigation and potential future flood alleviation works.

In pipe flow monitoring is now in progress in South Dunedin to improve the accuracy of our stormwater hydraulic modelling for planning and operational purposes.

1.6 km of pipe renewals were undertaken. This is lower than the 2.2 km undertaken in 2021/22 where a significant amount of renewals activity had received stimulus funding from central government.

Capital Expenditure

	Note	2022/23 Actual \$000	2022/23 Budget \$000
New Capital			
Stormwater – South Dunedin Flood Alleviation	1	119	2,500
Stormwater – Stormwater New Capital Other	2	3,742	1,000
Stormwater – New Capital Supporting Growth		693	915
		4,554	4,415
Renewals			
Stormwater – Central City Renewals	3	10,504	8,844
Stormwater – Mosgiel Stormwater Pumpstations and Network	4	96	2,575
Stormwater – South Dunedin Flood Alleviation	5	-	2,101
Stormwater – Stormwater System Planning	1	-	567
Stormwater – Other Stormwater Renewals	6	5,201	457
Stormwater – Renewals Supporting Growth	1	73	1,818
Stormwater – Stormwater Pumpstation Renewals	1	1	386
		15,875	16,748
Total Capital		20,429	21,163

Explanation of Variance

- 1 Delay in project.
- 2 Stormwater expenditure including the Bath Steet improvement was ahead of budget.
- 3 The Central City upgrade was ahead of budget.
- 4 Project on hold to ensure alignment with integrated catchment work.
- 5 Project delays. Budget earmarked for hydraulic model.
- 6 Renewals expenditure was ahead of budget for the year especially in Sawyers Bay and North East Valley.

Dunedin City Council: Funding impact statement for the year ended 30 June 2023 for

Stormwater

	2022 Long-term plan \$000	2023 Long-term plan \$000	2023 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	–	–	–
Targeted rates	9,092	10,736	9,683
Subsidies and grants for operating purposes	–	–	87
Fees and charges	122	126	69
Internal charges and overheads recovered	–	–	636
Local authorities fuel tax, fines, infringement fees, and other receipts	–	–	–
Total operating funding (A)	9,214	10,862	10,475
Application of operating funding			
Payments to staff and suppliers	3,986	4,140	5,542
Finance costs	41	689	1,107
Internal charges and overheads applied	495	509	508
Other operating funding applications	–	–	–
Total application of operating funding (B)	4,522	5,338	7,157
Surplus (deficit) of operating funding (A-B)	4,692	5,524	3,318
Sources of capital funding			
Subsidies and grants for capital expenditure	–	–	–
Development and financial contributions	515	638	317
Increase (decrease) in debt	3,129	14,026	16,794
Gross proceeds from sale of assets	–	–	–
Lump sum contributions	–	–	–
Other dedicated capital funding	–	–	–
Total sources of capital funding (C)	3,644	14,664	17,111
Application of capital funding			
Capital expenditure			
– to meet additional demand	1,093	2,659	2,257
– to improve the level of service	2,178	4,704	4,112
– to replace existing assets	4,049	13,800	14,060
Increase (decrease) in reserves	–	–	–
Increase (decrease) of investments	1,016	(975)	–
Total application of capital funding (D)	8,336	20,188	20,429
Surplus (deficit) of capital funding (C-D)	(4,692)	(5,524)	(3,318)
Funding balance ((A-B)+(C-D))	–	–	–

Rautaki para | Waste management

Services and activities

The waste management group includes activities and services related to waste and environmental solutions.

The DCC provides a collection, resource recovery and residual disposal service for domestic and some commercial residents in Dunedin in a way that promotes public health and minimises impacts on the environment. It includes diverse facilities from large waste management facilities like the Green Island landfill to small facilities like the inner-city recycling hub on Vogel Street. It also provides education on waste minimisation and public education on Council's sustainability practices. The waste management group also provides advice and support to community projects and administers a range of community grants supporting waste minimisation.

The DCC currently manages the kerbside collection of waste and recycling for most urban and city residents and businesses, disposal facilities, recovery stores, and recycling stations to provide effective waste and recycling collection services, in a way that protects public health, minimises impacts on the environment and promotes waste minimisation.

Community outcomes

The waste management group contributes to the following community outcomes:

- A sustainable city with healthy and treasured natural environments
- A supportive city with caring communities and a great quality of life

How do we measure performance?

Measure	Data Source	Target 2022/23	Actual 2022/23	Actual 2021/22	Achievement
Level of service: Refuse collection and kerbside recycling meet customer expectations					
Overall satisfaction with rubbish disposal services	ROS	≥70%	62%	54%	Not achieved 1
Level of service: Waste minimisation targets are met					
The amount of municipal solid waste per person	Internal data	Reduce by ≥15% by 2030 compared to 2015 baseline to less than 638kg per person per annum	451	411	Achieved
The amount of municipal solid waste disposed to landfill and incineration	Internal data	Reduce by ≥50% by 2030 compared to 2015 baseline to less than 47,264 tonnes per annum	60,288	55,109	Not achieved 2
Increase in the amount of diversion of recyclable or reusable materials	Internal data	Increase to 70% by 2030	16%	15%	Not achieved 3

ROS Residents' Opinion Survey

Explanations:

- 1 The primary causes of dissatisfaction are the continued use of pre-paid plastic rubbish bags for kerbside waste collection, and the lack of organic collection services. New services will be introduced in 2024 that will replace the majority of pre-paid plastic rubbish bags with general waste wheelie bins and introduce a collection service for food and garden organics.
- 2 The amount of municipal solid waste disposed to landfill has increased. It is expected that the target will be achieved once kerbside collection services for food and garden organics are introduced in 2024.
- 3 The diversion of recyclable or reusable material has increased to 16% as new initiatives have been introduced but is still significantly below the target of 70% for 2030. It is expected that the introduction of food and garden organics collections plus a construction and demolition sorting facility in 2024/25 will significantly increase the diversion of materials away from landfill.

Some of our achievements in 2022/2023:

Green Island Landfill – Capping, Gas System, and Leachate drainage. Final capping was completed on approximately 3ha of the landfill that had been completed to consented height. The works also included installing permanent landfill gas infrastructure within the capped areas to maximise the collection and destruction of landfill gas and minimise carbon emissions.

Dunedin City Council entered into a ten plus ten-year contract for kerbside collections with Enviro NZ Ltd. The new contract includes the addition of kerbside collections for both food scraps and garden waste, as well as replacing the majority of plastic rubbish bags with general waste bins. Enhancements to kerbside services include expanded collection areas, plus weekly collections in the university student precinct in support of Council's commitment to the Sophia Charter. The contract also includes the development of modern Resource Recovery Facilities at Green Island landfill.

New Community Recycling Facility was opened in April 2023. This facility is located on Great King Street and now brings the total of facilities to six. The new location is intended to service the southern tertiary/campus flatting area and some residents who are in the CBD area who do not receive a kerbside recycling collection.

Waste Minimisation Grants. \$132,297.96 of contestable funding was awarded to community/commercial groups, schools, businesses, and organisations for waste minimisation initiatives.

Regional Waste Assessment with other Otago councils was conducted. This follows on from an Otago waste and recycling infrastructure review in 2021/22 initiated by the Otago Mayoral Forum. Councils then explored options for collaborative work which included a joint Waste Assessment. The assessment data will help inform waste management in the district, including an assessment of existing services and infrastructure, and subsequently feed into an amendment of the Waste Minimisation and Management Plan 2020.

Community Education initiatives continued to be delivered for community interest and involvement. There were 398 participants across Composting Made Easy workshops, online Zero Waste for Everyday People, online Zero Waste Recycling workshops, Zero Waste maker workshops, and a DCC hosted repair workshop.

Waste Minimisation Service Agreements. Waste and Environmental Solutions supported the following organisations and waste diversion activities during 2022/23:

- **Kiwiharvest** – 269 tonnes of food waste diverted from landfill and re-distributed to social agencies.
- **Southern Youth Development** – 11.36 tonnes (1,051 bicycles) diverted from landfill – of which 473 were repaired and distributed back into the community. This included 32 via The Red Cross during the last quarter. The remainder were broken down for parts reuse or scrap metal recycling.
- **Cargill Enterprises** – 49.84 tonnes of household batteries and electronic waste diverted from landfill.
- **Tyre Collection Services** – 110 tonnes of tyres diverted from landfill.
- **Expol** – 1,215m³ of polystyrene diverted from landfill.
- **McEwan Haulage** – 21.80 tonnes of plasterboard waste diverted from landfill

Capital Expenditure

	Note	2022/23 Actual \$000	2022/23 Budget \$000
New Capital			
Waste Futures – New Collection System (Waste, Recycling, Organics & Glass)	1	622	4,400
Waste Futures – Organics Facility		36	4,000
Waste Futures – Construction and Demolition Facility		-	1,805
Waste Futures– 2nd Rummage Store		-	500
Waste Futures – Material Recovery Facility		-	2,000
Waste Futures – Smooth Hill Landfill	2	1,426	200
Waste and Environmental Solutions – Green Island Landfill and Transfer Station		15	-
Waste and Environmental Solutions – Green Island Landfill Aftercare	3	1,284	200
Waste and Environmental Solutions – Green Island Landfill Leachate System	4	-	500
Waste and Environmental Solutions – Green Island Landfill Gas Collection System	5	85	2,040
Waste and Environmental Solutions – Community Recycling Hubs		117	90
Waste and Environmental Solutions – North Taieri Closed Landfill		(5)	-
		3,580	15,735
Renewals			
Waste and Environmental Solutions – Green Island Landfill and Transfer Station		10	155
Waste and Environmental Solutions – Kerbside Bin Replacements		124	52
Waste and Environmental Solutions – Green Island Leachate System Pump and Pumpstation		-	15
Waste and Environmental Solutions – Public Place Recycling and Rubbish Bins		-	92
Waste and Environmental Solutions – Waikouaiti Transfer Station		81	-
Waste and Environmental Solutions – Sawyers Bay Closed Landfill		-	30
		215	344
Total Capital		3,795	16,079

Explanation of Variance

- 1 Delayed timing of expenditure for the new kerbside bins and various Waste Futures projects. The contracts for the new service have now been signed with initial planning for service rollout underway. Design for the Organics Receivals building was completed and detailed design for the Green Island Resource Recovery Park was underway.
- 2 Additional environmental monitoring of the landfill.
- 3 Final capping and landscaping of completed landfill.
- 4 Leachate works completed as part of Green Island Landfill Aftercare final capping and landscaping.
- 5 Replacement gas engine and flare delayed pending the outcome of Resource Consent applications to extend landfill closure from October 2023 to 2029/30. Detailed design is underway.

Dunedin City Council: Funding impact statement for the year ended 30 June 2023 for

Waste management

	2022 Long-term plan \$000	2023 Long-term plan \$000	2023 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	–	11	1,323
Targeted rates	4,650	7,774	4,684
Subsidies and grants for operating purposes	–	–	–
Fees and charges	11,390	11,955	13,581
Internal charges and overheads recovered	1,674	1,721	1,478
Local authorities fuel tax, fines, infringement fees, and other receipts	–	–	–
Total operating funding (A)	17,714	21,461	21,066
Application of operating funding			
Payments to staff and suppliers	14,636	15,713	21,108
Finance costs	309	728	494
Internal charges and overheads applied	898	923	858
Other operating funding applications	–	–	–
Total application of operating funding (B)	15,843	17,364	22,460
Surplus (deficit) of operating funding (A-B)	1,871	4,097	(1,394)
Sources of capital funding			
Subsidies and grants for capital expenditure	–	–	1,530
Development and financial contributions	–	–	–
Increase (decrease) in debt	8,618	17,434	3,659
Gross proceeds from sale of assets	–	–	–
Lump sum contributions	–	–	–
Other dedicated capital funding	–	–	–
Total sources of capital funding (C)	8,618	17,434	5,189
Application of capital funding			
Capital expenditure			
– to meet additional demand	–	–	–
– to improve the level of service	7,973	18,744	3,627
– to replace existing assets	300	294	168
Increase (decrease) in reserves	–	–	–
Increase (decrease) of investments	2,216	2,493	–
Total application of capital funding (D)	10,489	21,531	3,795
Surplus (deficit) of capital funding (C-D)	(1,871)	(4,097)	1,394
Funding balance ((A-B)+(C-D))	–	–	–

SECTION 3:

Tahua | Finances

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He pūroko tahua | Financial statements

Dunedin City Council

Statement of comprehensive revenue and expense for the year ended 30 June 2023

			CORE COUNCIL		CONSOLIDATED	
	Note	Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Revenue continuing operations						
Rates revenue	2	191,150	190,767	179,556	191,150	179,556
Development and financial contributions	3	2,839	3,784	3,687	2,839	3,687
Subsidies and grants	4	50,049	43,771	44,020	50,049	44,020
Financial revenue	5	18,353	15,170	9,179	7,888	4,827
Other revenue	6	71,644	71,275	81,102	364,830	339,129
Total operating revenue		334,035	324,767	317,544	616,756	571,219
Expenses						
Other expenses	7	169,400	140,219	139,377	318,521	284,093
Personnel expenses	13	75,285	76,816	68,287	145,739	133,499
Audit fees	8	346	218	226	1,206	789
Financial expenses	9	16,038	13,697	15,975	40,068	30,443
Depreciation and amortisation	10	110,128	85,595	81,349	143,719	113,229
Total operating expenses		371,197	316,545	305,214	649,253	562,053
Operating surplus (deficit) from operations		(37,162)	8,222	12,330	(32,497)	9,166
Share of associate surplus (deficit)		–	–	–	2,158	232
Surplus (deficit) before taxation		(37,162)	8,222	12,330	(30,339)	9,398
Less taxation	14	(781)	(450)	(1,169)	3,144	(481)
Surplus (deficit) after taxation		(36,381)	8,672	13,499	(33,483)	9,879
<i>Surplus (deficit) attributable to:</i>						
Dunedin City Council and Group		(36,381)	8,672	13,499	(33,483)	9,879

Explanations of major variances against budget are provided in Note 40.

Dunedin City Council

Statement of other comprehensive revenue and expense for the year ended 30 June 2023

		CORE COUNCIL			CONSOLIDATED	
	Note	Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Other comprehensive revenue and expense						
Gain (loss) on property, plant and equipment revaluations		81,709	80,000	782,956	81,709	782,956
Gain (loss) on forestry land revaluations		–	–	–	(1,949)	10,156
Gain (loss) of comprehensive revenue in associates		–	–	–	21	5,401
Gain (loss) of cash flow hedges at fair value through other comprehensive revenue and expense	20	21	21	636	11,632	54,376
Gain (loss) on carbon credit revaluation		–	–	–	(43,458)	40,166
Income tax on other comprehensive income		–	–	–	7,523	(26,280)
Total other comprehensive revenue and expense		81,729	80,021	783,592	55,478	866,775
Surplus (deficit) after taxation		(36,381)	8,672	13,499	(33,483)	9,879
Total comprehensive revenue and expense		45,348	88,693	797,091	21,995	876,654
<i>Total comprehensive revenue and expense attributable to:</i>						
Dunedin City Council and Group		45,348	88,693	797,091	21,995	876,654

Statement of changes in equity for the year ended 30 June 2023

		CORE COUNCIL			CONSOLIDATED	
	Note	Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Movements in equity						
Opening equity		4,309,630	3,588,491	3,512,539	4,614,332	3,737,678
Total comprehensive revenue and expense		45,348	88,693	797,091	21,995	876,654
Closing equity		4,354,978	3,677,184	4,309,630	4,636,327	4,614,332

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 2023

		CORE COUNCIL			CONSOLIDATED	
	Note	Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Current assets						
Cash and cash equivalents	16	9,085	8,330	11,986	20,530	26,354
Other current financial assets	20	4,396	10,539	7,999	4,509	8,274
Derivative financial instruments	36	–	–	–	695	626
Trade and other receivables	17	25,707	24,280	23,049	58,204	51,623
Current tax asset		359	450	799	359	799
Inventories	18	346	472	322	7,914	7,216
Non-current assets held for sale	19	905	–	–	905	–
Prepayments		1,750	500	1,371	4,316	3,986
Total current assets		42,548	44,571	45,526	97,432	98,878
Non-current assets						
Term receivables	17	–	–	–	–	–
Other non-current financial assets	20	200,351	196,220	192,908	91,500	80,929
Shares in subsidiary companies	21	133,789	133,789	131,239	–	–
Derivative financial instruments	36	–	–	–	36,596	25,999
Investments accounted for using the equity method	22	–	–	–	42,693	41,026
Intangible assets	32	3,948	4,321	4,388	10,738	11,084
Intangible assets – carbon credits	34	–	–	–	51,516	78,809
Investment property	31	110,520	104,976	118,375	110,520	118,375
Forestry assets	33	–	–	–	194,306	201,362
Property, plant and equipment	30	4,405,336	3,693,820	4,228,208	5,368,109	5,129,020
Total non-current assets		4,853,944	4,133,126	4,675,118	5,905,978	5,686,604
Total assets		4,896,492	4,177,697	4,720,644	6,003,410	5,785,482
Current liabilities						
Short term borrowings	24	–	–	–	1,502	1,497
Trade and other payables	25	45,644	32,132	42,988	76,704	73,953
Revenue received in advance	25	7,035	5,370	8,624	10,380	8,624
Employee entitlements	26	10,037	7,506	9,585	17,474	17,092
Derivative financial instruments	36	–	–	20	2,869	2,342
Provision for tax		–	–	–	861	2,978
Current portion of term loans	27	–	–	–	–	–
Total current liabilities		62,716	45,008	61,217	109,790	106,486
Non-current liabilities						
Term loans	27	460,273	440,273	334,273	1,084,286	891,651
Employee entitlements	26	1,204	1,228	1,166	1,987	1,891
Provisions	29	17,001	13,684	14,038	17,001	14,038
Derivative financial instruments	36	–	–	–	29,203	29,618
Other non-current liabilities		320	320	320	737	679
Deferred taxation	14	–	–	–	124,079	126,787
Total non-current liabilities		478,798	455,505	349,797	1,257,293	1,064,664

Dunedin City Council

Statement of financial position as at 30 June 2023 (continued)

			CORE COUNCIL		CONSOLIDATED	
	Note	Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Equity						
Accumulated funds	15	1,686,179	1,723,702	1,723,214	1,865,590	1,899,727
Revaluation reserves	15	2,657,874	1,943,211	2,576,165	2,682,198	2,600,469
Restricted reserves	15	10,925	10,271	10,271	10,925	10,271
Cash flow hedge reserves	15	–	–	(20)	24,625	16,244
Carbon credit reserve	15	–	–	–	5,099	37,781
Forest land revaluation reserve	15	–	–	–	47,890	49,840
Total equity		4,354,978	3,677,184	4,309,630	4,636,327	4,614,332
Total liabilities and equity		4,896,492	4,177,697	4,720,644	6,003,410	5,785,482

Explanations of major variances against budget are provided in Note 40.

Dunedin City Council

Statement of cash flows for the year ended 30 June 2023

	CORE COUNCIL			CONSOLIDATED	
	Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Cash flow from operating activities					
<i>Cash was provided from operating activities</i>					
Rates received	190,154	190,481	178,869	190,154	178,869
Other revenue	122,214	113,121	105,227	391,591	354,179
Interest received	7,814	7,353	7,258	2,254	1,699
Dividend received	6,821	6,754	1,344	1,323	1,352
Intra-group tax payment	1,220	450	1,013	–	–
	328,223	318,159	293,711	585,322	536,099
<i>Cash was applied to:</i>					
Suppliers and employees	(234,120)	(218,873)	(205,100)	(437,462)	(390,586)
Interest paid	(14,599)	(14,349)	(7,477)	(33,222)	(23,180)
Taxation paid	–	–	–	(8)	(29)
	(248,719)	(233,222)	(212,577)	(470,692)	(413,795)
Net cash inflow (outflow) from operating activities	79,504	84,937	81,134	114,630	122,304
Cash flow from investing activities					
<i>Cash was provided from investing activities</i>					
Sale of assets	161	120	3,748	3,821	9,137
Insurance recoveries	–	–	345	–	345
Reduction in loans and advances	–	–	–	–	–
Carbon credits sold	–	–	–	–	11,131
Decrease in investments	–	–	362	1,784	3,818
	161	120	4,455	5,605	24,431
<i>Cash was applied to:</i>					
Increase in investments	(3,184)	(2,550)	(2,550)	(9,864)	(15,415)
Capital expenditure	(205,382)	(190,022)	(141,292)	(309,745)	(239,154)
	(208,566)	(192,572)	(143,842)	(319,609)	(254,569)
Net cash inflow (outflow) from investing activities	(208,405)	(192,452)	(139,387)	(314,004)	(230,138)
Cash flow from financing activities					
<i>Cash was provided from financing activities</i>					
Loans raised	126,000	106,000	72,300	198,550	174,170
	126,000	106,000	72,300	198,550	174,170
<i>Cash was applied to:</i>					
Loans repaid	–	–	(10,000)	(5,000)	(70,000)
	–	–	(10,000)	(5,000)	(70,000)
Net cash inflow (outflow) from financing activities	126,000	106,000	62,300	193,550	104,170
Net increase (decrease) in cash held	(2,901)	(1,515)	4,047	(5,824)	(3,664)
Opening cash and cash equivalents balance	11,986	9,845	7,939	26,354	30,018
Closing cash and cash equivalents balance	9,085	8,330	11,986	20,530	26,354

Explanations of major variances against budget are provided in Note 40.

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 2023 \$000	Budget 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Surplus (deficit) after taxation	(36,381)	8,672	13,499	(33,483)	9,879
Share of retained surplus in associated companies	–	–	–	(2,158)	(232)
Add (less) non-cash items					
Depreciation and amortisation	110,128	85,595	81,349	143,719	113,229
Depletion of forest	–	–	–	12,712	13,408
Forestry revaluation	–	–	–	(1,948)	(9,475)
Asset impairment	–	–	279	–	279
Write (up)/down of forestry land	–	–	–	2,956	(453)
After-care provision adjustment	2,963	–	1,354	2,963	1,354
Investment property fair value loss (gain)	11,290	–	(11,440)	11,290	(11,440)
Unrealised loss (gain) on investments	(3,206)	–	7,351	(3,206)	7,351
New Zealand carbon credits	–	–	–	(16,165)	–
Vested assets	(2,375)	(3,000)	(6,784)	(2,375)	(6,784)
Add (less) non-cash items	(1,035)	4,375	(453)	11,355	12,776
Total non-cash items	117,765	86,970	71,656	161,301	120,245
Add (less) movements in working capital items					
(Increase) decrease in trade and other receivables	(2,658)	(11,991)	(764)	(6,581)	2,913
(Increase) decrease in term receivables	–	–	–	–	6,021
(Increase) decrease in inventories	(24)	(80)	(28)	(698)	(1,473)
(Increase) decrease in prepayments	(379)	–	(603)	(330)	(1,031)
(Increase) decrease current tax asset	440	–	(207)	440	(207)
Increase (decrease) in trade and other payables	2,656	3,379	5,320	2,751	2,337
Movement in capital creditors in accounts payable	(749)	–	(2,801)	(749)	(2,801)
Increase (decrease) in other current liabilities	(1,137)	(2,013)	(4,334)	2,138	(3,815)
Increase (decrease) in other provisions	38	–	(113)	96	(250)
Increase (decrease) provision for tax	–	–	–	(2,117)	2,321
Increase (decrease) deferred tax	–	–	–	(2,708)	23,605
Net movement in working capital items	(1,813)	(10,705)	(3,530)	(7,758)	27,620
Add (less) items classified as investing or financing activities					
Profit on sale of investments	(34)	–	(514)	(34)	(514)
Loss on sale of investments	61	–	–	61	–
Profit on sale of property, plant and equipment	(95)	–	(69)	(3,343)	(5,104)
Loss on sale of property, plant and equipment	1	–	92	954	2,379
Investment in financial instruments	–	–	–	(910)	(31,969)
Total items classified as investing or financing activities	(67)	–	(491)	(3,272)	(35,208)
Net cash flow from operating activities	79,504	84,937	81,134	114,630	122,304

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 2023 (whole of Council)

		CORE COUNCIL		
	2022 Long-Term Plan \$000	2022 Actual \$000	2023 Annual Plan \$000	2023 Actual \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	103,014	103,654	110,294	110,994
Targeted rates	76,960	76,960	81,323	81,389
Subsidies and grants for operating purposes	11,001	17,372	15,455	17,097
Fees and charges	62,402	60,079	65,155	65,698
Interest and dividends from investments	8,619	8,601	14,107	14,676
Local authorities fuel tax, fines, infringement fees, and other receipts	3,003	2,597	3,225	3,163
Total operating funding (A)	264,999	269,263	289,559	293,017
Applications of operating funding				
Payments to staff and suppliers	199,810	207,515	217,252	233,738
Finance costs	9,943	8,561	13,697	15,540
Other operating funding applications	–	–	–	–
Total applications of operating funding (B)	209,753	216,076	230,949	249,278
Surplus (deficit) of operating funding (A-B)	55,246	53,187	58,610	43,739
Sources of capital funding				
Subsidies and grants for capital expenditure	21,445	25,791	27,361	32,125
Development and financial contributions	3,468	3,687	3,784	2,839
Increase (decrease) in debt	63,975	62,300	106,000	126,000
Gross proceeds from sale of assets	3,165	3,748	120	161
Lump sum contributions	–	–	–	–
Other dedicated capital funding	–	–	–	–
Total sources of capital funding (C)	92,053	95,526	137,265	161,125
Application of capital funding				
Capital expenditure				
– to meet additional demand	6,712	6,840	10,662	10,814
– to improve the level of service	61,791	45,194	73,466	66,903
– to replace existing assets	77,024	92,142	105,344	129,435
Increase (decrease) in reserves	–	–	–	–
Increase (decrease) of investments	1,772	4,537	6,403	(2,288)
Total applications of capital funding (D)	147,299	148,713	195,875	204,864
Surplus (deficit) of capital funding (C-D)	(55,246)	(53,187)	(58,610)	(43,739)
Funding balance ((A-B)+(C-D))	–	–	–	–

Dunedin City Council

Statement of financial involvement in Council controlled organisations as at 30 June 2023

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 2023 \$000	Interest 2023 \$000	Total 2023 \$000
Dunedin City Holdings Limited	5,500	5,902	11,402

Structure of the Dunedin City Council Group (Consolidated)

Organisation	Ownership	Nature and scope of the activities
1. Dunedin City Holdings Limited	100%	Input into the statements of intent of subsidiaries. Input into the strategic direction of the subsidiaries. Performance monitoring. Ensuring individual subsidiaries receive maximum benefits from membership of the group of companies. Approve all decisions in accordance with subsidiary constitutions.
2. Dunedin (New Zealand) Masters Games Trust		Principal activity is the running of the biennial Masters Games in Dunedin.
Associated Companies of the Dunedin City Council		
1. Golden Block Investments Limited	49%	Investment rental building.
Subsidiaries of Dunedin City Holdings Limited		
1. City Forests Limited	100%	Sustainable production of logs for local and export markets.
2. Dunedin City Treasury Limited	100%	Management of financial risks and liquidity of the Dunedin City Council Group.
3. Aurora Energy Limited	100%	Provision of electricity distribution services in Ōtepoti Dunedin, Central Otago, Wānaka and Tāhuna Queenstown.
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 largely in 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 and the Town Hall Complex.
8. Dunedin Stadium Property Limited	100%	Principal activity is the ownership of Forsyth Barr Stadium.
9. Dunedin Railways Limited	100%	Until March 2020 Dunedin Railways operated a tourist and excursion train on the Taieri Gorge railway line and on the Seaside line north of Dunedin. Covid 19 had a severe impact on the company and it transitioned to hibernation from 1 July 2020. The company's current focus is on maintaining key assets pending further decisions from Dunedin City Council.
Associated Companies of Dunedin City Holdings Limited		
1. Dunedin International Airport Limited	50%	Provision of airport services at Momona.

This statement should be read in conjunction with Note 21 and 22 on investments.

He whakamārama mō te pūroko tahua

Notes to the financial statements

Dunedin City Council

Notes to the financial statements for the year ended 30 June 2023

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 2023. The financial statements were authorised for issue by the Council on 31st October 2023.

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 and service performance information 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).

PBE IPSAS 23 Revenue from Non-Exchange Transactions requires entities to disclose the amount of revenue from non-exchange transactions in the financial statements. As the separate labelling of revenue as exchange or non-exchange in most cases would not be considered material, we have decided to not label revenue as exchange or non-exchange. We have, however, separately disclosed the major classes of revenue streams in Note 2 to Note 6.

The financial statements and service performance information have been prepared in accordance with and comply with all other 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 certain remuneration and severance payment disclosures (note 13). The remuneration and severance payments are rounded to the nearest dollar.

Standards issued and not yet effective that have been early adopted

There were no standards issued and not yet effective that have been early adopted.

Standards issued and not yet effective, and not early adopted

There are no standards issued and not yet effective, that were not early adopted.

New accounting standards applied

PBE IPSAS 41 Financial Instruments (transitioned from PBE IFRS 9)

PBE IPSAS 41 replaced PBE IFRS 9 Financial Instruments and is effective for the year ending 30 June 2023. There was little change as a result of adopting the new standard as the requirements are similar to those contained in PBE IFRS 9.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaced the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023. The main impact has been to provide increased narrative and contextual information to provide users with sufficient information to understand why the entity exists, what it intends to achieve in broad terms over the medium to long term, and how it goes about this. Expenditure by activity has also been provided.

Changes in accounting policies

There have been no changes in accounting policy during the year.

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 Council consolidates in the Group financial statements those entities it controls (its subsidiaries). Control exists where the Council is exposed, or has rights, to variable benefits (either financial or non-financial) and has the ability to affect the nature and amount of those benefits from its power over the entity. Power can exist over an entity if, by virtue of its purpose and design, the relevant activities and the way in which the relevant activities of the entity can be directed has been predetermined by the Council.

Investments in subsidiaries are measured at cost in the Council's parent financial statements.

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).

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 land and buildings and the related depreciation expense.

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 29);
- valuation of forestry assets (note 33);
- valuation of property, plant and equipment (note 30);
- valuation of intangible assets (note 32);
- valuation of NZ carbon credits (note 34);
- valuation of derivative financial instruments (note 36);
- carrying value of the deferred tax liability (note 14);
- investment properties (note 31);
- valuation of employee entitlements (note 26).

2 Rates revenue

	CORE COUNCIL		CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
General rates	109,760	102,596	109,760	102,596
Community services rate	5,244	5,070	5,244	5,070
Kerbside recycling rate	4,684	4,650	4,684	4,650
Citywide water rate	26,536	24,915	26,536	24,915
Citywide drainage rate	43,945	41,262	43,945	41,262
Allanton drainage rate	19	19	19	19
Blanket Bay drainage rate	1	1	1	1
Curles Point drainage rate	1	1	1	1
Private street lighting rate	29	29	29	29
Tourism/economic development rate	500	500	500	500
Warm Dunedin rate	431	513	431	513
	191,150	179,556	191,150	179,556

The total amount of rates charged on Council owned properties that have not been eliminated from revenue and expenditure is \$11.95m (2022: \$11.27m). For the Group, rates of \$13.32m have not been eliminated (2022: \$12.57m).

For the purposes of the Local Government Funding Agency Limited (LGFA) Guarantee and Indemnity Deed disclosure, the council's annual rates revenue for the year ended 30 June 2023 is \$191 million (2022: \$180 million). Refer to note 38 for further information on the LGFA guarantees and indemnities.

Rating base information

	1 July 2022	1 July 2021	1 July 2020
The number of rating units	56,867	56,561	56,230
The total capital value of the rating units	\$34.478 billion	\$34.188 billion	\$33.798 billion
The total land value of the rating units	\$15.233 billion	\$15.193 billion	\$15.140 billion

Under the Council's Rate Remission Policies, which provide for rates to be remitted in cases of Extreme Financial Hardship, there were no remissions allowed by Council during the year (2022: nil).

Relevant significant accounting policies

Rates are set annually by resolution of 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 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Development and financial contributions	2,839	3,687	2,839	3,687
	2,839	3,687	2,839	3,687

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 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Waka Kotahi NZ Transport Agency roading subsidies	36,492	25,715	36,492	25,715
Government and government agency grants	11,093	4,088	11,093	4,088
Other grants	2,464	14,217	2,464	14,217
	50,049	44,020	50,049	44,020

Relevant significant accounting policies

The Council receives funding assistance from Waka Kotahi NZ 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 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Profit on sale of investments	34	514	34	514
Gain on fair value of investments	3,643	64	3,643	64
Gain on foreign currency transactions	–	–	–	1,095
Dividend received – Dunedin City Holdings Limited	5,500	–	–	–
Other dividends received	1,328	1,344	1,330	1,352
Interest received – Dunedin City Holdings Limited	5,902	5,902	–	–
Other interest received	1,946	1,355	2,881	1,802
	18,353	9,179	7,888	4,827

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 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Rental from investment properties		8,210	8,058	8,157	8,026
Rental from community housing properties		6,938	6,404	6,938	6,404
Commercial and domestic waste disposal charges		10,020	8,034	10,020	8,034
Parking fees		5,738	5,644	5,738	5,644
Regulatory services rendered		4,398	5,377	4,398	5,377
Gain on fair value of investment property	Note 31	–	11,440	–	11,440
Forest revaluation		–	–	1,948	9,475
Vested assets		2,375	6,784	2,375	6,784
Profit on sale of property, plant and equipment		95	69	3,343	5,104
Line charges		–	–	100,468	78,532
Pass-through and recoverable cost revenue		–	–	32,202	34,594
Customer contributions		–	–	8,717	11,301
Electrical services		–	–	16,920	19,009
Meters and related services		–	–	15,377	11,027
Greenspace services		–	–	33,246	22,612
Forestry sales revenue		–	–	62,922	64,095
Venues management income		–	–	13,651	8,258
New Zealand carbon credits	Note 34	–	–	16,165	–
Other fees, charges and revenue		33,870	29,292	22,245	23,413
		71,644	81,102	364,830	339,129

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 and community housing properties

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

Commercial and domestic waste disposal charges

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

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.

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.

Forest revaluation

See note 33 Forestry assets.

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.

Line charges and pass-through and recoverable cost revenue

Line charges and pass-through and recoverable cost revenue is recognised at the fair value of services provided. These revenue streams relate to the provision of distribution services for electricity. Prices are regulated and customers are charged through a mix of fixed charges which are recognised on a straight line basis and variable charges which are recognised based on the volume of distribution services provided. This revenue is recognised during the period in which the service is delivered.

The Commerce Commission's Customised Price-Quality Path Determination for Aurora Energy Limited included a 10% limit on the annual increase in line charge revenue in order to reduce the price impact on consumers. Combined with the impact of volume driven revenue variances the total deferred revenue at 31 March 2023 is \$39.315 million (2022: \$13.417 million). This deferred revenue will be recovered from consumers in future financial years commencing from around 2027.

Customer contributions

Customer contribution revenue relates to contributions received from customers towards the costs of reticulating electricity to new connections, constructing uneconomic lines and relocating existing network assets. Revenue is generally recognised at the time the new connection is fully constructed and lived in. For contracts with multiple performance obligations revenue is recognised at the point in time when each performance obligation is satisfied.

Electrical services

Electrical Services revenue is derived from the construction of electrical infrastructure assets. The construction of each individual piece of infrastructure is generally taken to be one performance obligation. Where contracts are entered for several projects the total transaction price is allocated across each project based on stand-alone selling prices. Revenue from construction contracts is recognised over time on a cost-to-cost method i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The DCC Group considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations. The Group generally becomes entitled to invoice customers through a monthly claim based on a measure and value calculation or on a milestone basis. The customer is sent a relevant claim or statement of work, the customer assesses the claim and approves it for payment on which an invoice is raised. The Group recognises a contract asset (Work in Progress) for any work performed. Any amount recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the invoiced amount exceeds the revenue recognised to date under the cost-to-cost method, then the Group recognises a contract liability (Income in Advance) for the difference.

A small amount of Delta Utility Services Limited's contracts include performance bonuses for meeting relevant performance KPIs. In this instance the expected value of revenue is only recognised to the amount management considers it likely, measurable and recoverable. This is assessed on a periodic basis and is based on all available information including historic performance. Where modifications in design or contract requirements are entered into, the transaction price is updated to reflect these. Where the price of the modification has not been confirmed, an estimate is made of the amount of revenue to recognise.

Construction and service contracts can include defect and warranty periods following completion of the project. These obligations are not deemed to be separate performance obligations and therefore are estimated and included in the total costs of the contracts. Where required, amounts are recognised in provisions. Where material a retention is held or a performance bond is put in place to reflect this claim/defects periods. Where material costs are incurred to obtain or fulfil a contract, these costs are held on the balance sheet and amortised over either the life of the contract or, in the case of a construction contract, in line with the stage of completion.

Forestry sales revenue

In respect of export sales, the largest category of forestry sales revenue, the Group has determined that there are two performance obligations. The Group is obligated under the contract to supply the specified goods and also to arrange and pay for shipping and insurance on behalf of the customer. Control of the goods passes, and the service of arranging shipping and insurance is complete, at the point when the goods have been loaded onto a ship at the port of departure, to be delivered to the customer's chosen destination. Revenue is recognised at this point in time. In respect of domestic sales within New Zealand, control is considered to be transferred to the customer on delivery of the goods.

Venues management income

All venues management income is either related to an ongoing contract over a period of time (unused contracts quantified and shown as contract liabilities), or is event based. Memberships, corporate box licenses, signage and sponsorship agreements range from one year to ten years. Payment for these items has been received and recorded as income received in advance. This income is amortised as revenue on a straight-line basis over the term of the agreement.

Other fees, charges and revenue

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.

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 other operating leases 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 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
General grants	6,447	7,092	6,390	6,874
Otago Museum levy	4,720	4,531	4,720	4,531
Directors' remuneration	–	–	1,164	1,201
Elected members' remuneration and expenses	1,964	1,881	1,964	1,881
Bad debts	3	–	230	81
Increase (decrease) in after-care provision	2,963	1,354	2,963	1,354
Increase (decrease) in doubtful debt provision	710	284	605	175
Impairment of property, plant and equipment	–	279	2,956	279
Investment property operating expenses	3,939	3,508	3,939	3,508
Fair value loss on investment property	11,290	–	11,290	–
Inventories expensed	27	124	27	124
Loss on disposal of property, plant and equipment	1	92	954	2,379
Operating lease expense	1,406	1,127	5,477	4,592
Research expenditure	–	–	31	4
Transmission costs on the energy network	–	–	31,972	31,068
Maintenance costs on the energy network	–	–	2,189	1,588
Cost of bush applied	–	–	12,712	13,408
Shipping costs	–	–	22,794	28,138
Other expenditure	135,930	119,105	206,144	182,908
	169,400	139,377	318,521	284,093

Relevant significant accounting policies

General grants

Non-discretionary grants are grants that are 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 of property, plant and equipment

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.

The 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 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
<i>Fees paid to Audit New Zealand for:</i>				
Audit fees for the audit of financial statements 2023	290	–	946	–
Audit fees for the audit of financial statements 2022	56	205	104	654
Audit fees for the audit of financial statements 2021	–	21	–	21
Regulatory (information disclosure) reporting	–	–	56	46
Price and quality thresholds and other regulatory reporting	–	–	35	68
Annual delivery report	–	–	65	–
	346	226	1,206	789

9 Financial expenses

	CORE COUNCIL		CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Overdraft interest	–	7	–	7
Loss on sale of investments	61	–	61	–
Loss on sale of foreign currency transactions	–	–	1,606	–
Fair value loss on investments	437	7,415	437	7,415
Interest paid to subsidiaries	15,540	8,553	–	–
Term interest	–	–	38,414	23,021
Interest – capitalised	–	–	(450)	–
	16,038	15,975	40,068	30,443

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 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Operational	16,641	15,855	48,798	46,683
Infrastructural	86,644	59,310	86,644	59,310
Restricted and heritage	5,456	5,167	5,456	5,167
As per note 30 Property, plant and equipment	108,741	80,332	140,898	111,160
Intangible	1,387	1,017	2,821	2,069
	110,128	81,349	143,719	113,229

Depreciation and amortisation expense by group of activity

	CORE COUNCIL	
	Actual 2023 \$000	Actual 2022 \$000
Roading and footpaths	27,593	24,603
Water supply	31,475	15,253
Sewerage and sewage	19,016	13,516
Stormwater	7,729	5,247
Reserves and recreational facilities	5,423	5,181
Property	13,735	13,144
Galleries, libraries and museums	1,364	1,279
Regulatory services	82	257
Waste management	908	758
Community and planning	32	31
Economic development	15	24
Governance and support services	2,756	2,056
	110,128	81,349

11 Total group expenditure

	CORE COUNCIL		
	Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000
Roading and footpaths	65,355	54,648	55,377
Water supply	52,361	36,928	34,147
Sewerage and sewage	42,433	35,988	34,820
Stormwater	14,887	11,537	10,115
Reserves and recreational facilities	39,434	40,311	36,856
Property	52,730	40,478	36,184
Galleries, libraries and museums	28,127	27,971	26,570
Regulatory services	18,262	18,687	16,823
Waste management	23,367	19,423	20,053
Community and planning	15,526	15,589	14,826
Economic development	7,765	5,680	7,789
Governance and support services	49,763	44,939	46,918
Total expenditure per activity	410,010	352,179	340,478
Less: Internal expenditure	(38,813)	(35,634)	(35,264)
Total expenditure per financial statements	371,197	316,545	305,214

12 Reconciliation of surplus of operating funding to operating surplus (deficit) before taxation

The following reconciliation bridges the difference between the funding impact statement and the statement of comprehensive revenue and expenditure.

	CORE COUNCIL	
	Actual 2023 \$000	Actual 2022 \$000
Surplus of operating funding	43,739	53,187
Operating surplus items not included in operating funding:		
Capital grants and subsidies	32,125	25,791
Development contributions	2,839	3,687
Gain on fair value of investment property	–	11,440
Gain on fair value of investments	3,643	64
Profit on sale of investments	34	514
Vested assets	2,375	6,784
Depreciation and amortisation	(110,128)	(81,349)
Fair value loss on investment properties	(11,290)	–
Fair value loss on investments	(437)	(7,415)
Impairment of property, plant and equipment	–	(279)
Loss on disposal of property, plant and equipment	(1)	(92)
Loss on sale of investments	(61)	–
Operating surplus (deficit) before taxation	(37,162)	12,332

13 Remuneration and staffing

Personnel expenses

	CORE COUNCIL		CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Salaries and wages	70,916	64,560	137,274	126,064
Defined contribution plan employer contributions	2,552	2,281	5,645	5,121
Other personnel costs	1,817	1,446	2,819	2,315
	75,285	68,287	145,739	133,499

Relevant significant accounting policies

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

Defined contribution schemes

Employer contributions to Kiwisaver, the Local Government Superannuation Scheme SuperEasy and other defined contribution superannuation schemes are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit when incurred.

Other disclosures

a) Severance payments

There were 5 severance payments made during the year: \$69,422, \$37,421, \$17,807, \$14,366, \$12,594. (2022: \$37,410, \$6,701.)

b) Chief Executive remuneration

Sandy Graham; 1 July 2022 to 30 June 2023 \$449,758.

Sandy Graham; 1 July 2021 to 30 June 2022 \$418,080.

c) 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 throughout the industry.

The number of full-time employees who were employed as at 30 June 2023 is 664.76 (2022: 626.26)

The number of full-time equivalent other employees as at 30 June 2023 is 200.91 (2022: 137.63)

(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 pro rata basis where part-time hours apply.)

d) The number of employees as at 30 June 2023 receiving;

Less than \$60,000	483
\$60,000 to \$79,999	227
\$80,000 to \$99,999	205
\$100,000 to \$119,999	129
\$120,000 to \$139,999	47
\$140,000 to \$159,999	21
\$160,000 to \$179,999	11
\$180,000 to \$199,999	6
\$200,000 to \$259,999	6
\$260,000 to \$459,999	6

The number of employees as at 30 June 2022 receiving;

Less than \$60,000	424
\$60,000 to \$79,999	214
\$80,000 to \$99,999	173
\$100,000 to \$119,999	110
\$120,000 to \$139,999	29
\$140,000 to \$159,999	17
\$160,000 to \$179,999	10
\$180,000 to \$239,999	7
\$240,000 to \$419,999	6

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 2023 and 2022 exceed a \$20,000 movement. The less than 5 criterion does not apply to the top band.

e) Remuneration paid to elected members

This information is required under Schedule 10, Part 3, Clause 32 of the Local Government Act 2002. Differences in remuneration between elected members is the result of different responsibilities assigned to elected members.

MAYOR AND COUNCILLORS

		COUNCIL REMUNERATION	ROLE
Radich J		143,948	Mayor
Acklin W R		63,910	
Barker S	1	99,105	Deputy Mayor
Benson-Pope D H	1	81,580	
Garey C P	1	83,108	Deputy Mayor part-year
Gilbert K M		55,063	
Houlahan C		85,205	
Laufiso M E	3	89,822	
Lucas C R	1	55,504	
Mayhem A E O		55,063	
O'Malley J P	1, 2	99,741	
Vandervis L	3	85,537	
Walker S A	1, 2	86,485	
Weatherall B K		55,063	
Whiley A P	1	90,883	

Outgoing members October 2022

Hawkins A G	49,351	Mayor
Elder R A	21,295	
Hall D W	21,295	
Lord M L	25,619	
Staynes C J	25,554	
	1,373,131	

1. Includes Consent Hearing fees

2. Includes Second Generation Variation 2 Plan Hearing fees

3. Includes District Licencing Committee fees

14 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 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Surplus (deficit) before taxation	(37,162)	12,330	(30,339)	9,398
(Gain) loss on fair value of investment property	11,290	(11,440)	11,290	(11,440)
Vested assets	(2,375)	(6,784)	(2,375)	(6,784)
Net non-taxable other income/non-deductible expenditure	26,965	3,042	34,772	5,718
Income subject to taxation	(1,282)	(2,852)	13,348	(3,108)
Prima facie taxation at 28%	(359)	(799)	3,737	(870)
Plus other adjustments	–	–	134	613
Imputation credits	–	–	–	–
Less tax effect of subvention payments	–	–	–	–
Group recognition of deferred tax in current year	–	–	(52)	–
Under (over) provisions prior years	(422)	(370)	(675)	(224)
Taxation charge	(781)	(1,169)	3,144	(481)

The taxation charge is represented by:

– Current taxation	(359)	(799)	1,067	2,176
– Deferred taxation		–	3,733	(2,434)
– Under (over) tax provision in prior years	(422)	(370)	(2,739)	20
– Under (over) deferred tax in prior years	–	–	1,083	(243)
	(781)	(1,169)	3,144	(481)

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 2023 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.

Imputation credit account. The Group has access to consolidated Group imputation credits that relate to 30 June 2023 and earlier years which will be available for use in subsequent reporting periods totalling \$17,926,214 (2022: \$17,727,257). This is after taking into account imputation credits attached to accrued dividends and known income tax payments/refunds.

Deferred taxation

	Group 2023 \$000	Group 2023 \$000	Group 2023 \$000	Group 2023 \$000	Group 2023 \$000	Group 2023 \$000
	Opening Balance Sheet	Charged to Equity	Charged to Income	Closing Balance Sheet Assets	Closing Balance Sheet Liabilities	Closing Balance Sheet Net
Property, plant and equipment, and intangibles	49,933	–	3,296	(869)	54,098	53,229
Provisions	6,056	–	1,238	(2,845)	10,139	7,294
Tax losses	(7,912)	–	(923)	(8,835)	–	(8,835)
Forest	39,870	–	517	–	40,387	40,387
Forest costs capitalised	11,060	–	602	–	11,662	11,662
Carbon credits and other Investments	21,456	(10,774)	130	(118)	10,930	10,812
Hedge reserve – foreign exchange contracts	(1,002)	236	–	(766)	–	(766)
Hedge reserve – interest rate swaps	7,326	3,016	(46)	20	10,276	10,296
Balance at the end of the year	126,787	(7,522)	4,814	(13,413)	137,492	124,079

	Group 2022 \$000	Group 2022 \$000	Group 2022 \$000	Group 2022 \$000	Group 2022 \$000	Group 2022 \$000
	Opening Balance Sheet	Charged to Equity	Charged to Income	Closing Balance Sheet Assets	Closing Balance Sheet Liabilities	Closing Balance Sheet Net
Property, plant and equipment, and intangibles	46,755	–	3,178	(1,367)	51,300	49,933
Provisions	5,592	–	464	(3,321)	9,377	6,056
Tax losses	(4,754)	–	(3,161)	(7,912)	–	(7,912)
Forest	40,414	–	(544)	–	39,870	39,870
Forest costs capitalised	10,638	–	422	–	11,060	11,060
Carbon credits	13,350	11,233	(3,127)	(426)	21,882	21,456
Hedge reserve – foreign exchange contracts	246	(1,248)	–	(1,002)	–	(1,002)
Hedge reserve – interest rate swaps	(9,059)	16,295	91	–	7,326	7,326
Balance at the end of the year	103,182	26,280	(2,677)	(14,028)	140,815	126,787

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 statement of financial position 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.

15 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.

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.

a) Accumulated funds

	CORE COUNCIL		CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Opening balance	1,723,214	1,709,845	1,899,727	1,881,963
Surplus (deficit)	(36,381)	13,499	(33,483)	9,879
Adjustments	–	–	–	–
Transfers to:				
– Gains (losses) on interest rate swaps and foreign exchange transactions	–	–	–	–
– Carbon credit reserve	–	–	–	8,015
– Restricted reserves	(1,432)	(776)	(1,432)	(776)
Transfers from:				
– Restricted reserves	778	646	778	646
Closing balance	1,686,179	1,723,214	1,865,590	1,899,727

Accumulated funds includes the forestry reserve. The forestry reserve arises with the revaluation of the forestry assets which is put to the statement of comprehensive income. There is a transfer between retained earnings and the forestry reserve of the revaluation net of deferred taxation.

b) Revaluation reserves

	CORE COUNCIL		CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Opening balance	2,576,165	1,793,209	2,600,469	1,812,113
Gain (loss) recognised on assets of associates	–	–	20	5,400
Property, plant and equipment revaluations	81,709	782,956	81,709	782,956
Closing balance	2,657,874	2,576,165	2,682,198	2,600,469

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

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 2023 \$000	Transfers Inwards 2023 \$000	Transfers Outwards 2023 \$000	Closing Balance 2023 \$000
A. H. Reed Capital Account to extend the Reed library collections	259	6	–	265
R. J. Trust Capital Account to extend library collections	313	7	–	320
G. McKay Housebound Capital Account to extend library collections	11	–	–	11
Clive R. B. Lister Capital Account to maintain the Clive Lister garden	250	6	–	256
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	48	1	–	49
DCC Recreation Loans Reserve to fund small loans to recreation clubs	265	6	–	271
Self Funded Insurance Reserve	321	7	–	328
Library Dunningham Bequest	13	–	–	13
Air Development Capital Reserve to develop the Taieri aerodrome	387	9	–	396
CARS Bethunes Operations Reserve	18	–	–	18
Dog Control Operations Reserve	13	–	–	13
Roading Property Reserve for property purchases	17	–	–	17
Road Maintenance 7 View St Waitati	9	–	–	9
Trans Net Mosgiel East	132	3	–	135
Library General operations Fund Reserve	97	2	–	99
Sportsground Upgrade Logan Park Reserve of development contributions	(194)	–	–	(194)
Sportsground Upgrade Bathgate Park Reserve of development contributions	21	–	–	21
Sportsground Upgrade Hancock Park Reserve of development contributions	32	1	–	33
Playground Upgrade Reserve of development contributions	9	–	–	9
Mosgiel East Reserve of development contributions	252	6	–	258
Mere Mere Over View Subsidiary Reserve	76	2	–	78
Aviary Bird Fund Operations Reserve	28	1	–	29
Mediterranean Garden Development Reserve	15	–	–	15
Craigie Burn Operations Reserve	370	8	–	378
Ocean View Sand Sausage Reserve	158	4	–	162
Waikouaiti Forest Replanting Reserve	133	3	–	136
Walton Park Reserve works	61	1	–	62
Cemetery Service Fund Maintenance Reserve	2,187	–	–	2,187
Art Gallery Funded Operations Reserve	431	11	–	442
Sale of Reserve Land Reserve	17	1	–	18
Hillary Commission General Subsidies Reserve	34	1	–	35
Bateman Bequest to extend Art Gallery collection	549	12	–	561
Harding Bequest Art Gallery Operations Reserve	32	1	–	33

Wastewater Mosgiel East	45	1	–	46
Waste Minimisation Reserve	583	1,259	778	1,064
EPH Renewal Fund Reserve community housing	2,146	48	–	2,194
Endowment Property Investment Reserve	1,119	25	–	1,144
Totals	10,271	1,432	778	10,925

Last Year

Name and brief description of the purpose of the reserve where not indicated in the reserve name.	Opening Balance 2022 \$000	Transfers Inwards 2022 \$000	Transfers Outwards 2022 \$000	Closing Balance 2022 \$000
A. H. Reed Capital Account to extend the Reed library collections	256	3	–	259
R. J. Trust Capital Account to extend library collections	310	3	–	313
G. McKay Housebound Capital Account to extend library collections	11	–	–	11
Clive R. B. Lister Capital Account to maintain the Clive Lister garden	247	3	–	250
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	48	–	–	48
DCC Recreation Loans Reserve to fund small loans to recreation clubs	262	3	–	265
Self Funded Insurance Reserve	318	3	–	321
Library Dunningham Bequest	13	–	–	13
Air Development Capital Reserve to develop the Taieri aerodrome	383	4	–	387
CARS Bethunes Operations Reserve	18	–	–	18
Dog Control Operations Reserve	13	–	–	13
Roading Property Reserve for property purchases	17	–	–	17
Road Maintenance 7 View St Waitati	9	–	–	9
Trans Net Mosgiel East	131	1	–	132
Library General Operations Fund Reserve	96	1	–	97
Sportsground Upgrade Logan Park Reserve of development contributions	(192)	–	2	(194)
Sportsground Upgrade Bathgate Park Reserve of development contributions	21	–	–	21
Sportsground Upgrade Hancock Park Reserve of development contributions	32	–	–	32
Playground Upgrade Reserve of development contributions	9	–	–	9
Mosgiel East Reserve of development contributions	249	3	–	252
Mere Mere Over View Subsidiary Reserve	75	1	–	76
Aviary Bird Fund Operations Reserve	28	–	–	28
Mediterranean Garden Development Reserve	15	–	–	15
Craigie Burn Operations Reserve	366	4	–	370
Ocean View Sand Sausage Reserve	156	2	–	158
Waikouaiti Forest Replanting Reserve	274	3	144	133
Walton Park Reserve works	60	1	–	61
Cemetery Service Fund Maintenance Reserve	2,187	–	–	2,187
Art Gallery Funded Operations Reserve	427	4	–	431
Sale of Reserve Land Reserve	17	–	–	17
Hillary Commission General Subsidies Reserve	34	–	–	34
Bateman Bequest to extend Art Gallery collection	543	6	–	549
Harding Bequest Art Gallery Operations Reserve	32	–	–	32
Wastewater Mosgiel East	45	–	–	45
Waste Minimisation Reserve	385	698	500	583
EPH Renewal Fund Reserve community housing	2,124	22	–	2,146
Endowment Property Investment Reserve	1,108	11	–	1,119
Totals	10,141	776	646	10,271

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 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Opening balance	(20)	(656)	16,244	(23,084)
Gains (losses) on interest rate swaps and foreign exchange transactions	20	636	8,381	39,328
Closing balance	–	(20)	24,625	16,244

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 2023 \$000	Actual 2022 \$000
Opening balance	37,781	16,862
Transfer to retained earnings	–	(8,015)
Net revaluation of carbon credits	(32,682)	28,934
Closing balance	5,099	37,781

The carbon credit reserve records movements in the fair value of carbon. The amount held in the reserve is net of deferred tax where relevant. Any value above initial recognition is held in the Carbon Credit revaluation reserve.

f) Forest land revaluation reserve

	CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000
Opening balance	49,840	39,683
Net revaluation of forest land	(1,950)	10,157
Closing balance	47,890	49,840

16 Cash and cash equivalents

	CORE COUNCIL		CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Cash in bank and on hand	9,085	11,986	20,530	26,354
	9,085	11,986	20,530	26,354

Relevant significant accounting policies

Cash and cash equivalents are comprised 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 statement of financial position.

17 Trade and other receivables and term receivables

Trade and other receivables

	CORE COUNCIL		CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Trade debtors	19,466	18,072	47,107	46,736
Rate accounts issued and owing	6,577	5,029	6,577	5,029
Other debtor accounts issued and owing	3,215	2,789	5,082	3,265
Less: provision for uncollectability	(3,551)	(2,841)	(4,013)	(3,407)
Work in progress	–	–	3,451	–
	25,707	23,049	58,204	51,623

Total trade and other receivables comprise:

Receivables from non-exchange transactions – this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	23,082	20,521	22,903	17,887
Receivables from exchange transactions – this includes outstanding amounts for fees and charges that have not been subsidised by rates including commercial sales	2,625	2,528	35,301	33,736

Provision for uncollectability of receivables movements

Opening balance provision for uncollectability	(2,841)	(2,557)	(3,407)	(3,249)
Additional provisions made during the year	(1,426)	(836)	(1,566)	(887)
Provisions reversed during the year	716	548	728	640
Receivables written-off during the year	–	4	232	89
Closing balance provision for uncollectability	(3,551)	(2,841)	(4,013)	(3,407)

Provision for uncollectability of receivables analysis

Impaired credit loss	(2,424)	(2,015)	(2,424)	(2,015)
Expected credit loss	(1,127)	(826)	(1,589)	(1,392)
	(3,551)	(2,841)	(4,013)	(3,407)

Term receivables

	CORE COUNCIL		CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Term receivables	–	–	–	–
	–	–	–	–

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 PBE IPSAS 41 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.

Work in progress is stated at estimated realisable value, after providing for non-recoverable amounts. Work in progress represents work from contracts which has been performed, but which is unable to be billed as the right to consideration remains conditional.

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer and the performance obligations have been satisfied.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable and where the company believes the identified performance obligations have been satisfied. Contract costs are recognised as expenses in the period in which they are incurred.

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

18 Inventories

	CORE COUNCIL		CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Raw materials in store (at cost)	346	322	7,914	7,216
Finished goods (at cost)	–	–	–	–
	346	322	7,914	7,216

The Council inventories are not pledged as security for liabilities (2022: \$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.

19 Non-current assets held for sale

	CORE COUNCIL		CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Land and buildings	905	–	905	–
Other assets	–	–	–	–
	905	–	905	–

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).

20 Other financial assets

Other current financial assets

	CORE COUNCIL		CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Waipori Fund interest bearing securities	4,396	7,999	4,396	7,999
Other financial assets	–	–	113	275
	4,396	7,999	4,509	8,274

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 and not more than twelve months. The effective interest rate is between 3.37% and 4.88% (2022: 3.56% and 4.76%).

Other non-current financial assets

	CORE COUNCIL		CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Waipori Fund interest bearing securities	35,784	31,614	35,784	31,614
Waipori Fund equity investments	52,086	48,813	52,086	48,813
Other shares	481	481	505	502
LGFA Borrower Notes	–	–	3,125	–
Advances to subsidiaries	112,000	112,000	–	–
	200,351	192,908	91,500	80,929

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 2023, the interest rate on the advance was 5.27% (2022: 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.

21 Shares in subsidiary companies

	CORE COUNCIL	
	2023 \$000	2022 \$000
Shares Dunedin City Holdings Limited	133,789	131,239

On incorporation, Dunedin City Holdings Limited issued 100,000,000 ordinary shares in favour of the Dunedin City Council. Only \$100,000 was 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 1,200,000,000 are uncalled. During the year ended 30 June 2023 a further 2,550,000 ordinary shares were issued and called and a further 225,000,000 ordinary shares were issued but remain uncalled. The amounts and dates of all issues made since incorporation 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
– April 2020	125,100,000
– June 2020	2,550,000
– June 2021	2,550,000
– June 2022	2,550,000
– August 2022	225,000,000
– June 2023	2,550,000
Total number of shares	1,333,789,000
– 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)
– June 2020 call	(2,550,000)
– June 2021 call	(2,550,000)
– June 2022 call	(2,550,000)
– June 2023 call	(2,550,000)
Total number of uncalled shares	1,200,000,000

22 Investment in associates

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Interest and advances in associate company	–	–	42,693	41,026
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 2023 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.

There were no contingent liabilities arising from the DCC Group's involvement in the associate companies as at 30 June 2023.

Summarised balance sheet

	Other Associates		Dunedin International Airport Limited	
	As at 30 June		As at 30 June	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Current assets				
Cash and cash equivalents	366	287	1,723	1,685
Other current assets	6	41	1,723	1,594
Total current assets	372	328	3,446	3,279
Non-current assets	2,301	2,322	111,023	110,774
Total assets	2,673	2,650	114,469	114,053
Current liabilities	405	246	4,149	2,103
Non-current liabilities				
Financial liabilities	2,200	2,200	9,000	13,250
Other financial liabilities		–	15,889	16,603
Total non-current liabilities	2,200	2,200	24,889	29,853
Total liabilities	2,605	2,446	29,038	31,956
Net assets	68	204	85,431	82,097
Less impairment		–		–
Other adjustments	(68)	(204)	(46)	(46)
Net assets after impairment and other adjustments	–	–	85,385	82,051
Carrying value of associates	–	–	42,693	41,026
	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	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Total revenue	676	648	20,648	13,222
Less expenses				
Other expenses	202	204	9,937	8,101
Interest expense	163	90	570	482
Depreciation and amortisation	15	16	4,214	3,891
Total expenses	380	310	14,721	12,474
Operating surplus (deficit) before tax	296	338	5,927	748
Less income tax	81	92	1,611	284
Operating surplus (deficit) after tax	215	246	4,316	464
Other comprehensive income	–	–	41	10,800
Total comprehensive income (deficit)	215	246	4,357	11,264
Dividend received from associate	72	82	512	312

Relevant significant accounting policies

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments in associates are accounted for in the Group financial statements using the equity method of accounting.

Investments in associates are measured at cost in the Council's parent financial statements.

Under the equity method of accounting, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of the change in net assets of the entity after the date of acquisition. The Group's share of the surplus or deficit is recognised in the group surplus or deficit. Distributions received from the investee reduce the carrying amount of the investment in the Group financial statements.

If the share of deficits of the associate equals or exceeds the interest in the associate, the Group discontinues recognising its share of further deficits. After the Group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the entity. If the entity subsequently reports surpluses, the group will resume recognising its share of the those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where the Group transacts with an associate, surpluses or deficits are eliminated to the extent of the Group's interest in the associate.

Critical judgements in applying accounting policies

Dunedin International Airport (DIAL) is a key part of Dunedin's infrastructure. The investment in this infrastructure is to support and provide benefit to the city. DIAL is owned 50% by the Group and 50% by the Crown. With equal voting rights, control is shared with the Crown.

Golden Block Investments Limited owns and manages a retail property in the central business area of Dunedin and is owned 49.99% by Dunedin City Council. The Council has concluded that it is in a position to exercise significant influence but as it does not have a majority shareholding, does not control Golden Block Investments Limited for financial reporting purposes.

23 Non-quantifiable ownership interests

Otago Museum

Dunedin City Council (the Council) is a major contributor of operational funding to the Otago Museum through payment of an annual levy (2023: \$4.720m; 2022: \$4.531m). This funding is based on a statutory requirement. The Council has limited ability to modify the level of this financial support as in any given year the contribution cannot be less than the previous year. The Council has the power to appoint 4 of the 10 board members on the Otago Museum Trust Board. As each matter before the board requires majority voting the Council is unable to enact decisions unilaterally. There are limited financial benefits to the Council through rent/rates paid. Indirect financial and non-financial benefits are received through the betterment of the city and contributing to the relevant strategies of Council.

24 Short term borrowings

	CORE COUNCIL		CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Short term borrowings	–	–	1,502	1,497
	–	–	1,502	1,497

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.

25 Trade and other payables, and revenue in advance

	CORE COUNCIL		CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Trade and other payables				
Trade payables and accrued expenses	41,823	40,385	58,442	58,241
Contract retentions	1,720	1,537	1,720	1,537
Other payables	2,101	1,066	16,542	14,175
	45,644	42,988	76,704	73,953
Total trade and other payables comprise:				
Payables from exchange transactions	45,375	42,490	76,441	73,457
Payables from non-exchange transactions	269	498	263	496
Revenue received in advance				
Rates in advance	1,512	1,303	1,512	1,303
Other revenue in advance	5,523	7,321	8,868	7,321
	7,035	8,624	10,380	8,624

Relevant significant accounting policies

Trade and other payables are stated at cost.

26 Employee entitlements

	CORE COUNCIL		CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Current portion				
Accrued leave	7,167	6,286	13,505	12,650
Accrued long service leave	555	490	955	934
Sick leave over and above annual average	147	147	278	275
Accrued pay	2,045	2,410	2,309	2,652
Retirement gratuities	123	252	427	581
	10,037	9,585	17,474	17,092
Non-current portion				
Accrued long service leave	590	597	1,252	1,192
Retirement gratuities	614	569	735	699
	1,204	1,166	1,987	1,891

Relevant significant accounting policies

Current portion employee entitlements

Employee benefits that are expected to be settled wholly before twelve months after the reporting period in which the employees render the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned to but not yet taken at balance date.

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 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.

Non-current portion employee entitlements

Employee benefits that are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

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.

27 Term loans

	CORE COUNCIL		CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Total loan balance	460,273	334,273	1,084,286	891,651
Less current portion	–	–	–	–
Non-current portion	460,273	334,273	1,084,286	891,651
Non-current portion				
Promissory notes issued	–	–	202,558	174,013
Bonds issued	–	–	881,255	717,165
Related parties	459,800	333,800	–	–
Suspensory loan	473	473	473	473
	460,273	334,273	1,084,286	891,651

Accrued interest of \$3.144m on the loan balance of \$459.8m has been included in accrued expenditure in trade and other payables (note 24).

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

As at 30 June 2023, the Group had a \$1,200 million multi option instrument issuance facility (subsequently increased to \$1,600 million effective 8 September 2023) which is secured against certain assets and undertakings of the Dunedin City Council Group. Group debt is raised through Dunedin City Treasury Limited, by issuing long dated bonds, floating rate notes or by the issue of promissory notes. In addition, Dunedin City Treasury also borrows funds from the New Zealand Local Government Funding Agency.

Three independent banks have provided committed facilities to the amount of \$220 million (2022: \$200 million).

The amount of unamortised premium or (discount) on bonds on issue at 30 June 2023 is nil (2022: 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 (LGFA).

Borrower notes are subordinated convertible debt instruments that the Company subscribes for an amount equal to 2.5% of the total long-term borrowings from LGFA. LGFA will redeem borrower notes when the Company's related borrowings are repaid or no longer owed to LGFA. At 30 June 2023 the Company had subscribed to \$3.125m of borrower notes.

While the contractual maturities of the Group's debt are not all long-term, the Group expects and has the discretion to refinance debt under the multi option instrument issuance facility. As per the face of the accounts, the Group has therefore determined that all debt is non-current.

Analysis term loans non-current	Interest Rate	Group 2023 \$000	Group 2022 \$000
Promissory notes		202,558	174,013
Floating rate notes 15/10/22	56bp over BKBM	–	50,000
Medium term notes 15/11/22	Coupon rate 1.51%	–	45,000
Medium term notes 16/10/23	Coupon rate 0.36%	50,000	50,000
Floating rate notes 15/02/24	65bp over BKBM	25,000	25,000
Medium term notes 16/10/24	Coupon rate 3.79%	35,000	35,000
Floating rate notes 01/04/25	30bp over BKBM	50,000	50,000
Medium term notes 17/7/25	Coupon rate 3.61%	50,000	50,000
Floating rate notes 15/10/25	47bp over BKBM	75,000	–
Medium term notes 15/4/26	Coupon rate 3.98%	65,000	65,000
Medium term notes 15/3/26	Coupon rate 2.90%	50,000	50,000
Medium term notes 15/11/26	Coupon rate 2.09%	55,000	55,000
Medium term notes 16/11/26	Coupon rate 0.676%	60,000	60,000
Medium term notes 18/04/28	Coupon rate 1.93%	110,000	110,000
Medium term notes 15/11/28	Coupon rate 5.55%	60,000	
Medium term notes 27/11/28	Coupon rate 3.22%	100,000	100,000
Floating rate notes 09/02/30	67bp over BKBM	75,000	–
Floating rate notes 09/02/30	78.1bp over BKBM	25,000	–
Floating rate notes 15/05/31	75.8bp over BKBM	25,000	–
Fair value impact on bonds		(28,745)	(27,835)
Housing NZ loan		473	473
		1,084,286	891,651

Contractual maturity analysis of term loans

The following is a maturity analysis of the term loans

	CORE COUNCIL		CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Repayable less than one year	–	–	276,728	268,667
Effective interest rate			4.75%	2.18%
Repayable between one to five years	473	473	530,917	434,906
Effective interest rate			3.33%	2.46%
Repayable later than five years	459,800	333,800	276,641	188,078
Effective interest rate	3.38%	2.56%	5.13%	3.11%
	460,273	334,273	1,084,286	891,651

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 PBE IPSAS 1.

The fair value of the Group's borrowings, by discounting their future cash flows at the market rate, is estimated to be as follows:

	CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000
Multi-option note facility	1,064,895	874,971

Relevant significant accounting policies

Borrowings are initially recorded net of directly attributable transaction costs. 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.

28 Reconciliation of movements in liabilities arising from financing activities

The tables below provide a reconciliation between the opening and closing balance of liabilities with cash flows that were, or future cash flows that will be, classified as a financing activity in the statement of cash flows

	CORE COUNCIL		
	Short term borrowings	Long term borrowings	Total liabilities from financing activities
	2023 \$000	2023 \$000	2023 \$000
Opening balance	–	334,273	334,273
Net cash flows	–	126,000	126,000
Non-cash changes	–	–	–
Closing balance	–	460,273	460,273

	CORE COUNCIL		
	Short term borrowings	Long term borrowings	Total liabilities from financing activities
	2022 \$000	2022 \$000	2022 \$000
Opening balance	–	271,973	271,973
Net cash flows	–	62,300	62,300
Non-cash changes	–	–	–
Closing balance	–	334,273	334,273

	CONSOLIDATED		
	Short term borrowings	Long term borrowings	Total liabilities from financing activities
	2023 \$000	2023 \$000	2023 \$000
Opening balance	1,497	891,651	893,148
Net cash flows	5	193,545	193,550
Non-cash changes	–	(910)	(910)
Closing balance	1,502	1,084,286	1,085,788

	CONSOLIDATED		
	Short term borrowings	Long term borrowings	Total liabilities from financing activities
	2022 \$000	2022 \$000	2022 \$000
Opening balance	1,482	819,465	820,947
Net cash flows	15	104,155	104,170
Non-cash changes	–	(31,969)	(31,969)
Closing balance	1,497	891,651	893,148

29 Provisions

Landfill aftercare provision

	CORE COUNCIL		CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Opening balance	14,038	12,684	14,038	12,684
Amounts used	(1,437)	(1,890)	(1,437)	(1,890)
Unused amounts reversed	–	–	–	–
Additional provisions	5,732	4,947	5,732	4,947
Adjustment due to change in discount rate	(1,332)	(1,703)	(1,332)	(1,703)
Closing balance	17,001	14,038	17,001	14,038

The landfill aftercare provisions deal with the closed North Taieri landfill, the Green Island landfill and four other remaining smaller landfills.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation and discounted using rates based on market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash flows.

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 consents scheduled to expire in October 2023. Replacement consents have been applied for to continue to use the landfill until at least 2029.

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 2048.

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 gross provision before discounting is \$21.075m (2022: \$16.779m)

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

- replacement resource consents will be obtained and will not expire until at least 2029
- an inflation factor of 1.96% (2022: 1.84%)
- discount rates ranging from 4.88% to 5.43% per Treasury Guidelines (2022: 3.34% to 4.25%)

Relevant significant accounting policies

A provision is recognised in the statement of financial position 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.

30 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

Land and buildings – operational, infrastructure, restricted and heritage

Land and buildings have been valued at fair value by Aon New Zealand. The valuation is effective as at 30 June 2021. The personnel involved were: Peter Erceg (Director Valuation Services, Registered Valuer), Jonathon Dix (Senior Registered Valuer), Ben Radich (Senior Registered Valuer) and Colin Gliddon-Brown (Quantity Surveyor).

The key assumptions used are:

The majority of building assets are specialist in nature. Specialised assets are valued on the basis of Depreciated Replacement Cost (DRC).

DRC is determined by first establishing the cost to replace with an equivalent new asset less depreciation for physical, functional and economic obsolescence. Depreciation was applied on a straight-line basis to determine the depreciated replacement value.

Non-specialised building assets (for example, community housing) are valued at their 'current market price' based on compared market evidence.

Land is valued at fair value based on comparable market evidence taking into consideration adjustments for size, contour, quality, location, zoning and designation, current and potential uses.

Where the underlying land value for an alternative use is higher than the derived value for the existing use, the land value adopted is highest and best use.

Where land assets are designated Reserve Status the commonly accepted reserve methodology has been applied. The appropriate adjustments are made to reflect the retrieved nature of any future development potential.

Restrictions on the Council's ability to sell land would normally not impair the value of the land because the Council has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

Infrastructure assets

As required under section 6 paragraph 3 (c) of the Local Government (Financial Reporting and Prudence) Regulations 2014, the most recent estimated replacement cost of core infrastructure assets is stated as follows: roading assets, \$2,183,468,735; water treatment plant and facilities, \$212,633,861; water other assets, \$1,625,174,028; sewerage treatment plant and facilities \$255,855,351; sewerage other assets, \$1,617,612,561; stormwater assets; \$1,093,770,598.

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 as at 30 June 2023.

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

Rates from the 2022 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 2022 to March 2023.

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.

The 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

The DCC's three waters infrastructural assets comprises water reticulation, water plant and facilities, wastewater reticulation, wastewater plant and facilities, stormwater reticulation and stormwater plant and facilities.

At 30 June 2023, the DCC performed a fair value assessment of the movement in the value of its three waters assets based on price movement indices published by Statistics New Zealand. This assessment showed that the current carrying value of three waters assets is not materially different from its fair value. No revaluation of the three waters assets were therefore required and the amounts are stated at depreciated replacement cost as at the date of the 2022 valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The most recent valuation of three waters assets was performed by Peter Erceg and Roger Khoo of Aon Valuation Services. The valuation was effective as at 30 June 2022.

Three waters assets are stated at valuation being depreciable replacement cost. Optimisation has not been applied in determining depreciated replacement cost. DCC staff continue to investigate opportunities for optimisation, however, no opportunities for optimisation were identified through this valuation.

The valuation updated gross replacement cost (GRC), depreciable replacement cost (DRC) and annual depreciation as at 30 June 2022.

The key assumptions used in the valuation were:

Unit replacement costs (URC) for reticulation assets were based on a theoretical rate developed by the valuer, taking account of recent contract costs, the total cost of replacement of the asset, contract size and rates used by other comparable local authorities. The GRC for reticulation assets was derived by applying a depth factor, terrain factor and on-cost percentage to the theoretical rate. Significant judgement is required in developing and applying the unit rate, depth and terrain factors. Changes in these have the potential to cause a material adjustment to the carrying value of reticulation assets.

The replacement costs assume the incremental or “Brownfields” approach for replacement. This reflects a ‘reality-based’ replacement program and recognises the constraints with regards to the existing layout/network.

Where an asset’s age has exceeded its expected life and is still providing an acceptable level of service, the Council has assigned a default minimum useful life of 3 years.

Other restricted assets

Coastal structures, fences and barriers and raised structures have been valued at depreciated replacement cost by Keith Campbell of WSP. The valuation is effective as at 30 June 2021.

Hard surfaces and reticulation systems

Hard surfaces, and drainage and irrigation assets, have been valued at depreciated replacement cost by Keith Campbell of WSP. The valuation is effective as at 30 June 2022.

Fixed plant and equipment

Fixed plant and equipment has been valued at depreciated replacement cost by Keith Campbell of WSP. The valuation is effective as at 30 June 2021.

Playground and soft-fall areas

Playground equipment and soft-fall areas have been valued at depreciated replacement cost by WSP. The valuation is effective as at 30 June 2020. The personnel involved were Rachel Wells, Fraser Clarke and Keith Campbell.

Other heritage assets

Other 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, 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.

Heritage and cultural structures (monuments, statues and outdoor art) have been valued at fair value by Keith Campbell of WSP. The valuation is effective 30 June 2021. As the assets are specialised they have been valued using an optimised depreciated replacement cost approach.

Current year

	Balance as at 1 July 2022 \$000	Additions (assets constructed or purchased) \$000	Vested assets (assets transferred) \$000	Disposals \$000	Net revaluation/ (decrements) \$000	Depreciation \$000	Impairment \$000	Reclassification \$000	Total at 30 June 2023 \$000
Operational assets									
Gross carrying amount									
Land	159,570	1,352	–	–	(1,700)	–	–	–	159,222
Buildings and structures	282,035	8,475	–	–	(164)	–	–	(905)	289,441
Fixed plant and equipment	18,461	1,901	–	(9)	–	–	–	–	20,353
Vehicle, mobile plant	5,313	1,727	–	(681)	–	–	–	–	6,359
Office equipment	33,726	1,230	–	(9)	–	–	–	–	34,947
Library collection	14,068	946	–	–	–	–	–	–	15,014
Total	513,173	15,631	–	(699)	(1,864)	–	–	(905)	525,336
Accumulated depreciation/ amortisation and impairment									
Land	–	–	–	–	–	–	–	–	–
Buildings and structures	(13,059)	–	–	–	227	(13,201)	–	–	(26,033)
Fixed plant and equipment	(13,707)	–	–	9	–	(770)	–	–	(14,468)
Vehicle, mobile plant	(3,142)	–	–	616	–	(550)	–	–	(3,076)
Office equipment	(29,672)	–	–	7	–	(1,210)	–	–	(30,875)
Library collection	(11,688)	–	–	–	–	(910)	–	–	(12,598)
Total	(71,268)	–	–	632	227	(16,641)	–	–	(87,050)
Net book value									
Land	159,570	1,352	–	–	(1,700)	–	–	–	159,222
Buildings and structures	268,976	8,475	–	–	63	(13,201)	–	(905)	263,408
Fixed plant and equipment	4,754	1,901	–	–	–	(770)	–	–	5,885
Vehicle, mobile plant	2,171	1,727	–	(65)	–	(550)	–	–	3,283
Office equipment	4,054	1,230	–	(2)	–	(1,210)	–	–	4,072
Library collection	2,380	946	–	–	–	(910)	–	–	2,416
Total net book value	441,905	15,631	–	(67)	(1,637)	(16,641)	–	(905)	438,286

Current year

	Balance as at 1 July 2022	Additions (assets constructed or purchased)	Vested assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2023
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Infrastructural assets									
Gross carrying amount									
Land	38,551	–	–	–	–	–	–	–	38,551
Landfill provision capitalised	2,763	–	–	–	–	–	–	–	2,763
Roadways and bridges	1,277,550	42,931	–	–	55,817	–	–	–	1,376,298
Water reticulation	798,424	31,276	1,020	–	–	–	–	–	830,720
Water plant and facilities	76,079	1,539	–	–	–	–	–	–	77,618
Wastewater reticulation	493,116	20,503	608	–	–	–	–	–	514,227
Wastewater plant and facilities	109,456	10,480	–	–	–	–	–	–	119,936
Stormwater reticulation	256,869	17,791	747	–	–	–	–	–	275,407
Stormwater plant and facilities	3,508	–	–	–	–	–	–	–	3,508
Landfill plant and facilities	12,873	1,839	–	–	–	–	–	–	14,712
Total	3,069,189	126,359	2,375	–	55,817	–	–	–	3,253,740
Accumulated depreciation/ amortisation and impairment									
Landfill provision capitalised	(2,597)	–	–	–	–	(162)	–	–	(2,759)
Roadways and bridges	(13)	–	–	–	27,530	(27,559)	–	–	(42)
Water reticulation	(490)	–	–	–	–	(26,811)	–	–	(27,301)
Water plant and facilities	(194)	–	–	–	–	(4,622)	–	–	(4,816)
Wastewater reticulation	(73)	–	–	–	–	(12,809)	–	–	(12,882)
Wastewater plant and facilities	(648)	–	–	–	–	(6,207)	–	–	(6,855)
Stormwater reticulation	(119)	–	–	–	–	(7,490)	–	–	(7,609)
Stormwater plant and facilities	(48)	–	–	–	–	(239)	–	–	(287)
Landfill plant and facilities	(807)	–	–	–	–	(745)	–	–	(1,552)
Total	(4,989)	–	–	–	27,530	(86,644)	–	–	(64,103)
Net book value									
Land	38,551	–	–	–	–	–	–	–	38,551
Landfill provision capitalised	166	–	–	–	–	(162)	–	–	4
Roadways and bridges	1,277,537	42,931	–	–	83,347	(27,559)	–	–	1,376,256
Water reticulation	797,934	31,276	1,020	–	–	(26,811)	–	–	803,419
Water plant and facilities	75,885	1,539	–	–	–	(4,622)	–	–	72,802
Wastewater reticulation	493,043	20,503	608	–	–	(12,809)	–	–	501,345
Wastewater plant and facilities	108,808	10,480	–	–	–	(6,207)	–	–	113,081
Stormwater reticulation	256,750	17,791	747	–	–	(7,490)	–	–	267,798
Stormwater plant and facilities	3,460	–	–	–	–	(239)	–	–	3,221
Landfill plant and facilities	12,066	1,839	–	–	–	(745)	–	–	13,160
Total net book value	3,064,200	126,359	2,375	–	83,347	(86,644)	–	–	3,189,637

Current year

	Balance as at 1 July 2022	Additions (assets constructed or purchased)	Vested assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2023
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Restricted assets									
Gross carrying amount									
Land	298,981	924	–	–	–	–	–	–	299,905
Buildings and structures	44,767	19,459	–	–	–	–	–	–	64,226
Road reserve	194,600	66	–	–	–	–	–	–	194,666
Hard surfaces and reticulation systems	24,053	93	–	–	–	–	–	–	24,146
Fixed plant and equipment	8,184	194	–	–	–	–	–	–	8,378
Playground and soft-fall areas	5,773	1,801	–	–	–	–	–	–	7,574
Total	576,358	22,537	–	–	–	–	–	–	598,895
Accumulated depreciation amortisation and impairment									
Land	–	–	–	–	–	–	–	–	–
Buildings and structures	(1,901)	–	–	–	–	(1,976)	–	–	(3,877)
Road reserve	–	–	–	–	–	–	–	–	–
Hard surfaces and reticulation systems	(21)	–	–	–	–	(1,211)	–	–	(1,232)
Fixed plant and equipment	(971)	–	–	–	–	(700)	–	–	(1,671)
Playground and soft-fall areas	(1,135)	–	–	–	–	(508)	–	–	(1,643)
Total	(4,028)	–	–	–	–	(4,395)	–	–	(8,423)
Net book value									
Land	298,981	924	–	–	–	–	–	–	299,905
Buildings and structures	42,866	19,459	–	–	–	(1,976)	–	–	60,349
Road reserve	194,600	66	–	–	–	–	–	–	194,666
Hard surfaces and reticulation systems	24,032	93	–	–	–	(1,211)	–	–	22,914
Fixed plant and equipment	7,213	194	–	–	–	(700)	–	–	6,707
Playground and soft-fall areas	4,638	1,801	–	–	–	(508)	–	–	5,931
Total net book value	572,330	22,537	–	–	–	(4,395)	–	–	590,472

Current year

	Balance as at 1 July 2022	Additions (assets constructed or purchased)	Vested assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2023
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Heritage assets									
Gross carrying amount									
Land	6,050	-	-	-	-	-	-	-	6,050
Buildings	17,338	565	-	-	-	-	-	-	17,903
Collections	67,276	320	-	-	-	-	-	-	67,596
Monuments	4,649	-	-	-	-	-	-	-	4,649
Total	95,313	885	-	-	-	-	-	-	96,198
Accumulated depreciation amortisation and impairment									
Land	-	-	-	-	-	-	-	-	-
Buildings	(786)	-	-	-	-	(811)	-	-	(1,597)
Collections	(495)	-	-	-	-	-	-	-	(495)
Monuments	(250)	-	-	-	-	(250)	-	-	(500)
Total	(1,531)	-	-	-	-	(1,061)	-	-	(2,592)
Net book value									
Land	6,050	-	-	-	-	-	-	-	6,050
Buildings	16,552	565	-	-	-	(811)	-	-	16,306
Collections	66,781	320	-	-	-	-	-	-	67,101
Monuments	4,399	-	-	-	-	(250)	-	-	4,149
Total net book value	93,782	885	-	-	-	(1,061)	-	-	93,606
Capital work in progress									
Water and waste systems	31,023	13,713	-	-	-	-	-	-	44,736
Land and buildings	15,654	149	-	-	-	-	-	-	15,803
Other assets	9,314	23,482	-	-	-	-	-	-	32,796
Total capital work in progress	55,991	37,344	-	-	-	-	-	-	93,335
Council total net book value	4,228,208	202,756	2,375	(67)	81,710	(108,741)	-	(905)	4,405,336

Current year

	Balance as at 1 July 2022	Additions (assets constructed or purchased)	Vested assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2023
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Subsidiaries assets									
Gross carrying amount									
Land	10,202	–	–	–	–	–	–	157	10,359
Forest land	94,811	3,739	–	–	(1,949)	–	–	–	96,601
Buildings and structures	27,288	497	–	–	–	–	–	678	28,463
Fixed plant and equipment	22,692	2,744	–	(782)	–	–	(33)	1,437	26,058
Roadways and bridges	9,886	705	–	–	–	–	–	–	10,591
Stadium	223,655	700	–	(1,411)	–	–	–	–	222,944
Networks	786,503	367	–	(3,455)	–	–	–	84,174	867,589
Vehicle, mobile plant	30,920	1,903	–	(1,154)	–	–	–	758	32,427
Rolling stock and rail track	193	–	–	–	–	–	–	–	193
Construction	39,536	102,804	–	–	–	–	–	(100,358)	41,982
Office equipment	2,075	46	–	(1)	–	–	(1)	55	2,174
Total	1,247,761	113,505	–	(6,803)	(1,949)	–	(34)	(13,099)	1,339,381
Accumulated depreciation amortisation and impairment									
Land	–	–	–	–	–	–	–	–	–
Forest land	(1,122)	–	–	–	–	–	(2,956)	–	(4,078)
Buildings and structures	(5,548)	–	–	–	–	(616)	–	–	(6,164)
Fixed plant and equipment	(14,141)	–	–	757	–	(2,613)	16	–	(15,981)
Roadways and bridges	(5,101)	–	–	–	–	(257)	–	–	(5,358)
Stadium	(77,937)	–	–	1,411	–	(5,674)	–	–	(82,200)
Networks	(221,453)	–	–	2,257	–	(20,460)	–	–	(239,656)
Vehicle, mobile plant	(20,678)	–	–	1,133	–	(2,345)	–	–	(21,890)
Rolling stock and rail track	(29)	–	–	–	–	(13)	–	–	(42)
Construction	–	–	–	(121)	–	–	–	–	(121)
Office equipment	(940)	–	–	–	–	(179)	1	–	(1,118)
Total	(346,949)	–	–	5,437	–	(32,157)	(2,939)	–	(376,608)
Net book value									
Land	10,202	–	–	–	–	–	–	157	10,359
Forest land	93,689	3,739	–	–	(1,949)	–	(2,956)	–	92,523
Buildings and structures	21,740	497	–	–	–	(616)	–	678	22,299
Fixed plant and equipment	8,551	2,744	–	(25)	–	(2,613)	(17)	1,437	10,077
Roadways and bridges	4,785	705	–	–	–	(257)	–	–	5,233
Stadium	145,718	700	–	–	–	(5,674)	–	–	140,744
Networks	565,050	367	–	(1,198)	–	(20,460)	–	84,174	627,933
Vehicle, mobile plant	10,242	1,903	–	(21)	–	(2,345)	–	758	10,537
Rolling stock and rail track	164	–	–	–	–	(13)	–	–	151
Construction	39,536	102,804	–	(121)	–	–	–	(100,358)	41,861
Office equipment	1,135	46	–	(1)	–	(179)	–	55	1,056
Total net book value	900,812	113,505	–	(1,366)	(1,949)	(32,157)	(2,973)	(13,099)	962,773
Group total net book value	5,129,020	316,261	2,375	(1,433)	79,761	(140,898)	(2,973)	(14,004)	5,368,109

Last year

	Balance as at 1 July 2021	Additions (assets constructed or purchased)	Vested assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets									
Gross carrying amount									
Land	159,567	3	–	–	–	–	–	–	159,570
Buildings and structures	269,707	12,507	–	–	(354)	–	–	175	282,035
Fixed plant and equipment	18,082	613	–	(59)	–	–	–	(175)	18,461
Vehicle, mobile plant	4,573	1,049	–	(309)	–	–	–	–	5,313
Office equipment	32,421	1,309	–	(4)	–	–	–	–	33,726
Library collection	13,136	932	–	–	–	–	–	–	14,068
Total	497,486	16,413	–	(372)	(354)	–	–	–	513,173
Accumulated depreciation amortisation and impairment									
Land	–	–	–	–	–	–	–	–	–
Buildings and structures	–	–	–	–	–	(12,712)	(279)	(68)	(13,059)
Fixed plant and equipment	(12,968)	–	–	45	–	(852)	–	68	(13,707)
Vehicle, mobile plant	(3,057)	–	–	269	–	(354)	–	–	(3,142)
Office equipment	(28,626)	–	–	3	–	(1,049)	–	–	(29,672)
Library collection	(10,800)	–	–	–	–	(888)	–	–	(11,688)
Total	(55,451)	–	–	317	–	(15,855)	(279)	–	(71,268)
Net book value									
Land	159,567	3	–	–	–	–	–	–	159,570
Buildings and structures	269,707	12,507	–	–	(354)	(12,712)	(279)	107	268,976
Fixed plant and equipment	5,114	613	–	(14)	–	(852)	–	(107)	4,754
Vehicle, mobile plant	1,516	1,049	–	(40)	–	(354)	–	–	2,171
Office equipment	3,795	1,309	–	(1)	–	(1,049)	–	–	4,054
Library collection	2,336	932	–	–	–	(888)	–	–	2,380
Total net book value	442,035	16,413	–	(55)	(354)	(15,855)	(279)	–	441,905

Last year

	Balance as at 1 July 2021 \$000	Additions (assets constructed or purchased) \$000	Vested assets (assets transferred) \$000	Disposals \$000	Net revaluation/ (decrements) \$000	Depreciation \$000	Impairment \$000	Reclassification \$000	Total at 30 June 2022 \$000
Infrastructural assets									
Gross carrying amount									
Land	36,463	2,088	–	–	–	–	–	–	38,551
Landfill provision capitalised	2,763	–	–	–	–	–	–	–	2,763
Roadways and bridges	1,090,678	33,995	1,130	–	151,747	–	–	–	1,277,550
Water reticulation	370,893	27,147	1,618	–	398,766	–	–	–	798,424
Water plant and facilities	74,563	2,139	–	–	(623)	–	–	–	76,079
Wastewater reticulation	372,990	11,801	1,683	–	106,642	–	–	–	493,116
Wastewater plant and facilities	100,153	7,939	–	–	1,364	–	–	–	109,456
Stormwater reticulation	181,837	8,438	1,899	–	64,695	–	–	–	256,869
Stormwater plant and facilities	2,009	1,501	–	–	(2)	–	–	–	3,508
Landfill plant and facilities	9,307	3,566	–	–	–	–	–	–	12,873
Total	2,241,656	98,614	6,330	–	722,589	–	–	–	3,069,189
Accumulated depreciation/ amortisation and impairment									
Land fill provision capitalised	(2,435)	–	–	–	–	(162)	–	–	(2,597)
Roadways and bridges	–	–	–	–	24,565	(24,578)	–	–	(13)
Water reticulation	(104)	–	–	–	11,210	(11,596)	–	–	(490)
Water plant and facilities	(108)	–	–	–	3,529	(3,615)	–	–	(194)
Wastewater reticulation	(114)	–	–	–	8,282	(8,241)	–	–	(73)
Wastewater plant and facilities	(390)	–	–	–	5,017	(5,275)	–	–	(648)
Stormwater reticulation	(75)	–	–	–	5,025	(5,069)	–	–	(119)
Stormwater plant and facilities	(19)	–	–	–	149	(178)	–	–	(48)
Landfill plant and facilities	(211)	–	–	–	–	(596)	–	–	(807)
Total	(3,456)	–	–	–	57,777	(59,310)	–	–	(4,989)
Net book value									
Land	36,463	2,088	–	–	–	–	–	–	38,551
Landfill provision capitalised	328	–	–	–	–	(162)	–	–	166
Roadways and bridges	1,090,678	33,995	1,130	–	176,312	(24,578)	–	–	1,277,537
Water reticulation	370,789	27,147	1,618	–	409,976	(11,596)	–	–	797,934
Water plant and facilities	74,455	2,139	–	–	2,906	(3,615)	–	–	75,885
Wastewater reticulation	372,876	11,801	1,683	–	114,924	(8,241)	–	–	493,043
Wastewater plant and facilities	99,763	7,939	–	–	6,381	(5,275)	–	–	108,808
Stormwater reticulation	181,762	8,438	1,899	–	69,720	(5,069)	–	–	256,750
Stormwater plant and facilities	1,990	1,501	–	–	147	(178)	–	–	3,460
Landfill plant and facilities	9,096	3,566	–	–	–	(596)	–	–	12,066
Total net book value	2,238,200	98,614	6,330	–	780,366	(59,310)	–	–	3,064,200

Last year

	Balance as at 1 July 2021 \$000	Additions (assets constructed or purchased) \$000	Vested assets (assets transferred) \$000	Disposals \$000	Net revaluation/ (decrements) \$000	Depreciation \$000	Impairment \$000	Reclassification \$000	Total at 30 June 2022 \$000
Restricted assets									
Gross carrying amount									
Land	298,981	-	-	-	-	-	-	-	298,981
Buildings and structures	43,139	1,628	-	-	-	-	-	-	44,767
Road reserve	194,132	14	454	-	-	-	-	-	194,600
Hard surfaces and reticulation systems	22,477	727	-	-	849	-	-	-	24,053
Fixed plant and equipment	7,965	219	-	-	-	-	-	-	8,184
Playground and soft-fall areas	5,172	601	-	-	-	-	-	-	5,773
Total	571,866	3,189	454	-	849	-	-	-	576,358
Accumulated depreciation/ amortisation and impairment									
Land	-	-	-	-	-	-	-	-	-
Buildings and structures	(10)	-	-	-	-	(1,891)	-	-	(1,901)
Road reserve	-	-	-	-	-	-	-	-	-
Hard surfaces and reticulation systems	(1,023)	-	-	-	2,095	(1,093)	-	-	(21)
Fixed plant and equipment	(295)	-	-	-	-	(676)	-	-	(971)
Playground and soft-fall areas	(664)	-	-	-	-	(471)	-	-	(1,135)
Total	(1,992)	-	-	-	2,095	(4,131)	-	-	(4,028)
Net book value									
Land	298,981	-	-	-	-	-	-	-	298,981
Buildings and structures	43,129	1,628	-	-	-	(1,891)	-	-	42,866
Road reserve	194,132	14	454	-	-	-	-	-	194,600
Hard surfaces and reticulation systems	21,454	727	-	-	2,944	(1,093)	-	-	24,032
Fixed plant and equipment	7,670	219	-	-	-	(676)	-	-	7,213
Playground and soft-fall areas	4,508	601	-	-	-	(471)	-	-	4,638
Total net book value	569,874	3,189	454	-	2,944	(4,131)	-	-	572,330

Last year

	Balance as at 1 July 2021	Additions (assets constructed or purchased)	Vested assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Heritage assets									
Gross carrying amount									
Land	6,050	-	-	-	-	-	-	-	6,050
Buildings	14,445	2,893	-	-	-	-	-	-	17,338
Collections	67,107	169	-	-	-	-	-	-	67,276
Monuments	4,551	98	-	-	-	-	-	-	4,649
Total	92,153	3,160	-	-	-	-	-	-	95,313
Accumulated depreciation/ amortisation and impairment									
Land	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	(786)	-	-	(786)
Collections	(495)	-	-	-	-	-	-	-	(495)
Monuments	-	-	-	-	-	(250)	-	-	(250)
Total	(495)	-	-	-	-	(1,036)	-	-	(1,531)
Net book value									
Land	6,050	-	-	-	-	-	-	-	6,050
Buildings	14,445	2,893	-	-	-	(786)	-	-	16,552
Collections	66,612	169	-	-	-	-	-	-	66,781
Monuments	4,551	98	-	-	-	(250)	-	-	4,399
Total net book value	91,658	3,160	-	-	-	(1,036)	-	-	93,782
Capital work in progress									
Water and waste systems	22,698	8,325	-	-	-	-	-	-	31,023
Land and buildings	9,803	5,851	-	-	-	-	-	-	15,654
Other assets	3,717	5,597	-	-	-	-	-	-	9,314
Total capital work in progress	36,218	19,773	-	-	-	-	-	-	55,991
Council total net book value	3,377,985	141,149	6,784	(55)	782,956	(80,332)	(279)	-	4,228,208

Last year

	Balance as at 1 July 2021	Additions (assets constructed or purchased)	Vested assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Subsidiaries assets									
Gross carrying amount									
Land	10,818	–	–	(708)	–	–	–	92	10,202
Forest land	75,762	8,893	–	–	10,156	–	–	–	94,811
Buildings and structures	26,146	1,138	–	–	–	–	–	4	27,288
Fixed plant and equipment	22,533	2,274	–	(1,547)	–	–	(891)	323	22,692
Roadways and bridges	9,206	680	–	–	–	–	–	–	9,886
Stadium	223,669	–	–	(14)	–	–	–	–	223,655
Networks	709,765	593	–	(2,565)	–	–	–	78,710	786,503
Vehicle, mobile plant	28,785	2,260	–	(786)	–	–	–	661	30,920
Rolling stock and rail track	193	–	–	–	–	–	–	–	193
Construction	39,823	88,467	–	(14)	–	–	–	(88,740)	39,536
Office equipment	1,730	91	–	–	–	–	(39)	293	2,075
Total	1,148,430	104,396	–	(5,634)	10,156	–	(930)	(8,657)	1,247,761
Accumulated depreciation/ amortisation and impairment									
Land	–	–	–	–	–	–	–	–	–
Forest land	(1,575)	–	–	–	–	–	453	–	(1,122)
Buildings and structures	(4,997)	–	–	–	–	(548)	–	(3)	(5,548)
Fixed plant and equipment	(14,539)	–	–	1,432	–	(2,063)	888	141	(14,141)
Roadways and bridges	(4,865)	–	–	–	–	(236)	–	–	(5,101)
Stadium	(71,864)	–	–	14	–	(6,087)	–	–	(77,937)
Networks	(202,433)	–	–	257	–	(19,277)	–	–	(221,453)
Vehicle, mobile plant	(18,988)	–	–	753	–	(2,441)	–	(2)	(20,678)
Rolling stock and rail track	(15)	–	–	–	–	(14)	–	–	(29)
Construction	–	–	–	–	–	–	–	–	–
Office equipment	(816)	–	–	–	–	(162)	–	38	(940)
Total	(320,092)	–	–	2,456	–	(30,828)	1,341	174	(346,949)
Net book value									
Land	10,818	–	–	(708)	–	–	–	92	10,202
Forest land	74,187	8,893	–	–	10,156	–	453	–	93,689
Buildings and structures	21,149	1,138	–	–	–	(548)	–	1	21,740
Fixed plant and equipment	7,994	2,274	–	(115)	–	(2,063)	(3)	464	8,551
Roadways and bridges	4,341	680	–	–	–	(236)	–	–	4,785
Stadium	151,805	–	–	–	–	(6,087)	–	–	145,718
Networks	507,332	593	–	(2,308)	–	(19,277)	–	78,710	565,050
Vehicle, mobile plant	9,797	2,260	–	(33)	–	(2,441)	–	659	10,242
Rolling stock and rail track	178	–	–	–	–	(14)	–	–	164
Construction	39,823	88,467	–	(14)	–	–	–	(88,740)	39,536
Office equipment	914	91	–	–	–	(162)	(39)	331	1,135
Total net book value as at 30 June	828,338	104,396	–	(3,178)	10,156	(30,828)	411	(8,483)	900,812
Group total net book value									
Group total net book value	4,206,323	245,545	6,784	(3,233)	793,112	(111,160)	132	(8,483)	5,129,020

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 statement of financial position 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.

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 accumulated funds.

Assets held under finance leases are depreciated.

The DCHL Group has had its land assets independently valued at 30 June 2023 by Morice Limited using the Fair Value approach. This is the valuation company used by various other forestry owners. The valuation is based on market data and falls within Level 1 of the fair value hierarchy. This method is consistent with the previous period and the market values recommended by Morice Limited are incorporated into the financial statements. The land is valued at the component level and the valuation methodology takes into account the key factors impacting land value such as location, productivity, size, ETS status, altitude, contour, local authority zoning and development potential relative to market evidence. The revaluation movement in the land for the year ended 30 June 2023 was \$4,905k (2022 \$10,156k).

Depreciation rates and methods used by all companies except for City Forests are as follows: :

	Rate	Method
Buildings	1% to 17%	SL
Metering equipment	7% to 10%	SL
Electricity network assets	1% to 20%	SL
Plant and equipment	1% to 100%	SL
Motor vehicles	5% to 33%	SL
Railway assets	1% to 50%	SL
Office equipment and fittings	4% to 67%	SL
Construction in progress	no depreciation charged	

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

Buildings	2% to 5%	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

An item of property, plant and equipment is 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 statement of comprehensive income in the year the item is derecognised.

Property, plant and equipment asset of \$737.792 million (2022: \$667.633 million) are the subject of a debenture held as security for the DCTL borrowings on behalf of the DCC consolidated group.

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

The carrying amounts of property, plant and equipment are reviewed at each balance date to determine whether there is any indication of impairment. If such impairment exists, the recoverable amount of assets is estimated to determine the extent of any impairment loss. The recoverable amount is the higher of an asset's net selling price and value in use. An impairment loss is recognised whenever the carrying amount of assets exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive revenue and expense.

In assessing the recoverable amount of Aurora Energy's electricity network and fibre assets the directors have relied on the assessment completed by Aurora Energy. The directors of Aurora Energy have reviewed the results of impairment testing undertaken by Aurora Energy's management with assistance from Deloitte as at 30 June 2023. The impairment testing was performed on a "no growth" basis in accordance with PBE IPSAS 26 Impairment of Cash-Generating Assets.

The impairment testing used the discounted cashflow (DCF) methodology to arrive at an estimated valuation range based on Free Cash Flows (FCF) for a 10 year period from 1 July 2023. The key assumptions utilised in the impairment testing were that:

- For the 10 years from 1 July 2023, the network forecasts are derived from the Commerce Commission final CPP decision allowances for the period ended 31 March 2026 and Building Blocks Allowable Revenue (BBAR) forecasts. In calculating the BBAR forecast from 1 April 2026, it is assumed that the company reverts to a Default Price-Quality Path from the 2026/27 regulatory year and the company's DPP4 operating expenditure allowance is determined by reference to actual expenditure during the 2024/25 regulatory year.
- Capital expenditure will mirror the Company's operating budget and regulatory expenditure allowances derived from the Commerce Commissions' final CPP decision for the period ended 31 March 2026, followed by expenditure forecasts included in the Company's 10 year Asset Management Plan.
- Operating expenditure will mirror the Company's operating budget and regulatory expenditure allowances derived from the Commerce Commission's final CPP decision for the period ending 31 March 2026, followed by expenditure forecasts included in the Company's 10 year Asset Management Plan. It is assumed that Aurora Energy's DPP4 operating expenditure allowance will be determined by reference to actual expenditure in the 2024/25 regulatory year.
- In applying the DCF methodology Aurora Energy considered a range of discount rates from 6% to 7%. The discount rate is a matter of professional judgement.
- In determining the discount rate for year-end impairment testing, the 10 year Government bond rate at valuation date was used as a basis for the risk-free rate. The risk-free rate was used in conjunction with a view of an appropriate post-tax market risk premium.
- The discount rates used in the impairment testing were based on the same level of asset beta and similar level of leverage as set by the Commerce Commission for the 5 year regulatory period from 1 April 2020.

Sensitivity analysis showed a 0.25% decrease/(increase) in the DCF discount rate used for impairment testing would increase/(decrease) the indicative value range by about \$18 million.

On reviewing the DCF analysis the Directors assessed that there was no impairment to the carrying value of the network assets as at 30 June 2023.

The value of the assets is fundamentally linked to Aurora Energy's ability to operate within the future expenditure allowances approved by the Commerce Commission.

In assessing the recoverable amount of Dunedin Railways' assets as at 30 June 2020, the directors of that Company considered that the potential to earn revenue from the assets was minimal, given the Company's transition to hibernation and wider uncertainty in the tourism sector. The directors then considered the asset's net selling price. Dunedin Railways' assets are relatively specialised and, in some instances, unique; therefore, making it difficult to obtain independent evidence of their fair value less costs to sell.

On balance, and with the benefit of industry and commercial knowledge, the directors considered it appropriate to write-down the Dunedin Railways' asset to \$297,000, being the best estimate of the fair value less costs to sell. An associated impairment expense of \$4,486,000 was recorded in the statement of financial performance for the year ended 30 June 2020. At balance date each year since, the directors assessed that there had been no change in the recoverable amount of Dunedin Railways' assets from the 2020 year.

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.

The Council owns a number of properties held to provide housing to qualifying residents. The receipt of rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's community housing policy. The properties are therefore accounted for as property, plant and equipment rather than as investment property.

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 October 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 are revalued with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date. The amounts are stated at depreciated replacement cost as at the date of the 2022 valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Reticulation assets, being the reticulation system and networks of water and drainage, are revalued with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date. The amounts are stated at depreciated replacement cost as at the date of the 2022 valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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 since 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 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.

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.

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.

Monuments 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.

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.

Impairment

In 2022, an impairment loss of \$633,231 was recorded for the old Mosgiel pool. Of this, \$354,231 was recognised in the statement of other comprehensive revenue and expense as a revaluation decrease. The remaining impairment loss of \$279,000 was recognised in the statement of comprehensive revenue and expense in the line item 'Other expenses'. The pool was demolished in August 2022 to make way for an enlarged carpark for the new Mosgiel pool facility. The old facility had no residual value.

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
Council operational assets		
Buildings and structures	1% to 26%	SL
Plant and equipment	1% to 50%	SL
Motor vehicles	20%	SL
Office equipment and fittings	2% to 50%	SL
Library collections	20%	SL
Infrastructure assets		
Roadways and bridges		
– Formation	not depreciated	
– Sealed road surfacings	2% to 25%	SL
– Sealed base and first coat	1% to 3%	SL
– Sealed sub base	1% to 3%	SL
– Unsealed top course	13% to 20%	SL
– Unsealed base	not depreciated	
– Drainage (inc. SWC)	1% to 8%	SL
– Footpaths, steps and crossings	1% to 10%	SL
– Berms	not depreciated	
– Traffic control	2% to 25%	SL
– Bridges, retaining walls and sea walls	1% to 5%	SL
– Street lighting	3% to 10%	SL
– Minor structures	1% to 10%	SL
Water reticulation	1% to 10%	SL
Sewerage reticulation	1% to 3%	SL
Stormwater reticulation	1% to 3%	SL
Water treatment plants and facilities	1% to 8%	SL
Sewerage treatment plants and facilities	1% to 8%	SL
Stormwater treatment plants and facilities	1% to 7%	SL
Landfill provision capitalised	6%	SL
Landfill plant and facilities	3% to 20%	SL
Heritage assets	0% to 6%	SL
Restricted assets		
Buildings and structures	0% to 50%	SL
Plant and equipment	2% to 25%	SL
Hard surfaces	2% to 33%	SL
Playground and soft-fall areas	3% to 11%	SL

31 Investment property

	CORE COUNCIL		CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Opening balance	117,520	104,976	117,520	104,976
Plus additions	70	1,104	70	1,104
	117,590	106,080	117,590	106,080
Less disposals	–	–	–	–
	117,590	106,080	117,590	106,080
Net gains (losses) from fair value adjustments	(11,290)	11,440	(11,290)	11,440
	106,300	117,520	106,300	117,520
Work in progress	4,220	855	4,220	855
Closing balance	110,520	118,375	110,520	118,375
Classified:				
Investment Property General	72,729	76,620	72,729	76,620
Investment Property Endowment *	37,791	41,755	37,791	41,755
	110,520	118,375	110,520	118,375

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

Trend statement for the six years to 30 June 2023 (Core Council)

	Actual 2023 \$000	Actual 2022 \$000	Actual 2021 \$000	Actual 2020 \$000	Actual 2019 \$000	Actual 2018 \$000
Fair market value of investment properties	110,520	118,375	104,976	95,740	93,480	91,660

Investment properties and properties intended for sale

All investment properties were valued by JLL New Zealand. The personnel involved were: Liam Rooney (Executive Director, Registered Valuer), Wouter Roberts (Senior Director, Registered Valuer), Graeme McDonald (Director, Registered Valuer), Michael Tohill (Associate Director, Registered Valuer), Brad Chemaly (Associate Director, Registered Valuer), Phoebe Rains (Hewitson) (Senior Registered Valuer), Henry Finnis (Assistant Valuer), and Robert Clifford (Assistant Valuer). JLL New Zealand are experienced valuers with extensive market knowledge in the types and location of investment properties owned by the Council.

The fair value of investment property has been determined using the capitalisation of income, discounted cashflow and market comparison approaches.

The capitalisation approach involves the determination of a sustainable net income from the property, and the application of a capitalisation rate (or market yield) as a measure of expected return from the property. Adjustments are made to the core value for items such as under/over renting, required capital expenditure or current/upcoming vacancy. The market comparison approach is then used as a cross-check to establish the value of the property against recent sales of similar properties.

Discounted cashflow analysis looks to forecast cashflow performance from the property over a future horizon based on understanding and due diligence related to the property and the specific market in which it sits. Adopted forecasts incorporate as at the valuation date reasonably foreseeable key lease events, capital expenditure and likely growth in rental rates, costs and changes in property values over the cashflow term. Discounted cash flow analysis is completed over a ten-year investment horizon to derive a net present value.

These approaches are based upon assumptions including future rental revenue, anticipated maintenance costs, and appropriate discount rates.

Capitalisation and discount rates range from 6% to 10.25%.

Investment properties: net income and investment return

	CORE COUNCIL	
	Actual 2023 \$000	Actual 2022 \$000
Rental from investment properties	8,210	8,058
Direct operating expenses from investment property generating revenue	(3,939)	(3,508)
Direct operating expenses from investment property not generating revenue	–	–
	4,271	4,550
Plus internal rental for car-park buildings	1,036	1,007
Less internal management fees and salaries	(528)	(528)
	4,779	5,029
Net gains or (losses) from fair value adjustments	(11,290)	11,440
Net income including fair value gains and losses	(6,511)	16,469
Attributable to Investment Property Endowment	(1,976)	903

Investment return including fair value gains and losses but excluding the interest paid on loans borrowed: -5.97% (2022: 13.91%).

	2023 \$000	2022 \$000
Contractual obligations for capital expenditure	4,152	839
Contractual obligations for repairs and maintenance expenditure	–	–

Relevant significant accounting policies

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals and/or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, all investment property is measured at fair value at each reporting date.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

32 Intangible assets

	CORE COUNCIL		CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Opening cost	16,042	13,579	27,959	25,350
Additions	306	2,463	1,834	5,172
Transfers	–	–	–	–
Disposals	–	–	–	(2,563)
Carbon credits surrendered	–	–	–	–
Closing cost	16,348	16,042	29,793	27,959
Accumulated amortisation opening balance	11,781	10,764	17,002	17,495
Impairments	–	–	–	–
Disposals	–	–	–	(2,562)
Transfers	–	–	–	–
Amortisation	1,387	1,017	2,821	2,069
Accumulated amortisation closing balance	13,168	11,781	19,823	17,002

Work in progress	768	127	768	127
Net book value	3,948	4,388	10,738	11,084
Computer intangibles	3,942	4,382	10,732	11,078
Carbon credits	6	6	6	6
	3,948	4,388	10,738	11,084

During 2013, the Dunedin City Council, as an owner of land with pre 1989 forests on that land, was entitled to carbon credits (NZU's). These were acquired and have been offset against carbon liabilities from the operation of the landfill. Further NZU's were acquired on the open market and also offset. There is a small balance available to offset future carbon liabilities.

Software assets of \$1.718 million (2022: \$1.058 million) are the subject of a debenture held as security for the DCTL borrowings on behalf of the DCC group.

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.

33 Forestry assets

	CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000
Forestry assets		
Opening balance	201,362	200,246
Add costs capitalised in establishing forests during year	3,708	3,649
Increase in forest from acquisition	–	1,400
Revaluation	1,948	9,475
Less value of logs harvested	(12,712)	(13,408)
Closing balance	194,306	201,362

The directors of City Forests Limited revalue its forestry assets annually as at 30 June, and the Group 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 valuation 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 5.5% (2022: 5.5%).

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 log prices adopted. The discount rate adopted was 5.5% (2022 5.5%); a +/- 50 basis point movement in the discount rate would change the valuation by +\$17.9 mil / -\$8.2 mil (2022 +\$12.8 mil / -\$11.7 mil). A 10% increase or decrease in assumed log prices would change the valuation by +\$17.0 mil / -\$16.9 mil (2022 +\$16.8 mil / -\$16.8 mil) (note that these sensitivities as shown are independent and different outcome would result from combined changes in discount and log prices).

At 30 June 2023 the Company owned stands of trees on 20,084 hectares of a total productive land within a total area of land holdings (including freehold, lease, Joint Venture & Forestry Right) of 25,187 hectares. During the year the Company harvested approx. 360,562 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 36 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 the company 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 group capitalises the initial costs for the establishment of the forest and all subsequent costs. These costs include site preparation, establishment, releasing, fertilising, and tending.

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 forestry assets valuation is based on unobservable inputs and falls within Level 3 of the fair value hierarchy.

The valuation takes into account changes in price over the accounting period through a graduated current to five year average price curve 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 statement of comprehensive income via surplus or deficit.

34 Intangible assets – carbon credits

	CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000
New Zealand carbon credits – non-current	51,516	78,809

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. 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 2,865,718 Post-89 derived NZU's, being the carbon sequestered by these forests during the 2008 to 2020 calendar years. There were carbon credit sales during the financial year of nil units (2022: 150,000).

The carbon credits are assessed as having an indefinite life as they have no expiry date. As the NZUs are an indefinite life intangible asset they are not amortised but are tested for impairment on an annual basis or when indications of impairment exist.

As at 30 June 2023, 964,766 units were unsold (2022: 1,045,944). Under the accrual principle, the unsold credits have been valued based on the current market prices and recognised in the financial statements. The value has been carried in the financial statements as above.

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.

City Forests Limited carries out modelling work to forecast future annual carbon sequestration and emission transactions in accordance with the rules of the New Zealand Emission Trading Scheme. This modelling established a safe or liability free carbon level being the number of NZU's the Company has available for sale liability free. NZU's held above this safe level effectively have no value as the NZU's are subject to future surrender liabilities following harvest. The safe carbon is a management estimate based on the company's current official FMA (Forestry Management Approach) yield tables, and a City Forests' specific harvest schedule of Carbon Accounting Areas (CAAs) when managed in perpetuity. The estimate assumes ETS land eligibility for areas not yet registered. The modelling is independently reviewed by Woodlands Pacific Consulting Ltd.

The recognition of NZU's held in City Forests Limited registry account is defined by accounting policy.

	CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000
NZU's # of units at end of year		
Held at fair value	1,233,914	1,037,641
Held at nil value	–	8,303
Total units at end of year	1,233,914	1,045,944
Units – post 1990		
Opening	1,044,564	1,185,662
Credits issued	187,970	–
Per Emissions Trading Register	1,232,534	1,185,662
Units acquired	–	8,902
Units sold	–	(150,000)
Fair value NZUs	1,232,534	1,044,564
Units – pre 1990		
Opening balance	1,380	1,380
Acquired	–	–
Closing balance at end of year	1,380	1,380
Closing balance all units at end of year	1,233,914	1,045,944
Less units at nil value	–	(8,303)
	1,233,914	1,037,641
	\$000	
Value applied to risk free units @ \$41.75	51,516	

The price of the risk-free units is determined by the NZU spot price on Jarden Commtrade as at 30 June.

The price is sensitive to economic factors that can lead to sudden significant price swings. City Forests Limited has a full policy on NZU management and manages the risk around price swings by maintaining a NZU holding as a percentage of Net Assets, constantly monitoring & reporting on current price/trends of NZUs and ensuring action if any quantitative trigger points occur in terms of upper/lower value thresholds.

The risk-free number of NZUs are determined by forest estate modelling of the company's forest growth and forecast harvest profile. This generates forecast future annual carbon sequestration and harvest liability transactions in accordance with the rules of the New Zealand Emission Trading Scheme.

The time period that a NZU is held at nil value to meet future harvest liabilities is from balance date to the projected low point in the company's carbon modelling.

The calculation of Safe carbon is a management estimate based on the best information available at 30 June. The calculation is dependent on assumptions made in:

- the formation of the future harvest plan,
- an assumption of no change to the current FMA carbon yield tables, and
- an estimation of carbon to be derived from a proportion of the post-89 forest area currently un-registered. This is new land either in the registration process or pending registration following planting.

All of these variables are expected to change over time. The calculation is most sensitive to the harvest plan assumptions and the harvest plan can be expected to be modified over time as the forest harvest program is managed to meet market and supply chain operational constraints.

Relevant significant accounting policies

Carbon credits (NZU's) are treated as intangible assets.

Purchased carbon units are initially measured at cost.

Carbon units are granted by the Government under the emissions trading scheme for carbon sequestration by post-1989 forests. Although some carbon units earned for forest growth will subsequently be returned to the government when the forest is harvested, a proportion of units will never be returned under expected forest crop rotations. These liability free carbon units are initially recorded at fair value.

Liability free carbon units are marked to market (revalued) annually at 30 June subsequent to initial recognition and biannually thereafter. This fair value is based on current market prices. The difference between initial fair value or previous annual revaluation and revaluation value of the liability free units is recognised in other comprehensive revenue and expense.

Emissions obligations are recognised for forest harvesting that has occurred up to balance date. Emissions obligations are measured based on the carrying value of carbon units held that will be used to settle the obligation (generally nil value) plus the fair value of any excess carbon units required to be purchased to meet the emissions obligation.

35 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 2023

	Actual 2023 \$000	Actual 2022 \$000
Income	2,737	3,042
Less expenditure	(313)	(259)
Net operating income	2,424	2,783
Plus unrealised gains (loss)	3,206	(7,351)
Net surplus to equity	5,630	(4,568)
Less inflation adjustment	(6,475)	(6,041)
Available for distribution to Council	(845)	(10,609)

Waipori Fund – Statement of movement in equity as at 30 June 2023

	Actual 2023 \$000	Actual 2022 \$000
Equity at the beginning of the year	95,361	100,179
Plus net surplus for the year	5,630	(4,568)
	100,991	95,611
Additional capital	–	3,050
Less distribution	(3,300)	(3,300)
	97,691	95,361

Waipori Fund – Balance sheet as at 30 June 2023

	Actual 2023 \$000	Actual 2022 \$000
Current assets		
Bank account	5,178	6,829
Accounts receivable	311	270
Prepayments	–	–
Current investments		
– Other	4,396	7,999
– Dunedin City Council	–	–
Total current assets	9,885	15,098
Investments		
Equities	52,086	48,813
Non-current investments		
– Other	35,784	31,613
– Dunedin City Council	–	–
Total investments	87,870	80,426
Total assets	97,755	95,524
Current liabilities		
Accruals	64	163
Total current liabilities	64	163
Equity		
Principal of the fund	59,050	59,050
Inflation adjustment reserve	44,063	37,588
Retained earnings	(5,422)	(1,277)
Total equity	97,691	95,361
Total equity and liabilities	97,755	95,524

Waipori Fund – Trend statement for the 6 years to 30 June 2023

	Actual 2023 \$000	Actual 2022 \$000	Actual 2021 \$000	Actual 2020 \$000	Actual 2019 \$000	Actual 2018 \$000
Main income sources						
Interest	1,447	1,266	1,312	1,548	1,831	1,774
Dividend	1,256	1,262	1,102	1,269	1,409	1,423
Rent	–	–	–	–	–	–
Realised gains (loss) on asset sales	(27)	514	(54)	(236)	(332)	76
Main assets						
Financial assets	45,358	46,441	46,404	48,847	43,959	45,922
Equity	52,086	48,813	53,608	45,209	44,144	41,009
Return on assets before unrealised gains or losses						
Financial assets	3.19%	2.73%	2.83%	3.17%	4.17%	3.86%
Equity	2.41%	2.59%	2.06%	2.81%	3.19%	3.47%
Return on assets after unrealised gains or losses	5.90%	(4.56%)	9.90%	5.34%	9.82%	7.78%

36 Financial instruments

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;
- having no more than \$350,000,000 to mature in any single year;
- at least 20% of debt with maturity dates greater than five years.

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 27. The maturity profiles of the Group's financial assets and liabilities, with the exception of equity investments are explained in note h) below.

The Council is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in Note 38.

c) Interest rate risk

Under the Dunedin City Council Treasury Risk Management Policy last approved 9 March 2021, Dunedin City Treasury Limited utilises a portfolio approach to manage interest rate risk for the Group. The approach to manage exposure arising from interest rate risk is to use interest rate derivatives to achieve the desired fixed rate maturity profile.

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 ineffective portion recognised in the statement of comprehensive income that arises from fair value hedges amounts to a loss of \$166 thousand (2022: gain of \$326 thousand). This represents the current year net movement in the value of the fair value hedge swaps of \$1.077 million (loss) and fair value hedge adjustment to debt of \$911 thousand (gain).

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

	CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000
Maturing in less than one year	117,500	315,000
Maturing between one and five years	610,000	412,500
Maturing in more than five years	610,000	640,000
	1,337,500	1,367,500

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 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 statement of financial position 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 2023 \$000	Actual 2022 \$000
Forward foreign exchange contracts		
– fair value	2,739	3,580
– nominal value (sale of USD and purchase of NZD)	39,815	41,211

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.

The Council is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in Note 38.

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 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Age analysis:				
30-60 days	308	243	456	2,885
60-90 days	256	172	741	358
90 days plus	1,004	737	1,489	1,324

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 that are not assessed by Standard & Poor's are classified under No Rating.

Financial assets analysis

	CORE COUNCIL		CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Cash and cash equivalents				
AA-	9,085	11,986	20,530	26,354
Trade and other receivables				
AA	–	–	1,129	–
AA-	–	–	1,888	–
No rating	25,707	23,049	55,187	51,623
	25,707	23,049	58,204	51,623
Advances due from related parties				
AA	112,000	112,000	–	–
Current financial assets				
AA	–	–	–	–
A+	–	1,015	–	1,015
AA-	1,885	3,043	1,885	3,043
A-	–	1,608	–	1,608
BBB+	2,511	711	2,511	986
BBB	–	1,622	–	1,622
No rating	–	–	113	–
	4,396	7,999	4,509	8,274
Other financial assets				
AAA	2,317	1,903	2,317	1,903
AA	3,649	3,728	3,649	3,728
AA-	11,964	11,561	11,964	11,561
A+	2,257	2,175	5,382	2,175
A	744	1,007	744	1,007
A-	10,424	9,188	10,424	9,188
BBB+	16,404	14,181	16,404	14,181
BBB	7,670	8,572	7,670	8,572
No rating	32,922	28,593	32,946	28,614
	88,351	80,908	91,500	80,929
Term receivables				
No rating	–	–	–	–

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			
	Level 1 NZ \$000	Level 2 NZ \$000	Level 3 NZ \$000	Total NZ \$000
2023				
Financial assets				
Advances due from related parties	–	–	112,000	112,000
Current financial assets	4,396	–	–	4,396
Other financial assets	68,230	19,640	481	88,351
Loans and advances	–	–	–	–
	72,626	19,640	112,481	204,747
Financial liabilities				
Derivative financial liabilities with related parties	–	–	–	–
	–	–	–	–
2022				
Financial assets				
Advances due from related parties	–	–	112,000	112,000
Current financial assets	5,977	2,022	–	7,999
Other financial assets	67,560	12,867	481	80,908
Loans and Advances	–	–	–	–
	73,537	14,889	112,481	200,907
Financial liabilities				
Derivative financial liabilities with related parties	–	20	–	20
	–	20	–	20
	CONSOLIDATED			
	Level 1 NZ \$000	Level 2 NZ \$000	Level 3 NZ \$000	Total NZ \$000
2023				
Financial assets				
Advances due from related parties	–	–	–	–
Current financial assets	4,396	–	113	4,509
Other financial assets	68,230	19,640	505	88,375
Derivative financial assets	–	37,291	–	37,291
New Zealand carbon credits	51,516	–	–	51,516
Loans and advances	–	–	–	–
	124,142	56,931	618	181,691
Financial liabilities				
Derivative financial liabilities	–	32,072	–	32,072
	–	32,072	–	32,072
2022				
Financial assets				
Advances due from related parties	–	–	–	–
Current financial assets	5,977	2,022	275	8,274
Other financial assets	67,560	12,867	502	80,929
Derivative financial assets	–	26,625	–	26,625
New Zealand carbon credits	78,809	–	–	78,809
Loans and advances	–	–	–	–
	152,346	41,514	777	194,637
Financial liabilities				
Derivative financial liabilities	–	31,960	–	31,960
	–	31,960	–	31,960

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
Financial assets							
2023							
Cash and cash equivalents	9,085	9,085	9,085	–	–	–	–
Advances due from related parties	112,000	112,000	–	–	–	–	112,000
Trade and other receivables	25,707	25,707	25,707	–	–	–	–
Current financial assets	4,396	4,535	4,535	–	–	–	–
Other financial assets	88,351	93,404	1,056	14,673	25,108	52,086	481
Loans and advances	–	–	–	–	–	–	–
Total	239,539	244,731	40,383	14,673	25,108	52,086	112,481
2022							
Cash and cash equivalents	11,986	11,986	11,986	–	–	–	–
Advances due from related parties	112,000	112,000	–	–	–	–	112,000
Trade and other receivables	23,049	23,049	23,049	–	–	–	–
Current financial assets	7,999	8,110	8,110	–	–	–	–
Other financial assets	80,908	85,361	859	5,216	26,947	51,858	481
Loans and advances	–	–	–	–	–	–	–
Total	235,942	240,506	44,004	5,216	26,947	51,858	112,481
Financial liabilities							
2023							
Trade and other payables	45,644	45,644	45,644	–	–	–	–
Revenue received in advance	7,035	7,035	7,035	–	–	–	–
Term liabilities	460,273	460,273	–	–	–	–	460,273
Total	512,952	512,952	52,679	–	–	–	460,273
2022							
Trade and other payables	42,988	42,988	42,988	–	–	–	–
Revenue received in advance	8,624	8,624	8,624	–	–	–	–
Term liabilities	334,273	334,289	10,016	–	–	–	324,273
Total	385,885	385,901	61,628	–	–	–	324,273

	CONSOLIDATED						
	Carrying Amount	Contractual Cash Flows	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	No maturity
Financial assets							
2023							
Cash and cash equivalents	20,530	20,530	20,530	–	–	–	–
Advances due from related parties	–	–	–	–	–	–	–
Trade and other receivables	58,204	58,204	58,204	–	–	–	–
Current financial assets	4,509	4,648	4,648	–	–	–	–
Other financial assets	88,375	93,428	1,056	14,673	25,108	52,086	505
Derivative financial instruments	37,291	(41,162)	(13,928)	(9,143)	(9,812)	(8,279)	–
Loans and advances	–	–	–	–	–	–	–
Total	208,909	135,648	70,510	5,530	15,296	43,807	505
2022							
Cash and cash equivalents	26,354	26,354	26,354	–	–	–	–
Advances due from related parties	–	–	–	–	–	–	–
Trade and other receivables	51,623	51,623	51,623	–	–	–	–
Current financial assets	8,274	8,385	8,385	–	–	–	–
Other financial assets	80,929	85,382	859	5,216	26,947	51,858	502
Derivative financial instruments	26,625	(35,130)	(3,320)	(5,097)	(12,344)	(14,369)	–
Loans and advances	–	–	–	–	–	–	–
Total	193,805	136,614	83,901	119	14,603	37,489	502
Financial liabilities							
2023							
Short term borrowings	1,502	1,502	1,502	–	–	–	–
Trade and other payables	76,704	76,704	76,704	–	–	–	–
Derivative financial instruments	32,072	27,795	10,959	6,901	9,538	397	–
Term liabilities	1,084,286	983,040	289,045	66,228	448,285	179,009	473
Total	1,194,564	1,089,041	378,210	73,129	457,823	179,406	473
2022							
Short term borrowings	1,497	1,497	1,497	–	–	–	–
Trade and other payables	73,953	73,953	73,953	–	–	–	–
Derivative financial instruments	31,960	27,582	6,589	6,968	9,646	4,379	–
Term liabilities	891,651	991,715	286,619	90,573	397,097	216,953	473
Total	999,061	1,094,747	368,658	97,541	406,743	221,332	473

i) Categories of financial assets and liabilities

The category and carrying amount of financial assets and liabilities in each of the PBE IPSAS 41 categories is as follows:

	CORE COUNCIL		CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Financial assets measured at amortised cost:				
Cash and cash equivalents (note 16)	9,085	11,986	20,530	26,354
Trade and other receivables (note 17)	25,707	23,049	58,204	51,623
Term receivables (note 17)	–	–	–	–
Financial assets measured at amortised cost	34,792	35,035	78,734	77,977
Financial assets at fair value through profit and loss:				
Other financial assets (note 20)	204,747	200,907	96,009	89,203
Derivative financial instruments assets (note 36)	–	–	37,291	26,625
	204,747	200,907	133,300	115,828
Financial liabilities measured at amortised cost:				
Trade and other payables (note 25)	45,644	42,988	76,704	73,953
Short term borrowings (note 24)	–	–	1,502	1,497
Term loans (note 27)	460,273	334,273	1,084,286	891,651
Total financial liabilities measure at amortised cost	505,917	377,261	1,162,492	967,101
Financial liabilities at fair value through profit and loss:				
Derivative financial instrument liabilities (note 36)	–	20	32,072	31,960

Relevant significant accounting policies

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Under PBE IPSAS 41, all the financial assets and liabilities are measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income on the basis of the Group's business model for managing the financial instrument and the contractual cash flow characteristics of the financial instrument.

The Group enters into derivative financial instruments to manage its exposure to interest rate risks. Interest rate swap contracts are used to hedge these exposures. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves.

The Group does not use derivative financial instruments for speculative purposes. However, any derivatives that do not qualify for hedge accounting, under the specific NZ IFRS rules, would be accounted for as trading instruments with fair value gains/losses being taken directly to the statement of comprehensive income.

Derivative financial instruments are recognised at fair value on the date the derivative is entered into and are subsequently re-measured to their fair value. The fair value on initial recognition is the transaction price. Subsequent fair values are based on independent prices quoted in active markets as provided to us from Thomson Reuters data.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges), or
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The fair value of interest rate swaps is calculated based on pricing using Thomson Reuters data. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

The gain or loss from re-measuring the hedging instrument at fair value, along with the changes in the fair value on the hedged item attributable to the hedged risk, is recognised in the surplus or loss. Fair value hedge accounting is applied only for hedging fixed interest risk on borrowings.

If the hedge relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the surplus or loss over the period to maturity.

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

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

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

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

The Group's other financial assets and liabilities including cash and cash equivalents, trade and other receivables, term receivables, trade and other payables, accrued expenditure, short term borrowings, and term loans are measured at amortised cost as they meet the conditions under PBE IPSAS 41.

Under PBE IPSAS 41, the impairment model requires the recognition of impairment provisions based on expected credit losses. It applies to financial assets classified at amortised cost. The introduction of the impairment model has had no impact on the Group's financial assets classified at amortised cost. For trade and other receivables, the Group applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing component.

37 Sensitivity analysis of financial assets and liabilities

Based on historic movements and volatilities, the following movements are reasonably possible over a twelve-month period:

A parallel shift of +1%/-1% in the NZD market yield curve from the year end rate of 5.705% (2022: 2.86%).

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 0.6221.

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	Interest Rate				FX	
		-100bp Profit	Equity	+100bp Profit	Equity	-10% Profit	10% Profit
2023							
Financial assets							
Derivatives – designated as cash flow hedges (interest rate swaps)	37,181	–	(31,423)	–	29,381	–	–
Derivatives – designated as cash flow hedges (forward currency deals)	110	–	–	–	–	–	–
Other financial assets	145,680	791	–	(791)	–	–	–
	182,971	791	(31,423)	(791)	29,381	–	–
Financial liabilities							
Derivatives – designated as cash flow hedges (interest rate swaps)	–	–	–	–	–	–	–
Derivatives – designated as cash flow hedges (forward currency deals)	2,739	–	–	–	–	4,724	(3,865)
Other financial liabilities	1,110,402	(6,404)	–	6,200	–	–	–
	1,113,141	(6,404)	–	6,200	–	4,724	(3,865)
Total increase (decrease)		(5,613)	(31,423)	5,409	29,381	4,724	(3,865)
2022							
Financial assets							
Derivatives – designated as cash flow hedges (interest rate swaps and forward currency deals separately disclosed)	26,625	–	(30,595)	–	28,550	–	–
Derivatives – designated as cash flow hedges (forward currency deals)	–	–	–	–	–	–	–
Other financial assets	137,561	828	–	(828)	–	–	–
	164,186	828	(30,595)	(828)	28,550	–	–
Financial liabilities							
Derivatives – designated as cash flow hedges (interest rate swaps and forward currency deals separately disclosed)	584	–	(1,299)	–	566	–	–
Derivatives – designated as cash flow hedges (forward currency deals)	3,580	–	–	–	–	4,965	(4,062)
Other financial liabilities	920,955	(8,277)	–	7,934	–	–	–
	925,119	(8,277)	(1,299)	7,934	566	4,965	(4,062)
Total increase (decrease)		(7,449)	(31,894)	7,106	29,116	4,965	(4,062)

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.

38 Commitments, contingencies, guarantees and insurance

Capital commitments

The contractual commitments at balance date for the acquisition of property, plant, equipment and intangible assets are:

	CORE COUNCIL		CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Roading	60,611	77,295	60,498	77,295
Water and waste	25,298	34,762	25,298	34,762
Other property, plant, equipment and intangible assets	15,180	25,335	48,194	57,115
	101,089	137,392	133,990	169,172

Operating leases as lessee

The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	CORE COUNCIL		CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Not later than one year	472	583	4,329	4,033
Later than one year and not later than 5 years	1,025	1,563	9,207	7,797
Later than five years	8	73	2,156	850
	1,505	2,219	15,692	12,680

Operating leases as lessor

Investment property, and other land and buildings, are leased under operating leases. The leases have non-cancellable terms ranging from 1 month to 33 years. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	CORE COUNCIL		CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Not later than one year	6,721	7,185	6,721	7,185
Later than one year and not later than 5 years	18,668	15,427	18,668	15,427
Later than five years	9,014	3,909	9,014	3,909
	34,403	26,521	34,403	26,521

No contingent rents have been recognised during the year.

Other commitments

Undrawn Facilities: Level of committed facilities undrawn was \$220,000,000 (2022: \$200,000,000)

Field Service Agreement Contracts: The Group is party to field service agreement contracts. The value of total committed expenditure under these contracts is \$13 million for the 31 March 2024 regulatory year.

Contingencies and guarantees

The Council has guarantees of \$75,099 (2022: \$130,591). 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 21, the Council has uncalled capital of 1,200,000,000 shares for Dunedin City Holdings Limited, the uncalled capital can be drawn by the Company on demand as and when required.

DCC is investigating an historic landfill under Kettle Park which operated next to Ocean beach until the early 1950s. Storm events over the last 15 years have caused erosion to the dune seaward protection of the landfill. Options and timeframes for erosion mitigation and dune remediation work, as well as the approach across the wider landfill site, will be considered as

part of the 10 year plan 2024-34. Council is waiting for further assessment of the undertaking before costs can be confirmed and budget inclusions or provisions made.

DCC is investigating options to diligently convey wet weather flows from the Musselburgh Pump station to the Tahuna Wastewater Treatment Plant. The options being considered are likely to comprise a combination of rehabilitation and replacement of one or all of the three existing pipelines. Analysis and design work is underway and the cost of physical work will be considered as part of the 2024-34 10 year plan.

DCC is working to get a replacement watercourse pipeline in place on Bath Street. The costs of relocating this pipeline will be met within the 3 Waters existing budget.

The DCC's Warm Dunedin targeted rates scheme was available to eligible residents to spread out the costs of floor/ceiling insulation and/or clean heating appliances over 10 years via their rates payments. The scheme began in 2013 and was closed to new applicants in 2021. Repayments and interest are still being received from residents who signed up to the scheme. The Commerce Commission is concerned about any breaches of the Credit Contracts and Consumer Finance Act prior to the programme being stopped. The Government intends exempting targeted rates such as Warm Dunedin from the Act, however this exemption may not be retrospective. If the exemption is not retrospective and DCC's Warm Dunedin targeted rates scheme was found not to be compliant with the Credit Contracts and Consumer Finance Act, then DCC may be required to repay interest received from members of the scheme.

The Council is exposed to various legal claims on an ongoing basis. The maximum financial exposure under those claims is likely to be less than \$2,000,000.

The Group has the following additional contingent liabilities:

	CORE COUNCIL		CONSOLIDATED	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Performance bonds	–	–	402	377
	–	–	402	377

The performance bonds issued are principally in favour of 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.

In January 2021 the Labour Inspectorate office opened an investigation into Delta Utility Services Limited's leave processes and payments. Delta Utility Services Limited received and accepted a final report from the Labour Inspectorate which identified errors in the Company's calculation of holiday pay.

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. As at 30 June 2023 the value of the potential liability in future years is not known with sufficient certainty to be classified as a contingent liability, due to the variations in the harvesting schedule, carbon reporting periods and the value of carbon to surrender (2022: \$nil).

Local Government Funding Agency

The Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. LGFA has a current credit rating from Standard and Poor's of AAA (Stable).

The council is one of 71 local authority guarantors of the LGFA. The LGFA's loans to local authorities total \$17.7 billion (2022: \$15.8 billion), of which the Group and Council have borrowed \$125 million (2022: nil). As a result, the group and the council's cross-guarantee on LGFA's loans to other local authorities is \$17.6 billion (2022: nil)

PBE Accounting Standards require the Council to initially recognise the guarantee liability by applying the 12-month expected credit loss (ECL) model (as fair value could not be reliably measured at initial recognition), and subsequently at the higher of the provision for impairment at balance date determined by the ECL model and the amount initially recognised. The Council has assessed the 12-month ECL of the guarantee liability, based on market information of the underlying assets held by the LGFA. The estimated 12-month expected credit losses are immaterial due to the very low probability of default by the LGFA in the next 12 months. Therefore, the Council has not recognised a liability.

The Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- it is not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to raise sufficient funds to meet any debt obligations if further funds were required.

Insurance of assets

The following information relates to the insurance of DCC Group assets as at 30 June:

		2023/24 \$000	2022/23 \$000
Above Ground Material Damage			
Asset Value	DCC	1,853,601	1,590,143
	DCC Group	1,038,786	971,243
		<u>2,892,387</u>	<u>2,561,386</u>
Sum insured	DCC	1,853,601	1,590,143
	DCC Group	1,036,887	971,243
		<u>2,890,488</u>	<u>2,561,386</u>
Loss limit fire		* 130,000	130,000
Loss limit other perils		* 865,500	865,500
Below Ground Infrastructure			
Sum insured		•• 5,766,726	6,899,695
Loss Limit		625,000	625,000
(includes assumption that 60% of the limit will be funded from central government)			
Fine Arts			
Sum insured		201,436	155,533
Civil Engineering Taieri Bridge			
Sum insured		2,523	2,523
Motor vehicle			
Sum insured		6,234	4,800

*** DCC Group Limits:**

The DCC Group engaged Aon Global Risk Consulting (New Zealand) to complete a maximum foreseeable loss assessment regarding the Above Ground Property Coverage prior to the 2022/2023 renewal. The current loss limits reflect the mid range level of loss that may occur, as confirmed in this assessment.

**** Below Ground**

The sum insured value for these assets has been revised down following a review of the terrain and depth factors attached to reticulation assets

Notes:

Loss limits are generally any one loss and all losses in the aggregate for the period of insurance.

All policies include sub-limits for various claims.

All claims will be subject to the agreed excess.

A policy also exists for annual contract works (coverage primarily for renewals).

The Council does not have any financial risk sharing arrangements that cover the assets (2022: nil).

An insurance reserve fund of \$328,000 (2022: \$321,000) exists to meet the cost of claims that fall below deductible limits under the Council insurance policies.

39 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 DCC 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 DCC Group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between entities and are on/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 DCC and the DCC Group would have adopted in dealing with the party at arm's length in the same circumstances.

Details of the percentage of ordinary shares held in subsidiaries and associates by the DCC Group are disclosed in the Statement of financial involvement in Council controlled organisations.

Transactions with companies in which key management personnel of DCHL have an interest and with close members of the family of key management personnel

Key management personnel within the Group include the Board of Directors, Chief Executives, any manager with the title of Chief Financial Officer or equivalent and any manager with general management responsibilities over a major division.

2023

Related Party	Relationship	Director	Entity	Received	Paid	Receivable	Payable
AG Foleys Ltd	Director	J George	Delta Utility Services Ltd	9,879	5,266	260	–
Alpine Energy Ltd	Director	L Robertson	DCHL Group	32,409	163,819	4,266	40,102
	Chair	S Thompson	Aurora Energy Ltd				
Central Otago District Council	Chair of the Audit & Risk Committee	L Robertson	DCHL Group	1,775,298	68,299	342,292	229
Cook Brothers Group Ltd	Chief Financial Officer	A La Hood	Dunedin Venues Mant. Ltd	20,000	–	–	–
CORDE Ltd (previously Sicon Ltd)	Chair	S Grave	Delta Utility Services Ltd	–	–	–	–
Duncan Cotterill	Partner	R Lovett	Dunedin Venues Mant. Ltd	5,000	–	2,000	
Dunedin Diocese Trust Board	Trustee	S Johnstone	DCHL Group	3,985	–	–	–
Excellence in Business Solutions Ltd	Director and Shareholder	W Harvey	Aurora Energy Ltd	–	49,575	–	–
Farra Engineering Ltd	Director	C Hopkins	DCHL Group		No longer a related party		
Fern Energy Limited	Director	P Carnahan	Delta Utility Services Ltd	–	108,521	–	7,600
Forest Growers Research Limited	Director until 15 March 2022	G Dodson	City Forests Ltd		No longer a related party		
Gin Factory Limited	Shareholder	S Thompson	Aurora Energy Ltd	140,539	–	–	–
Harrison Grierson Consultants Ltd	Director until 28 July 2022	B Wood	Delta Utility Services Ltd		No longer a related party		
Health Central Limited	Director	C Hopkins	DCHL Group		No longer a related party		
High Performance Sport New Zealand	Director	R Lovett	Dunedin Venues Mant. Ltd	3,000	–	–	–
Infrastructure New Zealand Ltd	Director	M Devlin	Aurora Energy Ltd		No longer a related party		
Invercargill City Holdings Limited	Director	B Wood	Delta Utility Services Ltd	15,000	–	–	–
	Director	P Carnahan					
Mainpower New Zealand Ltd	Director	B Wood	Delta Utility Services Ltd	–	7,540	–	250
Matua Governance Ltd	Director and Shareholder	S Clarke	Aurora Energy Ltd	–	49,575	–	–
New Zealand Post Ltd	Director	S Clarke	Aurora Energy Ltd	–	385	–	343
Oakwood Group Ltd	Director	C Hopkins	DCHL Group		No longer a related party		
Orokonui Ecosanctuary Ltd	Director	S Chalmers	City Forests Ltd	–	34,500	–	–
Te Pukenga (Otago Polytechnic)	Chair	A La Hood	Dunedin Venues Mant. Ltd	269,000	9,000	15,000	–
Primeport Timaru Ltd	Director	P Melhopt	City Forests Ltd	–	32,412	–	–
Shand Thomson Chartered Accountants	Director and shareholder	S Johnstone	DCHL Group	8,402	–	1,278	–
Trojan Holdings Limited	Director and employee	P Caranhan	Delta Utility Services Ltd	787	27,774	–	–
Whitestone Contracting Ltd	Director	S Grave	Delta Utility Services Ltd	–	2,931	–	–

2022

Related Party	Relationship	Director	Entity	Received	Paid	Receivable	Payable
AG Foleys Ltd	Director	J George	Delta Utility Services Ltd	5,882	18,140	589	–
Alpine Energy Ltd	Director	L Robertson	DCHL Group	56,992	98,204	–	–
	Chair	S Thompson	Aurora Energy Ltd				
AWS Legal	Board member until March 2021	L Robertson	DCHL Group	No longer a related party			
Central Otago District Council	Chair of the Audit & Risk Committee	L Robertson	DCHL Group	2,446,886	59,469	263,548	1,970
Cook Brothers Group Ltd	Chief Financial Officer	A La Hood	Dunedin Venues Mant. Ltd	16,000	–	–	–
CORDE Ltd (previously Sicon Ltd)	Chair	S Grave	Delta Utility Services Ltd	19,528	–	–	–
Deloitte Limited	Consultant until 31 May 2021	S Thompson	Aurora Energy Ltd	No longer a related party			
Dunedin Diocese Trust Board	Trustee	S Johnstone	DCHL Group	3,949	–	1,725	–
E-Spatial Limited	Director	B Wood	Delta Utility Services Ltd	–	–	–	–
ETEL Limited	Director	B Hall	Aurora Energy Ltd	No longer a related party			
Excellence in Business Solutions Ltd	Director and Shareholder	W Harvey	Aurora Energy Ltd	–	49,000	–	–
Farra Engineering Ltd	Director	C Hopkins	DCHL Group	133	43,935	–	2,239
Forest Growers Research Limited	Director until 15 March 2022	G Dodson	City Forests Ltd	–	5,750	–	–
Harrison Grierson Consultants Ltd	Director until 28 July 2022	B Wood	Delta Utility Services Ltd	–	–	–	–
Health Central Limited	Director	C Hopkins	DCHL Group	–	181	–	175
Infrastructure New Zealand Ltd	Director	M Devlin	Aurora Energy Ltd	–	3,990	–	–
Mainpower New Zealand Ltd	Director	B Wood	Delta Utility Services Ltd	59,668	5,262	–	197
Matua Governance Ltd	Director and Shareholder	S Clarke	Aurora Energy Ltd	–	49,000	–	–
Naylor Love Enterprise Group	Chairman and Shareholder	T Kempton	Delta Utility Services Ltd	No longer a related party			
New Zealand Post Ltd	Director	S Clarke	Aurora Energy Ltd	–	337	–	4
Oakwood Group Ltd	Director	C Hopkins	DCHL Group	–	79,797	–	–
Orokonui Ecosanctuary Ltd	Director	S Chalmers	City Forests Ltd	–	34,500	–	–
Otago Polytechnic	Chair	A La Hood	Dunedin Venues Mant. Ltd	247,000	5,000	12,000	1,000
	Chair up until January 2021	T Allison	Delta Utility Services Ltd				
Primeport Timaru Ltd	Director	P Melhopt	City Forests Ltd	–	18,246	–	–
Shand Thomson Chartered Accountants	Director and shareholder	S Johnstone	DCHL Group	7,648	–	–	–
Stratview Holdings Ltd	Director and Shareholder	B Hall	Aurora Energy Ltd	No longer a related party			
Unison Networks Ltd (which owns Unison Contracting Ltd)	Director	B Hall	Aurora Energy Ltd	No longer a related party			
Whitestone Contracting Ltd	Director	S Grave	Delta Utility Services Ltd	–	7,019	–	–

Key management personnel compensation – DCC

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. For further analysis refer to note 13.

	Actual 2023 \$000	Actual 2022 \$000
Mayor and Councillors		
Remuneration	1,373	1,315
Executive Leadership Team		
Remuneration	2,303	2,107
Total key management personnel remuneration	3,676	3,422

Key management personnel comprises: 15 full-time equivalent elected members and 8 full-time equivalent executive leaders (2022: 15 full-time equivalent elected members and 8 full-time equivalent executive leaders).

Key management personnel compensation – DCHL Group

The remuneration of directors and other members of key management during the year was as follows:

	Actual 2023 \$000	Actual 2022 \$000
Directors fees	1,166	1,201
Short-term employment benefits	7,195	7,091
Post-employment benefits	87	230
Total key management personnel remuneration	8,448	8,522

40 Explanations of major variances against budget

Explanations for major variances from the Council's 2022/23 Annual Plan budget figures are as follows:

Statement of comprehensive revenue and expense

Total operating revenue for the year was \$334 million or \$9.3 million greater than budgeted. This additional income was due to:

- additional roading funding from Waka Kotahi reflecting higher maintenance and capital delivery,
- unbudgeted government project funding for Economic Development and the FIFA World Cup event,
- an increase in fair value of international and New Zealand equities held by the Waipori Fund, reflecting the recovery in global equity markets over 2023.

These favourable variances were partially offset by reduced funding for Waste Futures projects and delayed reform funding in Three Waters.

Total operating expenses for the year was \$371.2 million or \$54.7 million greater than budgeted. This variance was due to:

- increased depreciation expenditure following asset revaluations as at 30 June 2022 in Three Waters and Transport. The level of uplift for Three Waters reflected a change in valuation methodology away from historical indexed costs to a fairer estimate of current replacement cost,
- unbudgeted non-cash fair value losses on the Investment Property portfolio,
- increased costs associated with applying to extend the Green Island landfill consents,
- unbudgeted non-cash increase in the provision for landfill after-care costs,
- greater than expected roading and Three Waters maintenance,
- traffic services on Gordon Road Mosgiel related to the new aquatic facility,
- the expensing of design and design related costs associated with the South Dunedin Community Centre project at the MacAndrew Road site. This project will now be delivered on an alternative site at 138-156 King Edward Street,
- unbudgeted expenditure in Enterprise Dunedin to deliver the MBIE funded projects including the Centre of Digital Excellence, Destination Marketing and the Regional Events fund,
- interest costs were higher than budget due to a higher debt level required to fund increased capital expenditure along with a higher than budgeted interest rate for the second half of the financial year.

These unfavourable variances were partially offset by lower personnel costs due to position vacancies throughout the year and lower ETS costs.

Statement of financial position

The term loan balance as at 30 June 2023 was \$460.3 million or \$20.0 million greater than budget. This increase reflects the level of capital expenditure for the year which was ahead of budget.

Statement of cashflows

Net cash inflow from operating activities was less than budget driven by the revenue and expense variances discussed above.

Net cash outflow from investing activities was higher than budget due to a higher cash outlay for capital expenditure than expected.

41 Reclassification of comparative year figures

The Group has made some minor reclassification adjustments to prior year comparative figures. This is to better reflect the financial position at year end.

42 Covid 19

In early March 2020, the World Health Organisation declared the outbreak of Covid 19 a pandemic. Since then, New Zealand has been heavily impacted by the pandemic with a number of regional and nationwide lockdowns occurring during the period from March 2020 until September 2021. With New Zealand transitioning from the pandemic to the endemic stage of Covid 19, large scale lockdowns have ceased, however an isolation period is still required for anyone who tests positive.

The pandemic had a varying effect on individual members of the DCHL Group but overall the Group was not significantly effected by the pandemic. Some entities within the Group met the criteria to receive the Covid 19 leave support scheme and wage subsidy.

As an "essential service" provider, the Group's largest entity, Aurora Energy Limited, continued to operate during lockdown restrictions and Covid 19 did not have a material impact on the entity.

The pandemic has not had a significant direct effect on the Dunedin City Treasury Limited. As lender to the Dunedin City Council Group, Dunedin City Treasury Limited remains in constant communication with the Group entities regarding their borrowing needs and ensuring appropriate levels of cash reserves are maintained. Throughout the period the Dunedin City Treasury maintained compliance with all Treasury Risk Management Policy requirements and there was no change in the Company's credit rating.

The ongoing impact of Covid 19 has remained a significant factor for City Forests Limited, contributing to increased volatility in the key Asian export markets. Delta Utility Services Limited's financial operations were impacted by Covid 19 leave and illness, which lead to the cancellation or deferral of work as well as a higher than normal level of subcontractor use to ensure customer demand and maintenance of market share. Prior to Covid 19 affecting New Zealand, Dunedin Railway Limited had been forecasting ongoing deficits and required additional equity to maintain its financial viability. When Covid 19 closed borders in NZ it significantly impacted the operations of Dunedin Railway Limited, increasing the operating deficits. Subsequent to this period the Dunedin City Council resolved that Dunedin City Holdings Limited will meet the ongoing costs of hibernation until 30 June 2024. A decision on the future of Dunedin Railways Limited, after 30 June 2024, is still unknown.

43 Water services reform programme

The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.

The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.

The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023.

44 Events after balance date

On 8 September 2023, Dunedin City Treasury Ltd increased the amount which it can borrow under its Multi-Option Instrument Issuance Agreement from \$1.2 billion to \$1.6 billion.

On 8 September 2023, Dunedin City Holdings Ltd increased its Uncalled Capital with Dunedin City Council from \$1.2 billion to \$1.6 billion.

DCC has committed in principle to retaining the iconic Taieri Gorge train service as a key part of the city's visitor economy. Future options will be considered in more detail, and staff will provide further updates to Council in time for its 10 year plan 2024-34.

There were no other significant post balance date events.

SECTION 4:

He whākika anō | Other disclosures

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Annual report disclosure statement

Annual report disclosure statement for the year ending 30 June 2023

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. This is 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.

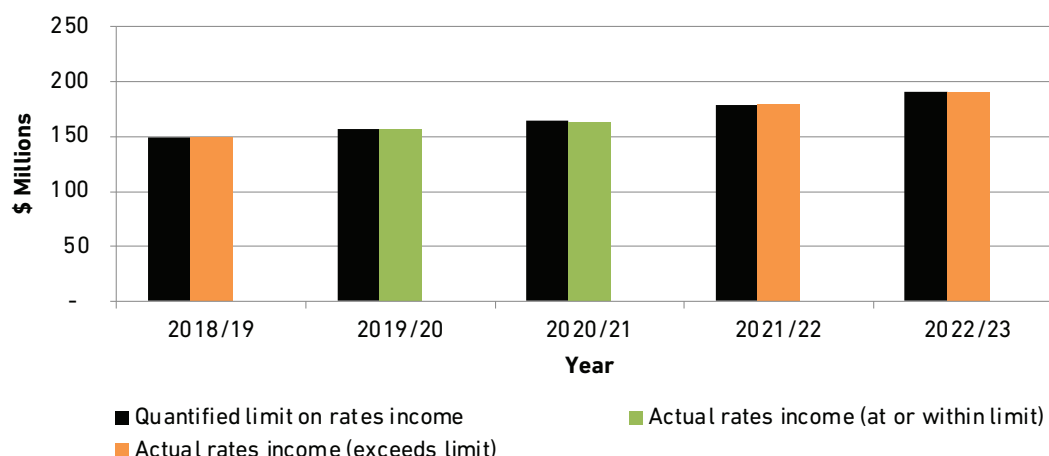
Rates affordability benchmark

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.

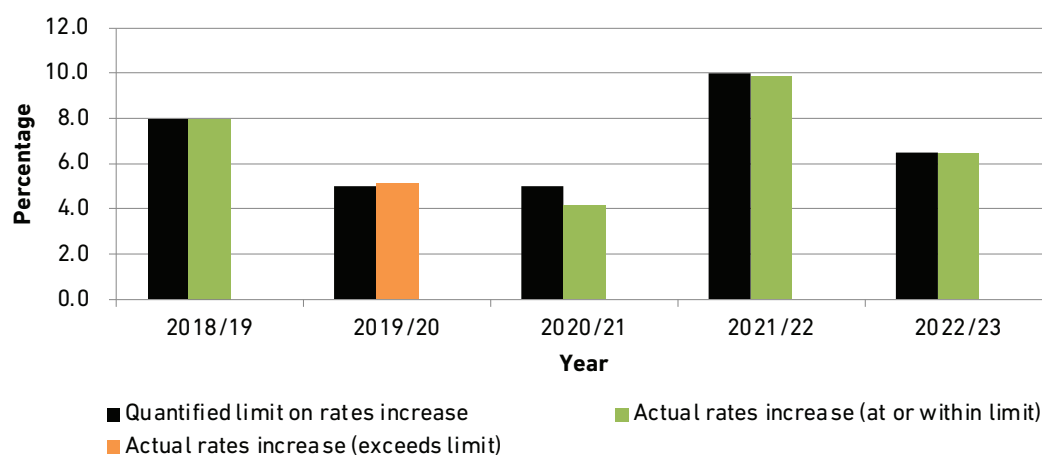
Rates (income) affordability

The following graph compares the Council's actual rates income with a quantified limit on rates which is contained in the financial strategy included in the Council's long-term plan. The quantified limit is \$191 million in 2022/23.



Rates (increases) affordability

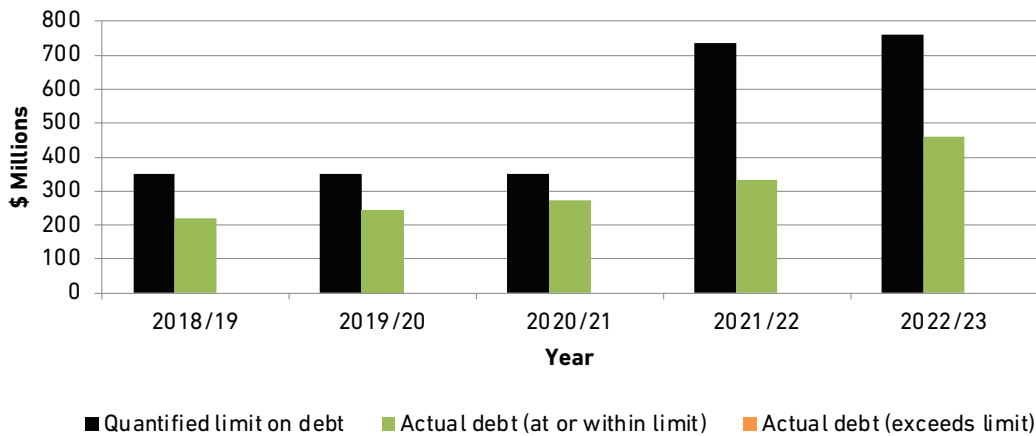
The following graph compares the Council's actual rates increases with a quantified limit on rates increases, which is contained in the financial strategy included in the Council's long-term plan. The quantified limit is 7% in 2022/23.



Debt affordability benchmark

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

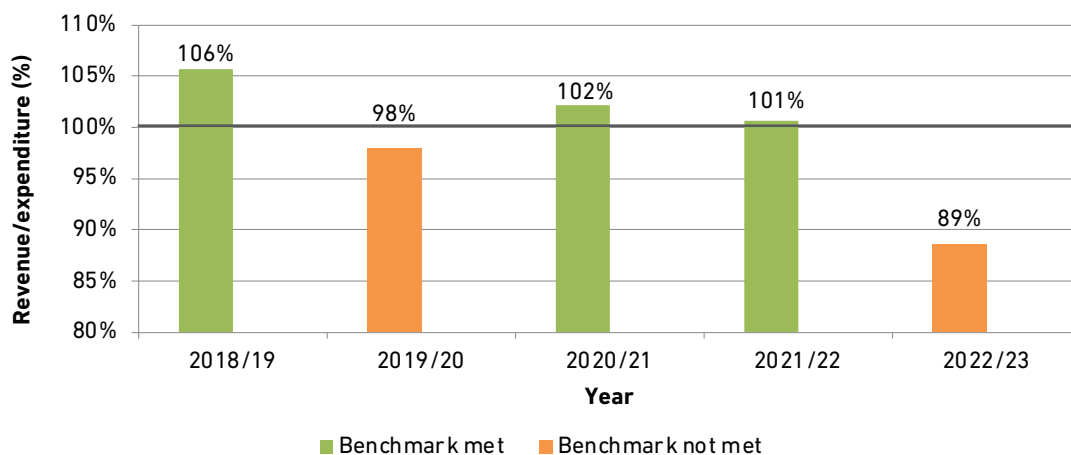
The following graph compares the Council's actual borrowing with a quantified limit on borrowing statement in the financial strategy included in the Council's long-term plan. The quantified limit is \$760 million in 2022/23.



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).

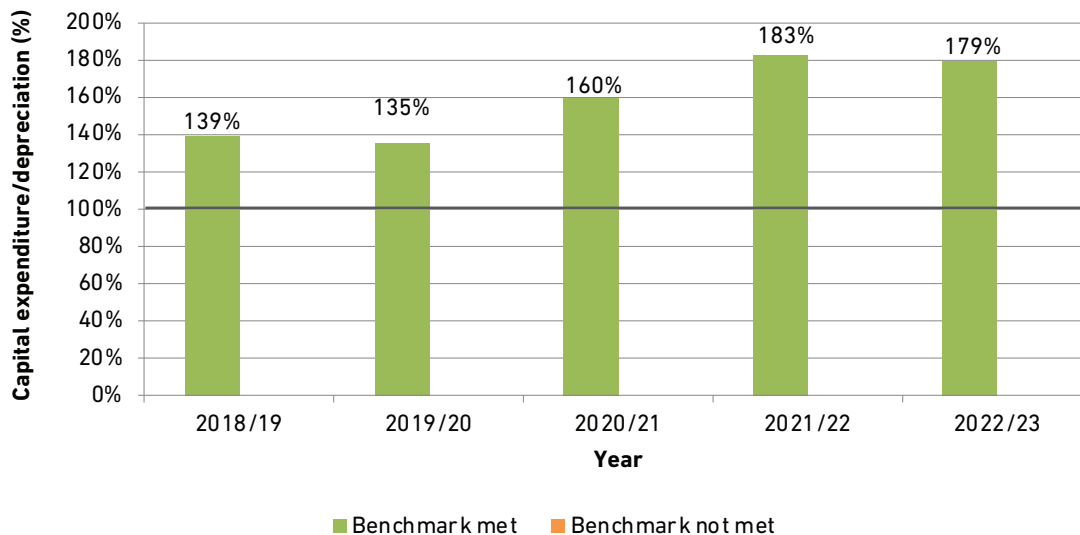
The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Essential services benchmark

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

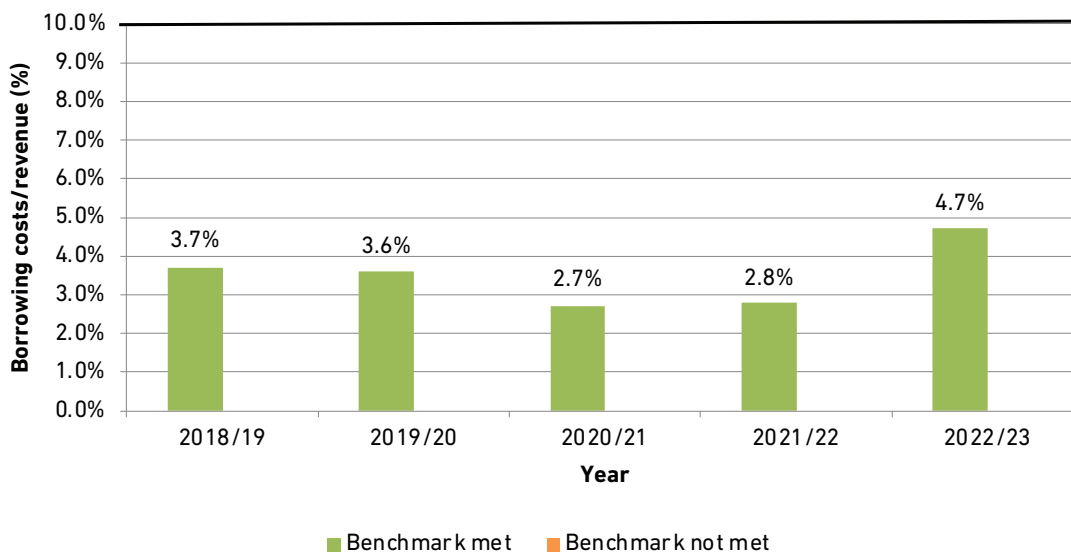
The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



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).

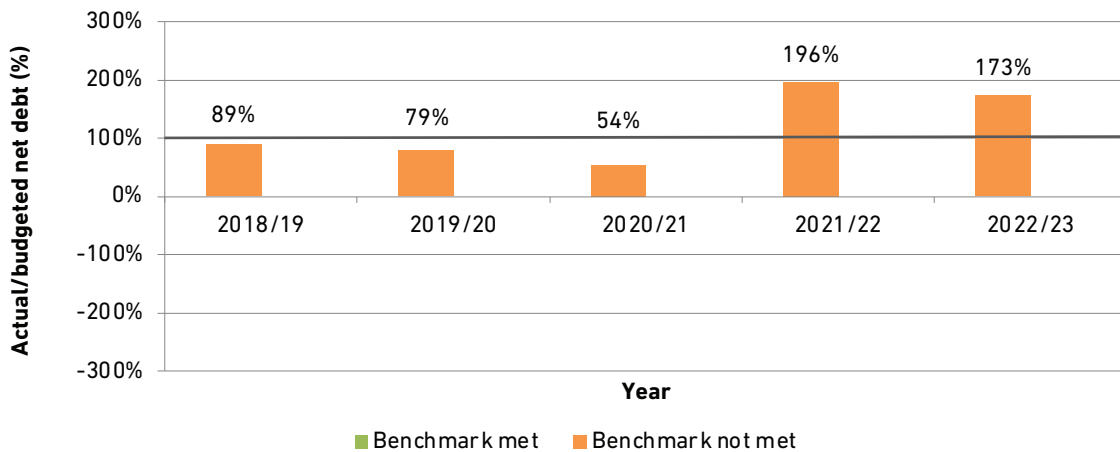
Because Statistics New Zealand projects the Council's population will grow below the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



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).

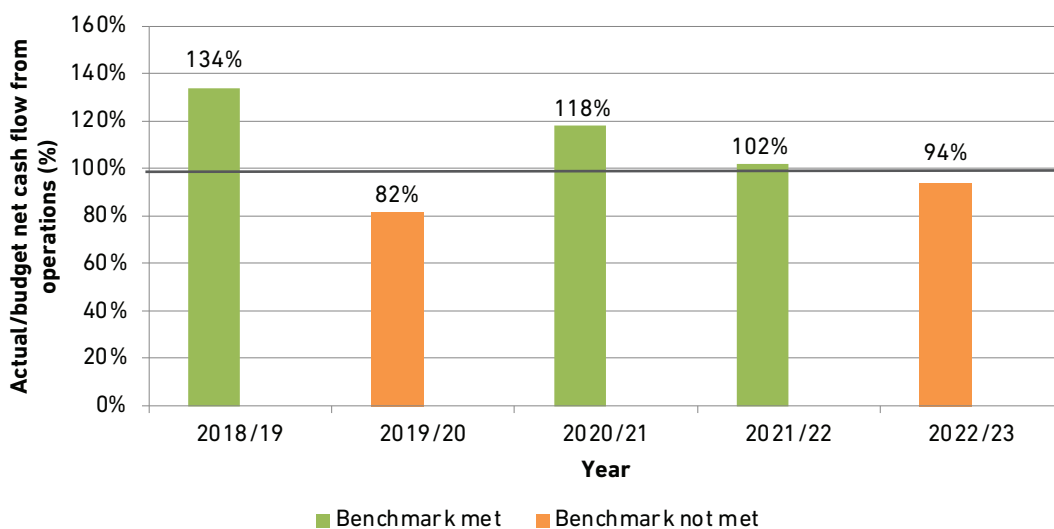
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



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 results shown are graphically correct. The Council planned to have net assets for 2018/19 through to 2020/21 – that is, its financial assets (excluding trade and other receivables) were planned to exceed its financial liabilities. 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.

Statement of Service Performance

Dunedin City Holdings Limited

For the year ended June 2023

The performance targets established in the 2022/23 Statement of Intent (Sol) for Dunedin City Holdings Ltd and the results achieved for the year ended 30 June 2023 are as follows:

Performance Target	Outcome
DCHL Board perform a monthly review of DCHL Group companies' operating activities, including financial performance against budget (DIAL quarterly).	Each month the DCHL Board reviewed each of the DCHL Group companies' operating activities, including financial performance against budget, with DIAL reviewed on a quarterly basis.
DCHL Board monitor DCHL Group companies' progress against their Sol targets quarterly.	Each month the DCHL Board monitored each of the DCHL Group companies' progress against their Sol targets on an exception basis.
Synergies have been made across the DCHL Group.	Throughout the year DCHL has continued to support group-wide projects or initiatives. In 2023 cross-group work included projects on staff wellbeing and cyber security.
DCHL Board perform a monthly review of the consolidated DCHL Group financial performance against budget.	Each month the DCHL Board reviewed the consolidated DCHL Group financial performance against budget.
DCHL Board to perform a quarterly review of DCHL Group companies' rates of return.	DCHL Group companies' rates of return was reviewed in three of four quarters, with one quarter omitted due to unavailability of data.
DCHL Board provide a quarterly update to Council on the DCHL Group's performance (financial and other).	On a quarterly basis, the DCHL Chair updates the Council on the DCHL Group's performance. Comprehensive information is provided on the Group's performance for the previous quarter.
DCHL Board annually review the ownership and capital structures of the DCHL Group companies.	The ownership and capital structures of the DCHL Group companies are an ongoing consideration of the DCHL Board, and are specifically considered quarterly.
Consider capital expenditure proposals and business cases in accordance with company constitutions and Sols.	Capital expenditure proposals and business cases have been considered in accordance with individual company constitutions and Sols.
DCHL Board engage with each DCHL Group company at least once annually on strategy.	At least once annually each DCHL Group company has presented their strategy to the DCHL Board.
DCHL Board meet with full group of Chairs twice annually.	Twice a year the full group of DCHL Group Chairs meet with the DCHL Board.
Review draft Sols by 1 March 2023.	The DCHL Board reviewed each of the DCHL Group companies draft Sols in February 2023.
Approve Sols by 30 June 2023.	The DCHL Board reviewed and approved each of the DCHL Group companies final Sols in June 2023.
Send Letters of Expectation to subsidiary and associate companies by 20 December 2022.	The DCHL Board sent each of the DCHL Group companies a Letter of Expectation by 20 December 2022.
Co-ordinate across the group in developing a roadmap to net zero carbon, and provide reporting to Council on progress and challenges.	Co-ordinated all DCHL Group companies to continue measuring and reporting their carbon emissions. Carbon roadmap, including progress and challenges published 31 August 2023.
Implement DCHL's carbon emissions strategy developed in the 2022 financial year and achieve our FY2023 targets.	Achieved, see sustainability section for details.

Performance Target	Outcome
Implement DCHL's waste reduction strategy developed in the 2022 financial year and achieve our FY2023 targets.	Achieved, see sustainability section for details.
Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report.	Achieved, see sustainability section for details.
Ensure that all direct employees are paid at living wage or above.	DCHL does not directly employ any staff.
Appointments and re-appointments are all completed on time, and in compliance with DCHL and Council policy.	All appointments and re-appointments made during the 2023 financial year were completed on time, and in compliance with DCHL and Council policy.
Ensure DCHL Group companies have appropriate policies and procedures in place.	Confirmed that all group companies have appropriate policies and procedures in place and they are reviewed on a regular basis.
DCHL Board review DCHL Group companies' (including DCHL) ESG disclosures in their Annual Reports.	Board review these sections when Annual Reports published.
DCHL Board provide briefings to Councillors on matters of significance as required.	Briefing provided on all matters of significance required.
Strategic or operational matters which could compromise the Council's community outcomes, are escalated to the shareholder in a timely manner.	All strategic or operational matters which could compromise the Council's community outcomes, were reported to the shareholder in a timely manner.
Any substantive matter, including any matter likely to generate media coverage, are reported to the shareholder within 24 hours.	All substantive matters were reported to the shareholder within 24 hours of the DCHL Board becoming aware of them.

Financial forecasts		\$'000	Financial achievement		\$'000
Shareholder's funds to total assets		26%	Shareholder's funds to total assets		23%
Interest paid to shareholder		5,902	Interest paid to shareholder		5,902
Dividend distributions		5,500	Dividend distributions		5,500
Net profit after tax		9,392	Net profit after tax		3,340
Cash flow from operations		53,981	Cash flow from operations		46,687
Capital expenditure		96,855	Capital expenditure		113,505
Contributions of equity		2,550	Contributions of equity		2,550
Term loans	Parent	19,400	Term loans	Parent	19,195
	Group	1,013,310		Group	1,083,813

Statement of Service Performance

Aurora Energy Limited

For the year ended June 2023

The performance targets established in the 2022/23 Statement of Intent for Aurora Energy Limited and the results achieved for the year ended 30 June 2023 are as follows:

Performance Target	Outcome Achieved
Our People, Our Place	
Zero serious harm events involving members of the public.	Achieved - There were no serious harm events involving members of the public.
Reduce levels of recordable harm.	Not achieved - Aurora Energy and its network approved contractors recorded a TRIFR of 4.2 per 200,000 hours worked.
Develop opportunities across the business that support the overall wellness of our team.	Achieved - The health, safety and wellbeing strategy was reissued in April 2023. Regular updates were reported to the health, safety and wellbeing sub-committee.
To create a motivated and satisfied team and to understand and action opportunities for improvement within our team environment.	Achieved - Over the three staff surveys conducted in August 2022, December 2022, and March 2023 the average satisfaction result was 89.4%.
Ensure that all direct employees are paid the living wage or above.	Achieved - As at 30 June 2023, 100% of the Company's employees were paid at or above the Living Wage (as calculated by the Living Wage Aotearoa New Zealand).
Enabling Decarbonisation - Reliability Performance Targets (Statement of Intent Targets – Period Ended 31 March 2023)	
SAIDI - Class B Interruptions (Planned) ≤ 195.96 minutes	Achieved - 110.34 minutes
SAIDI - Class C Interruptions (Unplanned) ≤ 124.94 minutes	Achieved 106.49* minutes
SAIFI - Class B Interruptions (Planned) ≤ 1.11	Achieved - 0.60 interruptions
SAIFI - Class C Interruptions (Unplanned) ≤ 2.07	Achieved - 1.75* minutes
	*Class C SAIDI and SAIFI are expressed as normalised figures. The Commerce Commission's price-quality framework 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 156.3 minutes and 2.48 interruptions respectively.
Asset Management Maturity	
Implement process and capability improvements identified in CPP Asset Management Practices Development Plan (AMPDP).	Achieved - Significant progress has been made on the process and capability improvements outlined in the AMPDP. Further details are available in the Company's Annual Delivery Report dated 31 August 2023.
Effective long-term planning for Aurora Energy's asset portfolio is in place.	Achieved - A full 10 year Asset Management Plan (AMP) was published on 31st March 2023.
Future Energy.	
Lead investigations into future South Island system operation models to ensure fit-for-future solutions for customers.	Achieved - Aurora Energy played a lead role in the South Island electricity distribution group charged with the development of future system operation models. The outputs from this initiative are expected to feed into new workstreams within the ENA Future Network Forum (FNF).

Performance Target	Outcome Achieved
Work collaboratively with the sector on green energy initiatives.	Achieved - This collaboration initiative has adapted to respond to stakeholder priorities. The initial work helped the distribution sector to engage on decarbonisation initiatives. Further collaboration with EECA has led to the emergence of regional decarbonisation reports to better understand the network implications of process heat electrification.
Efficient Delivery	
Deliver work programme outcomes to scope, time and budget.	Achieved - Annual work and project plans are being delivered in accordance with Field Service contract terms. Variations to budget are reported and addressed via delegated authorities.
Implement new Aurora Energy data strategy and establish a structured approach to the utilisation of business intelligence.	The data strategy has been approved and the business intelligence framework has been implemented.
Aurora Energy Risk Register is regularly reviewed & updated, and the risk profile is managed in accordance with Board approved risk tolerance levels.	Achieved - Risks on our risk register are regularly reviewed and kept up to date. Risk treatment plans are in place and reviewed regularly by risk owners. Risk update reports are provided to the Board and Audit and Risk Committee on a regular basis.
Our Communities	
Maintain community support through approved sponsorships and community initiatives.	Achieved - In excess of \$10,000 was provided to support community initiatives during the year. Aurora Energy's primary community sponsorship was the Otago Science & Technology Fair.
To provide regular updates and consult with the community on the delivery of our CPP programme.	Achieved - Published the 31 March 2022 Annual Delivery Report on 31 August 2022. Public engagement forums were held in each pricing region before 31 October 2022.
Streamline customer service processes through enhanced outage information via the outage management system (OMS).	Achieved - The OMS upgrade was completed in May 2023.
Licence To Operate	
Develop corporate sustainability initiatives.	Achieved - An environmental, social, and governance (ESG) framework was developed by the Aurora Energy executive team during the reporting period.
Contribute to Council's carbon neutrality initiatives.	Partially achieved - Work to implement Aurora Energy's carbon emissions strategy progressed during the year however some milestone dates were not achieved. There were no quantified emission targets for the reporting period.
Minimise waste and the associated negative environmental impacts.	Partially achieved - Work to implement Aurora Energy's waste reduction strategy progressed during the year however some milestone dates were not achieved. There were no quantified waste reduction targets for the reporting period.
Implement opportunities to transition light motor fleet to electric vehicles where appropriate.	Achieved - We have implemented a fleet transition plan to replace ICE vehicles with electric vehicles where fit for purpose electric options are available.
Increase sustainability reporting and climate related disclosures in our Annual Report.	Achieved - Sustainability reporting is again included in this year's 2023 Annual Report.

Performance Target	Outcome Achieved
Shareholder	
Consult with the Shareholder at the earliest possible time on matters where conflict may or could result.	Achieved - There were no issues of potential strategic or operational conflict to be notified to the Shareholder.
On a "no surprises" basis, advise the Shareholder promptly of any substantive matter that has the potential to impact negatively on the Shareholder and the Company with a particular focus on the media.	Achieved - All substantive matters were reported to the Shareholder within 24 hours.

Financial forecasts	\$'000	Financial achievement	\$'000
EBITDA*	>57,383	EBITDA*	60,092
Net profit after tax	>9,942	Net profit after tax	11,082
Shareholder's funds	>195,195	Shareholder's funds	197,522
Shareholder's funds to total assets	>25%	Shareholder's funds to total assets	25%
Cash flow from operations	>41,410	Cash flow from operations	44,455
Capital expenditure**	>79,418	Capital expenditure**	99,294
Capital expenditure per Board approved budget**	>89,369	Capital expenditure per Board approved budget**	99,294
Term debts	≤486,200	Term debts	494,635

* EBITDA target outcome calculations exclude asset disposals

** Transposition error in the 2023 Statement of Intent resulted in an incorrect FY23 CAPEX number being disclosed.

Statement of Service Performance

Delta Utility Services Limited

For the year ended June 2023

The performance targets established in the 2022/23 Statement of Intent for Delta Utility Services Limited and the results achieved for the year ended 30 June 2023 are as follows:

Performance Target	Outcome
The Shareholder	
Consult with the Shareholder on matters to be included in the Company's Sol: Shareholder approval of the Company's Statement of Intent.	The Shareholder (DCHL) was consulted on the content of the Statement of Intent for the 2024 financial year. The final Statement of Intent was submitted to and approved by the Shareholder prior to 30 June 2023.
Consult with the Shareholder at the earliest possible time on matters where conflict may or could result: All potential conflicts notified.	Regular communication with the Shareholder (DCHL) is maintained throughout the year. Monthly KPI reports and financial information were provided in line with the agreed timetable.
On a "no surprises" basis, advise the Shareholder promptly of any substantive matter that has the potential to impact negatively on the Shareholder and the Company with a particular focus on the media: All substantive matters reported to the Shareholder within 24 hours.	There were not any substantive matters to report to the Shareholder in the year ending 30 June 2023.
Community	
Maintain community support through local sponsorship/ donations \$25,000 of sponsorship/ donations per annum.	\$29,000 in sponsorship / donations was provided to local community groups during the year. The target was exceeded due to proceeds of \$4,410 from the staff charity challenge initiative donated to the Dunedin Night Shelter.
Maintain parks, reserves, sports fields, walking tracks, and amenities in the northern part of Dunedin city. Achieve KPIs on service contracts.	Target KPIs were maintained or exceeded on average throughout the year.
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.	Delta generally met or exceeded its KPI's on maintenance contracts held with Aurora Energy and the Dunedin City Council throughout the year.
People	
Reduce harm to employees and contractors: ≤ 3.50 total recordable injury frequency rate (TRIFR) per 200,000 hours worked, ≤ 1.00 total lost time injury frequency rate (LTIFR) per 200,000 hours worked.	TRIFR for the year was 3.77 per 200,000 hours worked. This was just slightly over the target of ≤ 3.50 , partially due to the impacts of an unsettled workforce while we work through the long tail effects of the Covid-19 pandemic and partially due to a change in the mix of work completed, with an increase in work types with higher risk profiles. LTIFR for the year was 1.00 per 200,000 hours worked.
Maintain all existing Health and Safety accreditations: Maintain ISO 45001 Occupational Health and Safety Management System accreditation throughout the period.	The Company maintained ISO45001 Occupational Health and Safety Management System accreditation throughout the period.
Monitor absences due to illness: $\leq 2.5\%$ sick leave based on total hours worked.	Staff sick leave was 3.53% of total hours worked during the year. Staff who tested positive for Covid-19 were given additional sick leave over and above contractual requirements and this was an additional 1.07% of total hours worked during the year. Sick leave and covid leave combined came to 4.59% of total hours worked during the year. These numbers are reflective of the change in culture to encourage staff to stay home if they are unwell.

Performance Target	Outcome
Maintain an employee wellbeing programme: Employee wellbeing programme maintained throughout the year.	Over the year ending 30 June 2023 we have not just maintained but upgraded our wellbeing approach giving it further priority and structure. We have signed up to WorkWell, a government designed and funded product which we have launched across the regions. We have also continued with our health monitoring program and offer to fund flu vaccinations for all staff. This year we plan to work through the WorkWell accreditation process and expand on current efforts.
Ensure that all direct employees are paid at living wage or above: No employee is paid at less than the living wage.	All employees were paid equal to or higher than the living wage.
Develop skill sets and succession planning through Delta's apprenticeship/trainee scheme: Average number of apprentices/trainees of 20 or more per annum.	The average number of apprentices in the scheme was 38.8 during the year ending 30 June 2023.
Monitor voluntary leavers relative to permanent staff: ≤ 11.0% staff turnover.	Voluntary staff turnover was 13.56% for the year ending 30 June 2023. A tight labour market and shortage of qualified and experienced staff in the sector has contributed to below target performance in this area.
Environment	
Maintain all existing Environmental accreditations. Maintain International Organisation for Standardisation (ISO)14001 Environmental Management Systems accreditation throughout the period.	The Company maintained ISO 14001 Environmental Management accreditation throughout the period.
Maintain full compliance with the Resource Management Act (RMA): Zero breaches.	There were no breaches of the RMA during the 2022/23 year.
Achieve FY2023 carbon emission and waste reduction targets: Carbon emission and waste reduction strategy is implemented.	The carbon emission and waste reduction strategy (2022 - 2030) has been established. While the strategy does not contain any quantification targets for FY2023, progress is being made towards achieving the overall objectives contained within the strategy.

Financial forecasts	\$'000	Financial achievement	\$'000
EBITDA	≥ 11,526	EBITDA	10,916
Net profit after income tax	≥ 2,523	Net profit after income tax	2,571
Shareholder's funds	≥ 27,861	Shareholder's funds	27,724
Return on Shareholder's funds	≥ 9%	Return on Shareholder's funds	9%
Cash flow from operations	≥ 9,571	Cash flow from operations	5,944
Capital expenditure	≥ 5470	Capital expenditure	3,963
Term Borrowings	≥ 9,900	Term Borrowings	11,770
Dividend Distributions	≥ 2,000	Dividend Distributions	1,000
Shareholder funds to total assets	≥ 43%	Shareholder funds to total assets	42%

Statement of Service Performance

City Forests Limited

For the year ended June 2023

The performance targets established in the 2022/23 Statement of Intent for City Forests Limited and the results achieved for the year ended 30 June 2023 are as follows:

Performance Target	Outcome
General	
The Company will achieve a 6% return (or greater) on shareholders' funds measured on a post-tax 3 year rolling average basis.	Three year rolling average return on shareholders' funds is 6.4%.
A review of the Company's long term strategic plan will be completed each year, which targets a 6% return (or greater) on shareholders' funds measured on a post-tax 3 year rolling average basis.	Strategy day held on 28 March 2023. The Company's long term strategic plan was reviewed and adopted by the shareholder during the annual budget and statement of intent process. Due to market conditions with challenges in the export real estate and construction sector, the plan incorporates a below target return on shareholders' funds of; 2.6% for the first 3 years measured on a forecast 3 year rolling average basis.
No single customer will have received more than 30% of the Company's annual harvest by volume.	Our largest customer Daiken Southland received 8% of the Company's annual harvest volume.
The percentage of annual supply to the domestic market by volume will be tracked.	Domestic log production was 21.0% by volume (28.5% last year).
The Company will participate in the New Zealand ETS and may realise returns from the sales of carbon stored in the Company forests in compliance with its Carbon Policy.	The Company continues to participate in the ETS. No Carbon sales were made during the year. The Company was compliant with its Carbon Policy.
The Company's annual harvest volumes as detailed in the strategic plan will be within 30% of projected long term sustainable yield.	The annual harvest from the Company Forest estate during the year was 360,562m ³ including billet wood. This is 99.9% of the sustainable yield of 360,708m ³ . Forecast harvest levels in the long-term strategic plan for the next 3 years are; 350k m ³ , 349k m ³ and 358k m ³ . All are within +/- 30% of the sustainable yield.
The Company will carry out annual forest inventory to measure and verify forest yield. The number of sample plots measured will be reported.	The Company completed 355 sample plots during the period.
A forest surveillance program will be in place as part of the National Surveillance program to assess the forest estate for pests and diseases.	The City Forests, forest health surveillance program was conducted during the 2022/23 year.
The annual fire plan will be updated and operational by 1 October each fire season.	Fire plan update was completed in September 2022 prior to the start of the fire season.
The Company will actively participate in regional land use and environmental planning processes.	The Company submits on regional planning processes and the National Environmental Standard – Plantation Forestry.
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 achieve research objectives.	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.

Performance Target	Outcome
The implementation of research outcomes into operational management plans will be tracked.	Management plans are updated to reflect current management practices which are informed by research outcomes, i.e. target tree stocking rates per hectare to optimise site carrying capacity.
The Company will maintain supply arrangements with Otago and Southland wood processors provided customers match (or better) alternative supply options.	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).
Annual supply volumes to the three largest wood processors customers will be tracked and reported.	Major wood processors were supplied the following volumes during the period: Pan Pac: 15,661m ³ Daiken: 31,212m ³
The annual volume of wood supplied for bioenergy uses will be tracked and reported.	Bio-energy supply: 11,571m ³
Lost time accident rates for staff and forest contractors will be minimised and not more than 15 lost time accidents per 1,000,000 hours worked.	12 month rolling lost time accident rate for staff and forest contractors was 11.6 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.	91 random tests were conducted during the period. 3.3% of tests were recorded as positive.
Forest Stewardship Council Certification of the Forest Estate will be maintained.	Forest Stewardship Council Certification was maintained following audit in 2022.
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.	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.
The Company will work with partners DoC, University of Otago & contractors to maintain and enhance RT&E species on and around the Company estate. Sponsorship amounts for these activities will be reported annually.	Sponsorship of \$60,250 was awarded to Predator Free Dunedin, \$30,000 to Orokonui Eco-Sanctuary, \$6,522 to Tokomairiro High School, \$10,000 to the Yellow Eyed Penguin Trust and \$10,000 to Dunedin Wildlife Hospital, to contribute towards conservation of rare threatened and endangered (RT&E) species on and around the Company estate.
The company will report on the number of National Certificates achieved by its workforce each year.	Company Staff, Contractors and their employees achieved 10 National Certificates during the 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.	At 30 June 2023 one modern apprentice was employed in Company operations.
The Company will maintain a forest access permit system, track and report on recreational use statistics.	Recreation use is monitored through forest access permit issuance. 285 forest access permits were issued during the year.
A continued and measured expansion of the forest estate will be part of Company Strategy. The area of acquired land will be reported annually.	Company has purchased 312.5ha of land during the period.
Consult with the shareholder in a timely manner on DCHL Group strategic or operational matters which could compromise the Council's community outcomes. Any such matters were escalated to the shareholder in a timely manner.	No significant issues arose that would compromise Council community outcomes, however communication channels were maintained with the shareholder such that the shareholder is well informed of Company activities.

Performance Target	Outcome
Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	A number of media interactions occurred throughout the period and the shareholder and board were communicated to within 24 hours informing them of the matter.
The Company will report on the proportion of its workforce (staff) receiving the living wage.	All staff remuneration is greater than the living wage.
Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our annual report.	The carbon emission and waste reduction strategy (2022/2030) has been established. While the strategy does not contain any quantification targets for FY2023, progress is being made towards achieving the strategy.
The company will develop a waste reduction strategy and associated targets for the 2022/23 financial year.	A waste reduction strategy has been developed in draft and incorporated into the 2022/23 Sol.

Financial forecasts	\$'000	Financial achievement	\$'000
EBITDA	11,700	EBITDA	10,366
Profit after income tax	7,613	Profit after income tax	5,463
Shareholders' funds to total assets	70.5%	Shareholders' funds to total assets	69.4%
Dividend	3,600	Dividend	3,600
Capital Distribution	10,000	Capital Distribution	10,000
Operating Cashflow	6,000	Operating Cashflow	6,258
CAPEX	7,400	CAPEX	5,378
Term Debt	32,900	Term Debt	36,000

Statement of Service Performance

Dunedin Railways Limited

For the year ended June 2023

The performance targets established in the 2022/23 Statement of Intent for Dunedin Railways Limited and the results achieved for the year ended 30 June 2023 are as follows:

Performance Targets	Outcome Achieved
General	
Hibernation plan is prepared and reported on to the Board on a quarterly basis.	Achieved. Compliance to the hibernation plan was reported on at each Dunedin Railways Ltd Board meeting.
Target zero lost time injuries (LTI).	Not Achieved. There was 1 LTI during the reporting period.
A draft 2023/24 Statement of Intent will be submitted to the Shareholder by 1 March 2023.	Achieved. The draft Statement of Intent was submitted to the Shareholder by 1 March 2023.
Implement DRL's carbon emissions strategy developed in the 2022 financial year and achieve our FY2023 targets.	DRL's strategy was implemented and our activity targets for FY2023 were achieved.
Implement DRL's waste reduction strategy developed in the 2022 financial year and achieve our FY2023 targets.	DRL's strategy was implemented and our activity targets for FY2023 were completed.
Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report.	Achieved.
Ensure that all direct employees are paid at living wage or above.	All direct employees were paid at living wage or above.
Consult with the shareholders in a timely manner on DRL strategic or operational matters which could compromise Council's community outcomes.	Achieved. There were no matters which could compromise community outcomes that required escalation to the Shareholder.
Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	Achieved. There were no matters, which had the potential to negatively impact on the Shareholder and the Company, that were required to be reported to Dunedin City Holdings Limited.

Financial forecasts	\$'000	Financial achievement	\$'000
Shareholder Funds to Total Assets	100%	Shareholder Funds to Total Assets	68%
Dividend/Subvention Distributions	-	Dividend/Subvention Distributions	-
EBITDA	(2,140)	EBITDA	(986)
Net Surplus/ (Deficit) after Tax	(2,150)	Net Surplus/ (Deficit) after Tax	(978)
Cash Flow from Operations	(2,140)	Cash Flow from Operations	(920)
Capital Expenditure	-	Capital Expenditure	21
Term Loans	-	Term Loans	-
Shareholder Funds	316	Shareholder Funds	560

Statement of Service Performance

Dunedin City Treasury Limited

For the year ended June 2023

The performance targets established in the 2022/23 Statement of Intent for Dunedin City Treasury Limited and the results achieved for the year ended 30 June 2023 are as follows:

Performance Target	Outcome
Zero breaches of DCC Treasury Risk Management Policy's borrowing maturity profile.	Achieved. There were no breaches of DCC Treasury Risk Management Policy's borrowing maturity profile.
Zero breaches of DCC Treasury Risk Management Policy's interest rate risk policy.	Achieved. There were no breaches of DCC Treasury Risk Management Policy's interest rate risk policy.
Zero breaches of DCC Treasury Risk Management Policy's investment management policy.	Achieved. There were no breaches of DCC Treasury Risk Management Policy's investment management policy.
Successfully fill any issues brought to the market during the year.	Achieved. Filled all issues brought to the market during the year.
Maintain funding lines with ANZ, BNZ and Westpac.	Achieved. Funding lines with ANZ, BNZ and Westpac have been maintained during the year.
Regular reporting of the Company's achievement against defined benchmarks.	Achieved. Reporting achievements against defined benchmarks are provided to the Board monthly and quarterly.
Management of the fund and meeting the investment objectives set by Council in the Statement of Investment Policy and Objectives.	Not achieved. The fund did not meet the investment objective to grow the fund's base value, due to current market conditions. The fund recorded a return for the year of 5.9%.
Quarterly review by the Board, of the DCHL Risk Register Dashboard.	Achieved. The DCTL Risk Register Dashboard was reviewed by the Board quarterly.
Regular reporting to the shareholder of DCTL's top 5 current risks.	Achieved. DCTL's top 5 current risks were reported to the shareholder quarterly.
No breaches of policy. Where breaches have occurred, there are no breaches that have not been reported to the Chief Financial Officer within 1 business day and as per requirements of the policy.	Achieved. There were no breaches of policy that were required to be reported to the shareholder.
No such matters that were not escalated to the shareholder in a timely manner.	Achieved. There were no matters requiring escalation to the shareholder.
No such matters that were not reported to the shareholder within 24 hours.	Achieved. There were no matters of substance to report to the shareholder.
Implement DCTL's carbon emissions strategy developed in the 2022 financial year and achieve our FY2023 targets.	The 2022 strategy was implemented. DCTL is tracking carbon emissions and will continue to refine this strategy to reduce carbon emissions in line with their target to be net zero carbon by 2030.
Implement DCTL's waste reduction strategy developed in the 2022 financial year and achieve our FY2023 targets.	The 2022 strategy was implemented. DCTL is tracking waste emissions and will continue to refine this strategy in its efforts to reduce waste in line with the target to be net zero carbon by 2030.
Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report.	As reported in DCTL annual report.

Performance Target	Outcome
Ensure that all direct employees are paid at living wage or above.	Achieved. DCTL does not employ any staff directly.
Credit rating equal to that of Dunedin City Council.	Achieved. Obtained a credit rating of AA/Stable/A-1+; equal to that of Dunedin City Council.

Financial forecasts	\$'000	Financial achievement	\$'000
Net profit after tax	4	Net profit after tax	33
Cash flow from operations	(391)	Cash flow from operations	2,781
Capital expenditure	-	Capital expenditure	-
Term loans	1,032,710	Term loans	1,083,813
Shareholder's funds to total assets	2.1%	Shareholder's funds to total assets	2.3%

Statement of Service Performance

Dunedin Venues Management Limited

For the year ended June 2023

The performance targets established in the 2022/23 Statement of Intent for Dunedin Venues Management Limited and the results achieved for the year ended 30 June 2023 are as follows:

Performance Target	Outcome
Safety and Compliance	
Manage and implement Government and Ministry of Health guidelines as set out in New Zealand's COVID-19 traffic light system. Ensure all staff have access to required systems in the event they are not able to work in the office. Safety and Wellness management.	The Company has met requirements set out by the Ministry of Health through all levels of the Covid pandemic. Staff are able to access systems remotely.
Safety and Wellness management system and improvement plan is reviewed. Opportunities for improvement and corrective actions are prioritised and actioned.	The Safety and Wellness System and Improvement Plan was reviewed by the Health and Safety Committee during the year. Changes to the improvement plan are minuted and implemented.
An Incident Frequency Rate Events (IFRE) of less than 0.05% of the total number of event attendees across all venues.	The Incident Frequency Rate was 0.05% of the total number of people attending events and the venues.
Total Incident Rate (TIR) of less than six incidents per 200,000 hours worked.	Total Incident Rate was zero incidents per 200,000 hours worked.
Total Recordable Incidents (TRI) rate of less than three.	Total Recordable Incidents was zero for the reporting period.
Lost Time Incidents (LTI) of less than two.	The Lost Time Incident rate was zero for the reporting period.
Lost Time Incident Frequency Rate of less than 17 per 1,000,000 hours worked.	The Lost Time Incident Frequency Rate was zero for the reporting period.
Staff training is relevant, current and meets current legislative requirements.	Training requirements have been met throughout the year.
Safety and Wellness audits completed as per programme and show no critical noncompliances. Opportunities for improvement and corrective actions are prioritised and completed.	Internal audits were completed as per schedule. No critical non-compliance noted.
Meet and maintain all statutory, regulatory and resource consent requirements. No material breaches of legislation.	There were no identified breaches of statutory obligations during the year.
No material breaches of KPI's as set out in the approved current Asset Management Plan section 4.4.3.	This performance measure is unable to be reported on. The Stadium Facilities and Infrastructure are maintained as fit for purpose, as can be verified by a current Building Warrant of Fitness and the ability to hold events throughout the entirety of the stadium facility. However, the Company have been unable to provide sufficient audit evidence to prove the performance measure set in the Statement of Intent has been met.
Report on facilities indicators and provide statistical data in the monthly board reports. Reports are provided within deadlines and data is acted upon.	Agreed KPI's reported against at each Dunedin Stadium Property Limited Board meeting.

Performance Target	Outcome															
Safety and Compliance (Social and Wellbeing)																
Achieve 85% ratepayer satisfaction with Forsyth Barr Stadium in the Dunedin City Council's Residents' Opinion Survey. Positive community feedback and increased satisfaction levels through the Residents' Opinion Survey.	The latest Dunedin City Council's Residents Opinion Survey (2022) had a satisfaction rating of 90% for residents who attended Forsyth Barr Stadium. In the latest Dunedin City Council's Residents Opinion Survey (2022) there was an increased satisfaction level for residents who attended Forsyth Barr Stadium from 87% in 2021 to 90% in 2022.															
Report to the Dunedin City Council 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. Senior management conduct a minimum of five speaking engagements.	Two reports were provided to the Dunedin City Council on the application of the Service Level Agreement for Community Event Funding covering the 2022/23 financial year. Senior management conducted five speaking engagements for the year.															
Marketing and Business Objectives																
Achieve a 80% retention rate of Commercial Partner renewals by contract value.	Achieved.															
Survey Members for satisfaction level - minimum 80% satisfaction to be achieved.	A member survey was not completed during the year.															
Achieve a 75% retention rate of member renewals by contract value.	Achieved.															
Marketing and Business Objectives (Economic Development Strategy)																
A minimum of \$5m visitor marginal direct spend per each major event (>10,000 pax) for Dunedin City. Visitor Marginal Direct Spend target is achieved, determined through a post event patron survey assessed by an independent economist.	<div>The Visitor Marginal Direct Spend for major events in the year to 30 June 2023 as determined by an independent economist were as follows:</div> <table><tr><th>Event</th><th>Visitor Marginal Direct Spend (\$,000)</th></tr><tr><td>All Blacks v Ireland</td><td>12,940</td></tr><tr><td>Red Hot Chili Peppers</td><td>10,520</td></tr><tr><td>Six60</td><td>4,180</td></tr><tr><td>Rod Stewart</td><td>4,890</td></tr><tr><td>Total</td><td>\$32,530</td></tr></table>	Event	Visitor Marginal Direct Spend (\$,000)	All Blacks v Ireland	12,940	Red Hot Chili Peppers	10,520	Six60	4,180	Rod Stewart	4,890	Total	\$32,530			
Event	Visitor Marginal Direct Spend (\$,000)															
All Blacks v Ireland	12,940															
Red Hot Chili Peppers	10,520															
Six60	4,180															
Rod Stewart	4,890															
Total	\$32,530															
Achieve minimum 80% satisfaction rating through surveys of all major events (>10,000 pax). 60% of attendees of all major events (>10,000 pax) to come from outside of Dunedin City.	<div>Satisfaction and attendance numbers for major events in the year to 30 June 2023 were:</div> <table><tr><th>Event</th><th>Satisfaction</th><th>% Attendance outside of Dunedin</th></tr><tr><td>All Blacks v Ireland</td><td>77%</td><td>70%</td></tr><tr><td>Red Hot Chili Peppers</td><td>87%</td><td>58%</td></tr><tr><td>Six60</td><td>88%</td><td>50%</td></tr><tr><td>Rod Stewart</td><td>82%</td><td>72%</td></tr></table>	Event	Satisfaction	% Attendance outside of Dunedin	All Blacks v Ireland	77%	70%	Red Hot Chili Peppers	87%	58%	Six60	88%	50%	Rod Stewart	82%	72%
Event	Satisfaction	% Attendance outside of Dunedin														
All Blacks v Ireland	77%	70%														
Red Hot Chili Peppers	87%	58%														
Six60	88%	50%														
Rod Stewart	82%	72%														
In conjunction with the DCC, submit bids of a high quality that will secure events and drive economic benefit and civic pride for the city.	Two submissions made to New Zealand Rugby to host an All Blacks v Australia Test match, and a round of the WXV1 tournament. Both bids were successful.															
Environment & Sustainability																
Implement DVML's carbon emissions strategy developed in the 2022 financial year and achieve our FY2023 targets.	Implementation of the Company's carbon emission initiatives were deferred until August-October 2023.															
Implement DVML's waste reduction strategy developed in the 2022 financial year and achieve our FY2023 targets, which include specific measures relating to the use of single use cups.	The waste reduction strategy has been implemented. Actions taken during the year included improving the colour coding of recycling bins and substituting single use cups for aluminium cans during events.															
Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report.	Carbon emission reporting is included in the Company's annual report.															

Performance Target	Outcome										
Asset refurbishments and replacement to consider the carbon impact of the lifecycle of the asset.	The carbon impact of the lifecycle of an asset is considered as part of the RFP documentation and business case process.										
Human Resources											
Performance Reviews are conducted with all staff at least every six months: implement and training, improvements and recommendations as appropriate.	Staff Performance Reviews were completed in December 2022 and June 2023.										
Conduct a confidential staff annual engagement survey acting on outcomes as appropriate.	An independent staff survey was completed in May 2023 and an action plan has been developed to act on the outcomes.										
Provide quarterly 'pop up' staff and wellness sessions on various topics of interest.	Staff wellness sessions occurred in each quarter.										
Ensure that all direct employees are paid at living wage or more.	All employees are paid the living wage, or more.										
Financial											
Achieve a 15:1 return on investment (ROI) of the Event Attraction Fund (EAF). ROI is achieved and calculated by Visitor Marginal Direct Spend against the level of EAF investment for the major event.	<p>The return on investment of the Event Attraction Fund for 2022/23 was:</p> <table> <tr> <th>Event</th><th>Return</th></tr> <tr> <td>All Blacks v Ireland</td><td>28 : 1</td></tr> <tr> <td>Red Hot Chili Peppers</td><td>30 : 1</td></tr> <tr> <td>Six60</td><td>36 : 1</td></tr> <tr> <td>Rod Stewart</td><td>33 : 1</td></tr> </table>	Event	Return	All Blacks v Ireland	28 : 1	Red Hot Chili Peppers	30 : 1	Six60	36 : 1	Rod Stewart	33 : 1
Event	Return										
All Blacks v Ireland	28 : 1										
Red Hot Chili Peppers	30 : 1										
Six60	36 : 1										
Rod Stewart	33 : 1										
Shareholder											
Matters which may or could conflict 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 DVML with a particular focus on matters of interest to the media.	There were no matters, which had the potential to negatively impact on the Shareholder and the Company, that were required to be reported to Dunedin City Holdings Limited.										

Financial forecasts	\$'000	Financial achievement	\$'000
EBITDA	2,773	EBITDA	2,426
Net profit after tax	184	Net profit after tax	82
Operating Cashflow	2,149	Operating Cashflow	1,489
Capital expenditure	1,617	Capital expenditure	1,725
Term loans	-	Term loans	-
Shareholder Funds	1,603	Shareholder Funds	1,770
Shareholder's funds to total assets	0.08:1	Shareholder's funds to total assets	0.09:1
Dividend	-	Dividend	-

Statement of Service Performance

Dunedin Stadium Property Limited

For the year ended June 2023

The performance targets established in the 2022/23 Statement of Intent for Dunedin Stadium Property Limited (DSPL) and the results achieved for the year ended 30 June 2023 are as follows:

Performance Target	Outcome
An Asset Management Plan is in place.	Achieved. An Asset Management Plan is in place.
The Asset Management Plan is internally reviewed annually, and externally reviewed every three years (next in FY24).	Achieved. The Asset Management Plan has been internally reviewed during the 2023 financial year. An external review is scheduled for FY2024.
Asset maintenance is compliant with the Asset Management Plan schedules and principles, including condition based assessments.	Planned capital and maintenance works completed during that year, carried from the AMP schedules. More detail is supplied below*.
Incorporate potential impacts of climate change on Forsyth Barr Stadium into Asset Management Plan and/or risk management.	Not Achieved. This will be addressed in the external review of the AMP, which is due to take place in the first quarter of FY24.
A debt repayment program is in place and is reviewed by the board annually.	Achieved. A debt repayment program is in place and was reviewed during the 2022 financial year. Debt decreased by \$1,610k this year. It is expected that subvention receipts will resume during the next financial year which will enable further reduction of debt.
A draft 2023/2024 Statement of Intent will be submitted to the shareholder by 1 March 2023.	Achieved. The draft 2023/2024 Statement of Intent was submitted to DCHL and DCC by 1 March 2023.
Implement DSPL's carbon emissions strategy developed in the 2022 financial year and achieve our FY2023 targets.	The 2022 strategy was implemented. Carbon emission impacts are now considered as part of all capital expenditure proposals and opportunities to reduce carbon emissions have been identified.
Implement DSPL's waste reduction strategy developed in the 2022 financial year and achieve our FY2023 targets.	The 2022 waste reduction strategy was implemented. Waste impacts are now considered as part of all capital expenditure proposals.
Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report.	DSPL does not report a GHG emissions footprint because all emissions associated with Forsyth Barr Stadium are measured and reported by sister company Dunedin Venues Management Ltd.
Ensure that all direct employees are paid at living wage or above.	Achieved. DSPL does not directly employ any staff.
Escalate DSPL strategic or operational matters which could compromise the Council's community outcomes, to the shareholder in a timely manner.	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.
Explanation <p>The Asset Management Plan schedules anticipated 3x maintenance works with a combined budget of \$26,139, and 10x capital renewal works with a combined budget of \$2,950,445 in FY2023. The classification of 5x of the capital renewal works with a combined budget of \$355,967 was reviewed during the year. These works were subsequently re-classified as maintenance to more appropriately reflect the nature of the works.</p>	

Performance Target	Outcome
<p>Of the 8x planned maintenance works scheduled for FY2023:</p> <p>6x works with a combined budget of \$359,104 were deferred to a future year. 3x deferrals were due to updated condition assessments, 1x due to revised project plan timing for the work, and 2x due to staff resource constraints (as a result of resource required to support the FIFA tournament).</p> <p>2x works were delivered, totalling \$15,028 (compared with budget of \$23,002).</p> <p>DSPL spent a further \$163,986 on unscheduled maintenance at the stadium during the financial year, to respond to unanticipated repairs and maintenance needs.</p> <p>Of the 5x capital renewal works scheduled for FY2023:</p> <p>4x works with a combined budget of \$2,544,478 were deferred to a future year. The majority of this (2x works) relates to a lighting project which will now be delivered in FY2024 due to delays in the assessment and tender process, as well as appointment of supplier and equipment lead times (6 months). 1x works relates to exit sign illuminations which was delayed due to internal resource constraints, this project was completed at the end of August 2023. 1x works related to asphalt/sealed areas which was deferred due to cost and funding requirements, the completion date is still to be determined.</p> <p>The remaining capital renewal project was delivered for \$50,700 (compared with budget of \$50,000).</p> <p>DSPL spent a further \$691,892 in unplanned capital renewals over the year, associated with the upgraded changing rooms in preparation for the FIFA Women's World Cup 2023.</p> <p>We do not anticipate the deferrals made in FY2023 to significantly impact the operations or effectiveness of the stadium. Most works have been deferred into FY2024 and are planned to be completed alongside the existing FY2024 work programme. An external review of the Asset Management Plan (AMP) and schedules is planned for FY2024 and this may result in changes to the forward work programme and associated budgets.</p>	

Financial forecasts	\$'000	Financial achievement	\$'000
EBITDA	6,202	EBITDA	2,755
Net surplus/(deficit) after tax	(2,708)	Net surplus/(deficit) after tax	(6,439)
Operating Cashflow	3,204	Operating Cashflow	(300)
Capital expenditure	2,950	Capital expenditure	603
Term loans	81,000	Term loans	83,370
Shareholder's funds to total assets	44%	Shareholder's funds to total assets	40%
Dividend	-		-
<p>The financial forecasts in the Statement of Intents 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 deficit before tax and subventions for the year of \$7,420,000 is largely consistent with the budgeted operating deficit before tax and subventions of \$7,511,000.</p>			

Statement of Service Performance

Dunedin International Airport Limited

For the year ended June 2023

The performance targets established in the 2022/23 Statement of Intent for Dunedin International Airport Limited (DIAL), and the results achieved for the year ended 30 June 2023 are as follows:

Performance Target	Outcome
Our Safety, Security and Environment	
To make safety & security our first priority » To work with our staff and stakeholders to maximise safety on site for all staff, passengers, and visitors	
No Serious Harm incidents at Dunedin Airport for any passenger or airport user.	There have been no Serious Harm incidents for any passenger or airport user.
No major airside security breach.	There have been no major airside security breach events.
Review the Health and Safety Plan and objectives with the Health and Safety Committee each year.	The Health and Safety Committee reviewed the Health and Safety Plan and objectives in April 2023.
Strike rate of <5 strikes per 10,000 aircraft movements on a 12-month moving average.	The 12-month rolling average strike rate as at 30 June 2023 is 6.0 strikes per 10,000 aircraft movements.
Lost Time Injury Frequency Rate (LTIFR) to remain below WorkSafe benchmark level of 4.66.	As of 30 June 2023, our LTIFR is nil.
To be sustainable » Act as a socially and environmentally responsible corporate citizen that contributes economically to Dunedin and the Lower South	
Implement DIAL's carbon emissions strategy developed in the 2022 financial year and achieve our FY2023 targets.	The Carbon Emission Strategy was implemented in the 2023 financial year however no specific emissions reduction targets were set for the 30 June 2023 financial year.
Implement DIAL's waste reduction strategy developed in the 2022 financial year and achieve our FY2023 targets.	The Waste Reduction Strategy was implemented in the 2023 financial year however no specific diversion from landfill targets were set for the 2023 financial year.
Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report.	Our GHG inventory was measured in the 2023 financial year and has been publicly reported in the 2023 Financial Year Annual Report.
Implement our sustainability strategy developed in 2021/22.	In the 2023 financial year significant progress was made implementing the airport Sustainability Strategy, however no specific targets were set in this strategy for 2023. In the 2024 financial year we will be consolidating this strategy with the Emissions and Waste Reduction Strategy.
DIAL has adopted a target to be net zero carbon by 2030. Over the 2023 financial year we will be building on our existing work to develop a roadmap to 2030. We will engage with our shareholders The Crown, DCHL, and Dunedin City Council regarding non-controllable emissions and the potential cost of offsetting residual emissions.	A pathway to net zero carbon is to be developed. ACA (Airport Carbon Accreditation) Level 3 certification process underway.
Develop an Electrification Master Plan to understand future infrastructure needs to support electricity demand for electric vehicles (EVs) and electric aircraft.	The Electrification Master Plan project commenced in the 2022 financial year, and procurement is underway for charging infrastructure to support the rental car fleet.
Undertake a study of our economic contribution to the region.	A study of our economic contribution to the region was completed.

Performance Target	Outcome
Maintain high quality dairy farming practices	
Remain compliant with Fonterra dairy farm inspections.	Farms remain compliant following Fonterra inspections.
Implement applicable recommendations from the Fonterra Sustainable Farm Environment Plan and any specific initiatives for the dairy farm from our Sustainability Strategy.	Sharemilker and our Farm Consultant continue working through Fonterra recommendations. As at 30 June 2023, actions have been undertaken to achieve 21 of 23 the Good Farming Practices (GPs). One of the GPs has target date 1 Jun 25 (Olsen P levels), and the other relates to stock holding areas. This action is being worked through as part of the development of a Farm Strategy.
Commercial	
To provide Kaitiakitanga and to make the best use of the assets available to us » <i>Comply with financial covenants and policy and ongoing risk monitoring</i>	
Fulfil lender borrowing facility financial covenants: Earnings Ratio (EBITDA / interest expense) > 1.75 Equity Ratio (total shareholders' funds /total assets) > 40%	As at 30 June 2023: The Earnings Ratio is 17.0 The Equity Ratio is 74.6%
Comply with the company's Dividend Policy.	The Dividend relating to the 2022 financial year and distributed during the 2023 financial year was calculated in accordance with Policy.
Comply with the company's Treasury Policy.	In compliance with Treasury Policy as at 30 June 2023. No noted breaches during the 2023 financial year.
Six monthly risk analysis undertaken and reported to the Board.	Six months ended 31 December 2022 presented in February 2023 Board Meeting. Six months ended 30 June 2023 presented in July 2023 Board Meeting.
Audit, Risk and Strategic Opportunities Committee to meet three times during the year.	Three committee meetings were held during the 2023 financial year.
Generate commercial returns across our asset base	
Generate a 3.4% Return on Shareholders' Funds adjusted for IFRS fair value movements and asset revaluations.	As a result of higher than budgeted passenger numbers, and the associated impact on airport revenue, and ultimately Net Profit After Tax: as at 30 June 2023 the Return on Shareholders' Funds is 11.9%.
Generate a 13% Return on Shareholders' Capital invested.	As at 30 June 2023 the Return on Shareholders' Capital is 49.0%.
Ensure the future of the airport is protected	
Implement a comprehensive Asset Management Plan.	As at 30 June 2023 the implementation of an Asset Management Plan remains outstanding.
Undertake a comprehensive review our Airport Campus Master Plan.	A third-party consultant has been engaged to scope and assist with Airport Campus Master Plan procurement. Requests for Proposals will go to market in August 2023.
Ensure a new development is considered in conjunction with the District Plan and Airport Master Plan.	All current year developments were considered in conjunction with District Plan and Airport Master Plan.
Remain involved in protecting the airport from any adverse effects of any future external factors.	Dunedin Airport worked proactively with the DCC regarding the Smooth Hill landfill proposal. No other external factors noted.
Business Development	
To grow our aero and non aero businesses » <i>Partner with our airline, airport, region and tourism industry</i>	
International Regular Scheduled Services reinstated to the airport.	International Regular Scheduled Services were not reinstated to the airport during the 2023 financial year.
Achieve 810,700 passengers on Regular Scheduled Services for the 2022-2023 financial year.	As a result of a faster than anticipated recovery from the Covid 19 pandemic, the airport achieved 920,349 domestic passengers on Regular Scheduled Services during the 2023 financial year.

Performance Target	Outcome
Achieve increased non-aeronautical revenues from activities compared to the previous year	
Generate an operating surplus from the Momona Garage profit centre.	The Momona Garage generated operating surplus for the 30 June 2023 financial year.
Increase the year-to-date operating surplus from the Residential Housing profit centre against the prior year.	Due to a significant increase in carrying value of our residential property portfolio following the 30 June 2022 infrastructure asset valuation, and the associated impact on depreciation, coupled with increased investment in the quality of the housing, the operating surplus is below the prior year for the 2023 financial year.
Maintain total milk solids production in line with previous year.	Milk production is 2.6% ahead of the prior year for the 30 June 2023 financial year.
Increase total Passenger Spend Rate (PSR) of our (individual retail partners against the prior year's total PSR.	Total passenger spend rate (PSR) for our retain partners was up against the prior years.
Commence development of a Cargo Strategy and Farm Strategy.	The airport completed the development of a Cargo Strategy. The development of Farm/Land Use Strategy has commenced.
Our Customers, Shareholders and Community	
Developing and Strengthening our customers, partner and stakeholder relationships » Provide a high standard of service to our customers	
Conduct a minimum of one customer insight surveys to better understand our customer.	Four customer insight surveys were completed this financial year.
Achieve a majority of "very good" or better across all surveyed areas of customer service.	A majority of "very good" or better was achieved across all four surveys.
Ensure all airside infrastructure maintenance causes no delays to airline operations	
No delays to regular scheduled passenger operations are incurred as a result of airside infrastructure.	No delays were incurred as a result of airside infrastructure.
Implement initiatives to improve the performance of our relationships	
Conduct stakeholder engagement surveys once a year with our strategic partners to review the strength of the relationships.	A stakeholder engagement survey was completed with 26 respondents.
Provide sponsorship to community events and organisations	
Invest 0.25% of prior year operating revenue to sponsorship in line with our sponsorship application criteria.	Achieved - \$34,900 (inclusive of GST) of sponsorship funds were given to events and organisations in the region during the 2023 financial year.
Not accept sponsorship or give naming rights to companies involved in activities deemed to be inconsistent with Dunedin City Council's and Dunedin Airport's ethical positions, ie. tobacco, armaments, fossil fuel extraction, gambling and pornography.	No sponsorship was allocated to entities involved in activities deemed to be inconsistent with Dunedin City Council's and Dunedin Airport's ethical positions.
Implement community initiatives identified in our Sustainability Strategy.	The airport continues to engage with tenants, stakeholders and our community regarding sustainability initiatives. Investigatory considerations concerning progressing electric vehicle charging, and partnership with the Sinclair Wetlands have commenced.
Engage with our community and share information	
Engage with our wider community to share information about our airport and sustainability Initiatives.	Monthly meetings with the airport community are diarised and facilitated by Airport team. Further, the airport has commenced stakeholder engagement with our airport tenants and suppliers to collaborate on emissions and waste reduction Initiatives.

Performance Target	Outcome
Arrange for Dunedin Airport staff to work within the community each year.	A Christmas event was organised for Momona Playcentre children and caregivers at the airport. Additionally, Dunedin Airport staff volunteered at the Waitangi Day Celebrations at Ōtākou Marae.
<i>Operate on a "no surprises" basis with shareholders</i>	
Report to shareholders within 24 hours substantive matters which have the potential to significantly impact negatively on shareholders and the company with a particular focus on matters of interest to the media.	No substantive matters were noted in the 2023 financial year.
Consult with shareholders on matters where the company's and shareholders requirements are in conflict.	No such conflicts were noted in the 2023 financial year.
Our People	
<i>To be a great place to work » To recognise and review staff performance and development</i>	
Each staff member to have a formal Annual Performance Review.	Each staff member had a formal Annual Performance Review.
Each staff member of the Senior Leadership Team has a Personal Development Plan completed.	Senior Leadership Team Personal Development plans developed as part of annual performance review process.
Executive Team undertake a 360 review.	A 360-peer review was completed for all members of the Executive Team.
People and Remuneration Committee to meet at least three times annually.	Three committee meetings were held during the 2023 financial year.
<i>Ensure that our staff are engaged with the company's Vision, Purpose and Values</i>	
Continuously improve our annual staff engagement survey score. Act on any matters that require attention as appropriate.	Detailed face to face survey undertaken in November 2022 with matters acted on as recommended.
Continuously improve and maintain the Staff Wellbeing Programme.	An airport Staff Wellbeing Programme has been developed and implemented, comprising multiple wellbeing initiatives. The programme is subject to continual review.

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 Statement of Service Performance, 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 2023 fairly reflects the financial position and operations of the Dunedin City Council.



Jules Radich, Mayor of Dunedin

31 October 2023



Sandy Graham, Chief Executive Officer

Independent Auditor's Report

To the readers of Dunedin City Council's annual report for the year ended 30 June 2023

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, Rudie Tomlinson, 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 31 October 2023. This is the date on which we give our report.

Opinion on the audited information

Qualified opinion on the financial statements and the services and activities section

In our opinion, except for the possible effects of the matters described in the "Basis for our opinion" section of our report:

- the financial statements on pages 70 to 75 and pages 78 to 146:
 - ♦ present fairly, in all material respects:
 - the City Council and Group's financial position as at 30 June 2023;
 - 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 Public Benefit Entity Reporting Standards; and
- the Services and Activities section on pages 17 to 68:
 - ♦ presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2023, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
 - 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.

Unmodified opinion on the funding impact statements and statement about capital expenditure

In our opinion:

- the funding impact statement on page 76, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's annual plan;
- the statement about capital expenditure for each group of activities on pages 22, 25, 29, 32, 36, 39, 44, 50, 55, 59, 62, and 67, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council's annual plan; and
- the funding impact statement for each group of activities on pages 23, 26, 30, 33, 37, 40, 45, 51, 56, 60, 64, and 68 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 148 to 151, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council's audited information and, where applicable, the City Council's long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Basis for our opinion on the audited information

Financial statements: Our work was limited in relation to the comparative year revaluation movement of the City Council's three waters infrastructure assets

Our audit report on the 30 June 2021 financial statements was qualified because we considered that there was evidence that the methodology applied by the City Council and Group in the revaluation of its water supply, wastewater and stormwater infrastructure assets (three waters infrastructure assets) at 30 June 2021 may have resulted in the valuation being based on replacement costs that were significantly lower than recent contract rates incurred by the City Council and Group for renewal of its three waters infrastructure. As a result we were unable to obtain sufficient appropriate audit evidence to determine if the carrying values of the three waters infrastructure assets as at 30 June 2021 were materially correctly stated.

As disclosed in note 30 to the financial statements, the City Council and Group has since revalued its three waters infrastructure assets as at 30 June 2022, resulting in a revaluation movement of \$604 million recognised in the statement of comprehensive revenue and expense for the year ended 30 June 2022.

We obtained sufficient appropriate evidence over this valuation during our prior year audit, however any misstatement of the three waters infrastructure assets' carrying value as at 30 June 2021 would consequently affect the revaluation movement recognised in the statement of comprehensive revenue and expense for the year ended 30 June 2022, presented as comparative information.

As a result of the matter described above, we were unable to obtain sufficient audit evidence to support the asset revaluation movement for the comparative year ended 30 June 2022, that has been recognised in the other comprehensive revenue and expense section of the statement of comprehensive revenue and expense, and in the statement of changes in equity.

Services and activities section: Our work was limited with respect to the performance measures on the number of complaints for some services

The City Council is required to report against the performance measures set out in the Non-Financial Performance Measure Rules 2013 (the Rules) made by the Secretary for Local Government. These mandatory performance measures include the total number of complaints in relation to its wastewater system, drinking water supply, and performance of the stormwater system. These measures are important because the number of complaints is indicative of the quality of services received by ratepayers.

The Department of Internal Affairs has issued guidance to assist local authorities in applying the Rules, including on how to count complaints.

In the comparative year, our audit testing found that the City Council has not been counting complaints in accordance with this guidance and that the City Council's method of counting was likely to have understated the actual number of complaints received. In the current year the City Council was unable to provide sufficient evidence for us to conclude the matter has been resolved for the 2023 performance year. Furthermore, complete records for all complaints made to the City Council were not available.

As a result, our work was limited and there were no practicable audit procedures we could apply to obtain assurance over the number of complaints reported against these performance measures for both the current and comparative years.

Services and activities section: Our work was limited with respect to the comparative year performance measure on compliance with the statutory timeframes for processing building consent applications

An important part of the City Council's service performance is the percentage of building consent applications processed in accordance with statutory timeframes. The Ministry of Business, Innovation and Employment (MBIE) has issued guidance to assist local authorities in applying Regulation 7 of the Building (Accreditation of Building Consent Authorities) Regulations 2006, including on how to count the number of days for processing.

In the prior year, we concluded that the City Council had not been counting the number of days taken to process building consents in accordance with the MBIE guidance. As the City Council had not recalculated the timeliness of consent processing in compliance with the MBIE guidance, we were unable to determine whether the City Council's reported result for this performance measure, presented as comparative information, was materially correct.

As a result, our work in the comparative year was limited. There were no practical audit procedures we could apply to obtain assurance over the reported result for the percentage of building consent applications processed in accordance with statutory timeframes for the comparative year to 30 June 2022.

We have been able to determine that the City Council's reported result for the 30 June 2023 year is materially correct. However, as the limitation on our work cannot be resolved for the 30 June 2022 year, the City Council's reported performance for these performance measures for the 30 June 2023 year may not be directly comparable to the 30 June 2022 performance information.

Services and activities section: Our work was limited with respect to the performance measure on smooth travel exposure

The City Council is required to report against the performance measures set out in the Non-Financial Performance Measure Rules 2013 (the Rules) made by the Secretary for Local Government. These mandatory performance measures include the average quality of ride on the local sealed road network measured by smooth travel exposure. This measure is important because road smoothness is indicative of the quality of services received by ratepayers.

We have been unable to confirm the accuracy of the traffic count data used in the calculation to determine smooth travel exposure. During our audit we identified differences between the data used by the City Council to calculate this measure and the source data supplied by the City Council's independent contractor. The City Council was unable to explain the reason for these differences or to quantify the effect of the differences.

As a result, our work was limited and there were no practicable audit procedures we could apply to obtain assurance over the accuracy of smooth travel exposure reported against the performance measure.

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.

Emphasis of matter – uncertainty over the water services reform programme

Without further modifying our opinion, we draw attention to Note 43 on page 145, which outlines developments in the Government's water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the City Council remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

Responsibilities of the Council for the audited information

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

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

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

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

Responsibilities of the auditor for the audited information

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

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

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the City Council's annual plan and 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 City Council.
- We determine the appropriateness of the reported intended levels of service in the service and activities section, 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 City 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 auditor's 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 audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

Our responsibilities arise from the Public Audit Act 2001.

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 13, 15, 77, 147 and 152 to 173, 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 and we do not express any form of audit opinion or assurance conclusion thereon.

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: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

For the year ended 30 June 2023 and subsequently, the independent Chair of the City Council's Audit and Risk Committee, is the Chair of the Auditor-General's Audit and Risk Committee. The Auditor-General's Audit and Risk Committee is regulated by a Charter that specifies that it provides independent advice to the Auditor-General and does not assume any management functions. There are appropriate safeguards in place to reduce any threat to auditor independence, as the Chair of the Auditor-General's Audit and Risk Committee has no involvement in, or influence over, the audit of the City Council.

In addition to our audit and our report on the disclosure requirements, we have carried out statutory and regulatory engagements for the City Council's subsidiaries and associate, which are compatible with those independence requirements. We are also carrying out an assurance engagement related to the City Council's Debenture Trust Deed. Other than these engagements, and the relationship with the Auditor-General's Audit and Risk Committee, we have no relationship with, or interests, in the City Council or any of its subsidiaries and controlled entities.



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