DUNEDIN CITY HOLDINGS LIMITED

2024 Annual Report

Contents

Cover photo credit: DunedinNZ

Dunedin City Holdings Ltd

WHAT WE DO

Dunedin City Holdings Ltd (DCHL) is a Council Controlled Organisation (CCO) owned by Dunedin City Council.

DCHL is the governing shareholder of eight subsidiary and associate companies that own and manage key city assets and provide benefit to the city. DCHL's purpose is to achieve the best for Dunedin from its investments.

THE PEOPLE	
Directors	Tim Loan (Chair)
	Greg Anderson (from 1 Jul 2023)
	Susie Johnstone
	Chris Milne (from 1 Jul 2023)
	Keith Cooper (until 29 Feb 2024)
	Richard Thomson (until 30 Jun 2024)
General Manager	Peter Hocking

OUR PORTFOLIO

Abbreviations

Dunedin City Holdings Ltd (DCHL)
Aurora Energy Ltd (Aurora Energy)
City Forests Ltd (City Forests)
Delta Utility Services Ltd (Delta)
Dunedin International Airport Ltd (DIAL)
Dunedin Stadium Property Ltd (DSPL)
Dunedin Venues Management Ltd (DVML)
Dunedin Railways Ltd (Dunedin Railways or DRL)
Dunedin City Treasury Ltd (DCTL)

Chair's review

The DCHL Group recorded a significantly improved result for the 2024 financial year (FY24), with net profit after tax of $12.8 million, which is $1.3 million higher than budget and $9.5 million higher than the prior year.

The Group includes companies which operate commercially and entities which are principally held for the benefit of the community.

Commercial entities contributed $30.2 million of net profit after tax (before intra-group eliminations), which is $8.9 million higher than the prior year. The Group's largest investment, Aurora Energy, contributed strongly, recording net profit after tax of $23.7 million. The results of other commercial investments were broadly in line with Statement of Intent forecasts, other than Delta net profit which was less than expected. As explained later in this report, DIAL's operating performance was higher than budget but the after-tax result was impacted by a one-off deferred tax adjustment.

Strong trading performance from commercial investments is partially offset by losses on investments held for community benefit. DSPL losses were in line with forecast and the prior year; however, Dunedin Railways losses were higher than forecast. The total group result also reflects the costs of servicing debt structured in the DCHL parent balance sheet and intra-group eliminations, which include Delta profits on work carried out for Aurora Energy.

DCHL group consolidated net profit after tax	Actual 2024 $'000	Statement of Intent 2024 $'000	Variance 2024 $'000	Actual 2023 $'000
Commercial investments				
Aurora Energy Ltd	23,699	15,921	7,778	11,082
City Forests Ltd	5,093	4,598	495	5,463
Delta Utilities Services Ltd	1,571	2,161	(590)	2,571
Dunedin International Airport Ltd (DCHL's 50% share)	(212)	1,656	(1,868)	2,158
Total net profit after tax from commercial investments	30,150	24,336	5,814	21,274
Community investments				
Dunedin Venues Management Ltd	209	112	97	82
Dunedin Stadium Property Ltd	(6,333)	(6,716)	383	(6,439)
Dunedin Railways Ltd	(1,356)	(388)	(968)	(978)
Dunedin City Treasury Ltd	2	7	(5)	33
Total net loss after tax from community investments	(7,478)	(6,985)	(493)	(7,302)
Total net profit after tax before parent company and consolidation adjustments	22,672	17,351	5,321	13,972
Parent company and consolidation adjustments				
Dunedin City Holdings Ltd (parent)	10,207	(2,330)	12,537	(3,198)
Less intra-group dividends	(17,500)	(4,000)	(13,500)	(4,600)
Less other intra-group eliminations	(2,529)	500	(3,029)	(2,834)
GROUP CONSOLIDATED NET PROFIT AFTER TAX	12,850	11,521	1,329	3,340

DCHL distributed $16.9 million to Dunedin City Council during the year, in line with its Statement of Intent. This comprised dividends of $11 million and interest of $5.9 million on its shareholder's advance.

DCHL funded cash distributions to DCC from dividends received from subsidiary and associate companies, after providing equity funding to Dunedin Railways of $1.1m and covering its own operating and other interest costs (see chart below).

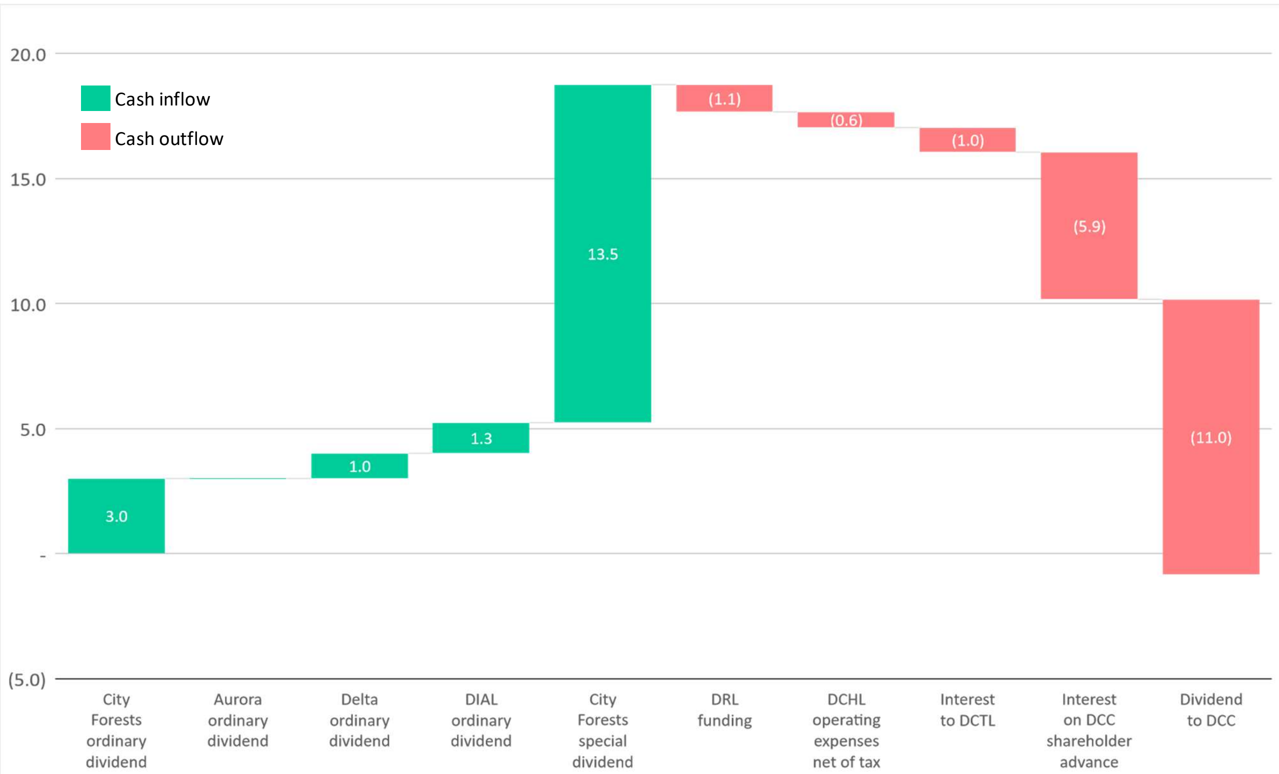
No dividends were received from Aurora Energy, the Group's most profitable subsidiary. Consistent with its Statement of Intent, Aurora Energy's significant capital expenditure programme requires reinvestment of cash earnings and ongoing increases in borrowings.

In FY24, DCHL received $16.5 million in dividends from City Forests, as expected. This included an ordinary dividend of $3 million, in line with its dividend policy, and a special dividend of $13.5 million.

A $1 million dividend was received from Delta and Dunedin International Airport Ltd paid a dividend of $1.3 million to DCHL.

The group's term borrowings, managed by DCTL, increased by $205 million over the year to $1,288 million. This was primarily driven by increased infrastructure expenditure at Aurora Energy and Dunedin City Council.

DCHL parent company cash flows in FY24



Overview of companies' performance

Aurora Energy recorded a net profit after tax of $23.7 million (FY23: $11.1 million). This was $7.8 million above target due to higher than anticipated growth in energy consumption and use of system revenues, significantly higher revenue contributions from customer initiated works and below budget expenditure. From a funding perspective, this favourable earnings variance was offset by higher capital expenditure, resulting in a close to budget cash deficit and closing term debt.

It is important to note that the recognition of accounting profits, under International Financial Reporting Standards, differs from the methodology to calculate regulatory returns, resulting in timing differences. In the long run, we expect the business to deliver to regulatory return levels.

Capital expenditure of $107.6 million (FY23: $99.3 million) was $14.4 million above budget. During the year the company completed numerous upgrade and maintenance projects across the electricity network. This will ensure its future resilience and readiness for increased electrification as sector and consumer needs continue to evolve.

City Forests reported modest financial performance for the FY24 financial year, recording a profit after tax of $5.1 million (FY23: $5.5 million), which was $0.5 million higher than budget. Results continue to be impacted by weak Asian export markets particularly a slow Chinese economy. The company paid a total of $16.5 million in dividends to DCHL.

Delta recorded a net profit after tax of $1.6 million in FY24, which was $0.5 million lower than budget and lower than the FY23 net profit after tax of $2.6 million. However, the FY23 result was supported by one-off non-operating income of $3.1 million from Infinity Yaldhurst Ltd.

Delta paid a dividend of $1 million for FY24, in line with the $1 million target in the FY24 Statement of Intent.

The company saw positive impacts this year from staff retention strategies and a successful overseas recruitment campaign, increasing their base of skilled and qualified staff. They were also able to achieve inflation adjustments to some of the larger customer contracts but inflationary pressures on costs continued.

Dunedin International Airport (DIAL) recorded a net loss after tax of $0.4m (2023: profit $4.3 million), which was $3.7 million lower than budget. Underlying financial performance was higher than budget; however, the company recognised a $4.3m deferred tax expense due to the government's withdrawal of tax deductibility for depreciation on commercial buildings.

The Airport welcomed 903,396 passengers, which was lower than budget, as high inflation and interest rates impacted on recreational, corporate and government demand for travel.

DCTL has continued to perform well over the 2024 financial year, in an elevated but more stable interest rate environment.

The cost of funds for the Dunedin City Council Group increased over FY24 by 0.31% to 4.50% as at 30 June 2024. The company's higher cost of funds in FY24 reflects increased borrowings from the Group at higher prevailing market interest rates compared to previous borrowings by the Company. The RBNZ left the Official Cash Rate (OCR) unchanged at 5.50% over the financial year but continued to deliver a hawkish tone.

DSPL experienced an operating loss, as expected. The loss of $6.3 million (FY23: $6.4 million) reflects high interest costs and ongoing non-cash depreciation expense on the stadium asset.

DVML hosted several high-profile events that significantly contributed to Dunedin's economy. Forsyth Barr Stadium was the venue for six FIFA Women's World Cup matches, drawing a total of 64,774 spectators, including 18,600 visitors from outside Dunedin. DVML also facilitated a sell-out match between the All Blacks and Australia and international cricket at the University Oval.

In March 2024, the stadium hosted the P!nk Summer Carnival Concert, which saw 72% of attendees travelling from outside Dunedin. The concert contributed $16.6 million to the city's economic landscape. The Dunedin Centre was a hub for a wide range of music, comedy and other events.

Dunedin Railways services, including services for cruise ships, carried 25,002 passengers to either Hindon, Waitati or Oamaru, compared with 16,493 passengers in the prior year.

The company continued its focus on maintaining key rolling stock and the Taieri Gorge Line, supported by funding from DCHL. A decision on the future of the company is not expected until the next financial year. It is expected that the future of the company will be subject to consultation as part of DCC's long-term plan.

DCHL continued its active monitoring of group entities' financial and non-financial performance in support of its purpose to achieve the best for Dunedin from its investments. DCHL responded to the Council's Letter of Expectation, which requested strategic options for consideration around the future composition and direction of its portfolio of companies, with a particular focus on dividends and return on investment. During the year, DCHL presented analysis of the portfolio and evaluated high level options to reshape the portfolio to meet the objectives that the Council had articulated.

Analysis highlighted that the DCHL portfolio of commercial investments comprises only four legacy assets, the product of history, not active investment choices. The portfolio is substantial but it is over-weighted to Aurora Energy and City Forests, has high concentration risk, and lacks diversification and liquidity. It is misaligned with Council's dividend expectations being over-weighted to assets that deliver long-term capital growth rather than dividend income.

This work culminated in a recommendation to divest Aurora Energy and recycle the capital into a diversified investment portfolio, with a distribution model that would meet council's expectations for cash returns. DCHL has continued to support Council through consultation and its subsequent decision-making process. Council voted to retain ownership of Aurora Energy on 25 September 2024.

Outlook

Aurora Energy is now over half-way through its five-year customised price-quality path (CPP), established with the Commerce Commission in 2021. We expect elevated capital expenditure to continue for the foreseeable future, driven by decarbonisation and climate change resilience as well as growth in the Central Otago and Queenstown regions.

Regulation enables a return on this ongoing investment, so we expect earnings to continue to lift in the medium-term. However, Aurora Energy will remain in a negative free cash flow position for the foreseeable future, as capital expenditure requirements will continue to exceed cash flows from earnings, requiring increased borrowings. Any distributions would have to be funded by additional debt.

We see a positive outlook for City Forests as historical investments in its forestry estate mature, although the company's near-term profitability will depend on the speed of recovery in key markets, especially China.

A large proportion of Delta's forward workload is secured for FY25, providing a solid platform for Delta to focus on operational and financial improvements.

DIAL continues to execute its strategy, including the resumption of international services, positioning Dunedin International Airport as a gateway to the lower South. On 16 September 2024, DIAL announced the return of international flights to Dunedin Airport. Jetstar will operate direct flights between Dunedin Airport and Gold Coast Airport from June 2025.

Dunedin Railways looks forward to extending services in the Taieri Gorge to Pukerangi from October 2024. The team continues to lift the number of rail services available to customers, as well as maintaining infrastructure and rolling stock, in advance of Dunedin City Council decisions.

Forecasts indicate group borrowings continuing to rise significantly across the next 10 years and beyond, driven by the infrastructure investment requirements of Aurora Energy and DCC.

Group directors

Keith Cooper retired as a director of DCHL, DCTL, DSPL and Dunedin Railways having served on the DCHL board for nine years, with five years as Chair. We thank Keith for his huge contribution to the group and to the city over this time and wish him well.

Richard Thomson also retired from the boards of DCHL, DCTL, DSPL and Dunedin Railways after four years. We have valued especially his insights from many years of public service.

In July 2023 we welcomed Greg Anderson and Chris Milne to the boards of DCHL, DCTL, DSPL and Dunedin Railways. They have brought a wealth of experience in corporate finance, investment banking and governance.

During the year, we welcomed to the Group new directors – Cameron Baudinet (Delta), Verity Webber and Lee Piper (DVML).

We also acknowledge the service of directors we have farewelled: Tony Allison (Delta) and Joanne Conroy (DVML).

DCHL oversees a diverse portfolio, with businesses spanning a wide spectrum of industries, markets, and company sizes. We remain focused on delivering the best for Dunedin from its investments, commercially and for the benefit of our community.

I would like to acknowledge and thank all those working across the group – staff, management and directors – for their contributions in the 2024 financial year.

Tim Loan, Chairman

Across the group

2024 in numbers

$2.05 billion	**total assets**
$360.0 million	**total operating revenue**
$69.8 million	**operating cash flow**
$108.4 million	**capital invested**
$16.9 million	**paid to DCC in dividends and interest on shareholders' advance**
95,604	**customer connections at Aurora Energy**
1,078,800	**new trees planted by City Forests**
38	**trainees enrolled in greenspace and electrical trainee programmes at Delta**
25,002	**passengers on Dunedin Railways services**
312,013	**attendees at 288 events hosted by Dunedin Venues Management Ltd**
903,396	**passengers through Dunedin International Airport**

Photo credit: DunedinNZ

Health, safety and wellbeing

The health and safety of staff, contractors, visitors and customers is a top priority for all DCHL Group companies. Sound health and safety policies, subject to annual review, are in place. Our end goal is clear: no accidents and no harm to people.

Aurora Energy's number one priority is safety.

As an electricity distribution business, Aurora Energy has a responsibility to educate people about the dangers of electricity. The Aurora Energy public safety campaign is the largest touchpoint the company has with consumers. A new campaign was launched that encourages the public to always be aware of the risks surrounding the electricity network and how to stay safe.

The Health, Safety and Wellbeing strategy aims to both protect workers from harm and include activities to foster and support wellbeing. Staff wellbeing is a major part of health and safety at Aurora Energy, and annual staff survey results showed another year of overall satisfaction and good numbers of staff thriving and doing well.

The Public Safety Management System was found to be effectively implemented in accordance with NZS 7901 and certification was continued until August 2024.

As a lifeline utility providing an essential service to consumers it is critical that Aurora Energy has both a resilient distribution network and an ability to function during and after an emergency event. Resilience planning has been a focus for the business during the year and the company has been collaborating closely across the sector to share learnings and experiences.

City Forests continues to improve its health and safety systems in accordance with its annual plan. Critical risk assessment, wellbeing and audit systems were a focus for the year. City Forests is committed to a strong safety culture demonstrated by external certification of contract operations, internal and external audit compliance, driver training programs and a goal of a drug and alcohol impairment-free workplace.

Delta's safety vision of 'Everyone Home Safe. Every Day' is the backbone of their commitment to providing safe and healthy work environments for both staff and the public. Given the risks associated with the hazards they manage daily, Delta's people must prioritise safety, and strategic efforts must focus on continuously improving our safety practices. Delta is proud to be ISO 45001 accredited for their Health & Safety Management Systems. Additionally, they hold SiteWise Gold status and Tōtika certifications, as well as a category four, five-star rated IMPAC Prequal – ensuring that pre-qualification standards are strongly maintained.

Dunedin Railways has continued to focus on improving safety performance by focusing on lead safety indicators, including following through with team-generated safety improvements, running emergency preparedness training, and safety and well-being training, including alertness awareness, customer conflict awareness, and non-technical skills. DRL recorded one lost-time injury and two recordable incidents during the year.

DVML has continued its focus on improvement in the key areas of safety leadership, worker engagement and risk management during the year. DVML recorded two lost time injuries and two recordable incidents during the year.

Safety remains at the very core of DIAL's business. This year they were proud to deliver a New Zealand-first initiative with Aviation Security, designed to improve security culture. The collaboration took place in October last year and resulted in Dunedin Airport staff and tenants having new training, skills and knowledge to help identify and prevent security incidents.

Community initiatives

Across the group, community involvement continues to cover a wide range of civic, charitable, sporting and recreational activities. In 2024, this support comprised a combination of financial sponsorship, the provision of staff, and other forms of non-financial assistance from within the Group's resources.

Having a sustainable, secure, affordable and efficient energy supply is important to consumers. Aurora Energy is committed to working with communities in new ways to support their energy choices, and to manage the business so it can contribute to a sustainable energy future. Maintaining a high standard of customer service for all consumers on its network is important.

An updated Customer Charter was released in August 2024, based on consumer feedback, to reflect what people want from Aurora Energy and to ensure the commitments are measurable across the business.

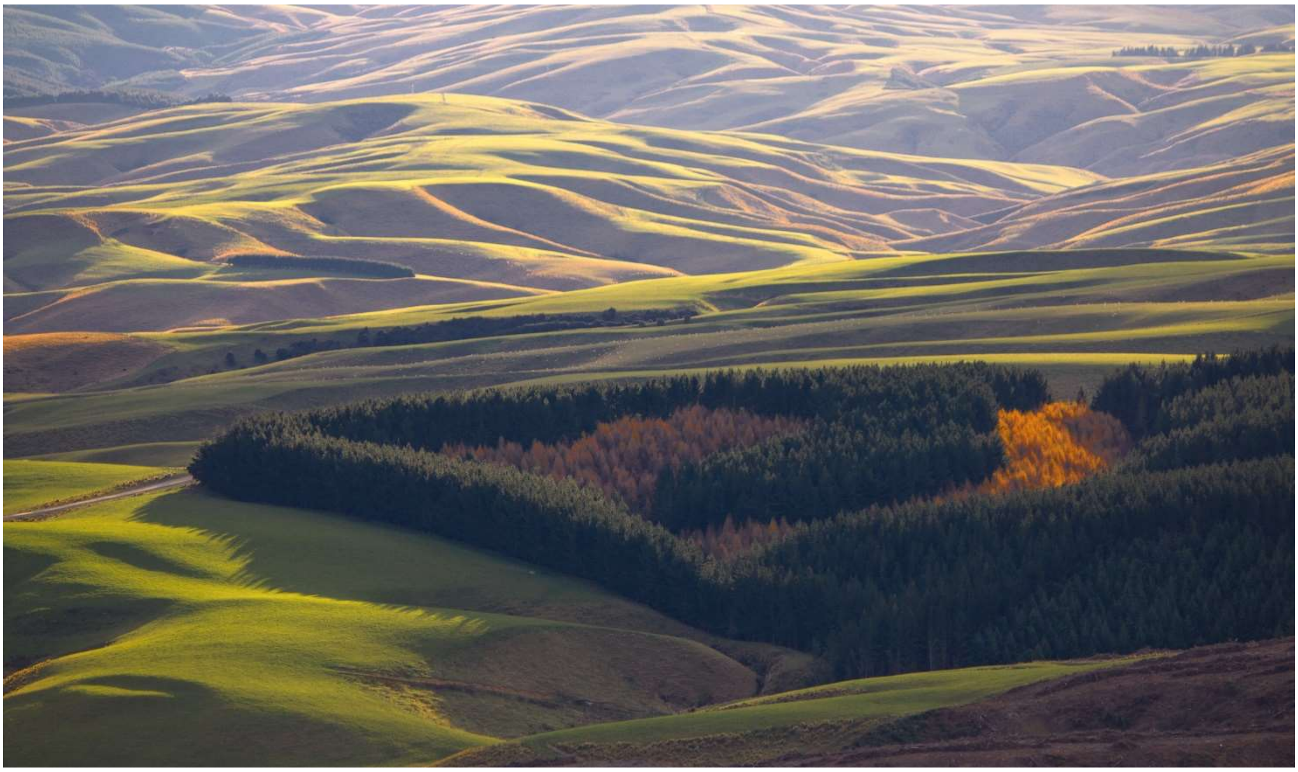
Annual customer satisfaction surveys provide valuable feedback and help to monitor effectiveness and recent results show an increase in awareness, performance and trust.

A new website was launched last September, with the addition of an outages map that makes it easier for consumers to identify which outages impact them. Combined with the implementation of a new outage management system, this significantly enhances the provision of timely and accurate outage information.

Working directly and proactively with communities informs consumers of the work being done to improve service levels, especially in areas where reliability is below Aurora Energy's expectations. A multi-channel approach provides consumers with regular updates on the works programme, including face-to-face events such as A&P Shows and events with the business community.

City Forests makes its forest estate available for significant levels of community recreation which incorporates open areas (outside work hours), permitted access and permitted events. Walking and mountain biking are popular, and City Forests works with Mountain Bike Otago to manage over 57 km of cycle tracks around forest operational constraints. Hunting remains the most popular permitted activity with significant demand for hunting blocks. Organised events such as the Otago Rally and running races such as Three Peaks occur throughout the year.

Firewood donations have been made to a number of community service organisations, clubs and charities during the year to support fundraising activities.



Delta takes pride in its role within the community. From maintaining essential infrastructure to collaborating with sponsorship partners to provide memorable events, the company has strong ties in the communities it operates in. During the year, Delta continued to support the Rākau o te tau / Tree of the Year Aotearoa competition, the Otago Cricket Super Smash Twenty20 tournament, and the Garden Tour event within the Alexandra Blossom Festival.

Delta's customers include the public by virtue of their contracts with DCC and other local bodies. During FY24, Delta conducted several customer-based surveys to help enhance their service delivery. This has been a key focus for the Greenspace division and their local council contracts. The results have been mutually beneficial and strengthened partnerships with these valued customers.

DVML provided internship placements for Te Pukenga students in the area of marketing and event management. DVML staff presented at Te Pukenga and Dunedin high schools sharing their knowledge on event management, venue logistics and sponsorship and partnerships.

Community groups continue to access both Forsyth Barr Stadium and the Dunedin Centre through DVML administering the Community Access Grant which provides a fund of $750,000 to subsidise associated venue costs for community events.

Adding to the city's community spirit, Dunedin Railways continued its Christmas Inlander service with two sold-out Santa trains and added Easter services to its schedule, complete with an Easter Egg hunt.

DIAL continues to work closely with eight Regional Tourism Organisations to support the growth of the Southern Way initiative in the market. The Southern Way celebrates the best of New Zealand scenery and experiences in the lower South Island.

Environmental initiatives

Environmental sustainability is a continued focus for our group of companies. In the 2024 financial year companies contributed to a wide range of environmental initiatives.

Climate change is causing unpredictable and changing weather patterns. This, together with the growing dependence on electricity as New Zealand's low carbon fuel of choice, means the subject of 'energy' resilience remains at the forefront of people's minds.

Sustainability is a key focus of Aurora Energy to enable the energy future of its communities.

Managing the extent of climate change is a global effort and is driving the emergence of and investment in new technologies to eliminate or capture the creation of carbon, and to reduce the impact of climate change consequences on the network.

Demand for decarbonisation is already fuelling enormous changes in the electricity sector. Changes this decade are critical, reinforcing the need for continuing investment in electricity infrastructure if New Zealand is to meet its zero-carbon emissions goal.

During the year, Aurora Energy continued its programme of work to better understand the capability of the low voltage networks to support the uptake of electric vehicles and household solar generation.

City Forests estate stores a significant amount of carbon (6.313 million tonnes of CO_2-e). In addition, the Company supplies significant volumes of bioenergy material (29,138 m^3) used by its customers to offset coal and gas use across Otago lowering the gross carbon emission footprint of our region.

City Forests actively manages over 2,435ha of native forest reserves incorporated throughout the 25,000ha forest estate.

City Forests has held uninterrupted international Forest Stewardship Council (FSC) certification for twenty-four years. Certification assesses the company's management practices for reserve areas and native species as well as its overall environmental and social performance, including sustainable management.

The exotic and indigenous forest and the underlying land/waterways are managed on a long-term sustainable basis in accordance with the principals of kaitiakitanga.

Particular attention is given to supporting rare threatened and endangered species such as Kārearea (New Zealand Falcon), Robyn and Galaxiid (native fish) within the forest estate as well as Hoiho (Yellow Eyed Penguin) through support of the Yellow Eyed Penguin Trust and Dunedin Wildlife Hospital as well as substantial ongoing support of Orokonui Ecosanctuary.

Delta continues to focus on how to assess and measure their Greenhouse Gas (GHG) emissions. They completed their first Greenhouse gas inventory in the 2021 financial year, and they have continued to focus on measuring their Scope 1 and 2 emissions and an agreed selection of Scope 3 (indirect, or value chain) emissions each year since. Delta has completed and adopted a Carbon Emission and Waste Reduction strategy for the period 2022 – 2030. They intend to measure and manage their footprint on an ongoing basis and to report on this annually.

During the 2024 financial year, Dunedin Railways was committed to minimising its environmental footprint. To support this commitment, DRL has reduced its waste per passenger by 55% per person and is now working with suppliers to reduce plastic use.

During the 2024 financial year, DVML achieved a 30% tCO_2-e reduction per 1,000 event attendees on the 2019 baseline emissions.

This year DIAL took significant steps toward sustainability, under their three pillars of action: People, Planet, and Community and Partnerships.

They focused on reducing carbon emissions, ensuring that they play their part in decarbonising the aviation sector. They will continue to reduce their waste to landfill each year, lightening their carbon footprint and supporting the restoration of the environment.

This year they have proactively worked to reduce electricity and fuel usage. Initiatives include converting to electric vehicles, where this is feasible, terminal lighting replacements, and EV charging for rental car partners.

Greenhouse gas emissions summary

For the year ended 30 June 2024

During the year DCHL Group companies have assessed and measured their Greenhouse Gas (GHG) emissions.

Group companies completed this process in accordance with the requirements of the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and ISO 14064-1 (version 2006 or 2018, as applicable for each company) Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals.

The Group has at this stage focused on measuring Scope 1 and 2 emissions and an agreed selection of Scope 3 (indirect, or value chain) emissions.

Scope 1 emissions are direct emissions that are operationally controlled by DCHL Group companies, including:

- Mobile consumption emissions related to vehicles owned or operated by the DCHL Group
- Stationary combustion emissions related to machinery and equipment.
- Fugitive emissions from refrigerant gas use within Aurora Energy's electrical lines insulation.
- Wastewater treatment plant emissions used for the airport facilities as well as the Momona village (DIAL).

Also measured within Scope 1 is sequestration of carbon, which is measured as an offset to carbon emitted. In the DCHL Group's case, this includes native, non-commercial reserve areas of the City Forests estate. The commercial plantations are excluded from these measurements as they are part of the New Zealand Emissions Trading Scheme.

Scope 2 emissions are indirect GHG emissions from imported energy, including:

- Purchased electricity that is consumed at sites our companies operate from
- GHG emissions related to electricity losses within Aurora Energy's distribution network.

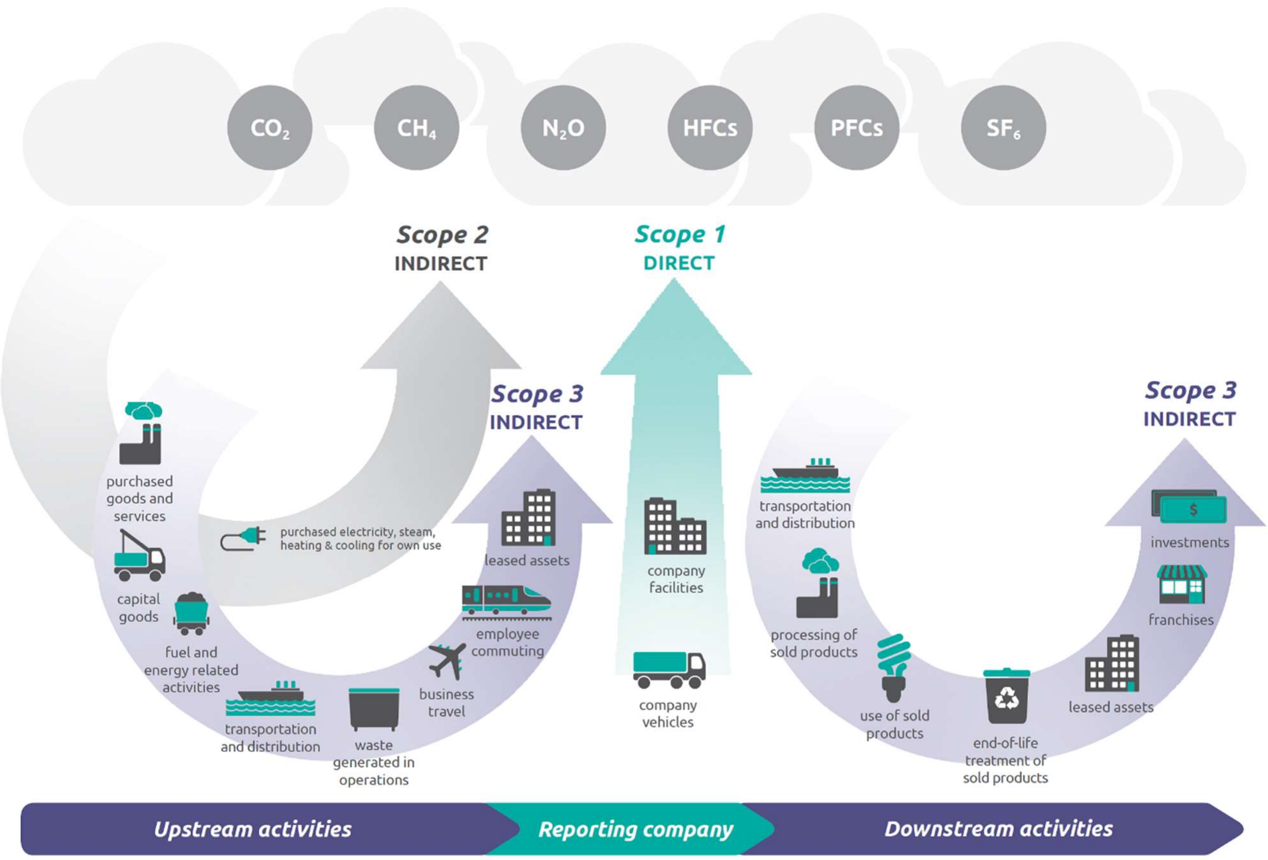


Figure 1 Greenhouse Gas Protocol illustration of Scope 1, 2 and 3

Scope 3 emissions are indirect or value chain emissions.

To ensure alignment across the DCHL group of companies it was agreed that the companies would report on a minimum set of Scope 3 emissions which are waste, freight and travel. In addition, each company was able to choose to expand their Scope 3 emission reporting to include other indirect sources where their unique operations and trading relationships warranted this.

The Group's Scope 3 emissions include the following:

- Upstream and downstream transportation (the freighting of goods purchased or sold by DCHL Group companies)
- Business travel (primarily flights and accommodation)
- Waste generated in our offices and sites
- Electricity transmission & distribution losses
- City Forests contract operations including land management, forest establishment and silviculture, roading and harvesting, log transport, port operations and international shipping.
- Dunedin Airport's indirect emissions from sources such as aircraft take-off and landing, passenger travel to airport and other aircraft related emissions.
- Dunedin Airport's farm emissions related to dairy cattle, fertiliser, and farm vehicle fuel consumption.
- The emissions from Aurora Energy's main contractors (supply chain).

Other than the items noted above, we have not captured all indirect emissions relating to our supply chains. We will review which Scope 3 emissions are relevant and appropriate on an ongoing basis, as we continue to measure and report our carbon footprint.

Results

Emissions are reported as tonnes (t) of Carbon Dioxide (CO2) equivalent (e); or tCO2-e. "Carbon dioxide equivalent" is a standard unit for counting greenhouse gas emissions regardless of whether they are from carbon dioxide or another greenhouse gas.

The Consolidated DCHL Group measured a gross emissions total of 62,856 tCO2-e, across Scope 1, 2 and 3 in the year ended 30 June 2024. The tables below show how these emissions are broken down by scope, by company, by emissions source, and by gas type for Scope 1 direct emissions.

At a summary level, the largest categories of Scope 1 emissions across the DCHL group – that is, those within the group's direct operational control – come from fuel use across the group.

The group's most significant Scope 2 emissions are recorded at Aurora Energy. Electricity Transmission and Distribution emissions refer to the difference between the amount of electricity that enters Aurora Energy's network at Grid Exit Points and the total amount of electricity measured at customers' premises. The losses occur primarily due to physical energy loss as electricity passes through transformers and other equipment.

The emissions associated with network losses are calculated using a national grid factor for electricity, which takes account of the mix of electricity generation across New Zealand. The national factor does not differentiate for the different mixes of renewable and non-renewable generation between South Island and North Island grids.

In practice, it will be challenging for Aurora Energy itself to influence the emissions associated with network losses, in either a proportional or absolute sense, however on balance we would expect to see an overall reduction over time, as a greater portion of New Zealand's electricity is generated from renewable sources.

Unsurprisingly, Scope 3 emissions make up the largest portion of total emissions measured across the DCHL Group. The two largest sources of emissions in this category are Dunedin Airport indirect emissions and City Forests freight. Dunedin Airport indirect emissions consists of activity such as aircraft take-off and landing, passenger travel to airport and other aircraft related emissions, measured in accordance with the Airport Carbon Accreditation Programme. City Forests freight emissions are driven primarily by shipping logs to Asia.

It is important to note that as described above, City Forests' commercial forest carbon sequestration / emissions are excluded from the scope of this measurement and reporting exercise, because the commercial forest areas are registered under the New Zealand Emissions Trading Scheme (ETS) and cannot be included in these calculations as well.

We have, however, taken into account 3,147 hectares of native, non-commercial forest held by City Forests, which is the equivalent offset of 4,931 tCO2e. This then provides a net emissions total across the group of 57,924 tCO2e.

As recommended by ISO14064-1 we have reported the Scope 1 emissions categorised by gas type (CO2, CH4, N2O, other) as shown in Table 3.

Upon consolidation of the Group, we have removed the double-counting of emissions from Aurora Energy transmitting electricity to DCHL individual companies.

The electricity transmission loss emissions are recorded as Aurora Energy's Scope 2 emissions (direct emissions) and at subsidiary and associate companies as Scope 3 emissions (indirect emissions). As such, upon consolidation the component of Scope 3 emissions relating to each company has been removed. This accounts for approximately 20 tCO2-e across the Group

Table 1: Emissions by scope (tonnes)

Scope	tCO2-e	% of Total
Scope 1	4,507	7%
Scope 2	4,861	8%
Scope 3	53,488	85%
Total Scope 1, 2, 3	62,856	100%
Forestry net total	(4,931)	-8%
Total	57,924	

Table 2: Emissions by Company (tonnes CO2-e)

Company	Scope 1	Scope 2	Scope 3	Total	Forestry	Net
Aurora Energy	236	4,501	2,487	7,224		7,224
City Forests	117	2	24,775	24,895	(4,931)	19,963
Delta Utility Services	3,623	-	331	3,954		3,954
Dunedin Airport	85	128	25,832	26,045		26,045
Dunedin Venues	206	221	49	476		476
Dunedin Railways	238	9	10	258		258
Dunedin City Holdings	1	0	3	4		4
Dunedin City Treasury	1	0	1	1		1
Total	4,507	4,861	53,488	62,856	(4,931)	57,924

Table 3: Scope 1 emissions by gas type (tonnes)

Scope 1 emission source	CO2-e	CO2	CH4	N2O	Other (SF6)
Fuels	4,409	4,332	12	66	-
Refrigerant	86	3	-	-	83
Fertiliser	2	1	-	2	-
Wastewater Treatment [airport]	9	-	3	6	-
Total emissions (Scope 1)	4,507	4,336	15	74	83

Table 4: FY24 comparison to FY23 by company (tonnes)

Company	FY23 Gross	FY24 Gross	FY23 Forestry	FY24 Forestry	FY23 Net	FY24 Net
Aurora Energy *	8,254	7,224			8,254	7,224
City Forests *	25,416	24,895	(4,931)	(4,931)	20,485	19,963
Delta Utility Services	4,333	3,954			4,333	3,954
Dunedin Airport *	26,347	26,045			26,347	26,045
Dunedin Venues	485	476			485	476
Dunedin Railways	181	258			181	258
Dunedin City Holdings	1	4			1	4
Dunedin City Treasury	2	1			2	1
Total	65,019	62,856	(4,931)	(4,931)	60,088	57,924

Note * Aurora Energy FY23 gross has been updated in FY24 to reflect the newly released Ministry for the Environment electricity emission factor. Dunedin Airport FY23 gross has been updated to reflect the new organisational boundary adopted in FY24. City Forests FY23 forestry sequestration has been updated to reflect their new measurement methodology adopted in FY24.

Table 5: Table of emissions by source category (tonnes)

Scope	Emission source category	Tonnes CO2-e
1.	Fuels	4,409
1.	Refrigerant	86
1.	Animals and livestock	-
1.	Fertiliser	2
1.	Wastewater Treatment	9
2.	Purchased Electricity	412
2.	Aurora T&D losses	4,449
3.	Flights (Domestic)	256
3.	Flights (International)	51
3.	Freight	20,480
3.	Waste to landfill	174
3.	T&D losses	10
3.	Car-based Transport	221
3.	Aurora Contractors	2,191
3.	Accommodation	35
3.	Forestry Contractor Fuels	4,405
3.	Airport - other indirect emissions	23,680
3.	Downstream Leased Assets - Airport Dairy Farm	1,984
	Forestry (owned)	(4,931)
	Forestry (harvest and deforestation)	-
1.	Scope 1 total	4,507
2.	Scope 2 total	4,861
3.	Scope 3 total	53,488
	Scope 1, 2 and 3 total	62,856
	Forestry net total	(4,931)
	Inventory total	57,924

Comparison against prior year

During 2024 three companies updated their FY23 gross emissions from revised measurement standards.

The Aurora Energy FY23 gross emissions have been updated in FY24 to reflect the newly released Ministry for the Environment electricity emission factor. The Dunedin Airport FY23 gross emissions have been updated to reflect the new organisational boundary adopted in FY24. The City Forests FY23 forestry sequestration has been updated to reflect their new measurement methodology adopted in FY24.

Table 4 shows a comparison of FY23 emissions against FY24 by company.

Overall, the Group emissions have decreased by 2,163t CO2e from FY23 to FY24.

Emissions reduced for Dunedin Airport, Aurora Energy, Delta, City Forests, Dunedin Venues and City Treasury, with emissions increasing for Dunedin Railways by 77t CO2e (due to increased train activity) and Dunedin City Holdings Parent by 3t CO2e (two directors are now Christchurch based, resulting in increased flight travel).

Steps towards reducing our carbon emissions and waste

Each DCHL Group company, including DCHL as a parent entity, has developed a reduction strategy and reduction targets for GHG emissions and waste.

Emissions targets have been informed by best practice guidance, including:

- Focusing first and foremost on reducing Direct (Scope 1 and 2) emissions, as opposed to Indirect (Scope 3) emissions.
- Capturing significant Scope 3 emissions and identifying opportunities to reduce these in future.
- Each company setting a near-term 2030 emissions reduction target.
- Each company setting either a net zero target for the company or the company contributing towards the DCC's city-wide goal of net zero.

In August 2023, DCHL published a group carbon road map, which brings together the DCHL Group's progress to date and future plans with regard to reducing the Group's Greenhouse Gas (GHG) emissions and contributing to DCC's goals for Ōtepoti Dunedin to become a Zero Carbon city.

Each company undertakes actions in line with its own emissions reduction strategy and reports on those annually in their Annual Report.

During the year some of the activities of companies include installation of LED lighting at the Stadium (providing energy efficiency benefits), Delta continuing to replace light vehicles with hybrids as well as purchasing two new Elevated Work Platform (EWP) heavy vehicles running battery bank smart power (to save on diesel fuel), and Aurora Energy working with its largest suppliers to report their emissions. All companies have also continued to focus on reducing business-related travel including flights.

Each company continues to build into its business forecasts the financial investment required for on-going emissions reduction initiatives.

Companies will continue to work with Dunedin City Council in connection with DCC's Zero Carbon Plan. The Zero Carbon Plan's analysis helps companies understand areas where they may be able to contribute to city-wide goals.

Companies will also continue to revisit their emission reduction strategies on an annual basis, setting goals for the year ahead and giving consideration to the path to achieving net zero carbon.

DCHL as the parent entity will continue to play a co-ordinating role, facilitating the sharing of experiences and resources across the group, and co-ordinating companies' discussions with shareholders.

Zero carbon

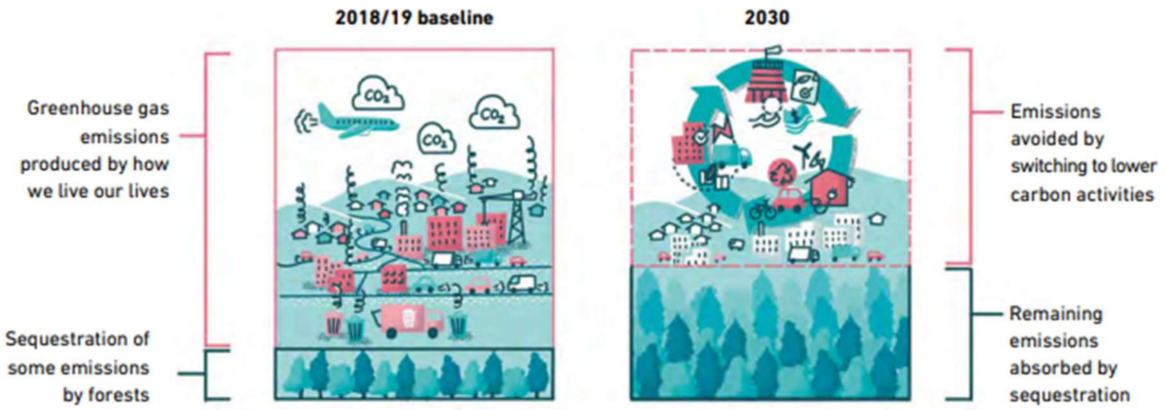
DCHL companies have been directed by the DCC to reduce their organisational footprint. The companies have also committed to working alongside the DCC to support city wide emissions reduction, as set out in the DCHL Carbon Reduction roadmap.

Dunedin citywide zero carbon targets

In 2019, the Council declared a climate emergency and brought forward its climate mitigation targets for the city as a whole. There are two targets as follows:

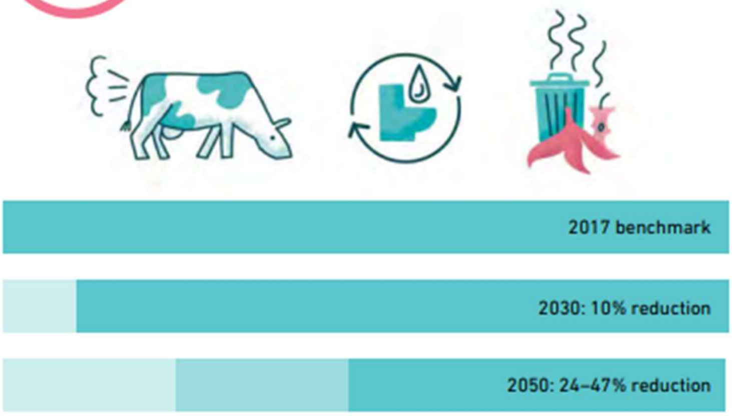
1 Net Zero Carbon by 2030

Dunedin can achieve net zero carbon (excluding biogenic methane) through reducing its total emissions by 40% and increasing its carbon sequestration by 64% upon 2018/19 levels. This would require significant reductions in emissions from transport, stationary energy, agriculture, and industrial processes and product use.



Net zero carbon means that any greenhouse gases (excluding biogenic methane) we emit into the atmosphere in Dunedin are in balance with the amount of carbon absorbed out of the atmosphere by trees, also known as sequestration.

2 Reduce biogenic methane emissions



Dunedin's biogenic methane reduction targets are the same as the central government targets

The **Zero Carbon Plan** sets out how Dunedin can achieve these two targets if everyone works together across the city.

The good news is, people and businesses in Dunedin have already been taking action.

Addressing climate change will take all of us. Work is underway at all levels - from international agreements, to national and city-level action, to organisations and households.

Biogenic methane is methane produced and released from living organisms like plants and animals. In 2021/22, 85% of the Dunedin City Territorial Area biogenic methane was generated by ruminant animals in agriculture, and 15% generated by waste to landfill and wastewater.

The city's biogenic methane reduction targets are the same as the central government targets:

- 10% reduction from 2017 levels by 2030.
- 24-47% reduction from 2017 levels by 2050.

These two targets apply to the Dunedin City Territorial Area. Emissions are calculated using a predominately production-based methodology- the Global Protocol for Community-Scale Greenhouse Gas Inventories BASIC+. Emissions include those from stationary energy (e.g. electricity, coal, or biomass), transport, waste, industrial processes and product use, and the agriculture and forestry sectors.

The Global Protocol for Community-Scale Greenhouse Gas Inventories BASIC+ is production-based methodology which means it focusses on the emissions produced within the territorial area (such as petrol vehicles, livestock, and burning LPG in the city). It also includes emissions from electricity use and cross-boundary transport.

Globally produced emissions that relate to consumption in the city are excluded (e.g., embodied emissions relating to products produced elsewhere but consumed within the geographic area, such as imported food products, cars, phones, clothes etc.).

The city's emission footprint is calculated every three years, with the most recent footprint being calculated for the 2021/2022 financial year. The next scheduled footprint calculation will be completed for 2024/25.

Graham Crombie intern director programme

DCHL established an Intern Director Programme in late 2017, with the aim of enhancing governance capability in Dunedin and broadening the city's pool of emerging directors.

The programme offers emerging directors the opportunity to gain experience and insight into governance by working alongside an experienced commercial board for 18 months. Intern directors attend all board and committee meetings of their respective companies and participate fully in board activities (without voting rights or decision-making responsibilities).

Intern Directors also receive mentoring from company directors, professional coaching sessions and funding towards governance education with the Institute of Directors.

In 2020 the programme was named after Graham Crombie, Chair of DCHL 2013-2019. Graham had a passion for people development, and for supporting future leaders within the city of Dunedin. Graham was active in mentoring and supporting emerging directors, including the first intake of DCHL Intern Directors in 2018.

A fourth intake of intern directors commenced 18-month terms on 1 July 2024. Intern Directors will gain valuable insight into the roles of company directors.

Our company boards also appreciate the fresh perspectives and diversity of thought intern directors bring to their operations.

DCHL's 2024 intake


Ingrid Roding, DVML


Yoel George, City Forests


Angela Davis, DIAL


Darryn Wilkie, Delta

Subsidiary and associate company reports

Aurora Energy

WHAT WE DO

Aurora Energy is one of the largest electricity networks in Aotearoa New Zealand. We own and manage the network that delivers electricity to some of the fastest growing areas and over the most diverse terrain in Te Waipounamu South Island.

We take the electricity from Transpower's national grid to power homes, businesses and the wider community. We deliver a safe, reliable and sustainable electricity supply to a population of more than 200,000 residents in Ōtepoti Dunedin, Central Otago, Wānaka and Tāhuna Queenstown.

WHAT WE DID THIS YEAR

Aurora Energy reported a net profit after tax of $23.7 million, which was $7.8 million higher than budget. This positive performance against budget was driven by higher than anticipated growth in energy consumption and use of system revenues across the network and significantly higher values of customer contributions to customer-initiated work, in the Central Otago region in particular.

Aurora Energy is now over halfway through its five-year customised price-quality path (CPP), established with the Commerce Commission in 2021. During the year, numerous upgrade and maintenance projects were completed across the electricity network, ensuring its future resilience and readiness for increased electrification.

Highlights during FY24 included:

Ōtepoti Dunedin network:

- Andersons Bay zone substation upgrade
- Brighton bundled work programme
- Smith Street to Willowbank intertie

Central Otago/Wānaka network:

- Alexandra bundled work programme
- New line along SH8 near Cromwell
- New zone substation in Omakau

Tāhuna Queenstown Lakes network:

- Glenorchy bundled work programme
- Queenstown zone substation upgrade
- Arrowtown upgrades

Other highlights:

- Signed new field service agreements to ensure the remainder of the five-year, $563 million investment programme can be delivered
- Launched a new public safety campaign to educate about the dangers of electricity
- Progressing the implementation of a new asset management system to support smart decision making across the business
- Receiving a 4.5 out of 5 rating for pricing practices (the second highest score of the 29 electricity distribution businesses who were assessed)

Aurora Energy's electricity network is at the centre of the transition to electrification and decarbonisation, as a key enabler of the future energy choices of consumers. The network and supporting services need to be ready and responsive to however consumers' needs evolve. The company is actively shaping its network to meet future consumer needs and expectations, and to ensure planning and expenditure strategies stay aligned with changing consumer expectations.

Aurora Energy thanks its Board, staff and contractors for their commitment to bringing the best to consumers and their communities.

THE PEOPLE

Directors	Steve Thompson (Chair)
	Simon Clarke
	Janice Fredric
	Wendie Harvey
	Stephen Lewis
Chief Executive	Richard Fletcher

AT A GLANCE

	2024	2023
	$'000	$'000
Revenue	166,656	142,787
Net Profit/(Loss) after Tax	23,699	11,082
Shareholders' Funds	221,221	197,522
Total Assets	886,559	805,341

City Forests

WHAT WE DO

City Forests' principal activities are the growing, harvesting and marketing of forest products from plantations it owns. The products are sold both in the domestic and export markets.

WHAT WE DID THIS YEAR

Directors report a modest financial performance for City Forests Limited during the year, recording a profit after tax of $5.1 million, which was $0.5 million higher than budget. Total dividends were paid of $16.5 million.

Key features of the financial year's activity were:

- Modest prices throughout the year received from the weak Chinese market and a slow but steady South Korean market, resulting from slow economic activity leading to reduced log demand.
- Increasing costs per cubic metre of international shipping to Asian markets during the year.
- The value of the NZD compared to the USD was less volatile during the year and supported by the USD hedging portfolio.

City Forests supplied 29% of log production to domestic mills in Otago and Southland. Prices for logs supplied to domestic customers were stable during the year.

City Forests had a solid production year, harvesting marginally above sustainable cut levels for sawlogs but recovering more low-grade residual wood. The overall harvest production from the forest estate was 389,116m^3. This is 104.7% of plan on a sustainable cut basis.

During the year City Forests purchased 57.5 ha of new land. All of the Company's recently acquired land has been planted in the 2024 planting season and the Company is not actively expanding the forest estate.

City Forests continues to be a participant in the Emissions Trading Scheme and the Company's forests store a significant volume of carbon expressed as New Zealand Units (NZU's). NZU prices remained volatile during the year.

The Board's focus is to ensure City Forests is run on a long-term sustainable basis following the principles of kaitiakitanga, ensuring financial, environmental and social prosperity and that operational performance improvement and business growth occurs so long-term wealth and environmental prosperity continues to accumulate for the shareholder.

Looking to the medium-term, City Forests is optimistic that the New Zealand Forest industry will continue to generate favourable returns in international and domestic log markets. However, it is expected that economic volatility will cause these returns to remain cyclical in nature throughout each financial year.

The Company is well placed with a mature, harvest ready forest and proven export capability to make the most of market opportunities.

THE PEOPLE	
Directors	Scott Mason (Chair)
	Kate Bromfield
	Alison Posa
	Phil Melhopt
Chief Executive	Grant Dodson

AT A GLANCE	2024	2023
	$'000	$'000
Revenue	60,501	63,435
Net Profit/(Loss) after Tax	5,093	5,463
Shareholders' Funds	242,400	244,967
Total Assets	365,612	352,931

Delta

THINK.INFRASTRUCTURE

WHAT WE DO

Delta is an infrastructure specialist providing a range of contracting services to local authority and private sector customers. We construct, manage, and maintain essential energy and environmental infrastructure largely in the South Island. Headquartered in Dunedin, with regional depots in Nelson, Christchurch, Rangiora, Cromwell, Alexandra, Wānaka, Queenstown, and Auckland.

WHAT WE DID THIS YEAR

Economic challenges during the financial year ended 30 June 2024 (FY24) resulted in a moderate performance from Delta. Delta recorded a net profit after tax of $1.6 million in FY24, which was $0.6 million lower than budget. Despite strong demand and busy work schedules, inflationary pressures and the cost-of-living crisis has had significant upstream effects. Nevertheless, Delta continued to deliver safe, high-quality services to its customers and communities.

Operating revenue was $129.8 million for FY24, an increase of 9.6% on the previous year (FY23: 118.4 million), underpinned by growth in services provided to existing and new energy, metering and greenspace customers. The FY24 result was down on the prior year, noting that the FY23 result was supported by non-operating income of $3.1 million from Infinity Yaldhurst Ltd.

Network experience and strong operational delivery enabled Delta to secure the new Aurora Energy FSA 2.0 contract as the primary field service provider in Dunedin and Central Otago. Efficiency and service delivery were further enhanced with a new customer service fulfilment model in the metering division. Additionally, Greenspace received high praise for its exceptional turf preparation during the 2023 FIFA Women's World Cup in Dunedin. Throughout the year, Delta's commitment to achieving customer KPIs and outcomes remained strong, with all existing contracts across operational divisions delivering full work schedules to a high standard.

Trending data since the revision of Delta's health and safety reporting structure in 2018 shows significant improvement in safety outcomes.

Notably, there's been a 67% reduction in lost days due to injury, reflecting a decrease in the severity of incidents. Delta continues to enhance its safety culture through initiatives like the WorkWell programme and active participation in industry-focused forums. Additionally, the Kaitiaki o Te Mahi Pai safety committee groups have played a crucial role in improving safety from the ground up.

Delta is proud to be ISO accredited for 45001 (Health & Safety Management Systems), 14001 (Environmental Management Systems), and 9001 (Quality Management Systems). The company also holds SiteWise Gold status and Tōtika certifications, as well as a category four, five-star rated IMPAC Prequal. These certifications underscore Delta's commitment to robust processes and upholding industry best practices across its operations.

Delta continued its extensive apprenticeship programmes, providing hands-on training, mentorship, and a steady pipeline of skilled professionals to support sustainable growth. During the year, Delta had an average of 38 trainees/apprentices.

Delta's Carbon Emission and Waste Reduction Strategy continues to drive the company toward a more sustainable future. Ambitious targets were set during the year to reduce environmental impact by 2030. The company's sustainability report highlights progress in reducing greenhouse gas emissions, enhancing waste management, and advancing overall environmental goals.

THE PEOPLE

Directors	Peter Carnahan (Chair)
	Cameron Baudinet (from 1 Aug 2023)
	Jane George
	Steven Grave
	Tony Allison (until 30 Oct 2023)
Chief Executive	Mike Costelloe

AT A GLANCE

	2024	2023
	$'000	$'000
Revenue	129,766	118,416
Net Profit/(Loss) after Tax	1,571	2,571
Shareholders' Funds	28,294	27,724
Total Assets	60,929	65,987

Dunedin City Treasury

WHAT WE DO

Dunedin City Treasury Ltd (DCTL) provides treasury and funds management services to Dunedin City Council, DCHL and its subsidiary and associate companies. DCTL's objective is to ensure adequate funds are available to meet ongoing obligations, minimise funding costs and maximise return on surplus funds, within acceptable levels of risk.

WHAT WE DID THIS YEAR

The Company has continued to perform well, in what has been an elevated but more stable interest rate environment.

The Company issued five new tranches of term debt over the 2023/24 financial year. The main provider of new term debt was the Local Government Funding Agency or LGFA. In the second half of 2023, the Company arranged LGFA floating rate notes totalling $125 million for approximate terms of 6 and 7 years. In the first half of 2024, three further tranches of term debt were arranged totalling $90 million, of which $50 million was outside of the LGFA. The terms ranged from 1 to 9 years. In July 2024, DCTL arranged another new tranche of term funding of $50 million for 3 years.

Of the four tranches of new term funding borrowed from the LGFA in the 2024 financial year, three of the new tranches are classified as LGFA's Climate Action Loans. The LGFA Climate Action Loans benefit from a reduced borrowing margin, reflecting progress Dunedin City Council has made toward reducing greenhouse gas emissions.

The Company increased its reliance on Promissory Note funding, increasing the amounts of Promissory Notes on issue from $203 million as at 30 June 2023, to $262.5 million as at 30 June 2024. Promissory Note funding is a very cost-effective form of borrowing for the Company.

The average rate achieved was +0.059% above the floating benchmark interest rate, increasing from +0.018% in 2023. The average bid coverage ratio was 2.0 times the Promissory Notes tendered, illustrating continued strong investor appetite for DCTL paper although at a higher margin to the floating benchmark interest rate.

The cost of funds for the DCC Group increased over the 2023/24 financial year, by 0.31% to 4.50% as at, 30 June 2024.

The Company's higher cost of funds in the 2034/24 financial year reflects increased borrowings from the Group at higher prevailing market interest rates. The RBNZ has left the Official Cash Rate (OCR) unchanged at 5.50% over the financial year but has continued to deliver a hawkish tone over the financial year. Nevertheless, at the time of writing, financial market participants expect the RBNZ will start easing Monetary Policy toward the end of 2024.

The Company's activity is governed by the DCC Treasury Risk Management Policy, which sets out how financial market risks are managed across the Group. The Company maintained compliance with the Policy during the 2024 financial year and continues to manage funds in the best interests of its borrowers.

The Company continues to ensure that funding facilities are spread over time, to help manage funding risk. As at 30 June 2024, the Company had less than $450 million of outstanding funding due to mature in any forward one-year period.

The Board considers that the Company continues to provide significant benefit to the DCHL Group, DCC and Dunedin ratepayers through its provision of cost-effective funding for the DCC Group.

THE PEOPLE

Directors	Tim Loan (Chair)
	Susie Johnstone
	Chris Milne (from 1 Jul 2023)
	Greg Anderson (from 1 Jul 2023)
	Keith Cooper (until 29 Feb 2024)
	Richard Thomson (until 30 Jun 2024)
Treasurer	Richard Davey

AT A GLANCE

	2024	2023
	$'000	$'000
Revenue	55,519	39,578
Net Profit/(Loss) after Tax	4	33
Shareholders' Funds	21,353	26,884
Total Assets	1,357,908	1,163,873

Dunedin Railways

DUNEDIN RAILWAYS
WORLD CLASS TRAIN TRIPS

WHAT WE DO

Until March 2020, Dunedin Railways operated a tourist and excursion train on the Taieri Gorge railway line and the Seasider line north of Dunedin. Covid-19 severely impacted the company, and it transitioned to hibernation from 1 July 2020. The company focuses on maintaining key assets and operating limited services, pending further decisions from Dunedin City Council.

DCHL's directors have assumed roles as directors of the Company over its hibernation period, and DCHL has been instructed to fund the company over the 2025 financial year.

WHAT WE DID THIS YEAR

During the 2024 financial year, the Dunedin Railways team focused on maintaining key rolling stock and the Taieri Gorge Line to support passenger services as far as Hindon. Maintenance work has also been carried out between Hindon and Pukerangi – this part of the track will be operational from October 2024.

Dunedin Venues Management Ltd continued to manage the Dunedin Railways team and performed the company's administrative functions for most of the 2024 financial year. In March 2024, DCHL hired a General Manager Commercial Operations to oversee all aspects of commercial operational activities.

Dunedin Railways offered 60 cruise ships and 99 public services during the year. The company's schedule continues to expand year on year, although it is still significantly reduced compared with pre-COVID operations.

Over the 2024 financial year, 25,002 passengers travelled on Dunedin Railways services to Hindon, Waitati or Oamaru, compared with 16,493 passengers in the prior year.

Dunedin Railways has been pleased to receive positive feedback about these services. Themed trains such as the Santa Express, Easter Inlander, and Quiz trains were popular, and continued collaboration with the Waitati community has resulted in excellent customer experiences and benefits for the community.

Dunedin Railways Ltd looks forward to being able to operate a programme of cruise ship and local passenger services in the 2025 financial year as we await further decisions from Dunedin City Council about the company's future operating model.

THE PEOPLE

Directors	Tim Loan (Chair)
	Susie Johnstone
	Chris Milne (from 1 Jul 2023)
	Greg Anderson (from 1 Jul 2023)
	Keith Cooper (until 29 Feb 2024)
	Richard Thomson (until 30 Jun 2024)
General Manager	Rebekah Jenkins

AT A GLANCE

	2024	2023
	$'000	$'000
Revenue	2,416	1,696
Net Surplus/(Loss) after Tax	(1,356)	(978)
Shareholders' Funds	305	560
Total Assets	657	774

Dunedin Stadium Property

DUNEDIN STADIUM PROPERTY LTD

WHAT WE DO

Dunedin Stadium Property Ltd's (DSPL's) principal activity is the ownership of Forsyth Barr Stadium. DSPL oversees the maintenance programme with the objective of ensuring the stadium is at a standard that enables it to operate effectively.

WHAT WE DID THIS YEAR

During the year the stadium hosted a number of successful events operated by Dunedin Venues Management Ltd (DVML). Highlights included FIFA Women's World Cup matches, a sell-out All Blacks v Australia test match and the P!nk Summer Carnival Concert, which featured spectacular aerial acrobatics.

During the year the Asset Management Plan was refreshed and externally reviewed. This is fundamental to the work of DSPL, ensuring that the life of stadium assets is optimised, risks are managed, and that renewals and maintenance is prioritised and scheduled effectively.

Capital expenditure totalled $3.2m, which included a significant investment in Sports and Crowd Experience Lights, which provide programmable colours, patterns, and sequencing, improving the spectator experience and enhancing the competitiveness of the stadium in securing major events for the city.

A $1.2m subvention payment was received from companies within the DCHL Group. Subvention payments are dependent on the ongoing profitability of the group of companies owned by Dunedin City Holdings Limited.

DSPL has an unrecognised deferred tax asset in relation to tax losses of $24.2m, which is available to the DCHL group through subvention payments and tax loss offsets. This, together with annual capital injections, forms the basis of the funding model established for DSPL. However, a review of the operating and funding model is planned to ensure it remains sustainable and continues to meet the needs of the community.

THE PEOPLE

Directors	
	William Cockerill (Chair)
	Tim Loan
	Susie Johnstone
	Chris Milne (from 1 Jul 2023)
	Greg Anderson (from 1 Jul 2023)
	Keith Cooper (until 29 Feb 2024)
	Richard Thomson (until 30 Jun 2024)

AT A GLANCE

	2024 $'000	2023 $'000
Revenue	2,651	2,688
Net Surplus/(Loss) after Tax	(6,333)	(6,439)
Shareholders' Funds	52,069	56,153
Total Assets	138,492	140,512

Dunedin Venues Management

WHAT WE DO

Dunedin Venues Management Limited (DVML) is Dunedin's premier venue and event services company. DVML manages the Forsyth Barr Stadium, Dunedin Centre and Town Hall Complex.

WHAT WE DID THIS YEAR

This year, DVML proudly hosted several high-profile events that significantly contributed to Dunedin's economic vitality:

Forsyth Barr Stadium was the venue for six thrilling FIFA Women's World Cup matches, drawing a total of 64,774 spectators, including 18,600 visitors from outside Dunedin. The event generated an impressive $21.1 million in economic impact. The associated fan festival at the Dunedin Centre further attracted 13,600 attendees, enhancing the overall experience.

Building on the success of the FIFA World Cup, DVML facilitated a sell-out match between the All Blacks and Australia, which brought an additional $12.6 million into the local economy and attracted 16,515 visitors.

In March 2024, DVML hosted the highly anticipated P!nk Summer Carnival Concert, which saw 72% of attendees travelling from outside Dunedin. The concert contributed $16.6 million to the city's economic landscape.

DVML's commitment to enhancing the sporting experience and facilities was evident throughout the year. The installation of advanced Sports and Crowd Experience Lights at Forsyth Barr Stadium significantly elevated the venue's appeal. These new lights offer programmable colours, patterns, and sequencing, improving the spectator experience and receiving positive feedback from event organizers.

DVML successfully managed a variety of sporting events, including domestic rugby fixtures featuring the Highlanders and Otago Rugby, as well as the WXV tournament. International cricket matches against Pakistan and Bangladesh were also hosted at the University Oval, further showcasing Dunedin's sporting capabilities.

The Dunedin Centre was a hub for a wide range of events, including performances by the Dunedin Symphony Orchestra, graduations, and concerts featuring artists such as Kaylee Bell and Dragon. Additionally, the Centre hosted comedy shows with Tom Sainsbury and Chris Parker, and international acts like Postmodern Jukebox, Bill Bailey, Emma Memma, and Russell Howard.

DVML maintained a strong presence in the conference and business events sector, throughout the year, DVML organised 170 business events, including eleven multi-day conferences. These events catered to 2,300 delegates and highlighted our venues as premier destinations for business gatherings.

DVML's commitment to community engagement was demonstrated through the Community Access Grant that facilitated a variety of local events, including Movie Magic on the Pitch, RMCH Supper Club, Moana Nui Festival, Relay for Life, Toss the Boss, and various sports development initiatives, reflecting our dedication to enriching the local community.

The ongoing support from Forsyth Barr Stadium members and sponsors has been another highlight of the year. We appreciate the partnerships and commitment, which play a crucial role in DVMLs ability to provide exciting event activity.

THE PEOPLE

Directors	Raewyn Lovett (Chair)
	Adam La Hood
	Joanne Conroy (until 31 Dec 2023)
	Dylan Rushbrook
	Verity Webber (from 1 Oct 2023)
	Lee Piper (from 17 Jun 2024)
Chief Executive	Terry Davies

AT A GLANCE

	2024	2023
	$'000	$'000
Revenue	17,437	13,979
Net Profit/(Loss) after Tax	209	82
Shareholders' Funds	2,199	1,770
Total Assets	12,466	19,419

Dunedin International Airport

WHAT WE DO

Dunedin International Airport Ltd (DIAL) operates the Dunedin Airport. It also farms adjacent land in partnership with sharemilkers and owns a small residential housing estate on land adjoining the airfield to the north, as well as Momona Garage.

DIAL is owned 50% by DCHL and 50% by the Crown.

WHAT WE DID THIS YEAR

This year was marked by the achievement of crucial milestones, including some international flights, albeit for one-off events, and positive progress seeking to attract airlines to re-introduce scheduled Trans-Tasman services. Dunedin Airport is committed to bringing back direct Trans-Tasman travel, knowing how important it is for our community and the region's economic growth.

Domestically, we have seen a softening of demand. This year we welcomed 903,396 passengers, just over 80% of our capacity of 1,109,974. The dip in demand resulted from a recessionary macro environment and suppressed corporate and Government demand for air travel. Demand for recreational travel also fell as customers grappled with high inflation and a cost of living crisis.

We were pleased to progress our Flight Plan 2050 goals including route development, infrastructure resilience, sustainability, and leveraging commercial expansion. These are all being advanced within our overarching aims of building strategic partnerships, taking care of our team, and offering our customers an excellent experience. Our team and executives foster a proactive culture of excellence in delivering our services and always seek ways to improve the status quo.

This year we released of our "One Trip to See It All" campaign which has seen a huge response. The campaign was founded on the ground-breaking partnership between airports in the lower South Island. We are very proud of our collaboration with Invercargill and Queenstown airports, which reflects our shared vision for the success of our region. Together, we can remove barriers to travel schedules, and in doing so, create a more attractive offering to international and domestic travellers.

"One Trip to See It All" is the Southern Way's first-of-its-kind campaign with Air New Zealand, and it encourages travellers to take advantage of all three airports and car hire opportunities. It removes barriers to "open-jaw" travel by enabling inward and outward flights to be booked on a single ticket and allowing rental cars to be returned to different locations without incurring one-way rental surcharges. The campaign builds on the work of the Regional Tourism Offices to promote longer-stay, lower-impact itineraries.

Despite this year's difficult macro environment, we are pleased to report a 3.2% increase in operating revenue, to $21.1 million, while our aeronautical revenue was up 1.6% to $10.7 million. Non-aeronautical revenue was $10.4 million, up 5.0%. The company recorded a net loss after tax of $0.4m, $3.7 million lower than budget. Underlying financial performance was higher than budget; however, the company recognised a $4.3m deferred tax expense due to the government's withdrawal of tax deductibility for depreciation on commercial buildings.


The P!nk crew arriving at Dunedin Airport

THE PEOPLE

Directors	Chris Hopkins (Chair)
	Tim Hunter
	Catherine Taylor
	Shane Ellison (until 1 May 2024)
Chief Executive	Daniel De Bono

AT A GLANCE

	2024	2023
	$'000	$'000
Revenue	21,217	20,648
Net Profit/(Loss) after Tax	(424)	4,316
Shareholders' Funds	88,685	85,431
Total Assets	123,742	114,469

Statement of Responsibility

The Board of DCHL accepts responsibility for the preparation of the annual financial statements and the judgements used in them;

The Board of DCHL accepts responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and

In the opinion of the Board of DCHL, except for any adjustments that may have been required in relation to the carrying value of the related party advances and DSPL's fixed assets in the group financial statements, and the related financial information in the group statement of service performance, the annual group financial statements fairly reflect the financial position and operations of DCHL for the financial year ended 30 June 2024.

Director

Director

Directors' declarations of interest

For the year ended 30 June 2024

DIRECTOR	RESPONSIBILITIES	DECLARATIONS OF INTEREST
Keith T Cooper 02.02.15 - 29.02.24 (Chair 26.02.19 - 29.02.24) (Interests listed as at 29.02.2024)	Non-Executive Director / Chair	Director & Chair, Dunedin City Holdings Limited Director & Chair, Dunedin City Treasury Limited Director & Chair, Dunedin Railways Limited Director, Dunedin Stadium Property Limited Chair, Upper Clutha A&P Society Owner/Director, Littlebrook Farm Limited
Timothy D R Loan 03.10.22 - Present (Chair 29.02.24 - present)	Non-Executive Director / Chair	Director, Dunedin City Holdings Limited Director, Dunedin City Treasury Limited Director, Dunedin Stadium Property Limited Director, Dunedin Railways Limited Director & Shareholder, Abbot Insurance Brokers Southern Ltd Director, Finance Now Ltd (including subsidiary companies: TW Financial Services Operations Ltd, The Warehouse Financial Services Ltd and SBS Money Ltd Director & Shareholder, LWB Holdings Ltd Director, Presbyterian Support Southland Holding Company Ltd Director, Presbyterian Support Southland Retirement Villages Ltd Chair, H&J Smith Holdings Ltd (including subsidiary companies: H&J Smith Ltd, H&J Smith Parking Building Ltd, Outdoor World Ltd, Outdoor Adventures Ltd (dormant), H&J's Hardware Ltd (dormant), Southern Department Stores Ltd (dormant), Shotover Hardware Ltd, Symphony Retailing Ltd, Cross Roads Properties Ltd, H&J.'s Electrical Ltd, H&J's Properties Ltd, H&J Smith Corporate Ltd, H&J Smith Finance Ltd)
Susie J Johnstone 1.03.21 - present	Non-Executive Director	Director, Dunedin City Holdings Limited Director, Dunedin City Treasury Limited Director, Dunedin Stadium Property Limited Director, Dunedin Railways Limited Director & Shareholder, Shand Thomson Chartered Accountants Director & Shareholder, Johnstone Afforestation Trustee, Dunedin Diocese Trust Board Trustee, Clutha Community Foundation Trustee of various client trusts through Shand Thomson & Abacus Nominee Companies

Directors' declarations of interest

For the year ended 30 June 2024

DIRECTOR	RESPONSIBILITIES	DECLARATIONS OF INTEREST
Greg Anderson 01.07.23 - present	Non-Executive Director	Director, Dunedin City Holdings Limited Director, Dunedin City Treasury Limited Director, Dunedin Stadium Property Limited Director, Dunedin Railways Limited Director, Holmes GP Products Limited (including related entities: Switchback GP Limited, Whoosh GP Limited, Whoosh Hold GP Limited) Director and Shareholder, Northington Partners Limited (including subsidiary companies Northington Agricapital Limited, NPL Investments Limited and NPL No.1 Holdco Limited) Director & Shareholder, Cultivate Ventures GP Limited (including related entity NPL No. 2 LP Limited) Director & Shareholder, NZ Drinks Holdings Limited (including subsidiary NZ Drinks Limited) Director & Shareholder, Hedgebook Limited Director & Shareholder, Stirling Sports Limited Director & Shareholder, Reliable Foundations Holdings Limited (including subsidiary companies and related entities: Reliable Foundations NZ Limited, Reliable Foundations (South Island) Limited, RFL Earthworks NZ Limited, RFL Earthworks (South Island) Limited, Reliable Foundations GP Limited, NPL No.1 LP Limited) Director & Shareholder, Agri Realty Limited Director & Shareholder, Ra Tuatahi No. 1 Limited Trustee, St Margaret's College Foundation
Richard J Thomson 1.07.20 - 30.06.24 (Interests listed as at 30.06.2024)	Non-Executive Director	Director, Dunedin City Holdings Limited Director, Dunedin City Treasury Limited Director, Dunedin Stadium Property Limited Director, Dunedin Railways Limited Director & Shareholder, Thomson & Cessford Ltd (T/A Acquisitions) Deputy Chair, Hawksbury Community Living Trust (and subsidiary entities) Trustee, Healthcare Otago Charitable Trust Director, Central Otago Health Services Limited
Chris Milne 01.07.23 - present		Director, Dunedin City Holdings Limited Director, Dunedin City Treasury Limited Director, Dunedin Stadium Property Limited Director, Dunedin Railways Limited Director & Shareholder, Murray & Company Limited Chair, CSO Foundation Trust

Financial information

- Group financial statistics
- Statement of financial performance
- Statement of other comprehensive income
- Statement of movements in equity
- Statement of financial position
- Statement of cash flows
- Notes to the financial statements

Group financial statistics

	2024 $'000	2023 $'000	2022 $'000	2021 $'000 Restated	2020 $'000 Restated
Revenue	**360,219**	**319,980**	**281,784**	**291,131**	**257,964**
Profit/(loss) before tax, impairment and subvention payment from continuing activities	23,007	7,266	(2,771)	33,245	(10,295)
Tax expense/(income)	10,157	3,925	688	10,840	(2,273)
Profit/(loss) after tax	**12,850**	**3,340**	**(3,459)**	**22,404**	**(8,021)**
Net interest paid to the Council on advance	5,902	5,902	5,902	5,902	5,902
Net profit/(loss) after tax and before shareholder interest	18,752	9,242	2,443	28,306	(2,119)
Cash flows from operating activities	69,814	46,687	43,223	37,769	14,343
Capital expenditure	108,435	104,363	97,862	83,968	63,569
Shareholder's funds	**425,419**	**414,702**	**435,635**	**353,360**	**288,226**
Shareholder's advance	112,000	112,000	112,000	112,000	112,000
Total shareholder's interest	537,419	526,702	547,635	465,360	400,226
Rate of return (on shareholder funds)	3.0%	0.8%	-0.8%	6.3%	-2.8%
Dividend paid	11,000	5,500	-	-	-
Net interest paid to the Council on advance	5,902	5,902	5,902	5,902	5,902
Total interest and dividends paid to the Council	16,902	11,402	5,902	5,902	5,902
Total assets	**2,049,674**	**1,830,480**	**1,658,003**	**1,481,647**	**1,382,970**
Shareholder's funds to total assets	20.8%	22.7%	26.3%	23.8%	20.8%

Statement of financial performance

For the year ended 30 June 2024

	Note	2024 $'000	2023 $'000
Revenue			
Operating revenue	1	322,928	290,320
Financial income	2	25,606	16,474
Gain in fair value of forestry	12	11,686	13,185
Total operating revenue		360,219	319,980
Expenditure			
Employee expenses		73,743	70,454
Audit fees	3	936	845
Financial expenses	3	61,972	45,810
Other expenses	3	161,794	160,275
Depreciation - right of use leased assets	13	3,875	3,896
Depreciation and amortisation	11 & 14	34,679	33,591
Total operating expenditure		337,000	314,872
Operating profit/(loss)		**23,219**	**5,108**
Share of associate surplus		(212)	2,158
Profit/(loss) before taxation		**23,007**	**7,266**
Less taxation expense	4	10,157	3,925
Profit/(loss) after taxation		**12,850**	**3,340**

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

Statement of other comprehensive income

For the year ended 30 June 2024

	Note	2024 $'000	2023 $'000
Other comprehensive income			
Items that may be reclassified subsquently to profit or loss:			
Gain (loss) on cash flow hedges		(4,949)	11,612
Other comprehensive income associates		(58)	21
Items that will not be reclassified subsquently to profit or loss:			
Gain (loss) on forestry land revaluations		2,830	(1,949)
Gain (loss) on carbon credit revaluation		5,497	(38,530)
Other comprehensive income associates		3,147	-
Income tax on other comprehensive income		(150)	7,523
Net income recognised directly as other comprehensive income		6,316	(21,324)
Profit/(loss) after taxation		12,850	3,340
Total comprehensive income/(loss) for the year		**19,167**	**(17,984)**

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

Statement of changes in equity

For the year ended 30 June 2024

	Notes	$'000 *Share capital*	$'000 *Accumulated funds*	$'000 *Associate revaluation reserve*	$'000 *Cash flow hedge reserve*	$'000 *Land revaluation reserve*	$'000 *Carbon credit reserve*	$'000 ***Total equity***
2023								
Balance as at 30 June 2022		131,239	157,953	24,304	16,264	49,840	56,035	**435,635**
Profit/(loss) after tax		-	3,340	-	-	-	-	**3,340**
Other comprehensive income		-	-	21	8,361	(1,950)	(27,754)	**(21,322)**
Total comprehensive Income/(loss) for the period		**-**	**3,340**	**21**	**8,361**	**(1,950)**	**(27,754)**	**(17,982)**
Transactions with owners in their capacity as owners:								**-**
Dividends Paid		-	(5,500)	-	-	-	-	**(5,500)**
Contributions of equity		2,550	-	-	-	-	-	**2,550**
Balance as at 30 June 2023		**133,789**	**155,793**	**24,324**	**24,625**	**47,890**	**28,281**	**414,702**
2024								
Balance as at 30 June 2023		133,789	155,793	24,324	24,625	47,890	28,281	**414,702**
Profit after tax		-	12,850	-	-	-	-	**12,850**
Other comprehensive income		-	-	3,089	(3,563)	2,830	3,960	**6,316**
Total comprehensive Income for the period		**-**	**12,850**	**3,089**	**(3,563)**	**2,830**	**3,960**	**19,167**
Transactions with owners in their capacity as owners:								
Dividends Paid		-	(11,000)	-	-	-	-	**(11,000)**
Contributions of equity		2,550	-	-	-	-	-	**2,550**
Balance as at 30 June 2024		**136,339**	**157,643**	**27,413**	**21,062**	**50,720**	**32,241**	**425,419**

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

Statement of financial position

As at 30 June 2024

	Note	2024	2023
		$'000	$'000
Current assets			
Cash and cash equivalents	5	18,696	11,354
Other financial assets	6	-	113
Derivative financial instruments	17	554	695
Trade and other receivables	7	38,111	37,045
Inventories	8	7,111	7,493
Non current assets held for sale		3,208	-
Prepayments		2,252	2,563
Total current assets		69,931	59,263
Non-current assets			
Other financial assets	6	597,274	462,949
Derivative financial instruments	17	30,509	36,596
Investments in associate companies	9	44,320	42,693
Intangible assets - carbon credits	11	45,776	40,279
Intangible assets - other	11	7,366	6,790
Forestry assets	12	210,248	205,543
Right of use assets	13	11,530	13,594
Property, plant and equipment	14	1,032,721	962,773
Total non current assets		1,979,743	1,771,216
Total assets		**2,049,674**	**1,830,480**

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

Statement of financial position

As at 30 June 2024

Current liabilities			
Trade and other payables	15	43,483	38,943
Employee entitlements	16	7,711	7,437
Derivative financial instruments	17	588	2,869
Provision for tax		2,945	861
Lease liabilities	18	3,650	3,707
Short term borrowings	19	1,436	1,502
Total current liabilities		59,814	55,319
Non-current liabilities			
Term borrowings	20	1,288,354	1,083,813
Shareholder's advance	21	112,000	112,000
Employee entitlements	16	881	783
Other liabilities		1,399	417
Lease liabilities	18	8,226	10,164
Derivative financial instruments	17	21,596	29,203
Deferred taxation	4	131,985	124,079
Total non-current liabilities		1,564,441	1,360,460
Equity			
Share capital	25	136,338	133,788
Accumulated funds	26	157,643	155,793
Associate company asset revaluation reserve	27	27,413	24,324
Hedging reserve	27	21,063	24,625
Land revaluation reserves	27	50,720	47,890
Carbon credit reserve	27	32,241	28,281
Total equity		425,419	414,702
Total liabilities and equity		**2,049,674**	**1,830,480**

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

Statement of cash flows

For the year ended 30 June 2024

	Note	2024 $'000	2023 $'000
Cash flow from operating activities			
Cash was provided from:			
Receipts from customers		324,261	285,023
Interest received		22,794	14,939
Income tax refund		-	-
Dividend received		1,251	2
		348,306	299,964
Cash was applied to:			
Suppliers and employees		220,981	211,798
Finance costs paid		57,594	39,124
Taxation paid		395	1,228
Net GST paid/ (received)		(479)	1,127
		278,491	253,277
Net cash flow from operating activities	31	69,814	46,687
Cash flow from investing activities			
Cash was provided from:			
Sale of property, plant and equipment		158	3,660
Carbon credits sold/(purchased)		-	-
Receipts from investments		-	1,784
		158	5,444
Cash was applied to:			
Purchase of property, plant and equipment		108,435	104,363
Increase in investments		137,324	135,230
		245,759	239,593
Net cash flow from investing activities		(245,601)	(234,149)
Cash flow from financing activities			
Cash was provided from:			
Call on Capital		2,550	2,550
Loans raised	32	195,877	198,550
		198,427	201,100
Cash was applied to:			
Loans repaid	32	-	5,000
Lease liability repaid	32	4,299	6,130
Dividends		11,000	5,500
		15,299	16,630
Net cash flow from financing activities		183,128	184,470
Net increase/(decrease) in cash		7,342	(2,992)
Effect of exchange rate changes		-	-
Opening cash and cash equivalents		11,354	14,346
Closing cash and cash equivalents		**18,696**	**11,354**

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

Notes to the financial statements

For the year ended 30 June 2024

REPORTING ENTITY

The financial statements presented here are the consolidated financial statements of the Group comprising Dunedin City Holdings Ltd (the Company) and its subsidiary and associate companies.

Dunedin City Holdings Ltd is a Council Controlled Organisation as defined in the Local Government Act 2002. The Company, incorporated in New Zealand under the Companies Act 1993, is wholly owned by the ultimate parent of the Group, the Dunedin City Council.

The financial statements of the Dunedin City Holdings Ltd Group are for the year ended 30 June 2024.

The registered address of the Company is 50 The Octagon, Dunedin 9016.

Dunedin City Holdings Ltd is a profit orientated entity.

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 and the Companies Act 1993.

These financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Company and Group operate.

STATEMENT OF COMPLIANCE

The Group is a Tier 1 for–profit entity as defined by the External Reporting Board (expenses over $30 million) and has reported in accordance with Tier 1 For-profit Accounting Standards. These annual financial statements are general purpose financial reports which have been prepared in accordance with NZIAS1, additional information as requested by Directors, and in accordance with NZ GAAP. They comply with New Zealand Equivalents to IFRS, and other applicable Financial Reporting Standards, as appropriate for profit orientated entities.

The financial statements were authorised for issue by the directors on 30 September 2024.

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). For the purposes of complying with the NZ GAAP the entity is a for-profit entity.

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

The cash flows arising from advances held to Dunedin City Council are presented on a net basis, as either net investments realised or net purchase of investments in the cash flow statement.

The accounting policies have been applied consistently by Group entities.

BASIS OF CONSOLIDATION

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

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the statement of financial performance in the period of acquisition.

Notes to the financial statements

For the year ended 30 June 2024

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group, with the exception of the valuation of Dunedin Stadium Property's fixed assets and the related depreciation expense.

In preparing the consolidated financial statements, all intra-Group transactions, balances, income and expenses are eliminated in full.

CHANGES IN ACCOUNTING POLICY

There have been no changes in accounting policy. All policies for the current year and comparative year have been applied on a consistent basis.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In the application of NZ IFRS the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. These are based on historical experience and other various factors and are reviewed on an on-going basis.

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:

- carrying value of the deferred tax liability (note 4);
- impairment of investments in associate companies (note 9);
- valuation of NZ carbon credits (note 11);
- valuation and impairment of intangible assets (note 11);
- valuation of forestry assets (note 12);
- valuation of right of use assets and liabilities (note 13);
- valuation and impairment of property, plant and equipment including profit elimination on intra-group transactions (note 14);
- valuation of employee entitlements (note 16).
- valuation of derivative financial instruments (note 17).

The Directors believe that, as at the date of these financial statements, there are no significant sources of estimation uncertainty that have not been disclosed in these notes. However, they do make estimates and assumptions concerning the future. The resulting accounting estimates may not equal the related actual results.

STANDARDS AMENDED OR ISSUED DURING THE YEAR

Amendments to NZ IAS 1 – Disclosure of Accounting Policies are effective for annual reporting periods beginning on or after 1 January 2023. This amendment requires entities to disclose their material accounting policy information rather than their significant accounting policies. The companies did not early adopt these amendments and there were no significant impacts to the financial statements and accompanying notes.

There were no other new or amended accounting standards which materially impacted on the financial reporting of the Group.

Notes to the financial statements

For the year ended 30 June 2024

STANDARDS ISSUED BUT NOT YET EFFECTIVE

The International Accounting Standards Board (IASB) has issued the following amendments to standards:

IAS 1 Presentation of Financial Statements addresses various aspects of financial statement presentation, including how to handle covenants related to borrowings. The most notable changes to NZ IAS 1 concerning covenants have been focused on improving transparency and clarity in the presentation and disclosure of covenants and related conditions. The amendments are effective for periods beginning on or after 1 January 2024 (earlier application is permitted) and require entities to disclose the nature of the covenant and the extent to which they are complied with.

NZ IRFS 16 New Zealand Equivalent to International Financial Reporting Standard 16 Leases. These changes are intended to refine the implementation and address certain practical issues that have arisen since the initial adoption of the standard. The amendments are effective for periods beginning on or after 1 January 2024 (earlier application is permitted). The amendments introduce more specific guidance on how to account for the effects of lease modifications and changes in the assessment of lease term and purchase options.

NZ IFRS 18 Presentation and Disclosure in Financial Statements issued in May 2024, is effective for the annual reporting periods beginning on or after 1 January 2027, and entities can early adopt this account standard. NZ IFRS 18 sets out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income, and expenses. The Group is yet to assess NZ IFRS 18's full impact. The Group will first apply the standard to 30 June 2028 financial statements.

FRS 44 - New Zealand Additional Disclosures. Recent changes to FRS 44, effective for periods beginning on or after January 1, 2024, have focused on updating and aligning the standard with current practices and international accounting standards. The amendment requires an entity to disclose information incurred in the reporting period for the fees for audit firms services including other types of services provided by the entity’s audit firm.

The Companies have not yet assessed in detail the impact of these amendments.

There are no other new or revised standards issued, but not yet effective, that have a material impact on the financial reporting of the Group.

1 OPERATING REVENUE

Accounting policy

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

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

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

The Group earns revenue from the following main sources:

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. Consistent with NZ IFRS 15 this revenue is recognised during the period in which the service is delivered.

Notes to the financial statements

For the year ended 30 June 2024

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 livened. For contracts with multiple performance obligations revenue is recognised at the point in time when each performance obligation is satisfied.

Maintenance Services revenue is derived from contracts that involve various different processes, activities and services, and includes revenue from electrical services, greenspace services and meter & related services. Where these processes and activities tend to be highly inter-related, these are taken to be one performance obligation, otherwise separate performance obligations are identified. The transaction price is allocated across each service or performance obligation based on contracted prices/schedules of rates. Revenue from maintenance services rendered is recognised in the Statement of comprehensive income in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to the proportion of costs incurred to date compared to the estimated total costs of the contract. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under NZ IFRS 15. The Company becomes entitled to invoice customers on a periodic basis, at particular stages of completion or upon completion of works. The Group recognises a contract asset (Work in Progress) for any work performed and not invoiced, derived on the basis of costs incurred to date plus an estimated margin. 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 stage of completion method, then the Company recognises a contract liability (Income in Advance) for the difference.

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 directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under NZ IFRS 15. The company 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 statement of financial position and amortised over either the life of the contract or, in the case of a construction contract, in line with the stage of completion. The Group has applied the practical expedient in paragraph B16 of IFRS 15 Revenue from Contracts with Customers, in that disclosure information regarding future performance obligations is not required as it has a right to consideration from the customer in an amount that corresponds directly with the value to the customer of its performance completed to date.

Notes to the financial statements

For the year ended 30 June 2024

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.

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.

	2024 $'000	**2023 $'000**
Line charges	121,511	100,468
Pass-through and recoverable cost revenue	26,939	32,202
Customer contributions	15,466	8,717
Electrical services	30,847	16,920
Meters and related services	16,570	15,377
Greenspace services	29,917	33,246
Tree services	-	-
Forestry sales revenue	59,927	62,922
Venues management income	16,783	13,651
Railway income	2,398	1,665
Covid-19 wage subsidy	13	163
Other operating revenue	2,517	1,741
Gain on sale of assets	40	3,248
	322,928	290,320

2 FINANCIAL INCOME

Accounting policy

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 shareholder's rights to receive payment have been established.

	2024 $'000	**2023 $'000**
Interest on advances to related parties	24,400	15,730
Interest on other investments	1,205	742
Dividends	1	2
Net gain on foreign currency transactions	-	-
	25,606	16,474

Notes to the financial statements

For the year ended 30 June 2024

3 SEPARATELY DISCLOSED EXPENDITURE

Accounting policy

At each statement of financial position date, the Group reviews the carrying amounts of its assets 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 transferred to the statement of financial performance.

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 income.

Leases are classified as right-of-use assets except where lease payments that are short-term or low value are recognised as an expense on a straight-line basis over the term of the lease.

Lease liability payments are allocated between interest expense and reduction of the lease liability over the term of the lease. Capitalised right-of-use assets are depreciated over the shorter of the estimated useful life of the assets and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

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

Notes to the financial statements

For the year ended 30 June 2024

	2024 $'000	2023 $'000
Other expenses		
Bad debts written off	43	232
Bad debts written back	-	(5)
Impairment loss on valuation of land	2,274	2,956
Increase/(decrease) in expected credit losses for receivables	180	(105)
Donations	16	34
Rental expense on leases	851	510
Research expenditure	36	31
Transmission costs on the energy network	26,939	31,972
Maintenance costs on the energy network	2,589	2,189
Cost of bush applied	10,887	12,712
Contractor costs	22,637	17,639
Subcontractor costs	27,573	16,293
Shipping costs	19,749	22,794
Loss on sale of assets	1,261	953
Other expenditure	46,760	52,071
Expenditure on continuing activities	161,794	160,275

Audit fees		
Audit New Zealand:		
Financial statements	743	649
Regulatory (information disclosure) reporting	60	56
Price and quality thresholds and other regulatory reporting	38	35
Cost Recovery from audit of last year's financial statements	35	40
Annual delivery report	59	65
Other Providers:		
Other audit fees	-	-
Total audit fees	936	845

Accounting policy

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 prepare them 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. The interest rate used to calculate borrowing costs in the year to 30 June 2024 was 4.47% (2023: 3.79%). This was the interest rate applicable to new project financing in the reporting period.

All borrowing costs are recognised in the statement of comprehensive income using the effective interest rate method.

	2024 $'000	2023 $'000
Financial expenses		
Interest - related parties	5,773	5,804
Interest - term loans	54,696	38,512
Interest - capitalised	(1,040)	(450)
Interest - leased assets	415	338
Net loss on foreign currency transactions	2,129	1,606
Total financial expenses	61,972	45,810

Notes to the financial statements

For the year ended 30 June 2024

4 TAXATION

Accounting policy

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 profit as reported in the statement of financial performance 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.

Income Tax

	2024 $'000	2023 $'000
Operating profit/(loss)	23,007	7,266
Tax thereon at 28%	6,442	2,034
Plus/(Less) the tax effect of differences		
Revenue not liable for taxation	-	(734)
Expenditure not deductible for taxation	2,514	2,798
Tax losses to be utilised	-	-
Under/(over) tax provision in prior years	30	(253)
Group recognition of deferred tax in current year	(2)	(52)
Removal of tax depreciation on commercial buildings	1,080	-
Other	93	132
Taxation charge	10,157	3,925
Effective tax rate	44.1%	54.0%
The taxation charge is represented by:		
Current tax provision	3,587	1,426
Deferred tax provision	7,775	3,733
Under/(over) tax provision in prior years	(1,187)	(2,316)
Under/(over) deferred tax in prior years	(18)	1,083
	10,157	3,925
Tax expense continuing activity	10,157	3,925
Tax expense discontinued activity	-	-
	10,157	3,925

Income tax benefits arising from the ability of companies within the Group to offset against their taxable profit the income tax losses generated by Dunedin City Holdings Limited are recognised as an income tax benefit in Dunedin City Holdings Limited.

Notes to the financial statements

For the year ended 30 June 2024

Dunedin City Holdings Limited, Aurora Energy Limited, Delta Utility Services Limited, the Dunedin City Council, City Forests Limited and Dunedin Venues Management Limited are members of an income tax consolidated Group. The income tax consolidated Group is taxed as a single entity and each member is jointly and severally liable for the Group's income tax liability, except to the extent that members of the group elect to limit this liability.

Dunedin City Holdings Limited, as a member of the income tax consolidated Group, has access to the Group's imputation credit account. After taking into account imputation credits attached to accrued dividends and known income tax payments/refunds, Dunedin City Holdings Limited has direct access to consolidated Group imputation credits that relate to 30 June 2024 and earlier years which will be available for use in subsequent reporting periods totalling $18,422,854 (2023: $17,926,214).

Accounting policy

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 statement of financial position 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 statement of financial position 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 statement of financial performance, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Notes to the financial statements

For the year ended 30 June 2024

Deferred tax

	$'000 *Opening Balance*	$'000 *Charged to Equity*	$'000 *Charged to Income*	$'000 *Closing Balance Assets*	$'000 *Closing Balance Liabilities*	$'000 *Closing Balance Net*
2024						
Property, plant and equipment & Intangibles	53,229	-	5,611	(633)	59,473	58,840
Provisions	7,294	-	2,130	(2,943)	12,366	9,423
Tax losses	(8,835)	-	(1,133)	(9,968)	-	(9,968)
Forest	40,387	-	574	-	40,961	40,961
Forest costs capitalised	11,662	-	584	-	12,246	12,246
Carbon credits and other Investments	10,811	1,536	(11)	(197)	12,533	12,336
Hedge reserve – foreign exchange contracts	(766)	797	-	-	31	31
Hedge reserve – interest rate swaps	10,296	(2,183)	3	20	8,096	8,116
Group recognition of deferred tax in current year	-	-	-	-	-	-
Balance at the end of the year	124,079	150	7,757	(13,721)	145,706	131,985
2023						
Property, plant and equipment & 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	(10,775)	130	(118)	10,929	10,811
Hedge reserve – foreign exchange contracts	(1,002)	236	-	(766)	-	(766)
Hedge reserve – interest rate swaps	7,327	3,016	(46)	20	10,276	10,296
Group recognition of deferred tax in current year	-	-	-	-	-	-
Balance at the end of the year	126,787	(7,523)	4,814	(13,413)	137,492	124,079

Notes to the financial statements

For the year ended 30 June 2024

5 CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents comprise 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.

	2024	2023
	$'000	$'000
Cash and cash equivalents	18,696	11,354

The carrying amount of these assets approximates their fair value.

Short-term deposits are made at call deposit rates.

The credit risk on liquid funds is limited as the banks used are banks with high credit ratings assigned by international credit rating agencies.

6 OTHER FINANCIAL ASSETS

Accounting policy

Related Party Advances & LGFA Borrower Notes are recognised and derecognised on trade date and are measured at amortised cost.

	2024	2023
	$'000	$'000
Current loan repayments due from Related Party Advances	-	-
Other current financial assets	-	113
Total other current financial assets	-	113
Related Party Advances:		
Maturity one to five years	-	-
Maturity over five years	590,000	459,800
	590,000	459,800
Shares and units in other companies and funds	24	24
LGFA Borrower Notes	7,250	3,125
Total other non current financial assets	597,274	462,949

Notes to the financial statements

For the year ended 30 June 2024

Related Party Advances

The advances (above) due from the Dunedin City Council had a weighted average interest rate of 4.63% (2023: 3.87%). The advances are evergreen and the carrying amount approximates their fair value. There have been no indications of impairment relating to the advances.

The Group has historically held related party advances at amortised cost on the basis that advances are held to collect contractual cash flows and those cash flows are solely payments of principal and interest. The Group has reviewed the terms of its related party advances and concluded that, due to the structure of the interest charge and the annual interest rate adjustment, some cash flows may not meet the definition of 'solely payments of principal and interest' as defined by NZ IFRS 9 Financial Instruments, and therefore advances should be recorded at fair value.

It has been determined that if the Group were to report related party advances at fair value it would have recognised an unrealised fair value gain of $8.6m in profit and loss in the year ended 30 June 2024 (2023: fair value loss of $2.9m).

The directors have elected to report related party advances at amortised cost on the basis that:

- This will provide greater clarity for users of the financial statements of the Group as recognising unrealised gains or losses on fair value would give rise to significant volatility year on year. These gains or losses would never be realised since all advances are held to collect and there are no foreseeable circumstances in which they would be sold.
- Since balance date, the Group has made adjustments to its related party lending arrangements so that they meet the requirements of NZ IFRS 9 to record related party advances at amortised cost.

Shares and units in other companies and funds

The investments included above represent investments in listed equity securities that offer the group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate.

7 TRADE AND OTHER RECEIVABLES

Accounting policy

Trade and other receivables are financial instruments that are measured at amortised cost using the effective interest method less any allowances for estimated irrecoverable amounts.

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

Notes to the financial statements

For the year ended 30 June 2024

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.

	2024 $'000	2023 $'000
Trade receivables	26,929	27,850
Expected credit loss	(648)	(462)
Work in progress	2,366	3,451
	28,647	30,839
Due from related parties:		
Dunedin City Council	6,837	4,339
Other current receivables	2,627	1,866
	38,111	37,045

The directors consider that the carrying amount of the trade and other receivables approximates their fair value.

A summary of all receivables impaired or otherwise, is included at Note 22. The estimated doubtful debts provision relates entirely to the general provision for estimated credit loss.

	2024 $'000	2023 $'000
Opening doubtful debts provision	(462)	(566)
Additional provisions made during the year	(231)	(140)
Receivables written off during the year	43	232
Provisions reversed during the year	2	12
Doubtful debts on acquisition	-	-
Closing doubtful debts provision	(648)	(462)

Notes to the financial statements

For the year ended 30 June 2024

8 INVENTORIES

Accounting policy

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.

	2024 $'000	2023 $'000
Raw materials and stores	7,111	7,493
Finished goods	-	-
	7,111	7,493

9 INVESTMENTS IN ASSOCIATE COMPANIES

Accounting policy

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

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

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition (i.e. discount on acquisition) is credited to the statement of financial performance in the period of acquisition.

Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

The financial statements include the investment in entities over which the Group is in a position to exercise significant influence (associates) at the cost of the acquisition.

Name of entity (principal activities, place of business)	2024 Interest held	2023 Interest held
Dunedin International Airport Limited (Transport, Momona NZ)	50%	50%

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

The associate companies is not listed and therefore there are no published price quotations to establish the fair value of the investment.

There are no contingent liabilities arising from the group's involvement in the associate company.

Notes to the financial statements

For the year ended 30 June 2024

Set out below is the summarised financial information of associates which are accounted for using the equity method:

	Dunedin International Airport Limited As at 30 June	
	2024	**2023**
Summarised statement of financial position	**$'000**	**$'000**
Current assets		
Cash and cash equivalents	3,789	1,723
Other current assets	1,894	1,723
Total current assets	5,683	3,446
Non-current assets	118,059	111,023
Total assets	123,742	114,469
Current liabilities	3,484	4,149
Non-current liabilities		
Financial liabilities	10,500	9,000
Other financial liabilities	21,073	15,889
Total-non current liabilities	31,573	24,889
Total liabilities	35,057	29,038
Net assets	88,685	85,431
Less Impairment	-	-
Other adjustments	(46)	(46)
Net assets after impairment and other adjustments	88,639	85,385
Carrying value of associates 50%	44,320	42,693
Summarised statement of comprehensive income		
Revenue (excl interest received)	21,066	20,405
(Loss)/Gain on investment and sale of PPE	(110)	87
Interest and Dividends received	261	156
Total Revenue	21,217	20,648
Less expenses		
Depreciation and amortisation	4,480	4,214
Interest expense	529	570
Other expenses	10,858	9,937
Total expenses	15,867	14,721
Operating profit/(loss) before tax	5,350	5,927
Income tax	5,774	1,611
Operating profit/(loss) after tax	(424)	4,316
Other comprehensive income	6,178	41
Total comprehensive income/(deficit)	5,754	4,357
Dividends received from associate	1,250	512

Notes to the financial statements

For the year ended 30 June 2024

10 INVESTMENTS IN SUBSIDIARY COMPANIES

	2024	2023
Parent company	**Interest held**	**Interest held**
Name of entity (principal activities)		
City Forests Limited (Forestry)	100%	100%
Dunedin City Treasury Limited (Finance)	100%	100%
Aurora Energy Limited (Energy)	100%	100%
Dunedin Railways Limited (Transport)	100%	100%
Delta Utility Services Limited (Contractor and Asset Manager)	100%	100%
Dunedin Stadium Property Limited (Stadium ownership)	100%	100%
Dunedin Venues Management Limited (Events)	100%	100%

All subsidiary companies have balance dates of 30 June.

Estimates of the recoverable amounts supporting the carrying amounts of the investments in these subsidiary companies have been based on their future estimates of revenue, expenditure and cash flows.

It is possible a commercial based valuation of the Dunedin Stadium Property Limited assets (Forsyth Barr Stadium) could be materially lower than the carrying value recorded in the Group's statement of financial position. The stadium is a unique asset with no active market to make a reasonable assessment of fair value between a willing buyer and seller. Whilst it is possible to identify certain cash flows with stadium assets, its primary purpose is to provide public benefit for which there are limited or no directly attributable cash flows within the Group. As such, the nature of existing cash flows within the Group do not necessarily represent commercial cash flows for the purposes of undertaking a discounted cash flow calculation to assess fair value. These factors mean that establishing a commercial value using a market value or discounted cash flow approach involves significant assumptions and estimates which would be highly uncertain. As a result, the Group is not able to reasonably assess the value of the acquired stadium assets on a commercial basis and consequently are also unable to determine the amount of the adjustment required. Any adjustment required to the stadium assets would be adjusted directly in equity.

11 INTANGIBLE ASSETS

New Zealand Carbon Credits

Accounting policy

Carbon credits held 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.

All units allocated by government are initially measured at nil. Those units that are not required to be held to be surrendered to meet future harvest liabilities, are subsequently valued at fair value.

Notes to the financial statements

For the year ended 30 June 2024

Carbon units that are held to be surrendered to meet future harvest liabilities, are measured at nil.

Liability free carbon units are marked to market (revalued) annually at 30 June subsequent to initial recognition. 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 income.

The carbon credit valuation is based on market data and falls within Level 1 of the fair value hierarchy.

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 by the company 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.
The New Zealand Emissions Trading Scheme was enacted under the Climate Change Response Amendment Act 2008 and took effect from 26th 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 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 for the financial year of nil units. (2023: Nil).

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 30th June 2024, 1,339,750 units were unsold (2023: 1,233,914 units). Under the accrual principle, the safe carbon level credits have been valued based on the current market prices. The value has been carried in the financial statements as follows:

	Year ending 30 June 2024 $'000	**Year ending 30 June 2023 $'000**
New Zealand carbon credits - non current	45,776	40,279

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.

Notes to the financial statements

For the year ended 30 June 2024

The Company 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 the Company's registry account is defined by accounting policy.

NZU's # of units at end of year	**Year ending 30 June 2024**	**Year ending 30 June 2023**
Held At Fair value	910,957	964,766
Held at Nil value	428,793	269,148
Total Units at end of year	1,339,750	1,233,914
Units – Post 1990		
Opening	1,232,534	1,044,564
Credits Issued	105,836	187,970
Per Emissions Trading Register	1,338,370	1,232,534
Units acquired	-	-
Units sold	-	-
Fair Value NZUs	1,338,370	1,232,534
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	1,339,750	1,233,914
Less Units at Nil value	(428,793)	(269,148)
	910,957	964,766

	$'000	**$'000**
Value applied to risk free units @ $50.25 (2023: $41.75)	45,776	40,729

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

Notes to the financial statements

For the year ended 30 June 2024

The price is sensitive to economic factors that can lead to sudden significant price swings. The Company 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.

Other intangible assets

Accounting policy

Other intangible assets is largely software which is recognised at cost and amortised on a straight-line basis over its estimated useful life which is a maximum period of ten years.

	2024	**2023**
	$'000	**$'000**
Cost		
Opening balance	13,445	11,917
Purchases	2,164	1,528
Transfers	-	-
Disposals	(146)	-
Total cost	15,463	13,445
Accumulated amortisation		
Opening balance	6,655	5,221
Amortisation	1,588	1,434
Transfers	-	-
Disposals	(146)	-
Total amortisation	8,097	6,655
Closing balance	7,366	6,790

Software assets of $3.918 million (2023: $1.718 million) are the subject of a debenture held as security for the DCTL borrowings on behalf of the DCC consolidated group.

Notes to the financial statements

For the year ended 30 June 2024

12 FORESTRY ASSETS

Accounting policy

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 withing 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 profit or loss.

	2024 $'000	2023 $'000
Balance at the beginning of the year	205,543	201,362
Add costs capitalised in establishing forests during the year	3,906	3,708
Increase in forest from acquisition	-	-
Revaluation	11,686	13,185
Less Value of logs harvested	(10,887)	(12,712)
Balance at the end of the year	210,248	205,543
Gains/(losses) arising from changes in fair value less point of sale costs:		
Attributable to physical changes	2,416	3,374
Attributable to price changes	9,270	9,811
	11,686	13,185

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 NZ IFRS valuation rules require that the value is calculated under the assumption that a stand will not be replanted once felled irrespective of the sustainable forest policy of the Directors. The change in the value of the forest from year to year is reflected in the statement of comprehensive income.

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% (2023: 5.5%).

Notes to the financial statements

For the year ended 30 June 2024

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% (2023 5.5%); +/- 50 basis point movement in the discount rate would change the valuation by +$13.7 mil / -$12.4 mil (2023 +$17.9 mil / -$8.2 mil). A 10% increase or decrease in assumed log prices would change the valuation by +$17.9 mil / -$17.9 mil (2023 +$17.0 mil / -$16.9 mil) (note that these sensitivities as shown are independent and a different outcome would result from combined changes in discount and log prices).

At 30 June 2024 the Company owned stands of trees on 20,016 hectares of a total productive land within a total area of land holdings (including freehold, lease, Joint Venture & Forestry Right) of 25,245 hectares. During the year the Company harvested approx. 389,116 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 22, Financial Risk. 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.

Notes to the financial statements

For the year ended 30 June 2024

13 RIGHT-OF-USE ASSETS

Accounting policy

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:
- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and the Group has the right to direct the use of the asset.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus, where applicable, any indirect costs incurred and an estimate of costs to dismantle or/and remove the asset or reinstate/restore the asset or the site where it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The estimated useful lives of the assets are determined on the same basis as those of property, plant and equipment. In addition, the asset is periodically reviewed for impairment.

Also see Note 18 Lease liabilities, for more information.

2024	**Land & Buildings $'000**	**Plant & Equipment $'000**	**Motor Vehicles $'000**	**Total $'000**
Cost or valuation				
Balance at the beginning of the year	7,670	3,279	13,852	24,801
Purchases	209	4	1,749	1,962
Sales	(145)	-	(703)	(848)
Balance at the end of the year	7,734	3,283	14,898	25,915
Accumulated depreciation				
Balance at the beginning of the year	2,868	1,587	6,752	11,208
Depreciation	1,035	240	2,600	3,875
Sales	6	-	(703)	(697)
	3,909	1,827	8,649	14,385
Balance at the end of the year	3,825	1,456	6,249	11,530

2023	**Land & Buildings $'000**	**Plant & Equipment $'000**	**Motor Vehicles $'000**	**Total $'000**
Cost or valuation				
Balance at the beginning of the year	6,345	2,389	11,820	20,554
Purchases	1,325	953	3,105	5,383
Sales	-	(63)	(1,073)	(1,136)
Balance at the end of the year	7,670	3,279	13,852	24,801
Accumulated depreciation				
Balance at the beginning of the year	1,665	1,253	5,448	8,366
Depreciation	1,203	334	2,359	3,896
Sales	-	-	(1,055)	(1,055)
	2,868	1,587	6,752	11,208
Balance at the end of the year	4,802	1,692	7,100	13,594

Notes to the financial statements

For the year ended 30 June 2024

14 PROPERTY, PLANT AND EQUIPMENT

Accounting policy

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

All 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 statement of financial performance 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 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 assets 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 statement of financial performance. On the subsequent sale or retirement of a revalued asset, the attributable revaluation profit remaining in the appropriate property revaluation reserve is transferred directly to accumulated funds.

Assets held under finance leases are depreciated.

The Group has had its forestry land assets independently valued at 30 June 2024 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 2024 was an increase of $650k (2023 decrease of $4,905k).

Notes to the financial statements

For the year ended 30 June 2024

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

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

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

	Rate	*Method*
Buildings	2% to 5%	Straight Line
Roads	5% to 24%	Diminishing Value
Bridges	2% to 2.4%	Diminishing Value
Plant and equipment	6% to 80.4%	Diminishing Value
Fences	10% to 13%	Diminishing Value
Motor vehicles	9.6% to 36%	Diminishing Value
Office equipment	10% to 60%	Diminishing Value

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 de-recognition 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 assets of $812.945 million (2023: $737.792 million) are the subject of a debenture held as security for the DCTL borrowings on behalf of the DCC consolidated group.

Notes to the financial statements

For the year ended 30 June 2024

Property, plant and equipment

2024	Land	Forest Land	Buildings	Roads Bridges	Network	Plant Equipment	Sub-Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost or valuation							
Balance at the beginning of the year	38,885	96,601	154,928	10,591	867,589	94,010	1,262,605
Purchases	-	569	158	89	309	4,267	5,392
Revaluation	-	2,830	-	-	-	-	2,830
Sales	(10)	-	-	-	(1,505)	(2,755)	(4,270)
Impairment	-	-	-	-	-	(2)	(2)
Transfers	256	(1,695)	964	-	89,907	694	90,126
Balance at the end of the year	39,131	98,305	156,050	10,680	956,300	96,214	1,356,681
Accumulated depreciation							
Balance at the beginning of the year	-	4,078	36,304	5,358	239,656	68,039	353,434
Depreciation	-	-	3,212	266	22,156	5,133	30,767
Impairment	-	2,179	-	-	-	(2)	2,177
Sales	-	-	-	-	(355)	(2,725)	(3,080)
Transfers	-	-	(88)	-	-	-	(88)
	-	6,257	39,428	5,624	261,457	70,445	383,211
Balance at the end of the year	39,131	92,048	116,622	5,056	694,843	25,770	973,470
Comprising:							
Cost	39,131	-	116,622	5,056	694,843	25,770	881,422
Valuation	-	92,048	-	-	-	-	92,048
Total							973,470

2024	Sub-Total	Motor Vehicles	Office Equipment	Locomotives	Railway Track	Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost or valuation							
Balance at the beginning of the year	1,262,605	32,427	2,160	181	12	41,994	1,339,379
Purchases	5,392	1,075	57	20	-	111,919	118,463
Revaluation	2,830	-	-	-	-	-	2,830
Sales	(4,270)	(849)	(18)	-	-	-	(5,137)
Impairment	(2)	-	(29)	-	-	-	(31)
Transfers	90,126	280	(9)	-	-	(105,234)	(14,837)
Balance at end of year	1,356,681	32,933	2,162	201	12	48,679	1,440,668
Accumulated depreciation							
Balance at the beginning of the year	353,434	21,889	1,120	42	-	121	376,606
Depreciation	30,767	2,129	180	15	-	-	33,091
Impairment	2,177	-	(23)	-	-	-	2,154
Sales	(3,080)	(750)	(14)	-	-	-	(3,844)
Transfers	(88)	-	(2)	-	-	30	(60)
	383,211	23,268	1,261	57	-	151	407,947
Balance at the end of the year	973,470	9,665	901	144	12	48,529	1,032,721
Comprising:							
Cost	881,422	9,665	901	144	12	48,529	940,673
Valuation	92,048	-	-	-	-	-	92,048
Total							1,032,721

Notes to the financial statements

For the year ended 30 June 2024

Property, plant and equipment

2023	**Land**	**Forest Land**	**Buildings**	**Roads Bridges**	**Network**	**Plant Equipment**	**Sub-Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cost or valuation							
Balance at the beginning of the year	38,728	94,811	153,753	9,886	786,504	91,368	1,175,051
Purchases	-	3,739	497	705	367	3,431	8,739
Revaluation	-	(1,949)	-	-	-	-	(1,949)
Sales	-	-	-	-	(3,455)	(2,193)	(5,648)
Impairment	-	-	-	-	-	(33)	(33)
Transfers	157	-	678	-	84,174	1,437	86,445
Balance at the end of the year	38,885	96,601	154,928	10,591	867,589	94,010	1,262,605
Accumulated depreciation							
Balance at the beginning of the year	-	1,122	33,159	5,101	221,453	64,465	325,299
Depreciation	-	-	3,145	257	20,460	5,758	29,620
Impairment	-	2,956	-	-	-	(16)	2,940
Sales	-	-	-	-	(2,257)	(2,168)	(4,425)
Transfers	-	-	-	-	-	-	-
	-	4,078	36,304	5,358	239,656	68,039	353,434
Balance at the end of the year	38,885	92,523	118,624	5,233	627,933	25,972	909,170
Comprising:							
Cost	38,885	-	118,624	5,233	627,933	25,972	816,647
Valuation	-	92,523	-	-	-	-	92,523
Total							909,170

2023	**Sub-Total**	**Motor Vehicles**	**Office Equipment**	**Locomotives**	**Railway Track**	**Work in Progress**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cost or valuation							
Balance at the beginning of the year	1,175,051	30,920	2,061	181	12	39,535	1,247,760
Purchases	8,739	1,903	46	-	-	102,817	113,505
Revaluation	(1,949)	-	-	-	-	-	(1,949)
Sales	(5,648)	(1,154)	(1)	-	-	-	(6,803)
Impairment	(33)	-	(1)	-	-	-	(34)
Transfers	86,445	758	55	-	-	(100,358)	(13,100)
Balance at the end of the year	1,262,605	32,427	2,160	181	12	41,994	1,339,379
Accumulated depreciation							
Balance at the beginning of the year	325,299	20,677	942	29	-	-	346,947
Depreciation	29,620	2,345	179	13	-	-	32,157
Impairment	2,940	-	(1)	-	-	-	2,939
Sales	(4,425)	(1,133)	-	-	-	121	(5,437)
Transfers	-	-	-	-	-	-	-
	353,434	21,889	1,120	42	-	121	376,606
Balance at the end of the year	909,170	10,538	1,040	139	12	41,873	962,773
Comprising:							
Cost	816,647	10,538	1,040	139	12	41,873	870,250
Valuation	92,523	-	-	-	-	-	92,523
Total							962,773

The directors assess the fair value of land and buildings as the carrying value shown above.

Notes to the financial statements

For the year ended 30 June 2024

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 financial performance.

Network

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 as at 30 June 2024. The impairment testing was performed on a "no growth" basis in accordance with NZ IAS 36 Impairment of 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 2024. The key assumptions utilised in the impairment testing were that:

- For the 10 years from 1 July 2024, 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 10-year expenditure forecasts included in the Company's 2024 Asset Management Plan.

- Operating expenditure will mirror the 10-year expenditure forecasts included in the Company's 2024 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 the Company considered a range of discount rates from 5.99% to 6.99%. 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 $19.5 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 2024.

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.

Notes to the financial statements

For the year ended 30 June 2024

Locomotives and Railway Track

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 period in hibernation and continuing operational constraints. There is also ongoing uncertainty about the rebound in the tourism sector and the scale of operations into the future. 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 thousand, being the best estimate of the fair value less costs to sell. An associated impairment expense of $4.486 million 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 financial year.

Notes to the financial statements

For the year ended 30 June 2024

15 TRADE AND OTHER PAYABLES

Accounting policy

Trade and other payables are stated at amortised cost.

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

Goods and services tax (GST)

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. Commitments and contingencies are disclosed exclusive of GST.

	2024 $'000	2023 $'000
Trade payables	21,091	20,971
Due to related parties:		
Dunedin City Council and subsidiaries	1,483	187
	1,483	187
Other payables:		
Contract liabilities	2,679	3,345
GST payable	432	-
Other current liabilities	17,799	14,439
	20,910	17,784
	43,483	38,943

The directors consider that the carrying amount of trade payables approximates their fair value.

Contract liabilities relate to Aurora Energy's customer prepayments on capital contribution projects that have not been completed, and Dunedin Venues revenue received in advance from its contracts with customers.

16 EMPLOYEE ENTITLEMENTS

Accounting policy

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

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

The Group recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The calculation is based on the value of excess sick leave taken within the previous twelve months.

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.

	2024 $'000	2023 $'000
Current liabilities		
Long service leave	411	400
Annual leave	6,689	6,338
Gratuities	223	304
Sick leave	176	131
Other provisions	212	264
	7,711	7,437
Non-current liabilities		
Long service leave	755	662
Gratuities	126	121
	881	783

Notes to the financial statements

For the year ended 30 June 2024

17 DERIVATIVE FINANCIAL INSTRUMENTS

Accounting Policy

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

The Group's activities expose it primarily to the financial risks of changes in interest rates. The Company uses interest rate swap contracts 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.

The use of financial derivatives within the Group is governed by the Dunedin City Council's Treasury Risk Management Policy (reviewed and last approved 12 December 2023). The policy provides written principles on the use of financial derivatives.

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.

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

The fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedge relationship is more than twelve months and as a current liability if the remaining maturity of the hedge relationship is less than twelve months.

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.

Notes to the financial statements

For the year ended 30 June 2024

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.

	2024 Asset $'000	2024 Liability $'000	2023 Asset $'000	2023 Liability $'000
Fair value				
Interest rate swaps	30,410	21,638	37,181	29,333
Analysed as:				
Current	554	42	585	830
Non-current	29,856	21,596	36,596	28,503
	30,410	21,638	37,181	29,333

	2024 Asset $'000	2024 Liability $'000	2023 Asset $'000	2023 Liability $'000
Fair value				
Foreign exchange contracts	653	546	110	2,739
Analysed as:				
Current	-	546	110	2,039
Non-current	653	-	-	700
	653	546	110	2,739

The ineffective portion recognised in the statement of comprehensive income that arises from fair value hedges amounts to a gain of $9 thousand (2023: loss of $166 thousand). This represents the current year net movement in the value of the fair value hedge swaps of $8.608 million (gain) and fair value hedge adjustment to debt of $8.598 million (loss).

18 LEASE LIABILITIES

Accounting policy

The Group leases land, buildings, plant and equipment, communication access rights and motor vehicles with lease terms up to 10 years.

The lease liabilities are initially measured at the present value of the lease payments, discounted using the interest rate inherent in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liabilities are measured at amortised cost using the effective interest method. They are remeasured when there is a change in future lease payments arising from a change in index or rate.

Also see Note 13 Right-of-use assets, for more information.

	2024 $'000	2023 $'000
Current	3,650	3,707
Non current	8,226	10,164
Balance at the end of the year	11,877	13,871
Maturity analysis		
Payable within one year	3,650	3,707
Payable between one to five years	6,650	8,148
Payable later than five years	1,577	2,016
	11,877	13,871

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For the year ended 30 June 2024

19 SHORT TERM BORROWINGS

	2024 $'000	2023 $'000
Short term borrowing	1,436	1,502
	1,436	1,502

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.

20 TERM BORROWINGS

Accounting policy

Borrowings are initially recorded net of directly attributable transaction costs and are measured at subsequent reporting dates at amortised cost. Finance charges, premiums payable on settlement or redemption and direct costs are accounted for on an accrual basis to the statement of financial performance using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

	2024 $'000	2023 $'000
Current		
	-	-
Non-current		
Multi-option debt facility	1,288,354	1,083,813
	1,288,354	1,083,813

As at 30 June 2024, the Group had a $1,600 million multi option instrument issuance facility which is secured against certain assets and undertakings of the Dunedin City Council Group. Group debt is raised by 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 (2023: $220 million).

The amount of unamortised premium or (discount) on bonds on issue at 30 June 2024 is nil (2023: 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.
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 2024 the Company had subscribed to $7.250m of borrower notes (2023: $3.125m).

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. The Group has therefore determined that all debt is non-current as per the provisions of NZ IAS1.

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For the year ended 30 June 2024

Multi-option debt facility	Interest Rate	2024 $'000	2023 $'000
Promissory notes		258,501	202,558
Medium term notes 16/10/23	Coupon rate 0.36%	-	50,000
Floating rate notes 15/02/24	65bp over BKBM	-	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	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	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	75,000
Floating rate notes 09/02/30	78.1bp over BKBM	25,000	25,000
Floating rate notes 15/05/31	75.8bp over BKBM	25,000	25,000
Floating rate notes 15/05/31	92bp over BKBM	100,000	-
Floating rate notes 09/02/30	82.1bp over BKBM	25,000	-
Floating rate notes 14/04/33	99bp over BKBM	20,000	-
Floating rate notes 15/02/27	56bp over BKBM	50,000	-
Floating rate notes 17/02/25	32bp over BKBM	20,000	-
Fair value impact on medium term notes		(20,147)	(28,745)
Total term borrowings		1,288,354	1,083,813

The repayment period on the term borrowings is as follows:

	2024 $'000	2023 $'000
Repayable less than one year	343,501	276,728
Effective interest rate	4.75%	4.75%
Repayable between one to five years	674,853	530,444
Effective interest rate	3.33%	3.33%
Repayable later than five years	270,000	276,641
Effective interest rate	5.13%	5.13%
	1,288,354	1,083,813

With the exception of borrowings, the directors' view is that the carrying value of financial assets and liabilities equals their fair value.

Debt instruments are fair valued using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices of other quoted debt instruments of the counterparties.

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

	2024 $'000	2023 $'000
Multi-option note facility	1,279,506	1,064,422

21 SHAREHOLDER'S ADVANCE

	2024 $'000	2023 $'000
Balance at the end of the year	112,000	112,000

The shareholder's advance owing to the Dunedin City Council is unsecured. The directors' view is that this advance forms an integral part of the Council's investment in the Company. The terms of the advance agreement between shareholder and Company are such that there is no obligation on the Company to transfer economic benefit at any specific time. This year, the cash payment to the Council was $5.9 million (2023: $5.9 million) on the advance. In 2024, the gross interest on the debt was set at 5.27% (2023: 5.27%).

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22 FINANCIAL RISK

Accounting policy

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

In the normal course of business the Group is exposed to a variety of financial risks. The Group is risk averse and seeks to minimise exposure from its treasury activities. Dunedin City Council has established a Treasury Risk Management Policy covering both investment and borrowing policies, that the Group is required to comply with. This policy does not allow any transactions to be entered into that are speculative in nature.

Dunedin City Treasury Limited provides services and loans to the businesses and the shareholder, 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.

22.1 Capital management strategy

The Group 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 mission statement in the parent company’s Statement of Intent is to drive the performance of its Subsidiary and Associate Companies so as to ensure each company provides the maximum advantages in all respects to the ultimate shareholder, the Dunedin City Council. The parent company meets with its shareholder on a regular basis and advises what capacity it has to provide tax effective distributions. The parent board seeks to maximise those distributions while balancing the ongoing need to grow the overall Group business and to maintain the Group’s financial strength through sound and innovative financial management.
Dunedin City Holdings Limited's forecast distributions for each three year period are disclosed in its annual Statement of Intent.
The Group's capital is its equity, which comprises issued capital and retained surpluses. Equity is represented by net assets.
The Group's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

22.2 Liquidity risk

Liquidity risk is the risk that the 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 has committed bank lines available that can be drawn of $220 million (2023: $220 million).

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.
- ensuring sufficient size of underwriting facilities
- having no more than $450,000,000 to mature in any single year.
- spreading of underwriting facilities, floating rate and fixed rate note issues
- a target of 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 20. The maturity profiles of the Group’s financial assets and liabilities, with the exception of equity investments are explained in note 22.10.

22.3 Interest rate risk

Under the Dunedin City Council Treasury Risk Management Policy last approved 12 December 2023, 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.
Interest rate risk is the risk that fluctuations in interest rates impact the Company’s financial performance or the fair value of its holding of financial instruments.

The Group has exposure to interest rate risk. The Group maintains the Fixed Rate Maturity Profile outlined in the Dunedin City Council Treasury Risk Management Policy.

Group companies and the Dunedin City Council are precluded from entering into financial transactions with external counterparties.
As at 30 June 2024 if interest rates moved by plus or minus 1% across the yield curve the impact on the profit and loss would be nil and the movement in equity would also be nil. This is because the impact of any interest rate movements from third parties is reflected in the interest rates charges Dunedin City Council.

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.

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

	2024 $'000	2023 $'000
Maturing in less than one year	290,000	117,500
Maturing between one and five years	610,000	610,000
Maturing in more than five years	390,000	610,000
	1,290,000	1,337,500

Note the above table only includes 3rd party interest rate swaps. There is no interest rate swaps held with their parent, Dunedin City Council (2023: Nil).

22.4 Currency market risk

City Forests Limited is the one company within the Dunedin City Holdings Limited Group that consistently generates cash flows in foreign currency. NZD is the functional currency of both City Forests Limited and the Dunedin City Holdings Limited 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.

The interest rates on the Group's Related Party Advances & LGFA Borrower Notes are disclosed in note 6 and on the Company's borrowings in note 20.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to fair value interest rate risk is limited to its borrowings and short-term bank deposits, at fixed interest rates and derivatives at fixed interest rates.

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Group to cash flow interest rate risk. The Goup manages the interest rate risk by using derivatives to convert floating interest to fixed interest.

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:

	2024 $'000	2023 $'000
Forward foreign exchange contracts		
- fair value	(107)	2,739
- nominal value (sale of USD and purchase of NZD)	48,895	39,815

22.5 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.

	2024 %	2023 %
Effectiveness	100	100

22.6 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 & counterparty prior to the granting of credit to ensure they maintain an investment grade rating. Dunedin City Treasury Limited actively manages its credit risk through:

- individual and maximum counterparty credit limits.
- specific limit calculations for individual financial instruments recognising potential changes in fair value of the instrument.

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.

The Group's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash equivalents (note 5), other financial assets (note 6) and trade receivables (note 7). The credit risk on liquid funds and derivative financial instruments is limited because counterparties are banks with high credit ratings assigned by international credit rating agencies.

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.

Contracts have been entered into with various counterparties that have approved and satisfactory credit ratings, and in accordance with dollar limits set in the Dunedin City Council Treasury Risk Management Policy.

Industry and product concentrations are determined by the activities within the Group.

There is no security held over cash equivalents, trade receivables and related party loans.

The amounts presented in the statement of financial position for trade receivables are net of allowances for doubtful debts. Credit terms differ between companies within the Group.

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

	2024 $'000	2023 $'000
Past due receivables		
Age analysis: 30-60 days	2,667	148
60-90 days	80	485
90 days plus	605	485

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

Financial assets analysis

2024	**AA+**	**AA**	**AA-**	**No Rating**	**Group**
Cash and cash equivalents	-	-	18,696	-	18,696
Trade and other receivables	-	6,923	2,562	28,627	38,111
LGFA Borrower Notes	7,250	-	-	-	7,250
Advances due from related parties	-	590,000	-	24	590,024
Derivatives	-	-	31,063	-	31,063
NZ carbon credits	-	-	-	45,776	45,776
	7,250	596,923	52,321	74,426	730,920
2023					
Cash and cash equivalents	-	-	11,354	-	11,354
Trade and other receivables	-	5,020	1,888	30,137	37,045
LGFA Borrower Notes	3,125	-	-	-	3,125
Advances due from related parties	-	459,800	-	137	459,937
Derivatives	-	-	37,291	-	37,291
NZ carbon credits	-	-	-	40,279	40,279
	3,125	464,820	50,533	70,553	589,031

22.7 Categories of financial assets and liabilities

Accounting policy

Financial assets and financial liabilities are recognised on the Group's statement of financial position 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 NZ IFRS 9, 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. There was no change of classification in relation to derivatives, these continue to be measured at fair value through profit or loss.

The Group's advances to DCC & LGFA Borrower Notes are measured at amortised cost in accordance with IFRS 9.

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, term loans, and shareholder's advance to DCC are measured at amortised cost as they meet the conditions under IFRS 9.

Under NZ IFRS 9, 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.

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The category and carrying amount of financial assets and liabilities in each of the NZ IFRS 9 categories is as follows:

	2024 $'000	2023 $'000
Financial assets measured at amortised cost:		
Cash and cash equivalents (note 5)	18,696	11,354
Trade and other receivables (note 7)	35,745	33,594
Other financial assets (note 6)	597,274	463,062
Term receivables (note 7)	-	-
Financial assets measured at amortised cost	651,715	508,010
Financial assets at fair value through the statement of financial performance:		
Derivative financial instruments assets (note 17)	31,063	37,291
Financial liabilities measured at amortised cost:		
Trade and other payables (note 15)	40,804	35,598
Short term borrowings (note 19)	1,436	1,502
Term loans (note 20)	1,288,354	1,083,813
Shareholder's advance - DCC (note 21)	112,000	112,000
Total financial liabilities measure at amortised cost	1,442,594	1,232,913
Financial liabilities at fair value through the statement of financial performance:		
Derivative financial instrument liabilities (note 17)	22,184	32,072

22.8 Sensitivity analysis of financial assets and liabilities

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

Proportional foreign exchange rate movement of –10% (depreciation of NZD) and a +10% (appreciation of the NZD) against the USD, from the year end rate of 0.6086. A parallel shift of +1%/-1% of the NZD yield curve from market closing values as at 28 June 2024.

Should these movements occur, the effect on consolidated statement of financial performance 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		+100bp		-10%	10%
2024		Profit	Equity	Profit	Equity	Equity	Equity
Financial assets							
Derivatives – designated as cash flow hedges (interest rate swaps)	29,554	-	(28,779)	-	27,022	-	-
Derivatives – designated as cash flow hedges (forward currency deals)	653	-	-	-	-	-	-
Other financial assets	651,715	119	-	(129)	-	-	-
	681,922	119	(28,779)	(129)	27,022	-	-
Financial liabilities							
Derivatives – designated as cash flow hedges (interest rate swaps)	517	-	-	-	-	-	-
Derivatives – designated as cash flow hedges (forward currency deals)	546	-	-	-	-	5,341	(4,370)
Other financial liabilities	1,422,881	(4,885)		4,771			
	1,423,944	(4,885)	-	4,771	-	5,341	(4,370)
Total increase/(decrease)		(4,767)	(28,779)	4,642	27,022	5,341	(4,370)

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	Carrying Amount $'000	Interest Rate				FX	
		-100bp		+100bp		-10%	10%
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	508,010	53		(59)		-	-
	545,301	53	(31,423)	(59)	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	1,218,286	(6,404)		6,200			
	1,221,025	(6,404)	-	6,200	-	4,724	(3,865)
Total increase/(decrease)		(6,351)	(31,423)	6,141	29,381	4,724	(3,865)

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 financial performance is limited to the effect on the amount of floating rate debt that exceeds the amount of the fixed rate hedge.

4. A proportion of derivatives contracted with third parties are offset by corresponding contractual arrangements with the Dunedin City Council. An interest rate movement of plus or minus 1% across the yield curve would have no impact on the statement of financial performance and equity for these derivatives.

5. The shareholder's advance of $112 million from the Dunedin City Council to Dunedin City Holdings Limited is variable rate debt that is not hedged.

22.9 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).

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2024	Level 1 NZ $'000	Level 2 NZ $'000	Level 3 NZ $'000	Total NZ $'000
Financial assets				
Derivative financial assets	-	31,063	-	31,063
New Zealand carbon credits	45,776	-	-	45,776
	45,776	31,063	-	76,839
Financial liabilities				
Derivative financial liabilities	-	22,184	-	22,184
2023				
Financial assets				
Derivative financial assets	-	37,291	-	37,291
New Zealand carbon credits	40,279	-	-	40,279
	40,279	37,291	-	77,570
Financial liabilities				
Derivative financial liabilities	-	32,072	-	32,072

22.10 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 statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and includes interest receipts. Where the amount payable is not fixed, the amount disclosed in the analysis below is determined by reference to the conditions existing at balance date. The swap settlement rate as at 30 June 2024 was 5.630% (2023: 5.705%). 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.

	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	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**
2024							
Cash and cash equivalents	18,696	18,696	18,696	-	-	-	-
Trade and other receivables	35,745	35,745	35,745	-	-	-	-
Term receivables	-	-	-	-	-	-	-
Derivative financial instruments	31,063	(31,699)	(10,486)	(6,630)	(8,546)	(6,037)	-
Investments	597,274	590,000	-	-	-	-	590,000
Total	682,779	612,742	43,955	(6,630)	(8,546)	(6,037)	590,000
2023							
Cash and cash equivalents	11,354	11,354	11,354	-	-	-	-
Trade and other receivables	33,594	33,594	33,594	-	-	-	-
Term receivables	-	-	-	-	-	-	-
Derivative financial instruments	37,291	(41,162)	(13,928)	(9,143)	(9,812)	(8,279)	-
Investments	463,062	459,800	-	-	-	-	459,800
Total	545,300	463,586	31,020	(9,143)	(9,812)	(8,279)	459,800
Financial liabilities							
2024							
Trade and other payables	40,804	40,804	40,804	-	-	-	-
Derivative financial instruments	22,184	17,604	8,195	4,636	4,833	(60)	-
Borrowings	1,289,790	979,092	289,491	203,221	461,389	24,991	-
Total	1,352,778	1,037,500	338,490	207,857	466,222	24,931	-
2023							
Trade and other payables	35,598	35,598	35,598	-	-	-	-
Derivative financial instruments	32,072	27,795	10,959	6,901	9,538	397	-
Borrowings	1,085,315	984,069	290,547	66,228	448,285	179,009	-
Total	1,152,985	1,047,462	337,104	73,129	457,823	179,406	-

The maturity profiles of the Company's interest bearing LGFA Borrower Notes and borrowings are disclosed in notes 6 and 20 respectively.

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23 CONTINGENT LIABILITIES

	2024 $'000	2023 $'000
Performance Bonds	761	402

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.

Employment Matters: There are two active employment matters in progress at Delta Utility Services Limited. The first is a historical claim raised by a previous employee. The matter went to mediation in September 2024 but was unable to be settled. There is an Employment Relations Authority hearing scheduled for November 2024. The financial consequences (if any) are not quantifiable at this time. The second relates to an unsuccessful applicant for a position at Delta Utility Services Limited who has advised that they have made a complaint of discrimination to the Human Rights Commission. Legal advice provided to Delta is that compensation (if any) will not be material.

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. Delta Utility Services Limited's signed an Enforceable Undertaking with the Labour Inspectorate to correct the errors on 31 August 2023. The remedial period is 6 years prior to the date of signing of the enforceable undertaking. The financial consequences of the remediation are not known, however Delta Utility Services Limited's management and legal advisors estimates of the liability are that it will be less than $100,000. The Enforceable Undertaking is due to be completed by 31 October 2024.

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 2024 and similar to 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. (2023 $nil.)

24 CAPITAL EXPENDITURE COMMITMENTS

	2024 $'000	2023 $'000
Plant and equipment	27,081	32,562
Land	-	452

Other commitments

Undrawn Facilities: Level of committed facilities undrawn was $220,000,000 (2023: $220,000,000)

Field Service Agreement Contracts: The Group is party to field service agreement contracts. The value of total committed expenditure under these contracts is $16 million for the 31 March 2025, 31 March 2026, 31 March 2027 and 31 March 2028 regulatory years. The current FSA contracts include network operational expenditure and do not specify the minimum capital expenditure per annum.

25 EQUITY - SHARE CAPITAL

	2024 $'000	2023 $'000
Issued capital		
1,736,339,000 ordinary shares	136,338	133,788

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 1,600,000,000 are uncalled. During the year ended 30 June 2024 a further 2,550,000 ordinary shares were issued and called and a further 400,000,000 ordinary shares were issued but remain uncalled. The amounts and dates of all issues made since incorporation are:

- May 1996 — 75,000,000 ordinary shares
- March 1999 — 100,000,000 ordinary shares
- June 2002 — 75,000,000 ordinary shares
- September 2008 — 250,000,000 ordinary shares
- April 2011 — 250,000,000 ordinary shares
- June 2016 — 115,839,000 ordinary shares
- June 2017 — 2,550,000 ordinary shares
- June 2018 — 2,550,000 ordinary shares
- June 2019 — 2,550,000 ordinary shares
- April 2020 — 125,100,000 ordinary shares
- June 2020 — 2,550,000 ordinary shares
- June 2021 — 2,550,000 ordinary shares
- June 2022 — 2,550,000 ordinary shares
- August 2022 — 225,000,000 ordinary shares
- June 2023 — 2,550,000 ordinary shares
- September 2023 — 400,000,000 ordinary shares
- June 2024 — 2,550,000 ordinary shares

Notes to the financial statements

For the year ended 30 June 2024

26 ACCUMULATED FUNDS

	2024 $'000	2023 $'000
Balance at the beginning of the year		
Group companies	134,711	139,029
Associate companies	21,083	18,925
	155,793	157,953
Net profit for the year	12,850	3,340
Dividend distributions	(11,000)	(5,500)
Balance at the end of the year	157,643	155,793

	2024 $'000	2023 $'000
Represented by		
Group companies	136,773	134,711
Associate companies	20,871	21,083
Balance at the end of the year	157,643	155,793

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.

27 RESERVES

	2024 $'000	2023 $'000
Balance at beginning of the year	24,324	24,304
Gain/(loss) recognised on cash flow hedges/assets	3,089	21
Balance at the end of the year	27,413	24,324

The reserve relates to assets of Dunedin International Airport Limited.

Hedging reserve		
Balance at beginning of the year	24,625	16,264
Gain/(loss) recognised on cash flow hedges:	(4,948)	11,613
Deferred tax arising on hedges (note 4)	1,385	(3,252)
Balance at the end of the year	21,063	24,625

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.

Land revaluation reserve		
Balance at beginning of the year	47,890	49,840
Net revaluation of forest land	2,830	(1,950)
Balance at the end of the year	50,720	47,890

Carbon credit reserve		
Balance at beginning of the year	28,281	56,035
Transfer from accumulated funds	-	-
Net gain in carbon credits above initial recognition value	3,960	(27,754)
Balance at the end of the year	32,241	28,281

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.

Notes to the financial statements

For the year ended 30 June 2024

28 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to the shareholder of the Group by the weighted average number of ordinary shares on issue during the year.

	2024	2023
Number of shares		
Shares at year end	1,736,339,000	1,333,789,000
Weighted average number of ordinary shares	1,658,354,205	1,106,399,685
Basic earnings per share	$ 0.0077	$ 0.0030
Earnings per paid up share	$ 0.09	$ 0.02

Diluted earnings per share

The Group had no dilutive potential ordinary shares during the current or previous period.

29 DIVIDENDS

	2024 $'000	2023 $'000
Final Dividend - June		
0.63 cents /share (2023: 0.50 cents /share)	11,000	5,500
	11,000	5,500

30 RELATED PARTY TRANSACTIONS

The parent entity in the consolidated Group is Dunedin City Holdings Limited which is wholly owned by the Dunedin City Council.

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 10 to the Financial Statements.

Details of the percentage of ordinary shares held in associates are disclosed in note 9 to the Financial Statements.

Amounts receivable from and payable to related parties at balance date are disclosed in notes 7 and 15.

Notes to the financial statements

For the year ended 30 June 2024

Transactions with Dunedin City Council and its subsidiaries outside the Dunedin City Holdings Limited Group

Dunedin City Holdings Limited and its subsidiary companies undertake transactions with the Dunedin City Council on a commercial basis. The Group provided services and traded with the Dunedin City Council in respect of the following transactions:

	2024 $'000	**2023 $'000**
Sales of services to Dunedin City Council and its subsidiaries outside the Dunedin City Holdings Limited Group:		
Contracting services	10,709	11,445
Interest income	24,203	15,759
Grants	2,094	2,049
Transport services	-	-
	37,005	29,253
Purchases of goods and services from Dunedin City Council and its subsidiaries outside the Dunedin City Holdings		
Interest	5,902	5,902
Materials/network assets	18	115
Rates and property rentals	2,757	1,815
Administration and office services	246	846
	8,923	8,678
As at balance date:		
Receivable from the Dunedin City Council and subsidiaries	595,836	464,180
Payable to the Dunedin City Council and subsidiaries (inclusive of shareholders advance)	112,486	112,187

Transactions with companies in which key management personnel 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.

2024

Related Party	**Relationship**	**Director**	**Entity**	**Received**	**Paid**	**Receivable**	**Payable**
AG Foleys Ltd	Director	J George	Delta Utility Services Ltd	26,329	97,933	748	28,170
Alpine Energy Ltd	Chair	S Thompson	Aurora Energy Ltd		*No longer a related party*		
Cook Brothers Group Ltd	Chief Financial Officer	A La Hood	Dunedin Venues Mant. Ltd	14,792	-	-	-
CORDE Ltd (previously Sicon Ltd)	Chair	S Grave	Delta Utility Services Ltd	71,917	-	-	-
Duncan Cotterill	Partner	R Lovett	Dunedin Venues Mant. Ltd	-	7,409	-	3,893
Dunedin Diocese Trust Board	Trustee	S Johnstone	DCHL Group	6,528	-	-	-
Excellence in Business Solutions Ltd	Director and Shareholder	W Harvey	Aurora Energy Ltd	-	50,432	-	-
Fern Energy Limited	Director	P Carnahan	Delta Utility Services Ltd	-	79,886	-	3,054
Gin Factory Limited	Shareholder	S Thompson	Aurora Energy Ltd	927,924	-	-	-
High Performance Sport New Zealand	Director	R Lovett	Dunedin Venues Mant. Ltd	-	-	-	-
Invercargill City Holdings Limited	Director	P Carnahan	Delta Utility Services Ltd	-	-	-	-
Mainpower New Zealand Ltd	Director	B Wood	Delta Utility Services Ltd		*No longer a related party*		
Matua Governance Ltd	Director and Shareholder	S Clarke	Aurora Energy Ltd	-	50,432	-	-
New Zealand Post Ltd	Director	S Clarke	Aurora Energy Ltd	-	3,300	-	-
Orokonui Econsanctuary Ltd	Director	S Chalmers	City Forests Ltd	-	30,000	-	-
Te Pukenga (Otago Polytechnic)	Chair	A La Hood	Dunedin Venues Mant. Ltd		*No longer a related party*		
Passmore Consulting Services Limited	Director & Shareholder	S Thompson	Aurora Energy Ltd	-	100,685	-	-
Predator Free Dunedin	Director	S Chalmers	City Forests Ltd	-	60,000	-	-
Primeport Timaru Ltd	Director	P Melhopt	City Forests Ltd	-	38,000	-	-
Shand Thomson Chartered Accountants	Director and shareholder	S Johnstone	DCHL Group	7,365	-	-	-
Southern Wood Council	Chairman	G Dodson	City Forests Ltd	-	2,000	-	-
Trojan Holdings Limited	Director and employee	P Caranhan	Delta Utility Services Ltd	242	1,664	-	-
Whitestone Contracting Ltd	Director	S Grave	Delta Utility Services Ltd	-	12,083	-	-

Notes to the financial statements

For the year ended 30 June 2024

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 Chair	L Robertson S Thompson	DCHL Group Aurora Energy Ltd	32,409	163,819	4,266	40,102
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 & 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 P Carnahan	Delta Utility Services Ltd	15,000	-	-	-
Mainpower New Zealand Ltd	Director	B Wood	Delta Utility Services Ltd	-	7,540	-	250
Matua Governance Ltd	Director & 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 Econsanctuary 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	-	-

Notes to the financial statements

For the year ended 30 June 2024

Compensation of key management personnel

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

	2024	2023
	$'000	$'000
Directors fees	1,273	1,166
Short-term employment benefits	7,989	7,195
Post-employment benefits	93	87
Termination benefits	250	-
	9,605	8,448

The remuneration of directors is agreed annually by the Dunedin City Council in accordance with the policies that it sets from time to time. The remuneration of management is determined by the remuneration committees of each board having regard to the performance of individuals and market trends.

31 RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2024	2023
	$'000	$'000
Operating profit/(loss)	12,850	3,340
Share of net (profit)/loss in associated companies	212	(2,158)
Items not involving cash flows		
Depreciation	38,554	37,487
Depletion of forest	10,887	12,712
Deferred tax	7,757	4,814
Write (up)/down of forestry land	2,274	2,956
Forest revaluation	(11,686)	(13,185)
Foreign Exchange Movement	-	1,606
Other non-cash items	(7,492)	5,436
Impact of changes in working capital items		
(Increase)/Decrease in trade and other receivables	(1,067)	(4,453)
(Increase)/Decrease in other current assets	113	162
(Increase)/Decrease in inventories	383	(675)
(Increase)/Decrease in prepayments	311	49
(Increase)/Decrease in tax refund due	-	-
Increase/(Decrease) in trade and other payables	4,540	3,986
Increase/(Decrease) in provision for tax	2,084	(2,117)
Increase/(Decrease) in other current liabilities	274	(70)
Items classified as investing or financing activities		
Gain on sale of property, plant and equipment	(40)	(3,248)
Loss on sale of property, plant and equipment	1,261	954
Investment in financial instrument	8,598	(910)
Net cash inflows from operating activities	69,814	46,687

32 RECONCILIATION OF CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Long term borrowings $000's	Short term borrowings $000's	Lease liabilities $000's	Total liabilities $000's
2024				
Opening statement of financial position	1,083,813	1,502	13,871	1,099,186
Net cash flows	195,943	(66)	(4,299)	191,578
Non-cash movements	8,598	-	2,305	10,903
Closing statement of financial position	1,288,354	1,436	11,877	1,301,667
2023				
Opening statement of financial position	891,178	1,497	12,419	905,094
Net cash flows	193,545	5	(6,130)	187,420
Non-cash movements	(910)	-	7,582	6,672
Closing statement of financial position	1,083,813	1,502	13,871	1,099,186

Notes to the financial statements

For the year ended 30 June 2024

33 FINANCIAL STATEMENT RECLASSIFICATIONS

The Group has made some prior period revenue and expenditure reclassification between functional categories for consistency with the current period.

34 EVENTS AFTER BALANCE DATE

Asset Held for Sale: The property owned by Delta Utility Services Limited located at 46 McNulty Road, Cromwell met the conditions to be Held for Sale after the end of the reporting period. The property is comprised of land and office buildings. It is expected that the property will be marketed for sale in the second half of 2024 and the Company has signed an agreement with a Real Estate Broker who will be the Agent for the Sale.

Leadership Change: Delta Utility Services Limited board of directors has decided to implement a leadership change as part of a strategic effort to better position the Company for future opportunities. The outgoing CEO Mike Costelloe finished in his role on the 27th September 2024 and a new CEO will be appointed in due course.

Subsequent to year end, the Dunedin City Council (the DCC) confirmed its intention to undertake a review of the Dunedin Stadium Property Limited (DSPL) and Dunedin Venues Management Limited (DVML). The aim of the review is to establish a future operating and financial model for the stadium and related venues that is fit for purpose, financially and economically sustainable, and delivers the desired community outcomes. The review is yet to commence. Whilst there is a focus on CCO structure and composition, it is expected that the review will deliver a range of possible future scenarios. Any changes the DCC propose to implement as a result of this review, will be consulted on as part of its 2026/34 nine year plan consultation.

Dunedin City Council and Dunedin City Holdings Limited continue to look for alternative operating models that will keep Dunedin Railways in the city. A decision on the future of the Company is not expected until in the next financial year. Dunedin City Council has committed funding for the Company for the 2024/25 financial year. It is expected the future operations of the Company will be subject to consultation as part of the Dunedin City Council's nine years long-term plan consultation next year.

During the year, Dunedin City Council consulted on a proposal to sell Aurora Energy Limited, repay its borrowings and to invest the net proceeds in a diversified investment fund. On 25 September 2024, the Council voted to retain ownership.

On 16 September 2024, Dunedin International Airport Limited announced the return of international flights to Dunedin Airport. Jetstar will operate direct flights between Dunedin Airport and Gold Coast Airport from June 2025.

There are no other significant post balance date events.

35 COVID-19 IMPACT

In early March 2020 the World Health Organisation declared the outbreak of COVID-19 a pandemic. While there are no longer Government mandated sanctions in place, the Company continues to be impacted by higher levels of sick leave and inflationary pressures which have partially been bought about by the pandemic.

The pandemic had a varying effect on individual members of the DCHL Group but overall the Group was not significantly affected by the pandemic. As disclosed in note 1, some entities within the Group met the criteria to receive the Covid-19 leave support scheme and wage subsidy.

Statutory information

For the year ended 30 June 2024

DIRECTORS' REMUNERATION AND BENEFITS

	Company	Remuneration $000
Parent Company		
Keith T Cooper	Dunedin City Holdings Ltd	85
Tim DR Loan	Dunedin City Holdings Ltd	85
Richard J Thomson	Dunedin City Holdings Ltd	64
Susie J Johnstone	Dunedin City Holdings Ltd	64
Greg Anderson	Dunedin City Holdings Ltd	63
Chris Milne	Dunedin City Holdings Ltd	63
Parent Company total		423
Subsidiaries & associated companies		
Keith T Cooper	Dunedin City Treasury Ltd	nil
	Dunedin Stadium Property Ltd	nil
	Dunedin Railways Ltd	nil
Tim DR Loan	Dunedin City Treasury Ltd	nil
	Dunedin Stadium Property Ltd	nil
	Dunedin Railways Ltd	nil
Richard J Thomson	Dunedin City Treasury Ltd	nil
	Dunedin Stadium Property Ltd	nil
	Dunedin Railways Ltd	nil
Susie J Johnstone	Dunedin City Treasury Ltd	nil
	Dunedin Stadium Property Ltd	nil
	Dunedin Railways Ltd	nil
Greg Anderson	Dunedin City Treasury Ltd	nil
	Dunedin Stadium Property Ltd	nil
	Dunedin Railways Ltd	nil
Chris Milne	Dunedin City Treasury Ltd	nil
	Dunedin Stadium Property Ltd	nil
	Dunedin Railways Ltd	nil
William H Cockerill	Dunedin Stadium Property Ltd	22
Stephen R Thompson	Aurora Energy Ltd	101
Simon J Clarke	Aurora Energy Ltd	50
Janice E Fredric	Aurora Energy Ltd	50
Wendie N Harvey	Aurora Energy Ltd	50
Stephen P Lewis	Aurora Energy Ltd	50
Peter J Carnahan	Delta Utility Services Ltd	82
Jane George	Delta Utility Services Ltd	46
Steve W Grave	Delta Utility Services Ltd	46
Tony D Allison	Delta Utility Services Ltd	16
Cameron Baudinet	Delta Utility Services Ltd	41
Scott A Mason	City Forests Ltd	75
Kathleen A Posa	City Forests Ltd	38
Kate E Bromfield	City Forests Ltd	38
John F Gallaher	City Forests Ltd	38
Raewyn J Lovett	Dunedin Venues Management Ltd	41
Joanne M Conroy	Dunedin Venues Management Ltd	10
Adam La Hood	Dunedin Venues Management Ltd	20
Dylan Rushbrook	Dunedin Venues Management Ltd	20
Verity Webber	Dunedin Venues Management Ltd	15
Lee Piper	Dunedin Venues Management Ltd	1
Chris Hopkins	Dunedin International Airport Ltd	52
Shane Ellison	Dunedin International Airport Ltd	27
Timothy Hunter	Dunedin International Airport Ltd	26
Catherine Taylor	Dunedin International Airport Ltd	26

No director of the Group has, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit included in the total remuneration received or due, and receivable by the directors as disclosed in the Group financial statements). No directors have received loans from the parent Company or the Group.

There were no notices from directors of the Group requesting to use Group information which had been received in their capacity as directors, and which would not otherwise have been available to them.

EMPLOYEE REMUNERATION

Remuneration range	DCHL Group	Remuneration range	DCHL Group
$590,000-599,999	1	$220,000-229,999	2
$450,000-459,999	1	$210,000-219,999	1
$440,000-449,999	1	$200,000-209,999	4
$390,000-400,000	1	$190,000-199,999	8
$370,000-379,999	1	$180,000-189,999	11
$360,000-369,999	2	$170,000-179,999	12
$320,000-329,999	1	$160,000-169,999	16
$300,000-309,999	2	$150,000-159,999	23
$280,000-289,999	2	$140,000-149,999	33
$270,000-279,999	1	$130,000-139,999	36
$250,000-259,999	1	$120,000-129,999	43
$240,000-249,999	1	$110,000-119,999	61
$230,000-239,999	3	$100,000-109,999	68

In October 2023, the DCHL parent entity become an employer. Two employees received remuneration and other benefits in excess of $100,000 in the year ended 30 June 2024 - one in the range $180,000-189,999 and one in the range $140,000-149,999.

GENDER PAY GAP

This year the DCHL Group has calculated and reported the consolidated group's gender pay gap.

Gender pay gap compares the average hourly earnings of women and men in full- and part- time work (as opposed to pay equity which would compare the pay between similar roles). In calculating this disclosure we took into account the Organisational Gender Pay Gaps: measurement and analysis guidelines (State Services Commission, Ministry for Women and StatsNZ, 2020).

Most DCHL Group companies fall beneath the minimum organisation size of 100 employees in order to have statistically robust data. For this reason we have elected to report at a consolidated group level. In calculating this disclosure we have included full time and part time employees, as at 30 June 2024. We collated mean hourly pay for male employees and mean hourly pay for female employees from each subsidiary, and calculated a weighted average to reach the following data:

Male employees		Female employees		Pay gap
Number of employees	Weighted mean hourly pay	Number of employees	Weighted mean hourly pay	
671	$43.81	203	$40.39	8%

Fewer than 20 employees across the group identified as gender diverse or did not state a gender identity. While this group was too small for statistical comparison, companies will make an effort to consider whether they experience pay differences.

DCHL Group companies do not hold data that would enable reporting of ethnicity pay gap/s, but we will look into this for future years.

GENDER DIVERSITY ACROSS THE DCHL GROUP

	Aurora Energy Ltd	City Forests Ltd	Delta Utility Services Ltd	Dunedin City Treasury Ltd	Dunedin Stadium Property Ltd	Sub total
Directors						
Male	3	2	3	-	1	9
Female	2	2	1	-	-	5
	5	4	4	-	1	14
Senior management						-
Male	21	4	7	-	-	32
Female	8	1	3	-	-	12
	29	5	10	-	-	44
All staff						-
Male	102	11	505	-	-	618
Female	60	2	110	-	-	172
	162	13	615	-	-	790

	Sub total	Dunedin Venues Management Ltd	Dunedin Railways Ltd	Dunedin Int. Airport Ltd	Dunedin City Holdings Ltd		
Directors							
Male	9	3	-	2	4	18	67%
Female	5	2	-	1	1	9	33%
	14	5	-	3	5	27	100%
Senior management							
Male	32	2	3	3	1	41	69%
Female	12	3	2	1	-	18	31%
	44	5	5	4	1	59	100%
All staff							
Male	618	8	18	34	3	681	77%
Female	172	16	5	10	2	205	23%
	790	24	23	44	5	886	100%

Statement of service performance - DCHL

For the year ended 30 June 2024

The performance targets established in the 2023/24 Statement of Intent for Dunedin City Holdings Ltd and the results achieved for the year ended 30 June 2024 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 of 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 SoI targets quarterly	Each month the DCHL Board monitored each of the DCHL Group companies' progress against their SoI targets on an exception basis.
Synergies have been made across the DCHL Group	Throughout the year DCHL has continued to support group-wide co-operation including climate-related reporting and insurances. DCHL also led roundtable meetings with Chairs and Chief Executives in November and June.
DCHL Board review consolidated DCHL Group financial performance against budget (monthly)	Each month the DCHL Board reviewed the consolidated DCHL Group financial performance against budget.
DCHL Board review of DCHL Group companies' rates of return (quarterly)	The DCHL board reviewed returns from group companies on a monthly basis and considered portfolio analysis, including rates of return.
DCHL Board provide a quarterly update to DCC's Finance and Council Controlled Organisations Committee 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 review the ownership and capital structures of the DCHL Group companies (at least annually)	The ownership and capital structures of the DCHL Group companies are an ongoing consideration of the DCHL Board. Ownership and capital structures were specifically considered in March.
Consider capital expenditure proposals and business cases in accordance with company constitutions and SoIs	Capital expenditure proposals and business cases have been considered in accordance with individual company constitutions and SoIs.
DCHL Board engage with each group company at least 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	DCHL Group Chairs met with the DCHL Board twice during the year.
Review draft SoIs by 1 March 2024	The DCHL Board reviewed each of the DCHL Group companies draft SOIs in February 2024.
Approve SoIs by 30 June 2024	The DCHL Board reviewed and approved each of the DCHL Group companies final SOIs in June 2024.
Send Letters of Expectation to subsidiary and associate companies by 31 December 2023	The DCHL Board sent each of the DCHL Group companies a Letter of Expectation by 31 December 2023.
Complete and publish group-wide carbon emissions roadmap by 31 August 2023	Completed.
Complete and publish group-wide waste reduction strategy by 30 September 2023	Completed
Refine and implement DCHL's carbon emissions strategy developed in 2022, and achieve and publicly report progress against our FY2024 targets	Progress continued - see sustainability section for details.
Refine and implement DCHL's waste reduction strategy developed in 2022, and achieve and publicly report progress against our FY2024 targets	Progress continued - 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.
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 2024 financial year were completed on time, and in compliance with DCHL and Council policy.

Statement of service performance - DCHL

For the year ended 30 June 2024

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.
Ensure that all direct employees are paid at living wage or above.	All employees were paid equal to or higher than the living wage
Co-ordinate a group-wide project on benchmarking in health and safety, including reporting back to Council	DCHL Group health and safety governance review in progress.
All such matters 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.
DCHL board provide briefings to Councillors on matters of significance as required.	Briefing provided on all matters of significance required.
All such matters 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		23%	Shareholder's funds to total assets		21%
Interest paid to shareholder		5,902	Interest paid to shareholder		5,902
Dividend distributions		11,000	Dividend distributions		11,000
Net profit after tax		11,521	Net profit after tax		12,850
Cash flow from operations		64,013	Cash flow from operations		69,814
Capital expenditure		104,470	Capital expenditure		118,463
Contributions of equity		2,550	Contributions of equity		2,550
Term loans	parent	20,110	Term loans	parent	20,014
	group	1,289,320		group	1,288,354

Statement of service performance - Aurora Energy

For the year ended 30 June 2024

Aurora Energy Limited

The performance targets established in the 2023/24 Statement of Intent for Aurora Energy Limited and the results achieved for the year ended 30 June 2024 are as follows:

OBJECTIVES	PERFORMANCE TARGET	OUTCOME
Our People, Our Place		
Zero serious harm events involving members of the public	Number of serious injury events (excluding third party contacts with the network) involving members of the public Target: Nil	There were no serious harm events involving members of the public
Reduce harm to employees and contractors	Total Recordable Injury Frequency Rate (TRIFR) per 200,000 hours worked by Aurora and Contractors Targets – Aurora: Nil Contractors: < 3.50 On review, the TRIFR target of <3.5 included in our Statement of Intent was the target for Aurora and Contractors combined (which uses a higher number of hours in the denominator and produces a lower target), rather than our Contractor target	Aurora Energy and its network approved contractors recorded TRIFR as below. Aurora: Nil Contractors: 4.84
Develop opportunities across the business that support the overall wellness of our team	A Board-approved Health, Safety and Wellbeing Strategy is in place. The Strategy is reviewed and updated annually	The health, safety and well-being strategy was reissued in April 2023. The Strategy is implemented and progress is regularly reviewed by the Board
Aurora Energy Risk Register is regularly reviewed & updated, and the risk profile is managed in accordance with Board approved risk tolerance levels	Risk Management Framework embedded as evidenced by: • Risk registers reviewed regularly and up to date • Risk treatment plans reviewed regularly and up to date • Regular reporting to Board and Audit & Risk Committee	Risk registers and treatment plans are reviewed regularly and are up to date. There is regular reporting to the Board and Audit & Risk Committee
To create a motivated and satisfied team and to understand and action opportunities for improvement within our team environment	Average of >75% staff satisfaction result on employee surveys completed during the year	The average satisfaction result was 90.8% during the year
People and culture strategies will be documented to promote our support of equity, inclusion, and diversity	A People and Culture Strategy, and a Diversity, Equity and Engagement Strategy is in place	'Our Vision, Why it Matters, and How it will Come to Life' was published in January 2022 and provides the strategic roadmap we adhere to
All employees are paid the living wage or above	All direct employees are paid at the living wage or above	As at 30 June 2024, 100% of the Company's employees were paid at or above the Living Wage (as calculated by the Living Wage Aotearoa New Zealand)
Efficient Delivery		
Deliver work programme outcomes to scope, time and budget	Work programmes are delivered to Contractors on a rolling quarterly basis in accordance with Field Service contract terms. Field Service Agreement 2 in place by end of FY2024	Annual work and project plans are being delivered in accordance with Field Service contract terms (renewed with effect from 1 April 2024) Variations to budget are reported and addressed via delegated authorities
Develop a digital transformation roadmap to support intelligent business transformation	Digital transformation roadmap approved by the Board and targets for FY2024 are met	Digital transformation roadmap approved by the Board and FY24 targets met

Reliability Performance Targets (Statement of Intent Targets – Period Ended 31 March 2024)

SAIDI	**Average Minutes Without Electricity per Consumer**	
Class B Interruptions (Planned)	≤ 195.96 minutes	121.83 minutes
Class C Interruptions (Unplanned)	≤ 124.94 minutes	95.48 minutes

SAIFI	**Average Frequency of Outages per Consumer**	
Class B Interruptions (Planned)	≤ 1.11	0.76 interruptions
Class C Interruptions (Unplanned)	≤ 2.07	1.31 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 139.1 minutes and 1.85 interruptions respectively.

Statement of service performance - Aurora Energy

For the year ended 30 June 2024

Our Communities		
Maintain community support through approved sponsorships and community initiatives	Sponsorship and community initiatives $ per annum of at least $10,000	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	Annual delivery reporting and regional community engagements are delivered in accordance with the approved CPP timeframe	Published the 31 March 2023 Annual Delivery Report on 31 August 2023 Public engagement forums held in each pricing region before 31 October 2023
Streamline customer service processes and build key stakeholder relationships	Annual customer satisfaction/perception survey shows year on year improvement against key criteria	Survey results show improvements in the key criteria areas of awareness, performance and trust
Licence to Operate		
To deliver commercial, growth-focused value to our shareholder	Regulatory performance metrics for compliance are tracked and reported quarterly	Quarterly tracking and reporting of regulatory performance metrics has ensured compliance and informed strategic decisions to drive commercial growth
To understand long term value optimisation for the next regulatory period	Submissions on strategic regulatory matters are lodged on a timely basis by Aurora (or via ENA) DPP versus 2nd CPP decision framework and timeline in place by 30 June 2024	Timely submissions on regulatory matters including the Commerce Commission's DPP4 reset have been delivered during the year Indicative timeline for engaging with the Commission on CPP roll-off has been agreed
Sustainability		
Implement process and capability improvements identified in CPP Asset Management Practices Development Plan (AMPDP)	Asset management development initiatives delivered in accordance with timetable in CPP AMPDP	Fleet strategies and plans were developed to inform our 2024 Asset Management Plan. The fleet strategies capture plausible asset failure modes and consider the information requirements for management of each asset fleet. Further details are available in the Company's Annual Delivery Report for year ended 31 March 2024
Effective long-term planning for Aurora Energy's asset portfolio is in place	Annual and compliant Asset Management Plan is published as per regulatory requirements	A full 10-year Asset Management Plan (AMP) was published on 31st March 2024
Work collaboratively with the sector on green energy initiatives and enablement of decarbonisation	Participate in electricity distribution sector 'decarbonisation ready' collaboration groups	This collaboration initiative has extended to participation in the Electricity Networks Association (ENA) Future Network Forum FNF). Among other initiatives, the FNF is progressing guidelines for the alignment of new electricity connection processes across New Zealand
Contribute to Council's city-wide Carbon Neutrality initiatives*	Continue to refine and implement our carbon emissions reduction strategy developed in 2022, and achieve and publicly report progress against our FY2024 targets	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	Continue to refine and implement our waste reduction strategy developed in 2022, and achieve and publicly report progress against our FY2024 targets	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

* In September 2024 Dunedin City Council clarified its Carbon Neutrality objectives were defined by reference to greenhouse gasses (excluding biometric methane) emitted within the Dunedin City Territorial Area.
Dunedin City Council also clarified its city wide zero carbon targets were 'Net zero carbon by 2030 (excluding biogenic methane)' and to 'Reduce biogenic methane emissions' in line with the current central government targets.
The Global Protocol for Community-Scale Greenhouse Gas Inventories BASIC+ is a production-based methodology which means it focuses on the emissions produced within the territorial area (such as petrol vehicles, livestock, and burning LPG in the city). It also includes emissions from electricity use and cross-boundary transport.
Globally produced emissions that relate to consumption in the city are excluded (e.g., embodied emissions relating to products produced elsewhere but consumed within the geographic area, such as imported food products, cars, phones, clothes etc.).
The city's emission footprint is calculated every three years, with the most recent footprint being calculated for the 2021/2022 financial year. The next scheduled footprint calculation will be completed for 2024/25.
Council defines 'Net carbon zero' as meaning that any greenhouse gases (excluding biometric methane) emitted into the atmosphere in Ōtepoti Dunedin are in balance with the amount of carbon absorbed out of the atmosphere by trees, also known
as sequestration.

Statement of service performance - Aurora Energy

For the year ended 30 June 2024

Sustainability Continued

Implement opportunities to transition light motor fleet to electric or hybrid vehicles where appropriate	Achieve the FY2024 targets for electrification of the company's motor fleet as set out in the Aurora Energy emissions reduction strategy	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	Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report	Sustainability reporting is again included in this year's 2024 Annual Report

Shareholder

Consult with the Shareholder at the earliest possible time on matters where conflict may or could result	Potential conflicts notified to the Shareholder Targets: No unnotified potential conflicts	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	Substantive matters reported to the Shareholder within 24 hours Targets: All substantive matters reported within 24 hours	All substantive matters were reported to the Shareholder within 24 hours

Financial forecasts	**$'000**	**Financial achievement**	**$'000**
EBITDA*	>75,299	EBITDA*	87,023
Net profit after tax	>15,922	Net profit after tax	23,699
Shareholder's funds	>212,257	Shareholder's funds	221,221
Shareholder's funds to total assets	>25%	Shareholder's funds to total assets	25%
Cash flow from operations	>47,734	Cash flow from operations	67,124
Capital expenditure	>93,230	Capital expenditure	107,608
Term debts	≤538,227	Term debts	538,525

*** EBITDA target outcome calculations exclude asset disposals**

Statement of service performance - Delta

For the year ended 30 June 2024

Delta Utility Services Limited

The performance targets established in the 2023/24 Statement of Intent for Delta Utility Services Limited and the results achieved for the year ended 30 June 2024 are as follows:

PERFORMANCE TARGET	OUTCOME
The Shareholder	
Consult with the Shareholder on matters to be included in the Company's Statement of Intent: Shareholder approval of the Company's Statement of Intent	The Shareholder (DCHL) was consulted on the content of the Statement of Intent for the 2025 financial year. The final Statement of Intent was submitted to and approved by the Shareholder prior to 30 June 2024
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 was one substantive matter related to collective employment negotiations that arose during the period. This was notified to the Shareholder within 24 hours
Community	
Maintain community support through local sponsorship/donations $25,000 of sponsorship/ donations per annum	Over $27,000 in sponsorship was provided to local community groups during the year
Maintain parks, reserves, sports fields, walking tracks, and amenities for the City of Dunedin. 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 the Dunedin City Council throughout the period
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 4.29 per 200,000 hours worked. While this was over the target of ≤ 3.5, the severity of the incidents was minor and related to the high amount of manual handling that is a requirement of the work we complete. LTIFR for the year was 1.34 per 200,000 hours worked. This was over the target of ≤ 1 due to a small number of incidents which, while they required some time off work, were not severe in nature.
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 year
Monitor absences due to illness: ≤ 3.5% sick leave based on total hours worked	Staff sick leave was 3.44% of total hours worked during the year, a reduction from 4.59% the prior year reflecting the reducing impact of COVID-19 on our workforce
Maintain an employee wellbeing programme: Employee wellbeing programme maintained throughout the year	The WorkWell employee wellbeing programme was maintained throughout the period. A WorkWell action plan was approved by the Leadership Team and has been submitted to WorkWell to be assessed for Bronze Audit (the first stage of the WorkWell accreditation programme).
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
Promote diversity, equity and inclusion within the business. Develop a People and Culture strategy and a Diversity, Equity and Inclusion strategy.	A People and Culture Strategy has been developed. We have reviewed and updated the Diversity, Equity and Inclusion standard as part of the work to develop a strategy.
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 was 38 throughout the year. As at the 30th of June 2024 there were 31 apprentices in the scheme.

Statement of service performance - Delta

For the year ended 30 June 2024

Monitor voluntary leavers relative to permanent staff: ≤ 17.0% staff turnover

Voluntary staff turnover was 9.08% for the year ending 30 June 2024. This is a pleasing reduction due to a number of factors, including the tightening economy and staff retention strategies that have been put in place.

Enviroment

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 year.

Maintain full compliance with the Resource Management Act (RMA); Zero breaches

There were no breaches of the RMA during the year.

Implement Delta's Carbon Emission and Waste Reduction Strategy developed in the 2022 financial year, and achieve our FY2024 targets.
Undertake an Energy audit of our major depots.
Implement a new and refreshed recycling programme.
Reduce idle time of Delta vehicles by 10%.
Undertake a review of scope 3 emissions and areas that the business could begin to measure.

During the year we worked to confirm what net zero carbon means for Delta. Consistent with the strategy developed in FY22, our goal is a 45% reduction in our Scope 1 emissions, a 100% net reduction in our Scope 2 emissions, and a 20% gross reduction in selected Scope 3 emissions by 2030. The Scope 2 emissions reduction is a net target as these emissions are offset by the purchase of Renewable Energy Certificates (REC's). Over the 2024 financial year an Energy Audit was completed across all major depots and as a result an energy efficiency strategy has been developed. The recycling programme was refreshed in October 2023. The idle time of Delta vehicles increased 4.6% from the prior year. Much of this is not easily controlled as it is due to the type of work completed in the field. We are currently waiting on our GPS provider for the ability to split out the data within the geo fenced depots as idle time in depots is within our control to reduce. The review of scope 3 emissions has yet to take place but is scheduled for September 2024.

Financial forecasts	**$'000**	**Financial achievement**	**$'000**
EBITDA	≥10,669	EBITDA	10,245
Net profit after tax	≥2,161	Net profit after tax	1,570
Shareholder's funds	≥29,175	Shareholder's funds	28,294
Return on Shareholder's funds	≥7%	Return on Shareholder's funds	6%
Cash flow from operations	≥9,778	Cash flow from operations	10,544
Capital expenditure	≤3,500	Capital expenditure	2,156
Term Borrowings	≤9,500	Term Borrowings	7,900
Dividend Distributions	≥1,000	Dividend Distributions	1,000
Shareholder funds to total assets	≥47%	Shareholder funds to total assets	47%

The company recorded a net profit after tax of $1.6m in FY24. This was below the FY23 net profit after tax of $2.6m, however the FY23 result was supported by non-operating income of $3.1m from Infinity Yaldhurst Ltd. The company's financial result from operations before tax improved by $2.25m from the prior year. This was due to several factors including reduced impacts of the COVID-19 pandemic, positive impacts from staff retention strategies, a successful overseas recruitment campaign increasing our base of skilled and qualified staff and inflation adjustments being made to some of the larger customer contracts. EBITDA was close to target at $10,245 and NPAT was $1,570 (behind the target of $2,161). Revenue was higher than budget, however this was offset by costs that were also higher than budget as inflationary pressures continue to be felt.

Cashflows from operations at $10.5 million were ahead of the budget of $9.8 million and are reflective of changes in working capital balances between financial year ends. Term borrowings are favourable to target largely due to a lower than budgeted capital expenditure programme as the business continues to improve financial performance from the prior years.

We were pleased to pay a dividend in line with the target of $1 million for FY24. Shareholders funds were $28.3 million against a target of $29.2 million, with the Company's equity ratio increasing to 47% from 42% in FY23. In approving the dividend payment, the Board carefully considered the prudent balance between shareholder returns and retained earnings.

As one of the Dunedin City Council's group of companies, the Company's financial returns and dividends ultimately benefit its community owners.

Statement of service performance - City Forests

For the year ended 30 June 2024

City Forests Limited

The performance targets established in the 2023/24 Statement of Intent for City Forests Limited and the results achieved for the year ended 30 June 2024 are as follows:

PERFORMANCE TARGET	OUTCOME
The Company will achieve a 5.5% 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 2.2%.
A review of the Company's long term strategic plan will be completed each year, which targets a 5.5% return (or greater) on shareholders' funds measured on a post-tax 3 year rolling average basis.	Strategy day held on 26 March 2024. 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; 2.2% 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 Taelim Timber received 9% 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 29% by volume. (21% 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 389,116m3 including additional billet wood and slash recovered. This is 104.7% (on an equivalent basis) of the sustainable yield of 350,159m3. Forecast harvest levels in the long-term strategic plan for the next 3 years are; 350k m3, 350k m3 and 350k m3. 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 423 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 2023 – 2024 year.
The annual fire plan will be updated and operational by 1 October each fire season.	Fire plan update was completed in September 2023 prior to the start of the fire season.
The Company will actively participate in regional land use and environmental planning processes.	The Company has been active is submitting into the ORC land and water plan change process and the National Environmental Standard – Commercial 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. Four 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.
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. Reporting and tracking of operational progress to Board.

Statement of service performance - City Forests

For the year ended 30 June 2024

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 suppled the following volumes during the period: Pan Pac: 24,214m3 Daiken: 32,685m3 Hollows Timber: 6,672m3
The annual volume of wood supplied for bio-energy uses will be tracked and reported.	Bio-energy supply: 29,138m3
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 12.0 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.	96 random tests were conducted during the period. 0% of tests were recorded as positive.
The Company will have in place a People and Culture Strategy and a Diversity, Equity and Engagement Strategy by June 2024	The company has an equal opportunity employment policy and is reporting gender diversity statistics in the annual report.
Forest Stewardship Council Certification of the Forest Estate will be maintained.	Forest Stewardship Council Certification was maintained following audit in 2023.
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 $30,000 to Orokonui Eco-Sanctury, $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 7 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 2024 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. 356 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 settled 57.7 ha 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.
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.

Statement of service performance - City Forests

For the year ended 30 June 2024

Ensure that all direct employees are paid at the living wage or above.	All staff renumeration 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. The strategy does not contain any quantified reduction targets for FY2024 however progress is being made towards achieving the strategy.
Implement City Forests' carbon emissions strategy developed in the 2023 financial year, and achieve our FY 2024 targets.	The carbon emission strategy (2022-2030) has been established. The strategy does not contain any quantified reduction targets for FY2024 however progress is being made towards achieving the strategy. The company has reported its greenhouse gas emissions and progress towards its emissions reduction strategies in City Forest's annual report.
Implement City Forests' waste reduction strategy developed in the 2023 financial year, and achieve our FY 2024 targets.	The waste reduction strategy (2022-2030) has been established. The strategy does not contain any quantified reduction targets for FY2024 however progress is being made towards achieving the strategy. The company has reported its greenhouse gas emissions and progress towards its waste reduction strategies in City Forest's annual report.

Financial forecasts	**$’000**	**Financial achievement**	**$’000**
EBITDA	8,700	EBITDA	10,447
Net profit after tax	4,598	Net profit after tax	5,094
Shareholders' funds to total assets	66.5%	Shareholders' funds to total assets	66.4%
Normal Dividend	3,000	Normal Dividend	3,000
Special Distribution	13,500	Special Distribution	13,500
Cash flow from operations	8,300	Cash flow from operations	6,814
Capital expenditure	1,200	Capital expenditure	987
Term Borrowings	47,100	Term Borrowings	50,700
Shareholder funds	257,300	Shareholder funds	242,700

Statement of service performance - DRL

For the year ended 30 June 2024

Dunedin Railways Limited

The performance targets established in the 2023/24 Statement of Intent for Dunedin Railways Limited and the results achieved for the year ended 30 June 2024 are as follows:

PERFORMANCE TARGET	OUTCOME
Hibernation plan is prepared and reported on to the Board on a quarterly basis.	Achieved.
Target zero lost time injuries (LTI).	Not Achieved. There was 1 LTI during the reporting period.
People and Culture Strategy, and a Diversity, Equity and Engagement Strategy will be in place by 30 June 2024.	Achieved.
A draft 2024/2025 Statement of Intent will be submitted to the Shareholder by 1 March 2024.	Achieved.
Refine and continue to implement DRL's carbon emissions strategy developed in 2022, and achieve and publicly report progress against our FY2024 targets.	Achieved.
Refine and continue to implement DRL's waste reduction strategy developed in 2022, and achieve and publicly report progress against our FY2024 targets.	Achieved.
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.	Achieved.
Consult with the shareholders in a timely manner on DRL strategic or operational matters which could compromise Council's community outcomes.	Achieved.
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.

Financial forecasts	**$'000**	**Financial achievement**	**$'000**
Shareholder Funds to Total Assets	100%	Shareholder Funds to Total Assets	46%
Dividend/Subvention Distributions	-	Dividend/Subvention Distributions	-
EBITDA	(363)	EBITDA	(1,322)
Net profit after tax	(388)	Net profit after tax	(1,355)
Cash Flow from Operations	(347)	Cash Flow from Operations	1,214
Capital Expenditure	-	Capital Expenditure	84
Term Loans	-	Term Loans	-
Shareholder Funds	428	Shareholder Funds	305

Statement of service performance - DCTL

For the year ended 30 June 2024

Dunedin City Treasury Limited

The performance targets established in the 2023/24 Statement of Intent for Dunedin City Treasury Limited and the results achieved for the year ended 30 June 2024 are as follows:

OBJECTIVES	PERFORMANCE TARGET	OUTCOME
Manage the liquidity risk of the DCC Group and use a variety of funding sources to achieve appropriate levels of funds as required by the DCC Group.	Zero breaches of DCC Treasury Risk Management Policy's borrowing maturity profile.	There were no breaches of DCC Treasury Risk Management Policy's borrowing maturity profile.
Utilise a portfolio approach to minimise funding costs and manage interest rate risk in accordance with the DCC Treasury Risk Management Policy.	Zero breaches of DCC Treasury Risk Management Policy's interest rate risk policy.	There were no breaches of DCC Treasury Risk Management Policy's interest rate risk policy.
Securely invest surplus cash available from within the DCC Group, ensuring funds deposited outside the DCC Group are compliant with the DCC Treasury Risk Management Policy.	Zero breaches of DCC Treasury Risk Management Policy's investment management policy.	There were no breaches of DCC Treasury Risk Management Policy's investment management policy.
Manage the issuance of securities as and when required.	Successfully fill any issues brought to the market during the year.	Filled all issues brought to the market during the year.
Maintain financial relationships with preferred financial providers.	Maintain funding lines with ANZ, BNZ and Westpac.	Funding lines with ANZ, BNZ and Westpac have been maintained during the year.
Maintain a benchmarking system to measure DCTL's performance.	Regular reporting of the Company's achievement against defined benchmarks.	Reporting achievements against defined benchmarks are provided to the Board monthly and quarterly.
Manage the 'Waipori Fund' fully in accordance with policy and objectives set by Council to achieve the investment objectives.	Management of the fund and meeting the investment objectives set by Council in the Statement of Investment Policy and Objectives.	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 5.6%.
Maintain a risk management framework to regularly identify, mitigate, and report risks.	Quarterly review by the Board, of the DCTL Risk Register Dashboard.	The DCTL Risk Register Dashboard was reviewed by the Board quarterly.
	Regular reporting to the shareholder of DCTL's top 5 current risks.	DCTL's top 5 current risks were reported to the shareholder quarterly.
Comply with the DCC Treasury Risk Management Policy.	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.	There were no breaches of policy that were required to be reported to the shareholder.
Consult with the shareholder in a timely manner on DCTL strategic or operational matters which could compromise the Council's community outcomes.	No such matters that were not escalated to the shareholder in a timely manner.	There were no matters requiring 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.	No such matters that were not reported to the shareholder within 24 hours.	There were no matters of substance to report to the shareholder.

Statement of service performance - DCTL

For the year ended 30 June 2024

Contribute to Council's Carbon Neutrality initiatives.	Refine and implement DCTL's carbon emissions strategy developed in 2022, and achieve and publicly report progress against our FY2024 targets.	DCTL continues to implement its strategy and is tracking carbon emissions. DCTL will continue to refine this strategy to reduce carbon emissions in line with the target to contribute to Dunedin City Council's goal of achieving net carbon neutrality city-wide by 2030.
	Refine and implement DCTL's waste reduction strategy developed in 2022, and achieve and publicly report progress against our FY2024 targets.	DCTL continues to implement its strategy and is tracking waste emissions. DCTL will continue to refine this strategy in its efforts to reduce waste in line with the target to contribute to Dunedin City Council's goal of achieving net carbon neutrality city-wide 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's Annual Report.
	Ensure that all direct employees are paid at living wage or above.	DCTL does not employ any staff directly.
Maintain a credit rating equal to that of the Dunedin City Council where the rating agency used applies the same credit rating to both entities.	Credit rating equal to that of Dunedin City Council.	Obtained a credit rating of AA/Negative/A-1+; equal to that of Dunedin City Council.

Financial forecasts	**$'000**	**Financial achievement**	**$'000**
Net profit after tax	7	Net profit after tax	2
Cash flow from operations	3,191	Cash flow from operations	280
Capital expenditure	-	Capital expenditure	-
Term loans	1,289,320	Term loans	1,288,354
Shareholder's funds to total assets	2.3%	Shareholder's funds to total assets	1.6%

Statement of service performance - DVML

For the year ended 30 June 2024

Dunedin Venues Management Limited

The performance targets established in the 2023/24 Statement of Intent for Dunedin Venues Management Limited and the results achieved for the year ended 30 June 2024 are as follows:

PERFORMANCE TARGET	OUTCOME
Safety and Compliance	
No incidents or injuries reportable to Worksafe during the reporting period as logged into the safety management system.	Achieved
An Incident Frequency Rate Events (IFRE) < 0.05% of the total number of event attendees across all venues.	Achieved
Total Incident Rate (TIR) < than 6 incidents per 200,000 hours worked.	Achieved
Total Recordable Incidents (TRI) < 3.	Achieved
Lost Time Incidents (LTI) < 2.	Not achieved - there were 2 lost time incidents during the reporting period.
Lost Time Incident Frequency Rate (LTIFR) < 17 per 1,000,000 hours worked.	Not achieved - the Lost Time Incident Frequency Rate was 29 per 1,000,000 hours worked.
Safety and Wellness internal audits completed as per programme, the resulting actions added to the Safety & Wellness improvement plan and completed within the agreed timeframes.	Achieved
Current Building Warrant of Fitness (BWOF) is maintained.	Achieved
Marketing and Business Objectives	
Survey Members for satisfaction level - minimum 80% satisfaction to be achieved.	Not measured - a question on Members satisfaction was not included in the Members survey.
Achieve a 75% retention rate of member renewals by contract value.	Achieved
Achieve 85% ratepayer satisfaction with Forsyth Barr Stadium in the Dunedin City Council's Residents' Opinion Survey.	Achieved
Report to the Dunedin City Council on the application of the Service Level Agreement for Community Event Funding to ensure it caters to a variety of events and community groups.	Achieved
Attend at least 1 Conference and Incentive Trade Show per annum and meet/communicate with major content providers on a regular basis.	Achieved
Marketing and Business Objectives (Economic Development Strategy)	
A minimum of $5m visitor marginal direct spend for Dunedin City per each major event which uses Event Attraction Funding.	The Visitor Marginal Direct Spend for major events in the year to 30 June 2024 as determined by an independent economist were as follows: Event /Visitor Marginal Direct Spend ($,000) All Blacks v Australia $12,600 P!NK $16,610 Total $29,210
Achieve minimum 80% satisfaction rating through surveys of all major events (>10,000 pax).	Not achieved - due to satisfaction of one event not measured. Satisfaction and attendance numbers for major events in the year to 30 June 2024 were: Event/Satisfaction FIFA Women's World Cup Not measured All Blacks v Australia 90% P!NK 93%

Statement of service performance - DVML

For the year ended 30 June 2024

Environment & Sustainability	
Continue to refine and implement DVML's carbon emissions strategy developed in the 2022 financial year and achieve our FY2024 targets.	Achieved
Continue to refine and implement DVML's waste reduction strategy developed in the 2022 financial year and achieve our FY2024 targets.	Achieved
Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strateigies and targets, in our Annual Report.	Achieved
Tenders for asset refurbishments and replacements to consider the carbon impact of the lifecycle of the asset.	Achieved
Human Resources	
Performance reviews are conducted at least twice per year.	Achieved
Conduct a confidential staff annual engagement survey acting on outcomes as appropriate.	Achieved
Provide 'pop up' staff wellness sessions on various topics of interest through the Safety & Wellness Committee.	Achieved
No employee is paid less than the living wage.	Achieved
To create a People and Culture Strategy, and a Diversity, Equity and Engagement Strategy by 30 June 2024.	Achieved
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.	The return on investment of the Event Attraction Fund for 2023/24 was: Event/ Return All Blacks v Australia 73 : 1 P!NK 58 : 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 DCHL 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	2,744	EBITDA	2,782
Net profit after tax	113	Net profit after tax	208
Cash flow from operations	4,455	Cash flow from operations	4,472
Capital expenditure	788	Capital expenditure	909
Term loans	-	Term loans	-
Shareholder Funds	1,652	Shareholder Funds	2,199
Shareholder's funds to total assets	0.09:1	Shareholder's funds to total assets	0.18:1
Dividend	-		-

Statement of service performance - DSPL

For the year ended 30 June 2024

Dunedin Stadium Property Limited

The performance targets established in the 2023/24 Statement of Intent for Dunedin Stadium Property Limited and the results achieved for the year ended 30 June 2024 are as follows:

OBJECTIVES	PERFORMANCE TARGET	OUTCOME
Ensure an Asset Management Plan which enables general use of the stadium, and meets asset warranty and guarantee requirements, is in place.	An Asset Management Plan is in place.	An Asset Management Plan is in place.
Ensure the Asset Management Plan remains current and relevant.	The Asset Management Plan is internally reviewed annually, and externally reviewed every three years (next external review is due in the 2023 calendar year).	The Asset Management Plan has been internally and externally reviewed during the 2024 financial year.
Ensure assets are maintained in accordance with the Asset Management Plan.	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.
Ensure an appropriate debt repayment programme is in place.	A debt repayment program is in place and is reviewed by the board annually.	DSPL's current debt repayment plan is to direct any available funds, after expenses, to debt reduction. This was reviewed as part of consideration of the budget for FY2025 to FY2027 and results for the year. DSPL borrowings increased by $1.93m in FY2024 and are forecast to continue to increase through the forecast period, noting higher interest rates and forecast capital expenditure.
Ensure Statement of Intent is consistent with objectives of the shareholder.	A draft 2024/2025 Statement of Intent will be submitted to the shareholder by 1 March 2024.	The draft 2024/2025 Statement of Intent was submitted to DCHL and DCC by 1 March 2024.
Contribute to Council's Carbon Neutrality initiatives.	Refine and continue to implement DSPL's carbon emissions strategy developed in 2022, and achieve and publicly report progress against our FY2024 targets	DSPL continues to implement its strategy. Carbon emission impacts are now considered as part of all capital expenditure proposals and opportunities to reduce carbon emmissions have been identified. No formal targets were set for FY2024.
	Refine and continue to implement DSPL's waste reduction strategy developed in 2022, and achieve and publicly report progress against our FY2024 targets.	DSPL continues to implement its strategy. Waste impacts are now considered as part of all capital expenditure proposals. No formal targets were set for FY2024.
	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.	DSPL does not directly employ any staff.
Consult with the shareholder in a timely manner on DSPL strategic or operational matters which could compromise the Council's community outcomes.	No such matters that were not escalated to the shareholder in a timely manner.	There were no matters requiring 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.	No such matters that were not reported to the shareholder within 24 hours.	There were no matters of substance to report to the shareholder.

Statement of service performance - DSPL

For the year ended 30 June 2024

Performance target 3 explained

The Asset Management Plan schedules anticipated 6x maintenance works with a combined budget of $392,864, and 20x capital renewal works with a combined budget of $4,590,091 in FY2024.

Of the 6x planned maintenance works scheduled for FY2024:
- 5x works with a combined budget of $336,864 were deferred to a future year. 4x deferrals relate to work that will now be completed in FY2025, 1x was deferred as a result of a specialist contractor assessment.
- 1x works were delivered, totalling $48,229 (compared with budget of $56,000) was near completion at 30 June 2024.

DSPL spent a further $208,734 on unscheduled maintenance at the stadium during the financial year, to respond to unanticipated repairs and maintenance needs.

Of the 20x capital renewal works scheduled for FY2024:
- 1x works with a budget of $749,084 was commenced with a spend to date of $84,598. The remaining work was unable to be completed due to access being denied while the new sports lights were being installed. This work will be recommencing in FY2025.
- 3x works were delivered, totalling $62,221 (compared with budget of $96,798). 1x works related to exit sign illuminations which was deferred from 2023 due to internal resource constraints.
- 6x works with a combined budget of $755,152 were deferred to a future year. The majority of this (1x works) relates to Asphalt/Sealed Areas which has been deferred to FY2026.
- 3x works with a combined budget of $84,820 have been deferred following a specialist contractor assessment.
- 1x works with a budget of $278,000 was commenced with a spend to date of $103,875. The works are awaiting delivery of the remaining components.
- 1x works with a budget of $100,158 was commenced with a spend to date of $16,000 for design fees. The remaining work has been deferred to FY2025.
- 2x works with a budget of $24,083 was commenced with a spend to date of $22,767. The remaining works will be completed in FY2025.
- 2x works with a budget of $6,990 were identified as not required.
- 1x works completed with a budget of $2,495,000 and a project spend of $2,595,334 was in relation to the replacement of the sports lights and crowd experience lighting.

We do not anticipate the deferrals made in FY2024 to significantly impact the operations or effectiveness of the stadium. Most works have been deferred in line with the externally reviewed asset maintenance plan and will be completed as required.

Financial forecasts	**$'000**	**Financial achievement**	**$'000**
EBITDA	2,522	EBITDA	1,508
Net profit after tax	(6,715)	Net profit after tax	(6,334)
Cash flow from operations	(1,651)	Cash flow from operations	(1,062)
Capital expenditure	4,590	Capital expenditure	3,132
Term loans	87,397	Term loans	85,300
Shareholder's funds to total assets	37%	Shareholder's funds to total assets	38%
Dividend	-		-

The financial forecasts in the Statement of Intent were impacted by reduced subventions receipts. The Company continues to work with Dunedin City Holdings Limited and its subsidiary companies on maintaining the cash funding model that has been in place through subvention receipts. The operating deficit before tax and subventions for the year of $7,578,000 is largely consistent with the budgeted operating deficit before tax and subventions of $8,273,440.

Summary of associate performance - DIAL

For the year ended 30 June 2024

Dunedin International Airport Limited

The performance targets established in the 2023/24 Statement of Intent for Dunedin International Airport Limited, and the results achieved for the year ended 30 June 2024 are as follows.:

PERFORMANCE TARGET	OUTCOME
Safety Safety & security are our top priorities *Strive for 'Zero harm' to anyone as a result of our operations*	
Nil Serious harm to our staff, airports users or contactors	There was one serious harm injury during the 2024 financial year.
Nil Runway Incursions	There were nil Runway Incursions during the 2024 financial year.
Lost Time Injury Frequency Rate (LTIFR) to remain below WorkSafe benchmark level of 4.66.	The 12-month rolling LTIFR as of 30 June 2024 was 2.35.
Achieve FY24 DIAL Safety Plan targets	There was one serious harm injury during the 2024 financial year. All other areas of the Safety Plan were met.
Actively manage wildlife hazard and risk of bird strike	
Strike rate <5 strikes per 10,000 on 12-month moving average	The 12-month rolling strike rate for the second quarter of 2024 was 3.3, with a low and downward Incident Rate Trend.
Sustainability To be considered one of New Zealand's most sustainable airports	
Implement DIAL's Sustainability Strategy and achieve FY24 sustainability targets	Dunedin Airports Sustainability Policy directs management to develop Action Plans to deliver on our priorities. The Action Plan for 2024 included 14 actions, 6 of which were completed in the 2024 financial year. Delays in the recruitment of a dedicated General Manager Sustainability & Planning impacted achieving of all 14 actions. Dunedin Airport is committed to completing our uncompleted 2024, and our 2025 actions in the 2025 financial year.
Maintain full compliance with the Resource Management Act (RMA) with zero breaches	There were no Resource Management Act breaches during the 2023-2024 financial year.
Implement DIAL's Carbon and Waste Reduction strategy	
Measure and report our Carbon emissions in the Annual Report	FY24 GHG inventories measured and disclosed in 30 June 2024 Annual Report.
Achieve FY24 Carbon and waste reduction targets	FY24 carbon reduction target (under 245t Scope 1 & 2) achieved against our FY19 baseline. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards. Landfill diversion rate increased from FY23. However, no specific diversion targets were set for FY24.
Infrastructure To provide Kaitiakitanga and to make the best use of our assets *Maintain our assets to ensure no delays caused by DIAL to scheduled passenger operations*	
Zero on time performance (OTP) delays to regular passenger transport (RPT) operations due to airport infrastructure	There were two recorded delays to RPT operations attributable to airport infrastructure.
Plan, renew and upgrade core infrastructure to ensure sustainable long-term viability and resilience of the airport campus	
Implement Water Storage master plan	Procurement of Water Storage infrastructure commenced during 2023-2024 financial year.
Implement Wastewater master plan	Capital upgrade of Waste Water Treatment Plant started during 2023-2024 financial year, design/build contractor engaged to undertake investigation and design work for a new Waste Water Treatment Plant.

Summary of associate performance - DIAL

For the year ended 30 June 2024

Implement Electrification master plan	Site upgrades to enable rental EV charging were completed during 2023-2024 financial year. Higher level infrastructure upgrades in design phase.
Develop Stormwater management strategy	Tactical work to improve stormwater management and discharge quality delivered during 2023-2024 financial year, while strategy development placed on hold pending resolution of regulatory changes.
Provide a high standard of service to our customers. 'Very good' or greater achieved across all areas in customer insight survey	Four customer insight surveys were completed this financial year. A majority of "very good" or better was achieved across all four surveys.
Route Development To grow our business	
Re-establish and build our international air route connectivity with a new international air route	International Regular Scheduled Services were not reinstated to the airport during the 2024 financial year. However, Trans-Tasman services will commence in June 2025.
Optimise and sustainably grow domestic passenger volumes with Year on Year improvement in Domestic passenger volumes, with strong seat load factors (SLF)	Domestic passenger volumes totalled 903,396 for the 2024 financial year. This represents a 1.8% decrease on the prior year. Seat load factors remained consistent with the prior year at 81%.
Optimise non-aero revenue derived from passenger traffic Year on year increase in net Passenger Spend Rate (PSR)	Passenger Spend Rate has increased by $0.75 (3.1%) over the prior financial year.
Year on year increase in net Income per Passenger (IPP)	Income per Passenger has increased by $0.30 (5.5%) over the prior financial year
Execute our access strategy (ground transport)	The Landside Access and Carpark Design professional services project was awarded and commenced during the 2023-2024 financial year.
Develop a long term, sustainable strategy for our commercial land holdings i.e., Farms, Village, Service station and commercial property.	
Finalise Air Cargo strategy	Stage One of Air Cargo strategy completed. No further strategic development to occur in this space. Watching brief will be maintained on opportunities.
Implement our Farm Strategy	Delayed pending the recruitment of a General Manager Sustainability & Planning. Wildlife Hazard management strategy to be interfaced into Farm planning.
Business Development To develop & strengthen our customer, partner & shareholder relations	
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 20 respondents.
Continue and build on our relationship with local iwi	Engagement with our local Runaka (Otakou) continuing to develop. Cultural narrative and co-design engagement for the access strategy (ground transport) to commence early in the 2025 financial year.

Summary of associate performance - DIAL

For the year ended 30 June 2024

Provide sponsorship to community events and organisations.	
Invest 0.25% of prior year operating revenue to sponsorship	$30,422 was provided in sponsorship and donations to events and organisations. This represents 0.15% of prior year operating revenue.
Operate on a "no surprises" basis with shareholders	
Substantive matters reported to shareholders within 24 hours, which have potential to significant impact negatively on DIAL or our shareholders	No substantive matters were noted in the 2024 financial year.
Our People	
To be a great place to work	
Maintain and optimise the wellbeing of our people	
Achieve FY24 Wellbeing plan targets	Wellbeing programme introduced. Measured through feedback in staff engagement survey where 86.5% of responding staff feel Dunedin Airport takes employee health & safety, and well-being into account consistently.
Ensure that our people are engaged with the company's Vision, Purpose, and Values	
Improvement in our annual engagement survey score	Engagement score improved from 74% to 85% engaged.
Cultivate, maintain, and optimise an equitable & diverse workforce	
Develop a People and Culture Strategy	People & Culture Strategy created.
Develop a Diversity, Equity and Engagement Strategy by 30 June 2024	Diversity, Equity & Inclusion policy implemented.

Directory

DIRECTORS

Keith T Cooper	appointed 2 February 2015 (to 29 February 2024)
Richard J Thomson	appointed 1 July 2020 (to 30 June 2024)
Susie J Johnstone	appointed 1 March 2021
Tim DR Loan	appointed 3 October 2022
Greg Anderson	appointed 1 July 2023
Chris Milne	appointed 1 July 2023

REGISTERED OFFICE

50 The Octagon
Dunedin
New Zealand

BANKERS

Westpac

TAXATION ADVISORS

Deloitte

SOLICITORS

Anderson Lloyd

AUDITOR

Audit New Zealand, on behalf of the
Controller and Auditor General

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Dunedin City Holdings Limited Limited's group financial statements and statement of service performance for the year ended 30 June 2024

The Auditor-General is the auditor of Dunedin City Holdings Limited and its controlled entities (collectively referred to as "the Group"). The Auditor-General has appointed me, Rudie Tomlinson, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the statement of service performance of the Group, on his behalf.

We have audited:

- the financial statements of the Group on pages 37 to 88, that comprise the statement of financial position as at 30 June 2024, the statement of financial performance, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Group on pages 92 to 108.

Qualified opinion

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

- the financial statements of the Group:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2024; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards; and
- the statement of service performance of the Group presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives for the year ended 30 June 2024.

Our audit was completed on 30 September 2024. This is the date at which our qualified opinion is expressed.

The basis for our qualified opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the statement of service performance, we comment on other information, and we explain our independence.

Basis for our qualified opinion

Financial statements: Related party advances were not measured at fair value in accordance with NZ IFRS 9

The Group has related party advances of $590,000,000 (2023: $459,800,000) included within other financial assets.

The Group has concluded that its related party advances do not meet the requirements in NZ IFRS 9 *Financial Instruments* to be measured at amortised cost. These assets should instead be measured at fair value through profit or loss. As explained in note 6, the Group has continued to measure these assets at amortised cost which is a departure from the requirements of NZ IFRS 9. The fair value of the related party advances is expected to materially differ from amortised cost in the current and prior years.

Any fair value adjustment to these advances would affect the carrying value of other financial assets, the profit after taxation, and opening and closing accumulated funds in the current and comparative financial years.

Financial statements: Stadium assets were not tested for impairment under NZ IAS 36

As outlined in the statement of compliance on page 43, the Group is designated as a for-profit entity for financial purposes. The Group includes Dunedin Stadium Property Limited (the Stadium company), which is designated as a public benefit entity.

As a public benefit entity, the Stadium company has concluded that the value of its stadium assets of $138,159,000, as included within property, plant, and equipment in the Group financial statements, is not impaired. This is because the Stadium company is primarily there to operate and provide services to the public, rather than to generate a commercial return. However, the Group as a for-profit entity is required to consider whether the value of the stadium assets has been impaired, based on forecast cash flows. There is an indicator that the value of the stadium assets to the Group is impaired.

The impairment to the stadium assets is expected to be material to the Group's financial position. However, the Group has not assessed the value of the stadium assets on a commercial basis as outlined in note 10 on page 58, which is a departure from the requirements of NZ IAS 36 *Impairment of Assets.* We did not determine this value because it was impracticable for us to do so.

We issued a qualified opinion on the Group's 30 June 2023 financial statements for the same reason described above.

Statement of service performance: Limited evidence to support the "Shareholder's funds to total assets" and "Net profit after tax" performance measures

The statement of service performance contains certain financial related performance measures derived from the financial statements. As a consequence of the impact of the matters above on the financial statements, we were also unable to obtain adequate evidence to support the Group's "Shareholder's funds to total assets" and "Net profit after tax" performance measures presented on page 93.

We issued a qualified opinion on the Group's 30 June 2023 statement of service performance for the same reasons outlined above.

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. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our 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 qualified opinion.

Responsibilities of the Board of Directors for the financial statements and the statement of service performance

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the statement of service performance for the Group.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the statement of service performance, the Board of Directors is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the statement of service performance

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of service performance, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 these financial statements and the statement of service performance.

For the target information reported in the statement of service performance, our procedures were limited to checking that the information agreed to the Group's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the statement of service performance.

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 financial statements and the statement of service performance, 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 Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- We evaluate the appropriateness of the reported statement of service performance within the Group's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditor's report to the related disclosures in the financial statements and the statement of service performance 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 Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the statement of service performance , including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial statements and the statement of service performance of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated statement of service performance. We are responsible solely for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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 in our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 36, 89-91 and 109-112 but does not include the financial statements and the statement of service performance information, and our auditor’s report thereon.

Our opinion on the financial statements and the statement of service performance does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the statement of service performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of service performance or our knowledge obtained in the audit, 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 the fact.

As described in the *Basis for our qualified opinion* section above, we could not obtain adequate evidence over the carrying values of stadium assets and related party advances. Accordingly, we are unable to conclude whether the other information that includes financial information about the Group is materially misstated with respect to these matters.

Independence

We are independent of the 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 New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have carried out engagements in the areas of statutory and regulatory engagements for the Group's subsidiaries and associate, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with, or interests in, the Group.

Rudie Tomlinson
Audit New Zealand
On behalf of the Auditor-General
Dunedin, New Zealand