



DUNEDIN CITY HOLDINGS LIMITED

2021 annual report



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dunedin city holdings ltd

■ WHAT WE DO

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

■ OUR PORTFOLIO



2021 in numbers

\$1.48b total assets

\$84.7m capital expenditure invested

\$296.2m total operating revenue

\$5.9m interest paid to DCC

93,000 customer connections at Aurora Energy

\$38.9m operating cash flow

929,000 new trees planted by City Forests Ltd

29 average number of apprentices/trainees at Delta

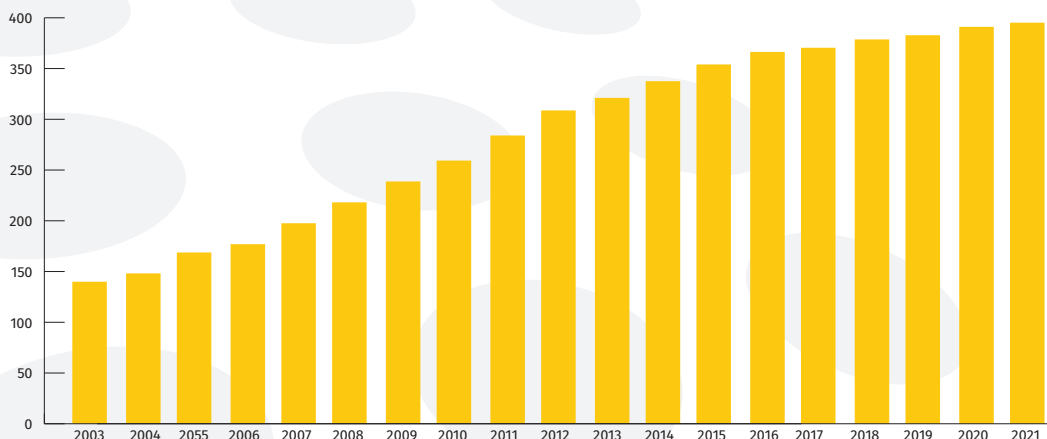
5,719 passengers on Dunedin Railways summer train services

761,649 passengers through Dunedin Airport

10 year term agreed with Forsyth Barr as naming rights sponsor for Forsyth Barr Stadium

Cumulative Dividends, Interest and Debt Repayments \$m

Paid to Dunedin City Council since 2003





chair's review

The DCHL Group has recorded pleasing results for the 2020/2021 financial year, with strong cash flows and profit well ahead of budget.

The DCHL Group had been forecast to record a net loss of \$8.6 million this year. However, strong performance at the larger companies in the portfolio and continued reduced cost of funds, combined with positive revaluations of forestry assets, has generated a Group net profit of \$26.1 million.

While this profit reflects strong operational performance, the aforementioned forestry revaluations significantly influenced City Forests' and the Group's net profit. These revaluations are not cash transactions and therefore do not lead to higher dividends to either DCHL or DCC as shareholder.

The underlying performance of the larger companies has nevertheless been positive and DCHL is pleased to present this report.

Results For the year ended 30 June 2021

	Group \$'000
Revenue	296,200
Profit before income tax	38,431
Income tax	12,292
Net profit for the year	26,138

Dividends were higher than forecast from City Forests, partly as a "catch-up" from reduced dividends in the previous year owing to Covid-19, and partly as a special additional dividend. A dividend was received from Delta in line with budget. No dividend was received from Dunedin International Airport Ltd due to the impact of Covid-19.

As provided for in the Statement of Intent, a payment of \$5.9 million was made to Dunedin City Council from DCHL, representing interest on the shareholder's advance.

The group's overall debt (managed by Dunedin City Treasury Ltd (DCTL)) increased over the year, as forecast in our Statement of Intent. This was principally driven by increased capital expenditure at Aurora Energy and Dunedin City Council. Most other companies' debt remained relatively static. The continued reduction in the cost of the group's funds over the year was welcome in the context of increasing debt.

Full financial statements for the year ended 30 June 2021 are included in this report.

Overview of companies' performance

For the year ended 30 June 2021 (FY21), Aurora Energy's financial statements again reflect substantial levels of capital investment and improved financial performance.

Aurora's total FY21 capital expenditure increased to \$76.6 million (FY20: \$53.6 million). Aurora has been pleased to report that after a significant uplift in customer connections revenue and lower transmission costs, the company recorded a net profit after tax of \$681,000 (FY20: loss \$4.2 million) compared with a forecast loss of \$9.1 million. The positive result against forecast was driven by higher growth related customer contributions and below budget non-network operating expenditure.

City Forests had a record financial year delivering an after-tax profit of \$36.9 million. The results were above budget and improved compared to the previous year. Profitability increased due to increased harvesting which caught up all volume lost due to the 2020 Level 4 Covid-19 lockdown, combined with record log and carbon prices and a resulting increase in forest valuation driven by these factors. City Forests made a strong financial contribution to the DCHL group through \$8.2 million in dividends (FY20: \$4.5 million).

Delta Utility Services Ltd (Delta) experienced strong demand for its core services during the financial year ended 30 June 2021. Despite sustained global change associated with the pandemic, Delta is among those that have continued to provide essential services to our communities. Delta has performed well above budget and forecast during the year and has improved substantially on prior year results.

Delta's commitment to safe and quality outcomes, paired with years of industry experience, has led to major contract wins during FY21. Delta secured long term futures with major customers including Aurora Energy, Dunedin City Council, Network Tasman and Nelson Electricity. The assurance of sustained future work has positioned Delta well for FY22.

As noted above, the group's cost of funds, managed by DCTL, has reduced further over the 2020/21 financial year. The DCC Group's cost of funds reduced by approximately 0.87% to 2.49%, reflective of the very low interest rate environment globally.

Dunedin Stadium Property Ltd (DSPL) experienced an operating loss, as budgeted. The loss of \$7.5 million (FY20: \$8.2 million) is a slight improvement over the previous year, resulting from a reduction in depreciation and borrowing costs, and it was not necessary to provide rent relief during the current year.



DSPL did not receive subvention payments from companies within the Group this year. Subvention payments are dependent on the ongoing profitability of DCHL group companies. Instead, DSPL has tax losses to carry forward for the current year, which the company intends to transfer to the DCC Group in future years by means of a subvention payment and tax loss offset.

The continued impact of Covid-19 on Dunedin Venues Management Ltd (DVML) cannot be underestimated, with a number of notable events affected during the year. An All Blacks v Scotland Test match was cancelled (July 2020), the Hella Mega concert was cancelled (November 2020) and ICC Women's Cricket World Cup (February 2021) and the Rod Stewart Concert (November 2020) were both postponed to March 2022 and February 2022 respectively. DVML recorded a net loss for the year of \$0.3 million.

The year highlighted the incredible support DVML received from its Forsyth Barr Stadium Members, Commercial Partners and Sponsors as it focuses on rebuilding the events calendar and driving economic benefit into Dunedin City.

During the year DVML welcomed the recommitment of Forsyth Barr as the stadium's naming rights sponsor for a further ten years.

Dunedin Railways transitioned to hibernation at the start of the 2020/2021 year, in line with Dunedin City Council decisions in the context of Covid-19. Dunedin Railways has focussed on maintaining key rolling stock and track assets, supported by funding from Council, pending further Council decisions about the company's long-term future.

DCHL prepared a report identifying and evaluating options to support Council's decision-making during the year.

Dunedin Railways operated a summer promotion of passenger rail services which was well received by the community.

Unsurprisingly, the Covid-19 pandemic materially influenced FY21 passenger numbers at Dunedin Airport, and as a consequence, the company's financial performance.

While comparison against the prior year shows increased passenger numbers, the 2020 financial year was also significantly disrupted. Passenger numbers remain approximately 25% below pre-Covid-19 years where DIAL were experiencing in excess of 1 million passengers each year.

Dunedin Airport recorded a pre-tax operating surplus of \$3 million, which is \$647,000 ahead of the prior year.

As the parent company, DCHL has pursued several initiatives to provide support, leadership and oversight across the Group. This year we have co-ordinated the measuring and reporting of companies' carbon footprints – a significant step forward in developing and delivering on emissions reduction strategies and targets.

DCHL has made progress in its strategy to take a stronger portfolio management focus, through more active monitoring of group entities' financial and non-financial performance. We continue our ongoing evaluation of the purpose and composition of the portfolio, based on a long-term view and our shareholder's aspirations for the portfolio. We look forward to continuing this work in 2022.

Outlook

Although DCHL group companies operate in the current uncertain economic environment, the outlook for the group is broadly positive.

The Commerce Commission's final decision on Aurora Energy's proposal for a Customised Price Path (CPP) has provided the company with increased certainty over the next five years. The company's performance is forecast to improve across a number of financial metrics over this period as it continues to undertake its programme of investment in the network.

We see a continued positive outlook for City Forests. Although the company's near-term profitability will depend on commodity log markets and the wider international economy, the company is optimistic that over the medium term the New Zealand forest industry will continue to generate favourable returns in international and domestic markets.

Delta has improved its underlying performance this year and has a strong forward workload.

Given ongoing travel restrictions as a result of Covid-19 we envisage a continued negative impact on Dunedin International Airport and Dunedin Venues Management.

Group directors

Kathy Grant retired as a director of DCHL, DCTL, DSPL and Dunedin Railways having served on the board for nine years. We thank Kathy for her service to DCHL and the city and wish her well.

In March 2020 we welcomed Susie Johnstone to the boards of DCHL, DCTL, DSPL and Dunedin Railways. Susie brings strong public sector governance experience and accountancy expertise to the board.

There were several changes in directorships within the group of companies throughout the year. We acknowledge the service of directors we have farewelled: Brenden Hall (Aurora Energy), Rachel Brooking and Tony Allison (Dunedin International Airport Ltd; Tony remains on the board of Delta).

We welcome to the Group new directors Simon Clarke and Stephen Lewis (Aurora Energy, from July 2021), and Shane Ellison and Barbara Robertson (Dunedin International Airport Ltd, from July 2021).

DCHL oversees a diverse portfolio, with businesses spanning a wide spectrum of industries, markets, and company size. DCHL Group companies are also charged with delivering commercial returns – in Aurora's case in a regulated environment – as well as meeting broader non-financial expectations of their shareholders and communities.

All of this can make for a challenging environment. I would like to acknowledge and thank all those working across the group – staff, management and directors – for their contributions in the 2021 financial year.



Keith Cooper
Chair

health and safety

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.

All companies adjusted their health and safety processes and protocols in response to Covid-19, to ensure companies operated safely at various alert levels.

Aurora Energy's number one priority is keeping its staff and contractors safe while they perform necessary work on the network. This year, Aurora Energy implemented governance standards that improved its approach to incident management, contractor management, asbestos management, and health and wellbeing.

In addition, Aurora Energy's public safety management system was reviewed and audited to ensure it complies with New Zealand standards and identifies further opportunities to reduce or mitigate public safety risks. A revised health and safety compliance auditing approach on worksites has resulted in clearer understanding by field crews of the specific safety controls required. Aurora Energy has delivered a more consistent approach to managing health and safety, as evidenced by fewer repeat non-conformances.

Aurora Energy recorded zero serious harm events involving members of the public during FY21. Aurora Energy and its largest

contractors recorded a total recordable injuries per 200,000 hours worked (TRIFR) of 5.7, against a target of ≤ 4.00 .

'Visible Leadership' has been a strong focus of the Aurora Energy health and safety strategy, recognising that excellent health and safety relies on strong leadership. A group of Aurora Energy leaders and employees recently completed the Sentis 'Zero Incident Process' programme.

Throughout the year, Aurora Energy held various initiatives to keep its workforce engaged and to maintain a firm focus on wellbeing, including regular staff 'pulse' surveys and Wellbeing Committee meetings.

City Forests continued to improve its health and safety systems in accordance with its annual plan. The areas of contractor certification, risk assessment, internal safety audit systems, driver training and drug and alcohol testing were continued focus areas for the year.

City Forests recorded a Lost Time Injury Frequency (LTIF) of 11.5 lost time injuries per 1 million hours worked (6.4 previous year). Two contract forest operation employees had a lost time incident working on the Company estate during the year.

Delta delivered on its fourth year of its Health & Safety Strategic Plan. During FY21, a clear focus on robust planning and preventable measures was maintained. Good progress was made in several areas – including a 60% reduction in harm severity and





a 75% reduction in ticketed speeding violations. Safety leadership in the field exceeded targets by 36% and Delta's staff-led Safety Wellness Action Teams (SWAT) closed out an increased number of health and safety actions. Safety alerts and wellbeing initiatives have continued to be communicated throughout the business during FY21 and has helped navigate a year with a high mental burden coping with the pandemic.

Unfortunately, Delta did not meet all health and safety targets for the year. Total recordable injuries per 200,000 hours worked (TRIFR) was 4.34, against a target of 3.50. Total lost time injuries per 200,000 hours worked (LTIFR) was 1.40, against a target of 1.00.

Maintaining an effective health and safety management system supports Delta's strategic direction and safety vision. As part of continual improvement in this area, Delta is addressing issues of remote working through fleet telematics and welfare monitoring review, progressing towards ISO45001 accreditation, and building a high-functioning internal audit programme.

Delta continues to support innovation in the health and safety space. During FY21, Delta was cited at the Safeguard National Health & Safety Awards for its support in assisting a major health initiative, looking into Hand-Arm Vibration Syndrome.

Dunedin Railways operated during the past financial year with zero lost time injuries to staff which was an excellent result. The focus of the Health and Safety system became passenger safety when Dunedin Railways operated a summer program

of *Trains not Planes*. An external audit was conducted with no major findings acting as a catalyst to allow the passenger service to run. Dunedin Railways delivered the summer of *Trains not Planes* promotion with zero passenger incidents through robust passenger management plans which identified risks and controls that put passenger safety at the forefront.

DVML has focused on continual improvement this past year with key areas of safety leadership, worker engagement and risk management at the forefront, and a robust safety and wellness plan implemented. DVML recorded zero lost time injuries and zero recordable incidents for the second consecutive financial year which is an outstanding result. DVML's reporting has increased this year, demonstrating its commitment to safety and wellness.

Dunedin Airport welcomed a new Safety and Compliance Manager to the team this year.

Dunedin Airport will focus on Safety Culture to ensure the company seeks continuous improvement in its proactive and pragmatic approach to delivering the highest level of safety and security across the airport.

Dunedin Airport will continue to emphasise the need for the company's stakeholders, partners and staff to report close calls, identify new hazards and to celebrate good safety behaviours.

Safety will continue to be the priority in everything the team do at Dunedin Airport.

community involvement

Our community involvement continues to cover a wide range of civic, charitable, sporting and recreational activities. In 2021, this support comprised a combination of financial sponsorship or assistance, and the provision of staff resources and other forms of non-financial donation, from within the Group's resources.

Aurora Energy is proud to foster an interest in science and technology amongst young people in the Otago region and has been the prime sponsor of the annual Aurora Energy Otago Science and Technology Fair since 2004. The 2021 Aurora Energy Otago Science and Technology Fair was held in August and attracted 224 entries from 262 students representing 22 schools in Dunedin and across Central Otago. The winner of the Aurora Energy Premier Award, Best in Fair 2021, was Satoshi Tomita, a Year 13 student from John McGlashan College, for his entry 'Investigating solar panel efficiency with shading'. He also took home an Aurora Excellence in Energy Prize. Later in 2021 Satoshi and other winners have been invited to tour the Aurora Energy offices in a bid to encourage young people to consider the energy distribution sector as a future career pathway.

Aurora Energy is also a major sponsor of the Southern Lakes Festival of Colour. Showcasing more than 30 performances across multiple venues in Wānaka, the festival is always an exceptional and exciting week. In 2021, the festival exceeded box office targets, with more than 9,000 tickets sold, and offered its biggest free street and community programme yet. Aurora Energy is proud to support the high levels of creative energy the Festival of Colour brings to the Otago region. The next Festival of Colour takes place from 26 March to 2 April 2023.

Alongside local event support, Aurora Energy also worked with several community groups to provide in-kind support to local projects. A project of note was the new Clyde to Cromwell cycleway, where old poles were used as vehicle bollards and pathway markers.

In the planning phase of its 'Otago Harbour Crossing Project', Aurora Energy worked with a number of community stakeholders including the Quarantine Island Kamau Taurua community, local Ōtākou Rūnaka, the University's Marine Laboratory, environmental and harbour community groups. Each group supported the removal of the overhead lines and towers, and their replacement with submarine cables. The Otago Harbour Crossing project was a great example of community collaboration and co-planning; it was met with enthusiasm by the local community thanks to its three-fold benefit of allowing safe passage into the Otago Harbour, removing the lattice towers and enhancing the environmental appeal of the area, and upgrading the asset.

In the coming year, Aurora Energy hopes to continue to build on

relationships across the region and make a positive impact in the communities it serves.

The community continues to benefit from the significant network of walking and cycle tracks, picnic areas and other public amenities maintained by City Forests. Forest areas such as the Ross Creek / Wakari Road and Flagstaff walking and cycle trails see extensive public use. The company has excluded key parts of this area from future harvest programmes and contributes to track maintenance as required.

Organised events such as the Rally of Otago, trail rides and cross-country running events were undertaken within the forest estate during 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 is committed to supporting the communities in which the company operates. Delta looks to forge strong and meaningful relationships with its partners, by living the company's core values of Do it First, Do it Right, Do it Together.

In FY21, Delta sponsored the Alexandra Blossom Festival and the LUMA Southern Light Project. The company participated in Arbor Day and community planting projects for the Dunedin City Council, and although Special Rigs for Special Kids was cancelled in FY21, Delta remain active supporters and are due to participate in FY22.

Delta's Charity Challenge initiative continues to be strong. A company-wide safety initiative, the Charity Challenge helps raise awareness among staff, while contributing to local charities in our communities. Each time an employee reports a close call or identifies a new hazard, the charity challenge fund increases.



Luma Southern Light Project



"Pull the Plane" at Dunedin Airport

When the fund reaches a certain threshold, the best entry is selected, and that member of staff nominates a charity of their choice. In FY21, Delta donated over \$9,000 through this initiative to worthy causes such as the Otago Community Hospice and Life Matters Suicide Prevention Trust.

DVML host internship placements for Otago Polytechnic Students who, during their internship, become an integral part of the DVML team; and experience on-the-ground training in event and venue management, sports turf management and hospitality.

DVML continues to ensure access for community groups to enjoy the venues it manages through the administration of the Community Access Grant, which provides a fund of \$750,000 for associated venue costs for community events. The full value of the Community Event funding was utilised by the community. In 2020|2021 this resulted in a total of 47 events being hosted with 22,004 people attending or participating.

Dunedin Airport continued to support events and organisations within the Dunedin city and region over FY21.

In collaboration with Mediaworks and Air New Zealand, a unique event was held at Dunedin Airport called "Pull the Plane". This involved a number of leaders in Dunedin and the region arriving at the airport to "pull" an Air NZ ATR plane - demonstrating everyone working together for growth.

Dunedin Airport continues to sponsor one of our City's beloved and treasured birds, the Yellow-Eyed Penguin. This iconic yet endangered bird needs all the help it can get, and Dunedin Airport are very proud to be involved with the Trust. Further, in the upcoming year the Dunedin Airport team will be assisting the Trust with the important work they do in the field.

environmental initiatives

Environmental sustainability is an increasing focus for our group of companies. In the 2020/2021 year companies contributed to a wide range of environmental initiatives.

New Zealand will be unable to meet its climate change commitments without further electrification of its economy with low carbon emissions and renewable electricity. For Aurora Energy customers, the electricity distribution network will be at the heart of the decarbonisation opportunity. The business needs to be able to continue to supply electricity from the grid when it is needed, and also needs to enable new technologies to connect to the network and in some cases push electricity back into it. Aurora Energy is preparing for this challenge both in terms of the investments it is now making across the network, in network planning and through a number of sector-wide collaborations.

An innovative outsourced solution to help meet future energy demands stemming from population growth advanced in the upper Clutha region (Wānaka/Hāwea). Aurora Energy established a commercial arrangement, working to support the development of a virtual power plant system that will enable third parties to deploy solar power from home solar units during periods of peak demand. This is a first for New Zealand.

The Aurora Energy network is at the forefront of increasing customer uptake of distributed energy resources such as rooftop solar, electric vehicles and battery storage. In preparation for changing patterns of electricity use, the company has a network evolution plan to support the transition to a low-carbon future and customer choice in adopting new technologies. Over the coming years, the plan anticipates research, development and testing of several new and innovative network and non-network solutions.

City Forests actively manages over 2,000ha of reserves incorporated throughout the 24,000ha forest estate.

City Forests has held uninterrupted international Forest Stewardship Council (FSC) certification for twenty-one 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 of forest crop. Subsequent to balance date, a full and independent FSC re-certification audit was conducted. City Forests passed the audit and received positive feedback from the audit team commending the company on its high standard of implementation of FSC forest management criteria.

City Forests hosts a number of rare, threatened and endangered species within the commercial forest and reserve areas of the estate. The company actively contributes to research and management programmes to enhance these species and their habitats.

City Forests makes contributions to a number of external environmental organisations, including Orokanui Ecosanctuary (\$60,000), Yellow Eyed Penguin Trust (\$10,000) and Otago Wildlife Hospital (\$5,000).

Environmental performance and sustainable work practices continued to be a focus for Delta. During FY21, Delta completed a baseline audit for ISO 14001, an internationally recognised standard for Environmental Management Systems. Although Delta will eventually shift away from the Enviro-Mark accreditation model, due to ISO 14001, all depots continued to maintain their Enviro-Mark Gold accreditation during the year.

As part of DVML's overall sustainability strategy, sustainability measures have been added as part of services and equipment tenders and supplier contracts. Always searching for alternative environmentally friendly products, DVML has trialled the use of cans with good results. Continuous review of food service, packaging, cleaning products and turf management chemicals to reduce overall environmental impact occur regularly.

Over FY21 Dunedin Airport targeted diversion of waste to landfill rates. Dunedin Airport changed its waste provider this year and with a collaborative approach with their cleaning provider, OCS, the airport embarked on a new programme which now accurately measures true weights of waste, with accurate rates of diversion to landfill. Dunedin Airport also looks forward to implementing a new public recycling initiative in the first quarter of FY22. OCS estimate that the airport's public recycling initiative will increase diversion rates by a further 12 to 15%.



Greenhouse Gas emissions summary

For the year ended 30 June 2021

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

Group companies completed this process with the assistance of external advisors and in accordance with the requirements of the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and ISO 14064-1:2006 Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals.

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

- Farm emissions related to dairy cattle, fertiliser, and farm vehicle fuel consumption (farm owned by Dunedin Airport Ltd)
- Wastewater treatment plant emissions used for the airport facilities as well as the Momona village (Dunedin Airport Ltd).

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 Ltd estate (but not the commercial plantations that are registered in the New Zealand Emissions Trading Scheme; those are accounted for under the rules of that Scheme).

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 use within HVAC air-conditioning systems we operate

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's distribution network

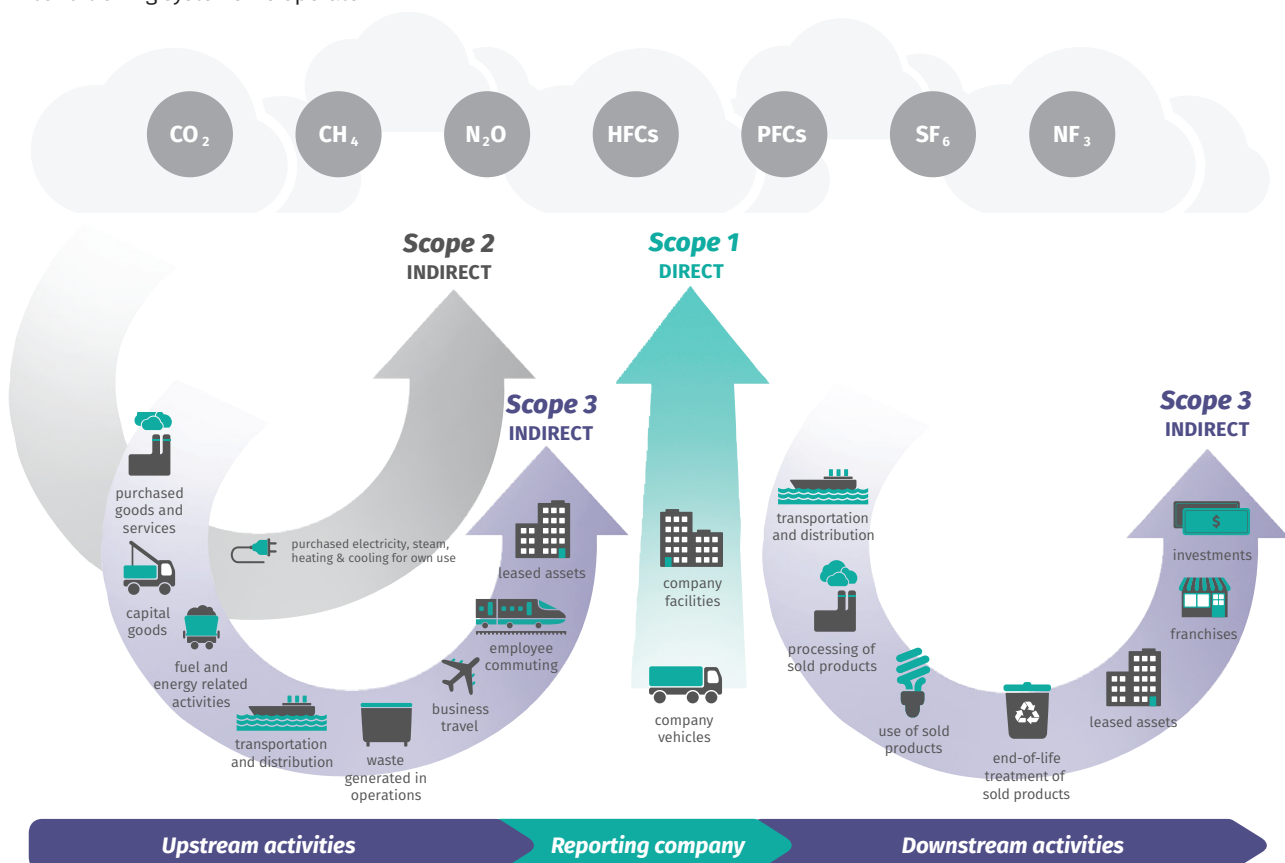


Figure 1 Source: GHG Protocol - Figure 1.1 of Scope 3 Standard

Scope 3 emissions are indirect or value chain emissions.

To ensure alignment across the Dunedin City Holdings Limited (DCHL) group of companies it was agreed that the companies would report on a consistent 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.

Other than the items noted in Scope 3 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 total of 44,804 tCO₂-e, across Scope 1, 2 and 3 in the year ended 30 June 2021. The tables below show how these emissions broken down by scope, by company, by source category and by activity.

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, and dairy farming at Dunedin International Airport.

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'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 thermal (fossil fuel) generation between South Island and North Island grids.

In practice, it will be challenging for Aurora 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 account make up the largest portion of total emissions measured across the DCHL Group. The largest source of emissions in this category is freight, which is driven primarily by emissions associated with shipping City Forests' logs to Asia.

As described above City Forests' commercial forest carbon sequestration / emissions are excluded from the scope of this measurement and reporting exercise, because those commercial forest areas are registered under the New Zealand Emissions Trading Scheme (ETS) and are already accounted for under the rules of that scheme.

It is therefore important to note when reading this report that the carbon sequestered by the vast majority of City Forests' trees is not captured within these figures.

We have, however, taken into account 3,196 hectares of native, non-commercial forest held by City Forests, which is the equivalent offset of 7,265 tCO₂e. This then provides a net emissions total across the group of 37,539 tCO₂e.

Table 1 Emissions by Scope

Scope	tCO ₂ -e	% of Total
Scope 1	6,470	14%
Scope 2	10,496	23%
Scope 3	27,838	62%
Total Scope 1, 2, 3	44,804	100%
Forestry net total	(7,265)	-16%
Total	37,539	

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's Scope 2 emissions (direct emissions) and the same emissions are recorded by each individual company as their 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 25 tCO₂-e across the Group.

Emissions by Company

The DCHL Group's FY2021 emissions listed by Company are shown below.

Table 2 Emissions by Company (tonnes CO₂-e)

Company	Scope 1	Scope 2	Scope 3	Total	Forestry	Net
Aurora Energy	219	9,943	107	10,269		10,269
City Forests Ltd	112	3	27,289	27,404	-7,265	20,139
Delta	3,692	106	289	4,088		4,088
Dunedin City Treasury Ltd	1	0	1	2		2
Dunedin Railways	82	12	1	94		94
DVML	276	259	105	640		640
Dunedin Airport	2,088	173	44	2,305		2,305
DCHL Office	1	0	1	2		2
Total	6,470	10,496	27,838	44,804	-7,265	37,539

DCHL Group Scope 1 and Scope 2 Emissions by Activity

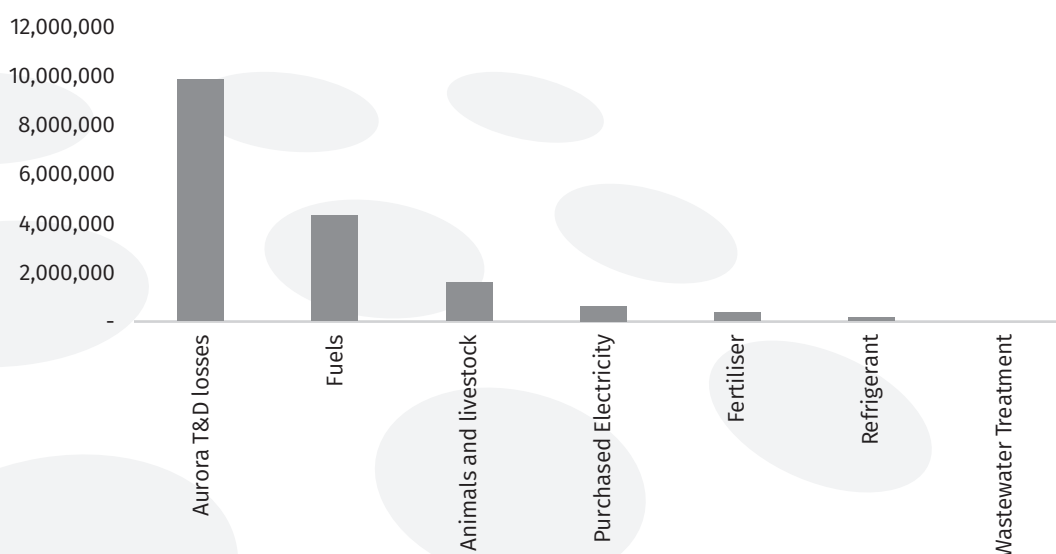
Emissions (kg CO₂-e)

Table 3 Emissions by Source Category

Scope	Emission source category	Tonnes CO ₂ -e	Tonnes CO ₂	Tonnes CH ₄	Tonnes N ₂ O	Tonnes Other (SF ₆ , HFCs)
1.	Fuels	4,355	4,272	11	73	
1.	Refrigerant	122	-	-	-	122
1.	Animals and livestock	1,634	-	1,320	314	
1.	Fertiliser	345	91	-	254	
1.	Wastewater Treatment	13	-	4	8	
2.	Purchased Electricity	592	567	24	1	
2.	Aurora T&D losses	9,904	9,511	379	14	
3.	Flights (Domestic)	147	144	1	2	
3.	Flights (International)	0	0	-	0	
3.	Freight	22,858	22,530	11	317	
3.	Waste to landfill	230	-	230	-	
3.	T&D losses	23	21	2	0	
3.	Car-based Transport	5	5	0	0	
3.	Contractor Fuels	4,540	4,462	6	71	
3.	Accommodation	35	35	-	-	
	Forestry (owned)	-7,265	-7,265	-	-	
	Forestry (harvest and deforestation)	-	-	-	-	
1	Scope 1 total	6,470	4,363	1,335	649	122
2	Scope 2 total	10,496	10,079	403	14	-
3	Scope 3 total	27,838	27,197	250	391	-
	Scope 1, 2 and 3 total	44,804	41,639	1,989	1,054	122
	Forestry net total	-7,265	-7,265	-	-	
	Inventory total	37,539	34,374	1,989	1,054	122

- CH₄ and N₂O expressed in terms of kgCO₂-e

- T&D refers to electricity transmission and distribution

- Scope 2 emissions for the T&D losses associated with network companies are excluded

Next Steps

As this is our first footprint, a number of assumptions and estimates have been made when calculating our emissions. It is our intention to measure and manage our footprint on an ongoing basis and to report on this annually.

As noted in our 2021-2022 Statement of Intent, next steps include developing emissions and waste reduction strategies and associated targets for each company. We will also focus on improving the accuracy of our calculations, giving consideration to the most relevant Scope 3 emissions that we track, and implementing measures to reduce our emissions across all companies.

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 and \$1,000 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.

The second intake of intern directors recently completed their 18-month terms and their feedback on the programme has been unanimously positive. Intern Directors have gained valuable insight into the roles of company directors, particularly with their terms including the challenge of Covid-19.

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

We look forward to welcoming a new intake of intern directors in 2022.

2020/2021 Intern Directors

Jon Foote
Aurora Energy

Mark Shirley
City Forests

Laura Warren
Delta

Christine MacNamara
Dunedin Airport

Michael Price
Dunedin Railways

Andrew Douglas
DVML

2020/2021 DCHL Intern Directors: (from left) Andrew Douglas, Laura Warren, Mark Shirley, Michael Price, Christine MacNamara and Jon Foote.



Subsidiary and associate company reports





Aurora Energy Limited

■ WHAT WE DO

Aurora Energy owns and operates the electricity network in Dunedin, Central Otago and Queenstown Lakes. It owns the poles, lines and equipment that distribute electricity from Transpower's national grid to more than 93,000 homes, farms and businesses. The Company is responsible for maintaining and renewing infrastructure. The safety and reliability of electricity supply is a critical driver across all elements of our Aurora Energy business.

■ WHAT WE DID THIS YEAR

This was a defining year for Aurora Energy as the company moved to a customised price-quality path (CPP) and secured a revenue pathway for the future, enabling it to address safety and reliability risk across the network.

Aurora Energy was given approval to invest \$563 million over five years – split between \$327 million of capital expenditure on new assets and network improvements, and \$236 million of operational and maintenance expenditure. In its decision, the Commerce Commission said the spend was necessary to continue the work to position Aurora Energy's network for the future and bring the network's performance up to safe and reliable standards following historic under-investment.

Network upgrades and asset renewals proceeded at good pace during the year. Designs, plans, contracts and orders for new equipment were transformed into new physical assets on the ground.

The company was proud to confirm that a significant chunk of the work replacing ageing power lines spanning Otago Harbour took place in May/June 2021 – on time and within budget. The harbour crossing project involves six old lattice towers and lines across the Otago Harbour being replaced with submarine cables. This will improve security of power supply to the growing Otago Peninsula suburbs. Community engagement was an essential part of the project planning and the project has widespread community support. The work is due to be completed by October 2021.

While the Otago Harbour Crossing is a unique project with evident environmental and visual benefits, Aurora Energy is undertaking a

number of other less visible projects across its network in Dunedin, Central Otago, Queenstown and Wanaka to improve the safety and reliability of electricity supply.

Other major upgrades achieved this year include:

- **New Waipori lines.** Lines and poles were replaced on a section of this ageing line between Outram and Berwick.
- **New Cromwell zone substation.** We refurbished this substation and upgraded the transformers to meet the growth needs of this community.
- **St Bathans pole removal and lines-underground project.** Power lines on the St Bathans Loop Rd were under-grounded during the year, with ageing poles and lines removed; restoring the original outlook of the town.
- **Otago Peninsula lines replacement.** Most of the work upgrading lines was completed, and safety and reliability of power in this area will be significantly improved once this work is completed next year.
- **Clyde reinforcement and Mutton Town alternative power supply project.** We made headway on installing an alternative supply route for Clyde township and surrounds.
- **Outram zone substation upgrade adding extra capacity.** The existing transformers and associated equipment have been replaced with larger and higher-capacity transformer equipment. This substation supplies load around Outram and the Taieri Plain, including Dunedin Airport.

Maintaining quality information about its assets remains a priority focus for Aurora Energy as it develops a new asset management system. For the first time, the Company used the birds-eye-view of drones to inspect assets and a resulting maintenance programme is now underway. Work is progressing to upgrade and maintain lines, poles and transformers in the more rural communities that Aurora Energy services, including Omakau, Roxburgh and the northern end of Otago Peninsula.

The Company was grateful for the expertise of people in its control room, which is staffed around the clock, and the staff of its contractors who work in the field in all weather conditions. These are the people who keep the lights on.

■ THE PEOPLE

Directors	Steve Thompson (Chair)
	Margaret Devlin
	Brenden Hall (until 30 June 2021)
	Wendie Harvey
Chief Executive	Richard Fletcher

■ AT A GLANCE

	2021 \$'000	2020 \$'000
Revenue	116,254	110,953
Net Surplus/(Loss) for the Year	681	(4,197)
Shareholder's Funds	178,139	175,965
Total Assets	671,909	617,646

City Forests Limited



■ 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

City Forests had a record financial year delivering an after-tax profit of \$36.87 million. The results were above budget and improved compared to the previous year. Profitability increased due to increased harvesting which caught up all volume lost due to the 2020 Level 4 Covid-19 lockdown, combined with record log and carbon prices and a resulting increase in forest valuation driven by these factors. City Forests made a strong financial contribution to the DCHL group through \$8.2 million in dividends (FY20: \$4.5 million).

City Forests' achieved record harvest production of 388,664m³ this year in an operating climate of record log prices. All sustainable harvest production lost due to the 2020 Level 4 Covid 19 lockdown has now been caught up.

City Forests handled a total volume of 402,260m³ for the year. 13,597m³ of outside wood was traded during the year principally to supplement log export operations.

City Forests continued to manage its forest estate in a long-term sustainable manner to a high environmental management standard as required by Forest Stewardship Certification.

The Company has made progress expanding the forest estate during the year through the acquisition of quality properties that will increase future harvest levels and future carbon sequestration. Future resource planning work has been undertaken including improved modelling of future carbon sequestration and harvest liabilities under the ETS.

The Board's focus is to ensure City Forests is run on a long-term sustainable basis and that operational performance improvement and business growth occurs so long-term wealth continues to be built for the shareholder.



■ THE PEOPLE

Directors	John Gallaher (Chair)
	Tim Mephram
	Scott Mason
	Alison Posa
Chief Executive	Grant Dodson

■ AT A GLANCE

	2021 \$'000	2020 \$'000
Revenue	109,068	63,704
Net Surplus for the Year	36,871	12,678
Shareholder's Funds	246,898	201,816
Total Assets	337,920	279,834

Delta Utility Services Limited



■ WHAT WE DO

Delta is an infrastructure specialist providing a range of contracting services to local authority and private sector customers. Delta constructs, manages, and maintains essential energy and environmental infrastructure largely in the South Island. Delta is headquartered in Dunedin, with regional depots in Nelson, Christchurch, Rangiora, Cromwell, Alexandra, Wanaka, and Queenstown.

■ WHAT WE DID THIS YEAR

Delta experienced strong demand for its core services during the financial year ended 30 June 2021 (FY21). Despite sustained global change associated with the pandemic, our operations have continued to provide essential services to our communities. Delta has performed well above budget and forecast during the year and has improved substantially on FY20 results.

Delta recorded a net profit before tax of \$4.624 million in FY21, a substantial increase on FY20's \$1.963 million and well above FY21 forecasts. Total revenue was \$105.4 million for FY21, an increase of 5 per cent on the previous year (FY20: \$100.4 million).

Growth across the business, as well as settled weather and consistently high workloads from major customers, underpinned Delta's favourable results during the year. Additionally, Delta's commitment to safe and quality outcomes, paired with years of industry experience, led to major contract wins during FY21. Securing long-term futures with new and existing customers has positioned Delta well for FY22.

Delta continued to provide excellent career path opportunities during the year, investing in its people from apprenticeship level through to retirement. Delta sustained an average of 29 apprentices and held over 1,500 training events during the year. Delta understands the importance of future-proofing its workforce and providing a safe and inclusive workplace for staff.

Delta also continued to forge strong and meaningful relationships with its community partners. During FY21, Delta played a major

role in supporting the Alexandra Blossom Festival and the LUMA Southern Light Project. The company-wide safety initiative known as the Charity Challenge continued throughout the year. Each time an employee reports a close call or identifies a new hazard, the charity challenge fund increases. When the fund reaches a certain threshold, the best entry is selected, and that member of staff nominates a charity of their choice.

Delta has focused on two major sustainability projects during FY21. Delta completed a baseline audit for ISO 14001, an internationally recognised standard for Environmental Management Systems. Additionally, Delta underwent an extensive review of its carbon emissions within the business, creating a baseline to monitor and improve its progress within this area.



■ THE PEOPLE

Directors	Brian Wood (Chair)
	Trevor Kempton
	Tony Allison
	Steven Grave
Chief Executive	Mike Costelloe

■ AT A GLANCE

	2021 \$'000	2020 \$'000
Revenue	105,391	100,440
Net Surplus for the Year	4,624	1,963
Shareholder's Funds	25,918	23,044
Total Assets	65,444	66,121

Dunedin City Treasury Limited

■ 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, minimising funding costs and maximising return on surplus funds, within acceptable levels of risk.

■ WHAT WE DID THIS YEAR

The cost of funds for the DCC Group has continued to reduce over FY21, by approximately -0.87% to 2.49%, reflective of the very low interest rate environment globally.

The lower funding cost was assisted by the issuance of three new tranches of Medium Term Notes (MTNs) by DCTL. In October 2020 the Company issued \$50 million of 3-year MTNs at a coupon of just 0.36%. The new issue secured necessary funding for the Group at a time of uncertainty in financial markets when interest rates were very close to historical lows. The new MTNs were used to refinance the \$45 million 16 October 2020 Floating Rate Notes (FRNs) originally priced at the 3-month benchmark interest rate of +0.43%. In November 2020 the Company issued a new tranche of \$60 million 6-year MTNs at a coupon of 0.68%.

The most recent MTNs issued by DCTL were \$110 million of 7-year MTNs maturing in April 2028 at a coupon of 1.93%. The issue was used to refinance \$105 million of MTNs maturing in April 2021 with coupons of 3.15% and 1.25%.

DCTL continued to retain a significant portion of debt on a floating rate basis, taking advantage of favourable floating benchmark interest rates over the year. DCTL had \$150 million of Promissory Notes on issue as at 30 June 2021, compared to \$130 million as at the same time last year. The average rate achieved was +0.0065% above the 3-month benchmark interest rate. The average bid coverage ratio was 2.5 times the Promissory Notes tendered, illustrating very strong investor appetite for DCTL paper. Issue margins contracted during the financial year, impacted by the stimulatory monetary policy settings of the Reserve Bank.

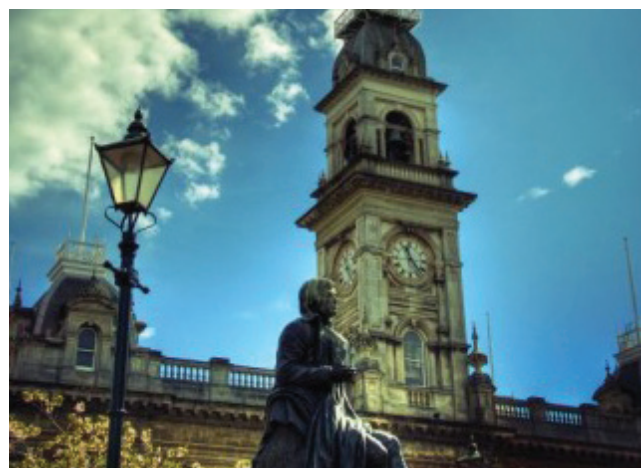
DCTL continued to ensure that funding facilities are spread over time, to help manage funding risk. From 30 June 2021, DCTL has less than \$350 million of outstanding funding due to mature in any forward one year period.

In response to the COVID-19 pandemic the Official Cash Rate (OCR) was lowered in March 2020, to just 0.25%, the lowest since the introduction of the OCR in 1999. The OCR has remained at 0.25% since March 2020, however current expectations are for the OCR to increase to around 1.75% by mid 2024 which is largely priced into the NZ yield curve as at 30 June 2021.

DCTL's activity is governed by the DCC Treasury Risk Management Policy, which is designed to manage risk across a range of areas. DCTL maintained compliance with the Policy during the 2021 financial year and continues to manage funds in the best interests of its borrowers.

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

DCTL continues to work toward adding the New Zealand Local Government Funding Agency as a source of funding.



■ THE PEOPLE

Directors

Keith Cooper (Chair)
Kathy Grant (until 30 June 2021)
Chris Hopkins (Deputy chair)
Linda Robertson
Richard Thomson
Susie Johnstone (from 1 March 2021)

Treasurer

Richard Davey

■ AT A GLANCE

	2021 \$'000	2020 \$'000
Revenue	23,784	27,259
Net Surplus for the Year	7	11
Shareholder's Funds	(30,925)	(55,846)
Total Assets	835,224	805,232

Dunedin Railways Ltd

DUNEDIN RAILWAYS
WORLD CLASS TRAIN TRIPS

WHAT WE DO

Until March 2020 Dunedin Railways Ltd (DRL) operated a tourist and excursion train on the Taieri Gorge railway line and on the Seaside line north of Dunedin. Covid-19 had a severe impact on the company and it transitioned to hibernation from 1 July 2020. The company's current focus is on maintaining key assets pending further decisions from Dunedin City Council.

WHAT WE DID THIS YEAR

Dunedin Railways transitioned to hibernation mode on 1 July 2020, after the impacts of Covid-19 on the tourism sector compounded existing financial challenges at the company. Dunedin City Council agreed to financially support Dunedin Railways in hibernation by way of a grant as an alternative to complete closure of the business.

Over the 2021 financial year, a hibernation team of seven has focussed on keeping key rolling stock and the Taieri Gorge line maintained. Dunedin Venues Management Ltd have supported the hibernation team and have performed the company's administrative functions.

The directors of Dunedin City Holdings Ltd have assumed roles as directors of DRL over its hibernation period.

With further support from Council in the form of an underwrite, the hibernation resource was temporarily expanded and applied to running passenger services over the 2020/2021 summer in a promotion titled A Summer of Trains Not Planes.

5,719 passengers travelled on 27 services to either Hindon (the "Inlander") or Waitati (the "Seaside"). Passenger surveys recorded a very high level of satisfaction. Themed trains such as the Santa Express were popular, and collaboration with the Waitati community resulted in an excellent experience for customers as well as benefits for the community.

Dunedin Railways Ltd will continue its hibernation operations into the coming financial year, as well as operating a limited schedule of passenger services, pending further decisions from Dunedin City Council as to the company's long-term future.



THE PEOPLE

Directors

Keith Cooper (Chair)
Kathy Grant (until 30 June 2021)
Chris Hopkins
Linda Robertson
Richard Thomson
Susie Johnstone (from 1 March 2021)

AT A GLANCE

	2021 \$'000 Unaudited Results	2020 \$'000
Revenue	1,347	6,515
Net Surplus/(Loss) for the Year	(236)	(6,606)
Shareholder's Funds	221	457
Total Assets	412	587

Dunedin Stadium Property Ltd

DUNEDIN STADIUM PROPERTY LTD

■ WHAT WE DO

Dunedin Stadium Property Ltd's (DSPL's) principal activity is the ownership of Forsyth Barr Stadium. In particular DSPL oversees that the stadium is maintained to a standard that enables it to operate effectively.

■ WHAT WE DID THIS YEAR

During the year the Directors reviewed the Asset Management Plan and approved an appropriate budget for future years for assets to be maintained at an operational level.

DSPL recorded a net loss before subventions and income tax of \$(7.5 million) for the year. This is an improvement of \$726,000 over the previous year, resulting from a reduction in depreciation and borrowing costs, and it was not necessary to provide rent relief during the current year.

This year no subvention payments were received from companies within the DCHL Group. Subvention payments are dependent on the ongoing profitability of the underlying group of companies controlled by DCHL. Instead, DSPL has tax losses of \$12.3 million (tax effect \$3.4 million) to carry forward for the current year, which it intends to transfer to the DCHL Group in future years by means of subvention payments and tax loss offsets.

DSPL continues to work with DCHL and its subsidiary companies on maintaining the cash funding model that has been established for DSPL through subvention receipts and capital injections.

The Stadium Review in 2015 established the future funding model of DSPL through to the year ending 30 June 2025, ensuring DSPL is able to maintain its operational, capital, and debt financing requirements. The Directors consider that the state of affairs of DSPL is as anticipated.



■ THE PEOPLE

Directors

William Cockerill (Chair)
Keith Cooper
Kathy Grant (until 30 June 2021)
Chris Hopkins
Linda Robertson
Richard Thomson
Susie Johnstone (from 1 March 2021)

■ AT A GLANCE

	2021 \$'000	2020 \$'000
Revenue	2,413	2,163
Net Surplus/(Loss) for the Year	(7,468)	(8,197)
Shareholder's Funds	65,089	69,297
Total Assets	151,824	157,919

Dunedin Venues Management Ltd



■ 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

While stadiums throughout the rest of the world have been locked down and unable to host any events, New Zealand remained 'open' in FY21. The introduction of Super Rugby Aotearoa experienced strong attendance at the Stadium. This tournament was followed by a series of Super Rugby Trans-Tasman matches. The Mitre10 Cup season was then played from September 2020 to November 2020 with the Stadium hosting six matches. With one match from each series being played to 'no crowds' due to Alert Level 2 restrictions, a total of just under 100,000 spectators enjoyed attending both competitions.

Other events held at Forsyth Barr Stadium such as the Dunedin Craft Beer Festival continue to go from strength to strength, with the event selling out to a capacity of 6,000 for each of the two days.

In March 2021, FIFA WWC 2023 announced the much-anticipated news that Forsyth Barr Stadium was a successful venue to host matches in 2023.

Dunedin hosted the first T20 Black Caps International Cricket Match played in this region at the University of Otago Oval in February 2021, with the match selling out and delivering a memorable event for all who attended. An additional Black Caps v Bangladesh match also played to a large crowd in March 2021. Two White Ferns v England matches also took place during this period with one of the matches affected by Covid-19 and played to no crowd.

A total of 47 Community Events were hosted across both the Dunedin Centre and Forsyth Barr Stadium during the year. Once again there was a variety of memorable events such as the first ever Pasifika Festival, with 4,500 members of the public treated to warm Pacific hospitality and cuisine. Nine Island Nations hosted stalls displaying everything from local food to arts alongside an array of performances on a main stage.

Due to the uncertainty associated with hosting international events, DVML experienced a very strong domestic concert/entertainment program with three times the number of events hosted at the Town Hall from the previous year. These included Crowded House, Bill Bailey, The Wiggles, Benee, Palace Dance Studio and Russell Howard.

Several large conferences were also delivered, and our annual 'Women You Can Bank On' was once again a sold out success.



■ THE PEOPLE

Directors

- Raewyn Lovett (Chair)
- Joanne Conroy
- Adam La Hood
- Dylan Rushbrook

Chief Executive Terry Davies

■ AT A GLANCE

	2021 \$'000 Unaudited Results	2020 \$'000
Revenue	11,259	11,937
Net Loss for the Year	(316)	(64)
Shareholder's Funds	1,902	1,918
Total Assets	22,461	23,700



Dunedin International Airport Ltd

■ 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

Dunedin Airport has ended on a positive note after beginning the year in an environment of uncertainty, operating with the trials and tribulations of COVID, and re-focussing and promoting Dunedin and the Lower South to a largely domestic audience. While comparison against the prior year does indicate increased passenger numbers, the 2020 financial year was also significantly disrupted. As such, while we note improvements against our comparative period, our passenger numbers remain approximately 25% below pre COVID-19 years where Dunedin Airport were experiencing in excess of 1 million passengers per year.

Compared to the prior year, domestic capacity (excluding charter and flight training flights) increased 0.4% to 946,876 seats with a corresponding increase in passengers of 0.3% to 759,117.

Following Virgin Australia being placed into administration in April 2020, International capacity fell by 100% with nil international passengers arriving and departing from the Airport. This compares to 34,232 international passengers during the prior financial year.

Dunedin Airport's total revenue, including interest income, dividends, and gains/losses on investments and on sale of property, plant and equipment, decreased by 2.8% to \$14.6 million.

We incurred operating expenditure for the 30 June 2021 financial year of \$11.6 million, an 8.5% (\$1.1 million) decrease over the prior year. This decrease was primarily caused by a decrease in salaries and wages as a result of our reduced headcount following an organisational restructure, a decrease in pavement maintenance

in line with our runway, taxiway, and apron maintenance program, and reduced marketing and advertising campaign spend, primarily in the trans-Tasman market.

The culmination of the revenue and expenditure movements is an operating surplus before taxation of \$2.99 million, which is \$0.65 million (27.6%) ahead of the prior year, and a return on Shareholders' Equity of 2.9%.

Following the suspension of our Tasman service during lockdown last year, our strategy became heavily focused on reinstatement of a direct service to Australia.

This year, along with the DCHL group of companies, we measured the Greenhouse Gas (GHG) emissions of our airport operations. A total of 2,305 tonnes of Carbon Dioxide Equivalent (tCO₂-e) was measured for all operations including our two dairy farms. The dairy farms accounted for over 80% of emissions. From here, we will be working with the DCHL group on setting an emissions reduction strategy and incorporating these findings into our Sustainability Strategy.



■ THE PEOPLE

Directors	Tony Allison (Chair until 31 January 2021; remained a director until 19 July 2021)
	Jonathan Cameron (Chair from 1 February 2021)
	Darin Cusack
Chief Executive	Richard Roberts

■ AT A GLANCE

	2021 \$'000	2020 \$'000
Revenue	14,603	15,031
Net Surplus for the Year	2,083	3,636
Shareholder's Funds	71,457	69,193
Total Assets	102,616	104,749

statement of responsibility

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

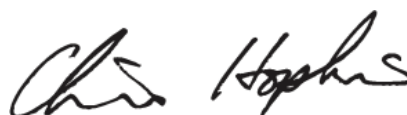
The Board of DCHL accepts responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and

In the opinion of the Board of DCHL, except for any adjustments that may have been required in relation to the carrying value

of DSPL's fixed assets in the group financial statements, the depreciation expense in the group statement of financial performance 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 2021.



Director



Director

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

	2021	2020	2019	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000
		Restated	Restated	Restated	Restated
Revenue	296,200	257,964	269,651	262,709	249,835
Profit/(loss) before tax, impairment and subvention payment from continuing activities	38,431	(10,295)	4,369	18,122	22,538
Profit/(loss) after tax from continuing operations	26,138	(8,021)	(141)	11,079	13,930
Tax expenses/ (income)	12,292	(2,273)	4,510	7,043	8,608
Surplus/(deficit) after tax	26,138	(8,021)	(141)	11,079	13,930
Net interest paid to the Council on advance	5,902	5,902	5,902	5,902	5,902
After tax cost of Dunedin Stadium Property Ltd subvention payment	-	-	-	-	-
Net surplus/(deficit) before shareholder interest and subvention	32,040	(2,119)	5,761	16,981	19,832
Cash flows from operating activities	38,850	14,343	24,036	24,368	26,826
Shareholder's funds	353,444	288,226	297,039	306,087	279,172
Shareholder's advance	112,000	112,000	112,000	112,000	112,000
Total shareholder's interest	465,444	400,226	409,039	418,087	391,172
Rate of return (on shareholder funds)	7.4%	-2.8%	0.0%	3.6%	5.0%
Dividend paid	-	-	-	-	-
Net interest paid to the Council on advance	5,902	5,902	5,902	5,902	5,902
After tax cost of Dunedin Stadium Property Ltd subvention payment	-	-	-	-	-
Total interest, subvention and dividends paid to the Council	5,902	5,902	5,902	5,902	5,902
Total assets	1,481,764	1,382,970	1,281,378	1,183,046	1,119,492
Shareholder's funds to total assets	23.9%	20.8%	22.4%	25.9%	24.9%

The comparative financial results have been restated in the table above, please refer to note 33 of the financial statements for further information on the changes made.

statement of financial performance

For the year ended 30 June 2021

	<i>Note</i>	Group 2021 \$'000	Group 2020 Restated \$'000
Revenue			
Operating revenue	1	248,320	234,945
Financial income	2	9,716	11,391
Gain in fair value of forestry asset	12	38,164	11,628
Total operating revenue		296,200	257,964
Expenditure			
Other expenses	3	134,884	139,071
Employee expenses		60,583	63,200
Audit fees	3	448	785
Financial expenses	3	28,960	34,430
Depreciation - right of use leased assets	13	3,522	3,089
Depreciation and amortisation	11 & 13	30,413	29,502
Total operating expenditure		258,810	270,077
Operating surplus/(deficit)		37,389	(12,113)
Share of associate surplus		1,042	1,818
Surplus/(deficit) before taxation		38,431	(10,295)
Less taxation expense/(income)	4	12,292	(2,273)
Surplus/(deficit) after taxation		26,138	(8,021)
Attributable to:			
Equity holders of the parent		26,138	(8,021)
Minority Interest		-	-
		26,138	(8,021)

The financial statements are to be read in conjunction with the accompanying notes.

statement of other comprehensive income

For the year ended 30 June 2021

	Note	Group 2021 \$'000	Group 2020 Restated \$'000
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Gain (loss) on interest rate swap hedges		28,127	(19,630)
Gain (loss) on foreign exchange hedges		1,212	(33)
Other comprehensive income associates		91	(22)
Items that will not be reclassified subsequently to profit or loss:			
Gain (loss) on forestry land revaluations		6,524	2,874
Gain (loss) on carbon credit revaluation		12,279	8,454
Other comprehensive income associates		-	2,123
Income tax on other comprehensive income		(11,573)	3,124
Net income recognised directly as other comprehensive income		36,660	(3,110)
Surplus/(deficit) after taxation		26,138	(8,021)
Total comprehensive income/(loss) for the year		62,798	(11,131)
Attributable to:			
Equity holders of the parent		62,798	(11,131)
Minority interest		-	-
		62,798	(11,131)

The financial statements are to be read in conjunction with the accompanying notes.

statement of changes in equity

For the year ended 30 June 2021

Note	Group \$'000	Group \$'000 Restated	Group \$'000	Group \$'000	Group \$'000 Restated	Group \$'000	Group \$'000	Group \$'000
	Share capital	Accumulated funds	Minority Interest in subsidiaries	Associate revaluation reserve	Cash flow hedge reserve	Land revaluation reserve	Carbon credit reserve	Total Equity
2020 Restated								
Balance as at 30 June 2019	123,589	192,420	512	16,712	(36,077)	30,285	5,697	333,138
Correction of errors 33	-	(42,940)	-	-	6,841	-	-	(36,099)
Restated balance at 30 June 2019	123,589	149,480	512	16,712	(29,236)	30,285	5,697	297,039
Profit/(loss) after tax (restated)	-	(8,021)	-	-	-	-	-	(8,021)
Other comprehensive income (restated)	-	4,296	(512)	2,101	(14,344)	2,796	2,322	(3,341)
Total comprehensive Income/(loss) for the period	-	(3,725)	(512)	2,101	(14,344)	2,796	2,322	(11,362)
<i>Transactions with owners in their capacity as owners:</i>								
Contributions of equity	2,550	-	-	-	-	-	-	2,550
Balance as at 30 June 2020	126,139	145,755	-	18,813	(43,580)	33,081	8,019	288,226
2021								
Balance as at 30 June 2020	126,139	145,755	-	18,813	(43,580)	33,081	8,019	288,226
Profit after tax	-	26,138	-	-	-	-	-	26,138
Other comprehensive income	-	(158)	-	91	21,151	6,602	8,843	36,529
Total comprehensive Income for the period	-	25,980	-	91	21,151	6,602	8,843	62,668
<i>Transactions with owners in their capacity as owners:</i>								
Contributions of equity	2,550	-	-	-	-	-	-	2,550
Balance as at 30 June 2021	128,689	171,735	-	18,904	(22,429)	39,683	16,862	353,444

The financial statements are to be read in conjunction with the accompanying notes.

statement of financial position

As at 30 June 2021

	<i>Note</i>	Group 2021 \$'000	Group 2020 Restated \$'000	Group 1 July 2019 Restated \$'000
Current assets				
Cash and cash equivalents	5	21,979	50,227	17,374
Other current financial assets	6	1,121	902	1,319
Derivative financial instruments	17	2,059	1,226	-
Trade and other receivables	7	34,320	29,547	34,309
Taxation refund receivable		-	529	-
Inventories	8	5,436	6,320	6,497
Non current assets held for sale		-	1,770	-
Prepayments		1,564	938	853
Total current assets		66,479	91,459	60,352
Non-current assets				
Term receivables	7	6,021	10,023	11,041
Other non-current financial assets	6	271,525	243,509	218,510
Derivative financial instruments	17	8,244	15,973	14,825
Investments in associate companies	9	35,706	34,574	31,841
Intangible assets - carbon credits	11	49,443	31,970	26,894
Intangible assets - other	11	5,779	4,072	951
Forestry assets	12	200,246	169,150	164,010
Right of use assets	13	9,983	8,308	-
Property, plant and equipment	14	828,338	773,932	747,276
Total non current assets		1,415,285	1,291,511	1,215,348
Total assets		1,481,764	1,382,970	1,275,700

The financial statements are to be read in conjunction with the accompanying notes.

statement of financial position (continued)

As at 30 June 2021

	Note	Group 2021 \$'000	Group 2020 Restated \$'000	Group 1 July 2019 Restated \$'000
Current liabilities				
Trade and other payables	15	35,880	31,391	30,392
Employee entitlements / provisions	16	6,988	6,666	6,405
Accrued expenditure		82	-	5,041
Derivative financial instruments	17	1,228	3,011	956
Provision for tax		657	-	1,256
Current portion of lease liability	18	3,129	2,613	-
Short term borrowings	19	1,482	1,194	620
Current portion of term loans	20	-	-	-
Total current liabilities		49,446	44,875	44,670
Non-current liabilities				
Term loans	20	818,992	790,136	690,596
Shareholder's advance - DCC	21	112,000	112,000	112,000
Employee entitlements	16	862	1,038	986
Other non-current liabilities		53	648	531
Lease liabilities	18	7,263	5,817	-
Derivative financial instruments	17	36,489	59,767	43,512
Deferred taxation	4	103,215	80,463	86,366
Total non-current liabilities		1,078,874	1,049,869	933,991
Equity				
Share capital	25	128,689	126,139	123,589
Accumulated funds	26	171,735	145,755	149,480
Minority interest in subsidiaries		-	-	512
Revaluation reserves	27	18,904	18,813	16,712
Cash flow hedge reserves	27	(22,428)	(43,580)	(29,236)
Land revaluation reserves	27	39,683	33,081	30,285
Carbon credit reserve	27	16,862	8,019	5,697
Total equity		353,444	288,226	297,039
Total liabilities and equity		1,481,764	1,382,970	1,275,700

The financial statements are to be read in conjunction with the accompanying notes.

statement of cashflows

For the year ended 30 June 2021

	Note	Group 2021 \$'000	Group 2020 Restated \$'000
Cash flow from operating activities			
<i>Cash was provided from:</i>			
Receipts from customers		242,524	234,637
Effect of exchange rate changes		342	(1,360)
Interest received		8,208	9,461
Income tax refund		-	132
Dividend received		-	1,186
		251,074	244,056
<i>Cash was applied to:</i>			
Suppliers and employees		182,089	195,099
Finance costs paid		29,356	32,439
Taxation paid		1,028	2,436
Net GST paid/ (received)		(249)	(261)
		212,224	229,713
Net cash flow from operating activities	31	38,850	14,343
Cash flow from investing activities			
<i>Cash was provided from:</i>			
Sale of property, plant and equipment		1,820	722
Carbon credits purchases/ (sold)		(125)	8,240
Receipts from investments		4,698	2,836
		6,393	11,798
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment		84,707	63,569
Increase in investments		28,000	25,000
		112,707	88,569
Net cash flow from investing activities		(106,314)	(76,771)
Cash flow from financing activities			
<i>Cash was provided from:</i>			
Call on Capital		2,550	2,550
Loans raised	32	240,270	146,089
		242,820	148,639
<i>Cash was applied to:</i>			
Loans repaid	32	200,000	50,000
Lease liability repaid	32	3,604	3,358
		203,604	53,358
Net cash flow from financing activities		39,216	95,281
Net increase/(decrease) in cash		(28,248)	32,853
Opening cash and cash equivalents		50,227	17,374
Closing cash and cash equivalents		21,979	50,227

The financial statements are to be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 30 June 2021

■ 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 2021.

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 28 February 2022.

■ BASIS OF ACCOUNTING

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 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 profit and loss in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest value are allocated against the interests of the parent.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement 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 inter-Company balances and transactions, and unrealised profits arising within the consolidated entity, are eliminated in full.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

■ 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.

■ CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

- carrying value of the deferred tax liability (note 4);
- impairment of investments in associate companies (note 9);
- valuation of forestry assets (note 12);
- valuation and impairment of property, plant and equipment including profit elimination on intra-group transactions (note 14);
- valuation of derivative financial instruments (note 17).

■ DISCONTINUED OPERATIONS

Discontinued operations consist of business units and other non-core assets that have either been sold or discontinued during the year or are classified as held-for-sale at year end.

■ CHANGES IN ACCOUNTING POLICY

The Group has changed its accounting policy regarding how the forestry revaluation reserves are presented within equity. Previously the revaluation of forestry reserves was reported (including the portion relating to the underlying land) as a separate balance within equity. The forestry revaluation reserve balance is now being reported within the accumulated funds balance for the current and prior periods in accordance with the applicable accounting standards, the portion relating to land revaluations is still reported separately within equity.

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

■ STANDARDS AMENDED OR ISSUED DURING THE YEAR

During the year, there were no new or amended accounting standards which materially impacted on the financial reporting of the Group.

■ STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

■ BREACH OF LEGISLATION

Section 67 of the Local Government Act 2022 requires that the company adopt its annual report and make it available to its shareholders and the public no later than the close of 30 November 2021. The company was not able to comply with this requirement for the year ended 30 June 2021 and the annual report was not adopted until 28 February 2022.

■ 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.

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

The impact of the 2020 Default Price Quality Path determination on revenue recognition regulated lines revenue for the 2020/21 financial year was \$1.184 million more than the Commerce Commission's allowable revenue cap, largely due to higher residential electricity volumes than forecasted. Under the Commerce Commission's allowable revenue cap rules, this over-recovery of lines revenue will be returned to consumers via a line charge adjustment in the 2022/23 financial year.

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.

1 OPERATING REVENUE continued

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.

The Covid-19 wage subsidy was available from the Ministry of Social Development (MSD) when certain Covid-19 restrictions apply and there is a related reduction in revenue. City Forests, Delta, Dunedin Venues and Dunedin Railways all met the criteria to be eligible for the subsidy in 2020. In 2021 Dunedin Venues and Dunedin Railways only recognised Covid-19 income. The wage subsidy was accounted for in line with NZ IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. The majority of the wage subsidy with the Group was physically received during the 2020 financial year and was recognised in that period.

	Group 2021 \$'000	Group 2020 \$'000
Line charges	69,584	66,637
Pass-through and recoverable cost revenue	32,660	36,415
Customer contributions	11,007	5,835
Electrical services	16,569	24,043
Meters and related services	10,631	8,885
Greenspace services	19,040	16,952
Tree services	1,626	2,096
Forestry sales revenue	63,662	46,638
New Zealand carbon credit sales	5,069	4,862
Venues management income	10,756	11,705
Railway income	301	6,105
Covid-19 wage subsidy	131	4,365
Other operating revenue	6,729	300
Gain on sale of assets	555	107
	248,320	234,945

■ 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.

Since the inception of the Term Receivable balance, interest has been accounted for at a conservative level to contractual obligations, on the basis that the probability of contractual future repayments being on time and at the required level was low. During the past year the underlying development which relates to this receivable has progressed well, to the point where recovery of the contractual balance is reasonably certain. The increased probability that the Group will now receive amounts in line with contractual requirements has resulted in the Group recognising an additional \$0.4 million of interest in June 2021 that related to the period 1 June 2017 to 30 June 2020.

	Group 2021 \$'000	Group 2020 \$'000
Interest on advances to related parties	8,205	10,441
Interest on other investments	1,169	950
Net gain on foreign currency transactions	342	-
	9,716	11,391

■ 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 income statement.

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.

Bad debts written back relates to the writeback of the Term Receivable. This receivable arose from the supply of infrastructure services on a Christchurch development property and was written down by \$508k on initial recognition on the basis that the probability of contractual future repayments being on time and at the required level was highly unlikely. During the past year the underlying development which relates to this receivable has progressed well, to the point where recovery of the Delta Utility Services Limited's contractual balance is reasonably certain and the carrying value has been increased in line with the contractual value.

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

■ 3 SEPARATELY DISCLOSED EXPENDITURE continued

	Group 2021 \$'000	Group 2020 \$'000
Other expenses		
Bad debts written off	122	366
Bad debts written back	(508)	-
Impairment of intangible assets	-	10
Impairment of DRL property, plant and equipment, and inventories	-	4,486
Increase/(decrease) in expected credit losses for receivables	(112)	(94)
Donations	30	37
Rental expense on leases	98	1,458
Research expenditure	-	170
Transmission costs on the energy network	30,310	33,961
Maintenance costs on the energy network	19,610	17,686
Cost of bush applied	12,375	9,441
Shipping costs	17,704	8,446
Other expenditure	55,255	63,104
Expenditure on continuing activities	134,884	139,071
Audit fees		
Audit New Zealand:		
Financial statements	348	324
Regulatory (information disclosure) reporting	43	40
Price and quality thresholds and other regulatory reporting	28	25
Customised price-quality path application	-	351
Other Providers:		
Other audit fees	29	45
Total audit fees	448	785

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 for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

	Group 2021 \$'000	Group 2020 \$'000
Financial expenses		
Interest - related parties	5,534	6,285
Interest - term loans	23,090	26,607
Interest - leased assets	336	178
Net loss on foreign currency transactions	-	1,360
Total financial expenses	28,960	34,430

■ 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 income statement 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.

	Group 2021 \$'000	Group 2020 Restated \$'000
Income Tax		
Operating surplus/(loss)	38,431	(10,295)
Tax thereon at 28%	10,761	(2,883)
Plus/(Less) the tax effect of differences		
Revenue not liable for taxation	(12,907)	(144)
Expenditure not deductible for taxation	13,789	4,602
Tax losses to be utilised	1,901	(73)
Under/(over) tax provision in prior years	70	(1,665)
Group recognition of deferred tax in current year	(1,657)	(3,651)
Other	336	1,541
Taxation charge	12,292	(2,273)
Effective tax rate	32.0%	22.1%
The taxation charge is represented by:		
Current tax provision	566	721
Deferred tax provision	11,656	(1,168)
Under/(over) tax provision in prior years	519	(215)
Under/(over) deferred tax in prior years	(449)	(1,611)
	12,292	(2,273)
Tax expense continuing activity	12,292	(2,273)
Tax expense discontinued activity	-	-
	12,292	(2,273)

■ 4 TAXATION continued

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.

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 2021 and earlier years which will be available for use in subsequent reporting periods totalling \$17,563,017 (2020: \$17,562,341).

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

■ 4 TAXATION continued

	Group \$'000	Group \$'000	Group \$'000	Group \$'000	Group \$'000	Group \$'000
Deferred tax	Opening Balance Sheet	Charged to Equity	Charged to Income	Closing Balance Sheet Assets	Closing Balance Sheet Liabilities	Closing Balance Sheet Net
2021						
Property, plant and equipment	44,811	(78)	2,047	(1,435)	48,223	46,788
Employee benefits	3,551	-	2,055	(2,390)	7,982	5,592
Tax losses	(2,204)	-	(2,533)	(4,754)	-	(4,754)
Forest	32,859	-	7,555	-	40,414	40,414
Forest costs capitalised	10,156	-	482	-	10,638	10,638
Other Investments	8,318	3,436	1,582	(390)	13,740	13,350
Hedge reserve – foreign exchange contracts	(93)	339	-	-	246	246
Hedge reserve – interest rate swaps	(16,936)	7,877	-	(9,059)	-	(9,059)
Balance at the end of the year	80,463	11,574	11,188	(18,028)	121,243	103,215

	Group \$'000	Group \$'000	Group \$'000	Group \$'000	Group \$'000	Group \$'000
Deferred tax	Opening Balance Sheet	Charged to Equity	Charged to Income	Closing Balance Sheet Assets	Closing Balance Sheet Liabilities	Closing Balance Sheet Net
2020 Restated						
Property, plant and equipment	45,101	78	(367)	(1,279)	46,090	44,811
Employee benefits	3,654	-	(103)	(2,650)	6,201	3,551
Tax losses	-	-	(2,204)	(2,204)	-	(2,204)
Forest	31,900	-	959	-	32,859	32,859
Forest costs capitalised	9,829	-	327	-	10,156	10,156
Other Investments	7,342	2,369	(1,393)	(771)	9,089	8,318
Hedge reserve – foreign exchange contracts	(85)	(8)	-	(93)	-	(93)
Hedge reserve – interest rate swaps	(11,373)	(5,562)	-	(16,936)	-	(16,936)
Balance at the end of the year	86,367	(3,123)	(2,781)	(23,933)	104,395	80,463

■ 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.

	Group 2021 \$'000	Group 2020 \$'000
Cash and cash equivalents	21,979	50,227

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

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

	Group 2021 \$'000	Group 2020 \$'000
Current loan repayments due from Dunedin City Council	-	-
Other current financial assets	1,121	902
Total other current financial assets	1,121	902
Loan repayments due from Dunedin City Council:		
Maturity one to five years	-	-
Maturity over five years	271,500	243,500
	271,500	243,500
Shares and units in other companies and funds	25	9
Total other non current financial assets	271,525	243,509

Advances

The advances (above) due from the Dunedin City Council had a weighted average interest rate of 3.03% (2020: 3.92%).

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 stated at cost 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.

	Group 2021 \$'000	Group 2020 \$'000
Trade receivables	26,019	20,338
Expected credit loss	(692)	(849)
	25,327	19,489
Due from related parties:		
Other related parties	8,122	9,077
Other current receivables	871	981
	34,320	29,547
Term receivables	6,021	10,023

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

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

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.

	Group 2021 \$'000	Group 2020 \$'000
Opening doubtful debts provision	(849)	(905)
Additional provisions made during the year	(39)	(310)
Receivables written off during the year	122	366
Provisions reversed during the year	74	-
Doubtful debts on acquisition	-	-
Closing doubtful debts provision	(692)	(849)

■ 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.

	Group 2021 \$'000	Group 2020 Restated \$'000
Raw materials and stores	5,429	6,312
Finished goods	7	8
	5,436	6,320

■ 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 profit and loss 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 Company is in a position to exercise significant influence (associates) at the cost of the acquisition.

	Group 2021 Percentage Interest Held	Group 2020 Percentage Interest Held
Name of entity (principal activities, place of business)		
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.

■ 9 INVESTMENTS IN ASSOCIATE COMPANIES continued

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 2021 \$'000	As at 30 June 2020 \$'000
Summarised statement of financial position		
Current assets		
Cash and cash equivalents	1,781	975
Other current assets	1,432	1,175
Total current assets	3,213	2,150
Non-current assets	99,403	102,599
Total assets	102,616	104,749
Current liabilities	3,049	6,676
Non-current liabilities		
Financial Liabilities	14,750	14,750
Other financial liabilities	13,360	14,130
Total-non current liabilities	28,110	28,880
Total liabilities	31,159	35,556
Net assets	71,457	69,193
Less Impairment	-	-
Other adjustments	(46)	(46)
Net assets after impairment and other adjustments	71,411	69,147
Carrying value of associates 50%	35,706	34,574
Summarised statement of comprehensive income		
Revenue (excl interest received)	14,574	15,151
(Loss)/Gain on investment and sale of PPE	3	(128)
Interest and Dividends received	26	8
Total Revenue	14,603	15,031
Less expenses		
Depreciation and amortisation	3,908	3,251
Interest expense	497	541
Other expenses	7,210	8,898
Total expenses	11,615	12,690
Operating surplus/(deficit) before tax	2,988	2,341
Income tax	905	(1,295)
Operating surplus/(deficit) after tax	2,083	3,636
Other comprehensive income	181	4,201
Total comprehensive income/(deficit)	2,264	7,837
Dividends received from associate	-	1,186

10 INVESTMENTS IN SUBSIDIARY COMPANIES

	2021 Percentage Interest Held	2020 Percentage Interest Held
Parent company		
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, and initially recorded at fair value.

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

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 Limited a total of 2,865,718 Post-89 derived NZU's, being the carbon sequestered by these forests during the 2008 to 2021 calendar years. There has been no carbon credit sales during the financial year (2020: 350,000 units).

■ 11 INTANGIBLE ASSETS continued

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 2021, 1,187,042 units were unsold (2020: 996,027). Under the accrual principle, the unsold credits have been valued based on the current market prices and recognised in the financial statements. The value has been carried in the financial statements as follows:

	Year ending 30 June 2021 \$'000	Year ending 30 June 2020 \$'000
New Zealand carbon credits - non current	49,443	31,970

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.

During the year the Company finalised 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 recognition of NZU's held in the Company's registry account is defined by accounting policy.

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 seven years.

	Group 2021 \$'000	Group 2020 \$'000
Cost		
Opening balance	10,062	6,272
Purchases	2,829	2,272
Transfers	-	1,819
Disposals	(381)	(301)
Total cost	12,510	10,062
Accumulated amortisation		
Opening balance	5,990	5,321
Amortisation	1,109	969
Disposals	(368)	(300)
Total amortisation	6,731	5,990
Closing balance	5,779	4,072

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 valuation takes into account changes in price over the accounting period through a graduated current to five year average price curve as well as the quantity of trees harvested and the growth that has occurred in the forest. Any change in forest valuation is recorded in the statement of comprehensive income via surplus or deficit.

	Group 2021 \$'000	Group 2020 \$'000
Balance at the beginning of the year	169,150	164,010
Add costs capitalised in establishing forests during the year	3,392	2,953
Increase in forest from acquisition	1,915	-
Revaluation	38,164	11,628
Less Value of logs harvested	(12,375)	(9,441)
Balance at the end of the year	200,246	169,150
Gains/(losses) arising from changes in fair value less point of sale costs:		
Attributable to physical changes	7,440	11,511
Attributable to price changes	30,724	117
	38,164	11,628

The directors of City Forests Limited revalue its forestry assets annually, 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. In regards to the treatment of carbon in the forest valuation, a value has been assigned to the difference between the units claimed to date and the level of safe or liability free carbon that the Group can claim. 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% (2020: 6.0%).

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%; a +/- 50 basis point movement in the discount rate would change the valuation by +\$12.34 mil / -\$11.17 mil. A 10% increase or decrease in assumed log prices would change the valuation by +\$17.95 mil / -\$17.93 mil; (note that these sensitivities are shown are independent and different outcome would result from combined changes in discount and log prices).

At 30 June 2021, the Company owned stands of trees on 19,324 hectares of a total land holding (including lease, Joint Venture & Forestry Right) of 23,731 hectares. During the year the Company harvested approx. 388,664 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.

13 RIGHT-OF-USE ASSETS

Accounting policy

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. 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 Changes in Accounting Policies and Note 18 Lease liabilities, for more information.

	Group Land & Buildings \$'000	Group Plant & Equipment \$'000	Group Motor Vehicles \$'000	Group Total \$'000
2021				
Cost or valuation				
Balance at the beginning of the year	2,689	2,188	6,331	11,208
Purchases	1,383	166	3,761	5,310
Sales	(471)	-	(702)	(1,173)
Balance at the end of the year	3,601	2,354	9,390	15,345
Accumulated depreciation				
Balance at the beginning of the year	524	386	1,990	2,900
Depreciation	769	470	2,283	3,522
Sales	(415)	-	(645)	(1,060)
	878	856	3,628	5,362
Balance at the end of the year	2,723	1,498	5,762	9,983

2020

Cost or valuation

Balance at the beginning of the year	1,913	2,188	4,543	8,644
Purchases	923	-	1,870	2,793
Sales	(147)	-	(82)	(229)
Balance at the end of the year	2,689	2,188	6,331	11,208

Accumulated depreciation

Balance at the beginning of the year	-	-	-	-
Depreciation	671	386	2,032	3,089
Sales	(147)	-	(42)	(189)
	524	386	1,990	2,900
Balance at the end of the year	2,165	1,802	4,341	8,308

■ 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 income statement 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 profit and loss. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the appropriate property revaluation reserve is transferred directly to retained earnings.

Assets held under finance leases are depreciated.

The Group has had its forestry land assets independently valued as at 30 June 2021 by Morice Limited using the Fair Value approach. 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.

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 100%	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 charged	

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

	Rate	Method
Buildings	2% to 3%	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

■ 14 PROPERTY, PLANT AND EQUIPMENT continued

Property, plant and equipment 2021	Group Land \$'000	Group Forest Land \$'000	Group Buildings \$'000	Group Roads Bridges \$'000	Group Network \$'000	Group Plant Equipment \$'000	Group Sub-total \$'000
Cost or valuation							
Balance at the beginning of the year	39,146	65,506	152,760	8,767	626,185	91,675	984,039
Purchases	-	3,846	55	439	536	1,249	6,125
Revaluation	-	6,745	-	-	-	-	6,745
Sales	(6)	(335)	(87)	-	(1,416)	(2,888)	(4,732)
Impairment	-	-	(134)	-	-	(380)	(514)
Transfers	204	-	17	-	84,461	1,555	86,237
Balance at the end of the year	39,344	75,762	152,611	9,206	709,765	91,211	1,077,899
Accumulated depreciation							
Balance at the beginning of the year	-	2,378	27,265	4,647	185,027	58,926	278,243
Depreciation	-	-	3,044	218	18,029	5,498	26,789
Impairment	-	(803)	(134)	-	-	(380)	(1,317)
Sales	-	-	(96)	-	(623)	(2,720)	(3,439)
Transfers	-	-	-	-	-	(3)	(3)
	-	1,575	30,079	4,865	202,433	61,321	300,273
Balance at the end of the year	39,344	74,187	122,532	4,341	507,332	29,890	777,626
Comprising:							
Cost	39,344	-	122,532	4,341	507,332	29,890	703,439
Valuation	-	74,187	-	-	-	-	74,187
Property, plant and equipment 2021	Group Sub-total \$'000	Group Motor Vehicles \$'000	Group Office Equipment \$'000	Group Loco- motives \$'000	Group Railway Track \$'000	Group Work in Progress \$'000	Group Total \$'000
Cost or valuation							
Balance at the beginning of the year	984,039	28,543	1,823	181	12	56,519	1,071,117
Purchases	6,125	1,726	58	-	-	76,725	84,634
Revaluation	6,745	-	-	-	-	-	6,745
Sales	(4,732)	(1,491)	(3)	-	-	-	(6,226)
Impairment	(514)	-	(228)	-	-	-	(742)
Transfers	86,237	7	80	-	-	(93,421)	(7,097)
Balance at end of year	1,077,899	28,785	1,730	181	12	39,823	1,148,430
Accumulated depreciation	-						
Balance at the beginning of the year	278,243	18,035	905	1	-	-	297,184
Depreciation	26,789	2,358	145	14	-	-	29,306
Impairment	(1,317)	-	(228)	-	-	-	(1,545)
Sales	(3,439)	(1,408)	(6)	-	-	-	(4,853)
Transfers	(3)	3	-	-	-	-	-
	300,273	18,988	816	15	-	-	320,092
Balance at the end of the year	777,626	9,797	914	166	12	39,823	828,338
Comprising:							
Cost	703,439	9,797	914	166	12	39,823	754,151
Valuation	74,187	-	-	-	-	-	74,187

14 PROPERTY, PLANT AND EQUIPMENT continued

Property, plant and equipment 2020	Group Land \$'000	Group Forest Land \$'000	Group Buildings \$'000	Group Roads Bridges \$'000	Group Network RESTATEd \$'000	Group Plant Equipment \$'000	Group Sub-total RESTATEd \$'000
Cost or valuation							
Balance at the beginning of the year	39,613	54,072	153,565	8,140	597,603	90,771	943,764
Purchases/revaluation	336	11,434	587	627	29,982	3,039	46,005
Sales/impairment	(90)	-	(447)	-	(1,400)	(2,143)	(4,080)
Transfers	(713)	-	(945)	-	-	7	(1,651)
Balance at the end of the year	39,146	65,506	152,760	8,767	626,185	91,674	984,038
Accumulated depreciation							-
Balance at the beginning of the year	-	2,309	24,383	4,444	168,754	54,959	254,849
Depreciation	-	69	3,011	203	16,752	5,621	25,656
Sales	-	-	(79)	-	(479)	(937)	(1,495)
Impairment	-	-	(18)	-	-	(717)	(735)
Transfers	-	-	(32)	-	-	-	(32)
	-	2,378	27,265	4,647	185,027	58,926	278,243
Balance at the end of the year	39,146	63,128	125,495	4,120	441,158	32,748	705,795
Comprising:							
Cost	39,146	-	125,495	4,120	441,158	32,748	642,667
Valuation	-	63,128	-	-	-	-	63,128

Property, plant and equipment 2020	Group Sub-total RESTATEd \$'000	Group Motor Vehicles \$'000	Group Office Equipemnt \$'000	Group Loco- motives \$'000	Group Railway Track \$'000	Group Work in Progress \$'000	Group Total RESTATEd \$'000
Cost or valuation							
Balance at the beginning of the year	943,764	28,589	1,661	5,283	935	42,875	1,023,107
Purchases/revaluation	46,005	1,859	237	376	175	14,258	62,910
Sales/impairment	(4,080)	(2,079)	(75)	(5,478)	(1,098)	(289)	(13,099)
Transfers	(1,651)	174	-	-	-	(325)	(1,802)
Balance at the end of the year	984,038	28,543	1,823	181	12	56,519	1,071,116
Accumulated depreciation							
Balance at the beginning of the year	254,849	17,557	800	2,551	73	-	275,830
Depreciation	25,656	2,392	175	284	19	-	28,526
Sales	(1,495)	(1,655)	(70)	(41)	-	-	(3,261)
Impairment	(735)	(259)	-	(2,793)	(92)	-	(3,879)
Transfers	(32)	-	-	-	-	-	(32)
	278,243	18,035	905	1	-	-	297,184
Balance at the end of the year	705,795	10,508	918	180	12	56,519	773,932
Comprising:							
Cost	642,667	10,508	918	180	12	56,519	710,804
Valuation	63,128	-	-	-	-	-	63,128

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

■ 14 PROPERTY, PLANT AND EQUIPMENT continued

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 profit and loss.

In assessing the recoverable amount of Aurora Energy's electricity network and fibre assets the directors have relied on the assessment completed by Aurora Energy. The directors of Aurora Energy have reviewed the results of impairment testing undertaken by Aurora Energy's management with assistance from Deloitte as at 30 June 2021. 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 20 year period from 1 July 2021. The key assumptions utilised in the impairment testing were that:

- For the 10 years from 1 July 2021, the network forecasts are derived from the Commerce Commission final CPP decision allowances for the period ended 31 March 2026 and Building Blocks Allowable Revenue (BBAR) forecasts. In calculating the BBAR forecast from 1 April 2026, it is assumed that the Company reverts to a Default Price-Quality Path from the 2026/27 regulatory year and the Company's DPP4 operating expenditure allowance is determined by reference to actual expenditure during the 2024/25 regulatory year.
- Capital expenditure will mirror the Company's operating budget and regulatory expenditure allowances derived from the Commerce Commissions' final CPP decision for the period ended 31 March 2026, followed by expenditure forecasts included in the Company's 10 year Asset Management Plan.
- Operating expenditure will mirror the Company's operating budget and regulatory expenditure allowances derived from the Commerce Commission's final CPP decision for the period ending 31 March 2026. 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.
- The valuation cash flows beyond the 10 years from 1 July 2031 are assumed to grow at 2% per annum.
- In applying the DCF methodology Aurora Energy considered a range of discount rates from 4.25% to 5.25%. The discount rate is a matter of professional judgement.
- In applying the balance date impairment testing Aurora Energy noted that at a discount rate of 4.9% the present value of future FCF was approximately equal to the carrying value of the network related assets. It follows that a discount rate of higher than 4.9% could have given rise to an impairment in the absence of any other offsetting factors as at balance date.
- 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 \$30 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 2021.

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

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

On balance, and with the benefit of industry and commercial knowledge, the directors considered it appropriate to write-down the Dunedin Railways' asset to \$297,000, being the best estimate of the fair value less costs to sell. An associated impairment expense of \$4,486,000 was recorded in the Statement of Financial Performance for the year ended 30 June 2020. As at 30 June 2021, the directors assessed that there had been no change in the recoverable amount of Dunedin Railways' assets from the prior year.

15 TRADE AND OTHER PAYABLES

Accounting policy

Trade and other payables are stated at amortised cost.

	Group 2021 \$'000	Group 2020 \$'000
Trade payables	26,889	21,327
Due to related parties:		
Dunedin City Council and subsidiaries	71	6
	71	6
Other payables:		
Contract liabilities	4,556	5,561
GST payable	652	861
Other current liabilities	3,712	3,636
	8,920	10,058
	35,880	31,391

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

Included in trade payables is a quality excursion payment of \$673k due to an embedded generator in relation to outage targets exceeding those in the contract.

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/PROVISIONS

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.

	Group 2021 \$'000	Group 2020 \$'000
Current liabilities		
Long service leave	383	317
Annual leave	5,871	5,846
Gratuities	319	265
Sick leave	121	57
Other provisions	294	181
	6,988	6,666
Non-current liabilities		
Long service leave	649	695
Gratuities	213	343
	862	1,038

■ 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 foreign currency exchange rates, interest rates and commodity prices. The Group uses foreign exchange forward contracts, foreign exchange options and interest rate swap contracts to hedge these exposures.

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

The use of financial derivatives within the Group is governed by the Dunedin City Council's Treasury Risk Management Policy (reviewed and last approved 9 March 2021). 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. Subsequently fair values are based on independent bid prices quoted in active markets as provided for us by our banking counterparties.

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 and any ineffective portion is recognised immediately in the statement of financial performance. 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 income statement in the same period in which the hedged item affects net profit 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 income statement. 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 financial performance.

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 asset or 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 financial performance as they arise. Derivatives not designated into an effective hedge relationship are classified as current assets or liabilities.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. 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.

17 DERIVATIVE FINANCIAL INSTRUMENTS continued

	2021 Asset \$'000	2021 Liability \$'000	2020 Asset \$'000	2020 Liability \$'000
<i>Fair value</i>				
Interest rate swaps	9,423	37,715	17,199	62,444
Analysed as:				
Current	1,179	1,228	1,226	2,707
Non-current	8,244	36,487	15,973	59,737
	9,423	37,715	17,199	62,444
<i>Fair value</i>				
Foreign exchange contracts	880	2	-	334
Analysed as:				
Current	880	-	-	304
Non-current	-	2	-	30
	880	2	-	334

18 LEASE LIABILITIES

Accounting policy

The Group leases land, buildings, plant and equipment, 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.

	Group 2021 \$'000	Group 2020 \$'000
Current	3,129	2,613
Non current	7,263	5,817
Balance at the end of the year	10,392	8,430
Maturity analysis		
Payable within one year	3,129	2,613
Payable between one to five years	5,901	4,293
Payable later than five years	1,362	1,524
	10,392	8,430

19 SHORT TERM BORROWINGS

	Group 2021 \$'000	Group 2020 \$'000
Short term borrowing	1,482	1,194
	1,482	1,194

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 (SECURED)

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 Income Statement 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.

	Group 2021 \$'000	Group 2020 \$'000
Current	-	-
Non-current		
Multi-option debt facility	818,992	790,136
	818,992	790,136

The Group has a \$975 million Multi Option Debt Issuance Facility which is secured against certain assets and undertakings of the Dunedin City Council Group. Debt is raised by issuing long dated bonds, floating rate notes or by the issue of Promissory Notes.

Three independent banks have provided committed facilities to the amount of \$200 million (2020: \$195 million).

The amount of unamortised premium or (discount) on bonds on issue at 30 June 2021 is nil (2020: 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.

Dunedin City Treasury Limited issues bonds with a floating or fixed interest rate. The issuing of bonds at fixed interest rates exposes the Group to fair value interest rate risk. As at 30 June 2021 Dunedin City Treasury Limited had the following bonds on issue and promissory notes:

Multi-option debt facility	Interest Rate	Group 2021 \$'000	Group 2020 \$'000
Promissory notes	43bp over BKBM	149,858	129,875
Floating rate notes 16/10/20	Coupon rate 5.56%	-	45,000
Bonds 16/11/20	Coupon rate 3.15%	-	50,000
Bonds 15/4/21	Coupon rate 1.25%	-	30,000
Bonds 15/4/21	Coupon rate 4.88%	-	75,000
Bonds 25/11/21	56bp over BKBM	70,000	70,000
Floating rate notes 15/10/22	Coupon rate 1.51%	50,000	50,000
Bonds 15/11/22	Coupon rate 0.36%	45,000	45,000
Bonds 16/10/23	65bp over BKBM	50,000	-
Floating rate notes 15/02/24	Coupon rate 3.79%	25,000	25,000
Bonds 16/10/24	Coupon rate 3.61%	35,000	35,000
Bonds 17/7/25	Coupon rate 3.98%	50,000	50,000
Bonds 15/4/26	Coupon rate 2.90%	65,000	65,000
Bonds 15/3/26	Coupon rate 2.09%	50,000	50,000
Bonds 15/11/26	Coupon rate 0.676%	55,000	55,000
Bonds 16/11/26	Coupon rate 1.93%	60,000	-
Bonds 18/04/28		110,000	-
Fair value impact on bonds		4,134	15,261
Total term borrowings		818,992	790,136

■ 20 TERM BORROWINGS (SECURED) continued

The repayment period on the term borrowings is as follows:

	Group 2021 \$'000	Group 2020 \$'000
Repayable less than one year	220,994	330,399
Repayable between one to five years	374,216	230,057
Repayable later than five years	223,782	229,680
	<u>818,992</u>	<u>790,136</u>

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

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:

	Group 2021 \$'000	Group 2020 \$'000
Multi-option note facility	829,066	809,163

■ 21 SHAREHOLDER'S ADVANCE

	Group 2021 \$'000	Group 2020 \$'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 (2020: \$5.9 million) on the advance. In 2021, the gross interest on the debt was set at 5.27% (2020: 5.27%).

■ 22 FINANCIAL RISK

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.

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

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

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

The maturity profile and effective interest rates of the Group term borrowings are set out in note 20. The maturity profiles of the Group's financial assets and liabilities, with the exception of equity investments are explained in note 22.9.

22.3 Interest rate risk

Under the Dunedin City Council Treasury Risk Management Policy approved on 9 March 2021, Dunedin City Treasury Limited utilise a portfolio approach to manage interest rate risk for the Group.

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

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

	Group 2021 \$'000	Group 2020 \$'000
Maturing in less than one year	182,500	160,000
Maturing between one and five years	442,500	495,000
Maturing in more than five years	455,000	360,000
	<u>1,080,000</u>	<u>1,015,000</u>

Note the above table only includes interest rate swaps the Group holds with 3rd partners. There is also a \$10m interest rate swap that Dunedin City Council holds with the Group.

22 FINANCIAL RISK continued

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.

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

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

	Group 2021 \$'000	Group 2020 \$'000
Forward foreign exchange contracts		
- fair value	878	(334)
- nominal value (sale of USD and purchase of NZD)	35,132	22,625
Forward foreign exchange contracts		
- fair value	-	-
- nominal value (sale of NZD and purchase of USD)	-	-

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.

	Group 2021 %	Group 2020 %
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 prior to the granting of credit.

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

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

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

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

	Group 2021 \$'000	Group 2020 \$'000
Past due receivables		
Age analysis: 30-60 days	4,337	165
60-90 days	64	275
90 days plus	525	487

■ 22 FINANCIAL RISK continued

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

2021	AA	AA-	No Rating	Group
Cash and cash equivalents	-	21,979	-	21,979
Trade and other receivables	1,440	-	32,880	34,320
Term receivables	-	-	6,021	6,021
Advances due from related parties	271,500	-	1,146	272,646
Derivatives	-	10,303	-	10,303
NZ carbon credits	-	-	49,443	49,443
	272,940	32,282	89,490	394,712
2020				
Cash and cash equivalents	-	50,227	-	50,227
Trade and other receivables	1,440	-	28,107	29,547
Term receivables	-	-	10,023	10,023
Advances due from related parties	243,500	-	911	244,411
Derivatives	-	17,199	-	17,199
NZ carbon credits	-	-	31,970	31,970
	244,940	67,426	71,011	383,377

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 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 Company applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing component.

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

22 FINANCIAL RISK continued

	Group 2021 \$'000	Group 2020 \$'000
Financial assets measured at amortised cost:		
Cash and cash equivalents (note 5)	21,979	50,227
Trade and other receivables (note 7)	34,320	29,547
Other financial assets (note 6)	272,646	244,411
Term receivables (note 7)	6,021	10,023
Financial assets measured at amortised cost	334,966	334,208
Financial assets at fair value through profit and loss:		
Derivative financial instruments assets (note 17)	10,303	17,199
Financial liabilities measured at amortised cost:		
Trade and other payables (note 15)	31,324	25,830
Accrued expenditure	82	-
Short term borrowings (note 19)	1,482	1,194
Term loans (note 20)	818,992	790,136
Shareholder's advance - DCC (note 21)	112,000	112,000
Total financial liabilities measure at amortised cost	963,880	929,160
Financial liabilities at fair value through profit and loss:		
Derivative financial instrument liabilities (note 17)	37,717	62,778

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 0.6992. A parallel shift of +1%/-1% in the NZD market yield curve from the year end of 0.35% (2020: 0.30%).

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

	Carrying Amount \$'000	Interest Rate		FX	
		-100bp	+100bp	-10%	10%
2021		Profit	Equity	Profit	Profit
Financial assets					
Derivatives – designated as cash flow hedges (interest rate swaps)	3,250	-	(2,179)	-	-
Derivatives – designated as cash flow hedges (forward currency deals)	878	-	-	(3,774)	3,088
Other financial assets	319,952	(103)	105	-	-
	324,080	(103)	105	(3,774)	3,088
Financial liabilities					
Derivatives – designated as cash flow hedges (interest rate swaps)	35,388	-	(24,287)	-	-
Other financial liabilities	959,363	(14,385)	13,541	-	-
	994,751	(14,385)	13,541	-	-
Total increase/(decrease)		(14,488)	(26,466)	(3,774)	3,088

22 FINANCIAL RISK continued

	Carrying Amount \$'000	Interest Rate				FX	
		-100bp		+100bp		-10%	10%
		Profit	Equity	Profit	Equity	Profit	Profit
2020							
Financial assets							
Derivatives – designated as cash flow hedges (interest rate swap and forward currency deals separately disclosed)	17,199	-	-	-	-	(2,878)	1,747
Other financial assets	311,811	(132)	-	132	-	-	-
	329,010	(132)	-	132	-	(2,878)	1,747
Financial liabilities							
Derivatives – designated as cash flow hedges (interest rate swaps and forward currency deals separately disclosed)	62,778	-	(91,075)	-	(40,926)	-	-
Other financial liabilities	930,349	(8,593)	-	8,593	-	-	-
	993,127	(8,593)	(91,075)	8,593	(40,926)	-	-
Total increase/(decrease)		(8,725)	(91,075)	8,725	(40,926)	(2,878)	1,747

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 Income Statement 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 profit and loss 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 FINANCIAL RISK continued

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).

	Level 1 NZ \$'000	Level 2 NZ \$'000	Level 3 NZ \$'000	Total NZ \$'000
2021				
Financial assets				
Derivative financial assets	-	10,303	-	10,303
New Zealand carbon credits	49,443	-	-	49,443
	49,443	10,303	-	59,746
Financial liabilities				
Derivative financial liabilities	-	37,717	-	37,717
2020				
Financial assets				
Derivative financial assets	-	17,199	-	17,199
New Zealand carbon credits	31,970	-	-	31,970
	31,970	17,199	-	49,169
Financial liabilities				
Derivative financial liabilities	-	62,778	-	62,778

■ 22 FINANCIAL RISK continued

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. 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
2021							
Cash and cash equivalents	21,979	21,979	21,979	-	-	-	-
Trade and other receivables	34,320	34,320	34,320	-	-	-	-
Term receivables	6,021	6,021	-	1,537	4,484	-	-
Derivative financial instruments	10,303	7,558	4,004	2,006	3,275	(1,727)	-
Investments	272,646	272,309	777	10,032	-	-	261,500
Total	345,269	342,187	61,080	13,575	7,759	(1,727)	261,500

2020							
Cash and cash equivalents	50,227	50,227	50,227	-	-	-	-
Trade and other receivables	29,547	29,547	29,547	-	-	-	-
Term receivables	10,023	10,023	886	886	8,251	-	-
Derivative financial instruments	17,199	22,694	8,395	5,204	7,364	1,731	-
Investments	244,411	245,895	21,586	777	10,032	-	213,500
Total	351,407	358,386	110,641	6,867	25,647	1,731	213,500

Financial liabilities

2021							
Trade and other payables	31,324	31,324	31,324	-	-	-	-
Derivative financial instruments	37,717	39,848	9,056	9,891	16,004	4,897	-
Borrowings	820,474	834,044	241,260	107,550	255,210	230,024	-
Total	889,515	905,216	281,640	117,441	271,214	234,921	-

2020							
Trade and other payables	25,830	25,830	25,830	-	-	-	-
Derivative financial instruments	62,778	87,549	19,420	15,418	32,884	19,827	-
Borrowings	791,330	855,616	364,729	82,936	181,287	226,664	-
Total	879,938	968,995	409,979	98,354	214,171	246,491	-

23 CONTINGENT LIABILITIES

	Group 2021 \$'000	Group 2020 \$'000
Performance Bonds	1,157	1,243

The performance bonds issued are principally in favour of South Island Local Authorities for contract work by Delta Utility Services Limited. There is no indication that any of these contingent liabilities will crystallise in the foreseeable future.

In January 2021 the Labour Inspectorate office opened an investigation into Delta Utility Services Limited's leave processes and payments. This investigation is still ongoing and at reporting date, the financial consequences of this matter (if any) were non known.

Network reliability standards are contained in the Commerce Commission's Default Price-Quality Path for Electricity Distribution Businesses. Aurora Energy Limited breached its regulated quality limits for the 2020 disclosure year. At reporting date, the financial consequences (if any) were not known.

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 2021 the value of the potential liability in future years is unknown due to the variations in the harvesting schedule, carbon reporting periods and the value of carbon to surrender. The Directors have requested future work be done in this area so potential liabilities can be ascertained (2020: \$nil).

24 CAPITAL EXPENDITURE COMMITMENTS

	Group 2021 \$'000	Group 2020 \$'000
Plant and equipment	11,000	12,405
Land	1,000	-

Other commitments

Undrawn Facilities: Level of committed facilities undrawn was \$200,000,000 (2020: \$195,000,000).

Field Service Agreement Contracts: The Group is party to three field service agreement contracts. The value of total committed expenditure under these contracts is \$6 million for the 31 March 2022 regulatory year and \$3 million for the 31 March 2023 and 31 March 2024 regulatory years.

■ 25 EQUITY – SHARE CAPITAL

	Group 2021 \$'000	Group 2020 \$'000
Issued capital		
1,103,689,000 ordinary shares	128,689	126,139

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 975,000,000 are uncalled. During the year ended 30 June 2021 a further 2,550,000 ordinary shares were issued. 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

■ 26 ACCUMULATED FUNDS

	Group 2021 \$'000	Group 2020 Restated \$'000
Balance at the beginning of the year		
Group companies	128,104	133,647
Associate companies	17,651	15,833
	145,755	149,480
Net profit for the year	26,138	(8,021)
Dividend distributions	-	-
Minority share of (surplus) / deficit	-	-
Adjustment to remove inter-group leases	(158)	531
Transfer to reserves – forest	-	-
Transfer to reserves – carbon credit	-	3,766
Balance at the end of the year	171,735	145,755
	Group 2021 \$'000	Group 2020 Restated \$'000
<i>Represented by</i>		
Group companies	153,042	128,104
Associate companies	18,693	17,651
Balance at the end of the year	171,735	145,755

27 RESERVES

	Group 2021 \$'000	Group 2020 Restated \$'000
Associate company asset revaluation reserve		
Balance at beginning of the year	18,813	16,712
Gain/(loss) recognised on cash flow hedges/assets	91	2,101
Balance at the end of the year	18,904	18,813

The reserve relates to assets of Dunedin International Airport Limited.

Hedging reserve

Balance at beginning of the year	(43,580)	(29,236)
Gain/(loss) recognised on cash flow hedges:	29,339	(19,630)
Deferred tax arising on hedges (note 4)	(8,187)	5,286
Balance at the end of the year	(22,428)	(43,580)

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	33,081	30,285
Net revaluation of forest land	6,602	2,796
Balance at the end of the year	39,683	33,081

Carbon credit reserve

Balance at beginning of the year	8,019	5,697
Transfer from retained earning	-	(3,766)
Net gain in carbon credits above initial recognition value	8,843	6,088
Balance at the end of the year	16,862	8,019

28 EARNINGS PER SHARE

	Group 2021	Group 2020 Restated
Basic earnings per share is calculated by dividing the net surplus attributable to the shareholder of the Group by the weighted average number of ordinary shares on issue during the year.		
Number of shares		
Shares at year end	1,103,689,000	1,101,139,000
Weighted average number of ordinary shares	1,101,299,685	1,098,770,644
Basic earnings per share	\$0.0237	-\$0.0073
Earnings per paid up share	\$0.20	-\$0.06

Diluted earnings per share

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

■ 29 DIVIDENDS

No dividends were paid during the financial year (2020: nil).

■ 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.

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 an arms-length commercial basis. The Group provided services and traded with the Dunedin City Council in respect of the following transactions.

	Group 2021 \$'000	Group 2020 \$'000
<i>Sales of services to the Dunedin City Council and its subsidiaries outside the Dunedin City Holdings Limited Group:</i>		
Contracting services	6,150	8,537
Interest income	8,005	10,187
Grants	1,018	-
Transport services	11	-
	<u>15,184</u>	<u>18,724</u>
<i>Purchases of goods and services from the Dunedin City Council and its subsidiaries outside the Dunedin City Holdings Limited Group:</i>		
Interest	5,941	5,902
Materials/network assets	495	138
Rates and property rentals	1,075	1,614
Administration and office services	775	100
	<u>8,286</u>	<u>7,754</u>
<i>As at balance date:</i>		
Receivable from the Dunedin City Council and subsidiaries	274,106	247,620
Payable to the Dunedin City Council and subsidiaries (inclusive of shareholders advance)	112,086	112,088

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 Chief Executives, any manager with the title of Chief Financial Officer or equivalent and any manager with general management responsibilities over a major division.

■ 30 RELATED PARTY TRANSACTIONS continued

During the course of the year:

SR Thompson is the Chair of Alpine Energy Limited. During the year the DCHL Group paid \$175,420 (2020: \$60,384) for services and provided services of \$47,269 (2020: \$53,240) to Alpine Energy Limited. Nil was payable (2020: \$6,135) and \$5,419 was receivable (2020: \$6,136).

LM Robertson is a board member of AWS Legal until March 2021. During the year the DCHL Group paid \$2,540 (2020: \$1,535) for services and provided services of \$nil (2020: \$3,849) to AWS Legal. \$394 was payable (2020: nil payable).

LM Robertson is the Chair of the Central Otago District Council Audit and Risk Committee. During the year the DCHL Group paid \$54,196 (2020: \$56,611) and received \$1,901,608 (2020: \$1,871,495) for services with Central Otago District Council. \$611 was payable and \$299,362 receivable (2020: nil payable and \$324,004 receivable).

A La Hood is the Chief Financial Officer of Cook Brothers Group Ltd. During the financial period covered by this report services to the value of \$nil (2020: \$638) were purchased by, and eight OCR Memberships for \$11,000 and services of \$11,000 were purchased from Cook Brothers Group Ltd (2020: \$18,626). An amount of \$7,000 (2020: \$64,197) was receivable at balance date.

SR Thompson was a consultant to Deloitte Limited until 31 May 2021. MC Horne was a director during the prior year. During the financial period covered by this report, services of \$99,144 were purchased from Deloitte (2020: \$290,365) provided services of \$nil (2020: \$115,319). \$8,977 was payable (2020: \$18,035) and \$nil was receivable as at 30 June 2021 (2020: \$2,669).

T D Allison was the Chairman of Dunedin International Airport Limited for part of the year covered by this report and was a director throughout the entire year. During the financial period covered by this report, contracting services to the value of \$52,096 were provided to Dunedin International Airport (2020: \$47,313). Monies receivable as at 30 June 2021 totalled to \$18,072 (2020: \$3,799).

B J Wood is a Director of E-Spatial Limited. During the financial period covered by this report, services to the value of \$2,500 were purchased from E-Spatial (2020: \$12,500). No monies were payable as at 30 June 2021 (2020: \$2,875).

BJ Hall is a Director of ETEL Limited. During the financial period covered by this report, services of \$196,601 were purchased from ETEL Limited (2020: \$1,297,734). \$12,852 was outstanding as at 30 June 2021 (2020: \$245,447).

WN Harvey is a Director and Shareholder of Excellence in Business Solutions Limited. During the financial period covered by this report services of \$62,971 were purchased from Excellence in Business Solutions Limited (2020: \$62,890). No monies were outstanding as at 30 June 2020 (2020: nil).

B J Wood is a Director of Harrison Grierson Consultants Limited. During the financial period covered by this report, services to the value of \$5,000 were purchased from Harrison Grierson Consultants (2020: Nil). No monies were payable as at 30 June 2021 (2020: Nil).

CC Hopkins is a director of Health Central Limited. During the financial period covered by this report the DCHL Group paid \$435 (2020: \$nil) for services with Health Central Limited.

MP Devlin is a Director of Infrastructure New Zealand Limited. During the financial period covered by this report, services valued at \$3,990 were purchased from Infrastructure New Zealand (2020: \$3,990). No monies were outstanding at 30 June 2021 (2020: nil).

B J Wood is a Director of Mainpower New Zealand Limited. During the financial period covered by this report, metering services to the value of \$5,543 were purchased from Mainpower New Zealand (2020: \$9,277). No monies were payable as at 30 June 2021 (2020: \$1,165).

KT Cooper is a director of Miller Creative Group Limited. The DCHL Group paid \$nil (2020: \$12,642) for services from Miller Creative Group Limited. No monies were payable or receivable at 30 June (2020: nil payable and receivable).

TJ Kempton is the Chairman and a Shareholder of the Naylor Love Enterprise Group of Companies. During the financial period covered by this report, contracting services to the value of \$24,525 were provided to the Naylor Love Group (2020: \$133,159). Monies receivable as at 30 June 2021 were \$6,612. (2020: \$874). During the financial period covered by this report no contracting services were purchased from the Naylor Love Group (2020: \$123,358). No monies were payable as at 30 June 2021 (2020: Nil).

SR Thompson was a Director of Netcon Limited until August 2020. During the financial period covered by this report, no services were purchased from Netcon Limited (2020: \$2,554). No monies were outstanding at 30 June 2021 (2020: nil).

CC Hopkins is a director of Oakwood Group Limited. During the financial period covered by this report the DCHL Group paid \$79,797 (2020: \$89,094) and received \$nil (2020: \$1,618) for services with Oakwood Group Limited.

■ 30 RELATED PARTY TRANSACTIONS continued

SJ Johnstone is a Member of the Audit and Risk Committee of the Office of the Auditor-General. During the financial period covered by this report the DCHL Group paid for audit services from the Office of the Auditor-General as disclosed in note 3 of the financial statements. This entity was not a related party during the prior year.

AJ La Hood is a director and TD Allison was the Chairman of Otago Polytechnic up until January 2021. KE Grant was Chair of the Council during the prior year. During the financial period covered by this report, services to the value of \$8,795 were purchased from the Otago Polytechnic (2020: \$36,717). \$1,000 was payable as at 30 June 2021 (2020: \$nil). During the financial period covered by this report carparks for \$111,000, sponsorship of \$85,000, and services of \$22,000 were purchased by Otago Polytechnic Ltd (2020: \$257,292). An amount of \$52,000 (2020: \$5,739) was receivable at balance date.

SR Thompson is a Director and Shareholder of Passmore Consulting Services Limited. During the financial period covered by this report services of \$115,708 were purchased from Passmore Consulting Services Limited (2020: \$111,091). No monies were outstanding as at 30 June 2021 (2020: nil).

SJ Johnstone is a director and shareholder of Shand Thomson Chartered Accountants. During the financial period covered by this report the DCHL Group received \$3,899 for services to Shand Thomson Chartered Accountants. This entity was not a related party during the prior year.

SW Grave is Chairman of Sicon Ltd. During the financial period covered by this report, services to the value of \$100,559 were provided to Sicon Ltd (2020: Nil). Monies receivable as at 30 June 2021 totalled \$20,275 (2020: Nil).

RJ Lovett is a Director of Sport New Zealand. During the financial period covered by this report services of \$0 were purchased from Sport New Zealand (2020: \$22,000). No amounts (2020: \$nil) were outstanding at balance date.

BJ Hall is a Director and Shareholder of Stratview Holdings Limited. During the financial period covered by this report services of \$62,971 were purchased from Stratview Holdings Limited (2020: \$62,890). No monies were outstanding as at 30 June 2021 (2020: nil).

BJ Hall is a Director of Unison Networks Limited which owns Unison Contracting Limited. During the financial period covered by this report, no services were purchased from Unison Networks Limited (2020: \$10,000). No monies were outstanding as at 30 June 2021 (2020: nil). During the financial period covered by this report, services of \$9,675,683 were purchased from Unison Contracting Limited (2020: \$4,594,625). \$1,057,631 was outstanding as at 30 June 2021 (2020: \$614,432). During the financial period covered by this report \$23,904 of inventory was sold to Unison Contracting Limited (2020: \$72,161). \$11,153 was outstanding as at 30 June 2021 (2020: \$6,497).

SW Grave is a Director of Whitestone Contracting Ltd. During the financial period covered by this report, services to the value of \$11,875 were purchased from Whitestone Contracting Ltd (2020: \$680). No monies were payable as at 30 June 2021 (2020: Nil).

During the prior year:

The DCHL Group paid \$3,217 for services to CAANZ Tax Advisory Group, an organisation of which SA Mason was a director.

The DCHL Group received \$49,572 for services with Dunedin Casino Charitable Trust an organisation of which SJ Rodger was the Chair. \$1,038 was receivable at 30 June 2020.

The DCHL Group received \$44,741 for services with Dunedin (New Zealand) Masters Games Trust an organisation of which JA Bevin was a trustee.

KE Grant was a director of Dunedin Symphony Orchestra during the prior year. During that year the DCHL Group received \$26,764 for services with Dunedin Symphony Orchestra. \$5,923 was receivable at 30 June 2020.

The DCHL Group paid \$11,650 for services and provided services of \$7,533 to Findex Otago, an organisation of which SA Mason was a Managing Partner.

The DCHL Group received \$363,445 for services with Forsyth Barr Limited an organisation of which JF Gallaher was a director and TA Oakley was an employee and shareholder.

The DCHL Group paid \$41,661 for services and provided services of \$25,612 to Fulton Hogan Limited, an organisation of which SW Grave was a shareholder. \$1,279 was payable and a credit of \$3,494 was receivable at 30 June 2020.

K Grant was a consultant with Gallaway Cook Allan during the prior year. During that year the DCHL Group paid \$855,708 for services and received \$15,595 for services with Gallaway Cook Allan. \$52,917 was payable at 30 June 2020.

■ 30 RELATED PARTY TRANSACTIONS continued

The DCHL Group paid \$8,295 and received \$773 for services with Icon Logistics Limited an organisation of which KG Winders was a director. \$52 was payable at 30 June 2020.

The DCHL Group paid \$3,389 for services with the Institute of Directors Otago Branch an organisation of which TD Allison was a committee member.

The DCHL Group received \$5,026 for services with J Bevin Limited an organisation of which JA Bevin was a director and business advisor.

The DCHL Group paid \$1,400 for services with Mackenzie Architects Limited an organisation of which SR Thompson was a shareholder.

The DCHL Group received \$1,018 for services with Mercy Hospital Dunedin Limited an organisation of which JF Gallaher was the Chair.

The DCHL Group paid \$4,306 for services with Meteorological Service of New Zealand Limited an organisation of which MP Devlin was a director.

The DCHL Group received \$3,849 for services with Night 'n Day Foodstores Limited an organisation of which TD Allison was the Chair of the Advisory Board.

The DCHL Group paid \$12,209 for services with NomosOne an organisation of which SA Mason was the Chair. \$1,379 was payable at 30 June 2020.

The DCHL Group paid \$798,211 for services with OCTA Associates Limited an organisation of which WH Cockerill was a director and shareholder.

The DCHL Group paid \$552 and received \$4,217 for services with Otago Medical Research Foundation an organisation of which JA Bevin was a Council member.

The DCHL Group paid \$267,736 and received \$24,816 for services with Otago Regional Council an organisation of which TJ Kempton was a Councillor during the year. \$2,823 was payable and \$7,493 was receivable at 30 June 2020.

The DCHL Group paid \$16,376 and received \$1,127 for services with Otago Southland Employers Association an organisation of which JM Conroy was a director. \$4,922 was payable at 30 June 2020.

LM Robertson was the Chair of Pacific Radiology Group Limited during the prior year. During that year the DCHL Group paid \$100 and received \$538 for services with Pacific Radiology Group Limited.

The DCHL Group paid \$1,146 for services with Palmer Mechanical Limited an organisation of which MC Horne was a director.

The DCHL Group paid \$1,560,735 and received \$136,622 for services with Port Otago Limited an organisation of which KG Winders was Chief Executive Officer. \$184,996 was payable and a credit of \$4,871 was receivable at 30 June 2020.

The DCHL Group paid \$600 and received \$13,107 for services with Presbyterian Support Otago an organisation of which TJ Mepham was the Chair. \$15,073 was receivable at 30 June 2020.

CC Hopkins was a director of Scott Technology Limited Group during the prior year. During that year the DCHL Group paid \$1,661 and received \$1,894 for services with Scott Technology Limited Group. \$2,178 was receivable at 30 June 2020.

KE Grant was the Commissioner of Southern District Health Board during the prior year. During that year the DCHL Group received \$272,120 for services with Southern District Health Board. \$34,644 was receivable at 30 June 2020.

The DCHL Group paid \$41,288 and received \$982 for services with South Island Trust Board of St John an organisation of which JM Conroy was a trustee. \$1,578 was payable at 30 June 2020.

The DCHL Group paid \$2,200 and received \$75,625 for services with Southern Demonstration and Research Farm Limited an organisation of which JA Bevin was the Chair.

The DCHL Group received \$2,000 for services with Tourism Central Otago an organisation of which D Rushbrook was the General Manager.

The DCHL Group paid \$285 for services with TracPlus Global Limited an organisation of which JF Gallaher was the Chair. \$27 was payable at 30 June 2020.

The DCHL Group paid \$320 for services with University Bookshop (Otago) Limited an organisation of which RJ Brooking was a director.

■ 30 RELATED PARTY TRANSACTIONS continued

The DCHL Group paid \$42,520 and received \$361,183 for services with University of Otago an organisation of which TA Oakley was a Council member. \$1,278 was payable and \$13,225 was receivable at 30 June 2020.

The DCHL Group paid \$500 for services with Viblock Limited an organisation of which HC Horne was a director.

The DCHL Group paid \$35,054 for services with Visionali Limited an organisation of which TD Allison was a director.

The DCHL Group paid \$10,000 for services with Yellow Eyed Penguin Trust an organisation of which TJ Mephram was the treasurer.

Compensation of key management personnel

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

	Group 2021 \$'000	Group 2020 \$'000
Directors fees	1,200	1,166
Short-term employment benefits	6,324	5,740
Post-employment benefits	84	79
	<u>7,608</u>	<u>6,985</u>

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.

As at 30 June 2021, 89% of the Group's permanent employees were paid at or above the Living Wage (as calculated by the New Zealand Family Centre Social Policy Unit).

■ 31 RECONCILIATION OF OPERATING SURPLUS TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	Group 2021 \$'000	Group 2020 Restated \$'000
Operating surplus/(deficit)	26,138	(8,021)
Share of net (surplus)/deficit in associated companies	(1,042)	(1,818)
<i>Items not involving cash flows</i>		
Depreciation	33,935	32,591
Depletion of forest	12,375	9,441
Deferred tax	11,207	(2,779)
Asset impairment	(741)	5,372
Forest revaluation	(38,164)	(11,628)
Carbon credit revaluation	(5,069)	(4,862)
Other non-cash items	2,645	(1,842)
<i>Impact of changes in working capital items</i>		
(Increase)/Decrease in trade and other receivables	(4,773)	4,762
(Increase)/Decrease in other current assets	(219)	-
(Increase)/Decrease in inventories	884	177
(Increase)/Decrease in prepayments	(626)	(85)
(Increase) /Decrease in tax refund due	529	(529)
Increase /(Decrease) in trade and other payables	4,489	999
Increase /(Decrease) in provision for tax	657	(1,256)
Increase /(Decrease) in other current liabilities	404	(4,780)
<i>Items classified as investing or financing activities</i>		
Gain on sale of property, plant and equipment	(568)	(83)
Loss on sale of property, plant and equipment	1,485	1,521
Investment in financial instrument	(4,698)	(2,836)
Net cash inflows from operating activities	38,850	14,343

■ 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
2021				
Opening statement of financial position	790,136	1,194	8,430	799,760
Net cash flows	39,982	288	(3,604)	36,666
Non-cash movements	(11,126)	-	5,566	(5,560)
Closing statement of financial position	818,992	1,482	10,392	830,866
2020				
Opening statement of financial position	690,596	620	-	691,216
Net cash flows	95,515	574	(3,358)	92,731
Non-cash movements	4,025	-	11,788	15,813
Closing statement of financial position	790,136	1,194	8,430	799,760

■ 33 PRIOR PERIOD ERRORS

The following prior period errors have been identified during the year. The financial statements have been restated to reflect the correct opening positions. In addition to this the financial statistics page have been restated for each period reported.

Summary of errors in 2020 financial statements

Statement of financial performance	Previously reported 2020 \$000's	Error 1 - Profit elimination \$000's	Error 2 - Classification 1 \$000's	Error 3 - Classification 2 \$000's	Error 4 - Deferred tax \$000's	Error 5 - Hedge reserves \$000's	2020 Restated \$000's
Operating revenue	261,193	(26,248)	-	-	-	-	234,945
Other expenses	152,354	(13,283)	-	-	-	-	139,071
Employee expenses	70,622	(7,422)	-	-	-	-	63,200
Depreciation and amortisation	31,208	(1,706)	-	-	-	-	29,502
Surplus before taxation	(6,458)	(3,837)	-	-	-	-	(10,295)
Less taxation expense (income)	(1,199)	(1,074)	-	-	-	-	(2,273)
Surplus after taxation	(5,259)	(2,762)	-	-	-	-	(8,021)
Other comprehensive income	Previously reported 2020 \$000's	Error 1 - Profit elimination \$000's	Error 2 - Classification 1 \$000's	Error 3 - Classification 2 \$000's	Error 4 - Deferred tax \$000's	Error 5 - Hedge reserves \$000's	2020 Restated \$000's
Gain (loss) on interest rate swap hedges	(19,858)	-	-	-	-	228	(19,630)
Income tax on other comprehensive income	(2,444)	-	-	-	5,796	(228)	3,124
Total comprehensive income for the year	(14,165)	(2,762)	-	-	5,796	-	(11,131)

■ 33 PRIOR PERIOD ERRORS continued

The following prior period errors have been identified during the year. The financial statements have been restated to reflect the correct opening positions. In addition to this the financial statistics page have been restated for each period reported.

Statement of financial position	Previously reported 2020 \$000's	Error 1 - Profit elimination \$000's	Error 2 - Classification 1 \$000's	Error 3 - Classification 2 \$000's	Error 4 - Deferred tax \$000's	Error 5 - Hedge reserves \$000's	2020 Restated \$000's
Current assets							
Taxation refund receivable	5,697	-	(5,168)	-	-	-	529
Trade and other receivables	27,231	-	2,316	-	-	-	29,547
Inventories	8,636	-	(2,316)	-	-	-	6,320
Non-current assets							
Property, plant and equipment	842,195	(68,263)	-	-	-	-	773,932
Current liabilities							
Provision for tax	5,168	-	(5,168)	-	-	-	-
Non-current liabilities							
Deferred taxation	115,660	(19,114)	-	-	(16,084)	-	80,462
Equity							
Accumulated funds	191,457	(49,149)	-	-	-	3,447	145,754
Cash flow hedge reserves	(56,217)	-	-	-	16,084	(3,447)	(43,580)
Statement of cash flows							
	Previously reported 2020 \$000's	Error 1 - Profit elimination \$000's	Error 2 - Classification 1 \$000's	Error 3 - Classification 2 \$000's	Error 4 - Deferred tax \$000's	Error 5 - Hedge reserves \$000's	2020 Restated \$000's
Cash flow from operating activities							
Receipts from customers	263,322	(26,248)	-	(2,437)	-	-	234,637
Suppliers and employees	215,804	(20,705)	-	-	-	-	195,099
Cash flow from investing activities							
Property, plant and equipment	69,112	(5,543)	-	-	-	-	63,569
Cash flow from investing activities							
Lease liability repaid	5,234	-	-	(1,876)	-	-	3,358
Interest paid	561	-	-	(561)	-	-	-
Loans raised (inflow)	96,089	-	-	50,000	-	-	146,089
Loans repaid (outflow)	-	-	-	50,000	-	-	50,000

■ 33 PRIOR PERIOD ERRORS continued

Summary of errors in 1 July 2019 opening statement of financial position

Statement of financial position	Previously reported 1 July 2019 \$000's	Error 1 - Profit elimination \$000's	Error 2 - Classification 1 \$000's	Error 3 - Classification 2 \$000's	Error 4 - Deferred tax \$000's	Error 5 - Hedge reserves \$000's	1 July 2019 Restated \$000's
Current assets							
Taxation refund receivable	5,678	-	(5,678)	-	-	-	-
Trade and other receivables	29,916	-	4,393	-	-	-	34,309
Inventories	10,890	-	(4,393)	-	-	-	6,497
Non-current assets							
Property, plant and equipment	811,702	(64,426)	-	-	-	-	747,276
Current liabilities							
Provision for tax	6,934	-	(5,678)	-	-	-	1,256
Non-current liabilities							
Deferred taxation	114,693	(18,039)	-	-	(10,288)	-	86,366
Equity							
Accumulated funds	192,420	(46,387)	-	-	-	3,447	149,480
Cash flow hedge reserves	(36,077)	-	-	-	10,288	(3,447)	(29,236)

1. Profit elimination error

During the year an error has been identified regarding the elimination of profit between subsidiary entities of DCHL. Delta Utility Services Limited ("Delta") provides contracting services to Aurora Energy Limited ("Aurora"), some of these services are performed on network assets that are then capitalised by Aurora. The capitalisation of the costs includes a profit component that is earned by Delta. The subsidiary financial statements of Aurora reflect their correct financial position by including the full cost (which includes the profit component) and Delta correctly recognises the profit in its Statement of financial performance.

The error occurs in the DCHL Group when consolidating these result. From a DCHL Group perspective the network asset recognised in previous financial statements includes an inter-company profit component. This inclusion has overstated the value of the network asset as the profit should have been eliminated from the network asset value when reported in the DCHL financial statements. The revenue and expenses were previously overstated and needed to be eliminated.

This error has occurred since 2006. There has been an adjustment made to opening retained earnings to reflect the profit component capitalised on the network asset value since 2006.

2. Classification error for statement of financial position

Tax balances

The taxation refund receivable and provision for tax liability were both overstated by \$5.168 million because the balances should have been netted off in the Statement of Financial Position.

Inventory and work and progress

A work in progress balance has been reclassified from inventory to trade and other receivables. The balances have been adjusted in the Statement of Financial Position.

■ 33 PRIOR PERIOD ERRORS continued

3. Classification error for Statement of Cash Flows

The proceeds from borrowings and repayment of borrowings were understated by \$50 million because the borrowings (for medium term notes and floating rate notes) that matured during the year had been incorrectly netted off against the borrowings taken out.

The cash flows relating to interest on leases and lease payments was overstated due to an error with the elimination of intercompany transactions. This has reduced cash receipts from customers with a corresponding decrease in the interest on leases and cash outflow for lease liability repayments

4. Recognition of previously unrecognised tax balances

Dunedin City Treasury Limited and Dunedin Stadium Property Limited have tax benefits not recognised in their financial statements, and this treatment has previously been consolidated into the DCHL Group. These tax benefits are required to be recognised in the DCHL Group financial statements.

5. Error with other comprehensive income and the hedge reserve balance

The gain/ (loss) on interest rate swap hedges have been understated due to an error with intercompany eliminations and the tax effect.

■ 34 FINANCIAL STATEMENT RECLASSIFICATIONS

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

■ 35 EVENTS AFTER BALANCE DATE

Subsequent to balance date City Forests Limited has contracts in place to purchase additional properties as part of its estate expansion program in total for \$10.75m (2020: \$nil). These properties will settle during the coming financial year.

Delta Utility Services Limited's Term Receivable with Infinity Yaldhurst Limited was fully repaid subsequent to balance date. This was well ahead of contractual timeframes.

On Tuesday 17 August 2021, the NZ Government announced that level 4 Covid-19 restrictions would take effect throughout the country immediately, following the identification of Covid-19 cases in the community. On Tuesday 31 August 2021, the area in which the DCHL Group operates moved to level 3 Covid-19 restrictions. On Tuesday 7 September 2021, the area in which the DCHL Group operates moved to level 2 Covid-19 restrictions. A number of Group entities received the Ministry of Social Development Wage Subsidy which mitigated some of the impact that the lockdown had. On Monday 29 November 2021, the government confirmed that the country would move to a new Covid-19 Protection Framework ("traffic lights"), this would come into effect on Friday 2 December 2021. The area which the DCHL Group operates moved into the orange traffic light which reduces restrictions for vaccinated people compared with the previous alert level system.

From 23 January 2022 the county moved into the red traffic light at the date of signing this Annual Report the area in which the Company operates remains subject to red level of the Covid-19 Protection Framework. At this stage our assessment is that the impact of Covid-19 restrictions will not materially effect the achievement of the DCHL Group's targets for the 2022 financial year. Each entity within the Group have put in place budgets and strategies to mitigate against the risk of Covid-19 and associated supply chain and market price fluctuations.

There were no other significant post balance date events.

■ 36 COVID-19 IMPACT

On 11 March 2020 the World Health Organisation declared the outbreak of Covid-19, a pandemic. New Zealand has been subject to Covid-19 restrictions since this time. Initially the restrictions were under the Covid-19 alert level framework and from 2 December the country will operate under the Covid-19 Protection Framework ("traffic lights"). The new framework has been put in place to move away from restrictive lockdowns and instead reduce restrictions for vaccinated people.

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

As an "essential service" provider, the Group's most largest entity, Aurora Energy Limited, continues to operate during any lockdown restrictions and Covid-19 did not have a material impact on the entity. The Group's banker, Dunedin City Treasury Limited, also continues to operate as normal during any lockdown restrictions. It has continued to maintain compliance with all Treasury Risk Management Policy requirements, and ensured funding is made available to the Group.

Lockdown restrictions during the prior year, impacted the results of most other Group entities. Key Group entities, City Forests Limited and Delta Utility Services Limited's financial results were reduced due to not being able to operate at full potential during the last quarter of the 2020 financial year. There was no significant impact during the 2021 financial year; however, most Group entities are experiencing increased costs and lower stock supply. Each Group member have put in place budgets and strategies to manage the ongoing risks of Covid-19.

International travel restrictions significantly affected the performance of the Group's aviation and tourism related businesses in both the current and prior financial years. Unfortunately, the effect on Dunedin Railways was so significant that the company was put into hibernation from 1 July 2020 to allow time for alternative operating models to be considered. Dunedin City Council plans to publicly consult on future options of the company as part of its next 10 year plan consultation.

statutory information

For the year ended 30 June 2021

■ DUNEDIN CITY HOLDINGS LIMITED

Directors' Remuneration and Benefits

Remuneration			Company		
\$000					
Parent company			Darin Cusack	23	Dunedin International Airport Ltd
Keith T Cooper	119	Dunedin City Holdings Ltd	John F Gallaher	69	City Forests Ltd
Kathleen E Grant	61	Dunedin City Holdings Ltd	Tim J Mepham	36	City Forests Ltd
Linda M Robertson	61	Dunedin City Holdings Ltd	Kathleen A Posa	36	City Forests Ltd
Christopher C Hopkins	61	Dunedin City Holdings Ltd	Scott A Mason	36	City Forests Ltd
Richard J Thomson	61	Dunedin City Holdings Ltd	Raewyn J Lovett	37	Dunedin Venues Management Ltd
Susie J Johnstone	21	Dunedin City Holdings Ltd	Joanne M Conroy	21	Dunedin Venues Management Ltd
Parent Company total	386		Adam La Hood	20	Dunedin Venues Management Ltd
			Dylan Rushbrook	20	Dunedin Venues Management Ltd

Subsidiaries & associated companies

Keith T Cooper	nil	Dunedin City Treasury Ltd
	nil	Dunedin Stadium Property Ltd
	nil	Dunedin Railways Ltd
Kathleen E Grant	nil	Dunedin City Treasury Ltd
	nil	Dunedin Stadium Property Ltd
	nil	Dunedin Railways Ltd
Linda M Robertson	nil	Dunedin City Treasury Ltd
	nil	Dunedin Stadium Property Ltd
	nil	Dunedin Railways Ltd
Christopher C Hopkins	nil	Dunedin City Treasury Ltd
	nil	Dunedin Stadium Property Ltd
	nil	Dunedin Railways Ltd
Richard J Thomson	nil	Dunedin City Treasury Ltd
	nil	Dunedin Stadium Property Ltd
	nil	Dunedin Railways Ltd
Susie J Johnstone	nil	Dunedin City Treasury Ltd
	nil	Dunedin Stadium Property Ltd
	nil	Dunedin Railways Ltd
William H Cockerill	21	Dunedin Stadium Property Ltd
Stephen R Thompson	116	Aurora Energy Ltd
Margaret P Devlin	63	Aurora Energy Ltd
Brendon J Hall	63	Aurora Energy Ltd
Wendy N Harvey	63	Aurora Energy Ltd
Brian J Wood	80	Delta Utility Services Ltd
Steve W Grave	44	Delta Utility Services Ltd
Trevor J Kempton	44	Delta Utility Services Ltd
Tony D Allison	44	Delta Utility Services Ltd
	34	Dunedin International Airport Ltd
Jonathan Cameron	33	Dunedin International Airport Ltd

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	Parent Company	Subsidiaries	Remuneration Range	Parent Company	Subsidiaries
\$520,000-529,999	-	1	\$210,000-219,999	-	2
\$420,000-429,999	-	1	\$190,000-199,999	-	2
\$380,000-389,999	-	1	\$180,000-189,999	-	6
\$350,000-359,999	-	1	\$170,000-179,999	-	4
\$320,000-329,999	-	1	\$160,000-169,999	-	6
\$300,000-309,999	-	2	\$150,000-159,999	-	13
\$280,000-289,999	-	1	\$140,000-149,999	-	12
\$260,000-269,999	-	1	\$130,000-139,999	-	26
\$250,000-259,999	-	1	\$120,000-129,999	-	33
\$240,000-249,999	-	2	\$110,000-119,999	-	47
\$230,000-239,999	-	1	\$100,000-109,999	-	56

Gender diversity across the DCHL Group

	Aurora Energy	City Forests	Delta	Dunedin City Treasury	Dunedin Stadium Property	Dunedin Venues Manage- ment	Dunedin Railways	Dunedin Internat- ional Airport	Dunedin City Holdings		
DIRECTORS											
Male	2	3	4	0	1	2	0	3	3	18	69%
Female	2	1	0	0	0	2	0	0	3	8	31%
	4	4	4	0	1	4	0	3	6	26	100%
SENIOR MANAGEMENT											
Male	23	4	8	0	0	3	0	3	0	41	73%
Female	8	1	2	0	0	3	0	1	0	15	27%
	31	5	10	0	0	6	0	4	0	56	100%
ALL STAFF											
Male	99	11	459	0	0	11	9	26	0	615	77%
Female	51	2	107	0	0	16	0	5	0	181	23%
	150	13	566	0	0	27	9	31	0	796	100%

Directors of Dunedin City Holdings Ltd are also directors of Dunedin City Treasury Ltd, Dunedin Stadium Property Ltd and Dunedin Railways Ltd. They are only recorded once in this table.

Dunedin City Treasury Ltd and Dunedin City Holdings Ltd do not employ staff directly. Staff resource is contracted from Dunedin City Council under a Service Level Agreement.

statement of service performance

For the year ended 30 June 2021

The performance targets established in the 2020/21 Statement of Intent for Dunedin City Holdings Ltd and the results achieved for the year ended 30 June 2021 are as follows:

Performance target

1. DCHL Board perform a monthly review of DCHL Group companies' operating activities, including financial performance against budget (DIAL quarterly).
2. DCHL Board monitor DCHL Group companies' progress against their Sol targets quarterly.
3. Synergies have been made across the DCHL Group.
4. DCHL Board perform a monthly review of the consolidated DCHL Group financial performance against budget.
5. DCHL Board to perform a quarterly review of DCHL Group companies' rates of return.
6. DCHL Board provide a quarterly update to Council on the DCHL Group's performance (financial and other).
7. DCHL Board annually review the ownership and capital structures of the DCHL Group companies.
8. Consider capital expenditure proposals and business cases in accordance with company constitutions and Sols.
9. DCHL Board engage with each DCHL Group company at least once annually on strategy.
10. DCHL Board meet with full group of Chairs twice annually.
11. Review draft Sols by 1 March 2021.
12. Approve Sols by 30 June 2021.

Outcome achieved

Each month the DCHL Board reviewed each of the DCHL Group companies' operating activities, including financial performance against budget, with DIAL reviewed on a quarterly basis.

Each month the DCHL Board monitored each of the DCHL Group companies' progress against their Sol targets on an exception basis.

Throughout the year DCHL has continued to support group-wide projects or initiatives, and initiated them where it made sense. The most notable project this year was assessing and measuring our Greenhouse Gas (GHG) emissions.

Each month the DCHL Board reviewed the consolidated DCHL Group financial performance against budget.

On a quarterly basis, the DCHL Board reviewed each of the DCHL Group companies' rates of return.

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.

The ownership and capital structures of the DCHL Group companies are an ongoing consideration of the DCHL Board, and are specifically considered quarterly.

Capital expenditure proposals and business cases have been considered in accordance with individual company constitutions and Sols.

At least once annually each DCHL Group company has presented their strategy to the DCHL Board.

Twice a year the full group of DCHL Group Chairs meet with the DCHL Board.

The DCHL Board reviewed each of the DCHL Group companies draft SOIs on 4 February 2021.

The DCHL Board reviewed and approved each of the DCHL Group companies final SOIs on 24 June 2021.

Performance target

13. Send Letters of Expectation to subsidiary and associate companies by 20 December 2020.
14. Co-ordinate support for DCHL Group companies (including DCHL) to have systems in place to measure and report carbon emissions from 1 July 2021.
15. Appointments and re-appointments are all completed on time, and in compliance with DCHL and Council policy.
16. Ensure DCHL Group companies have appropriate policies and procedures in place.
17. DCHL Board perform an annual review of subsidiary and associate companies' activities to reduce their carbon footprint.
18. Strategic or operational matters which could compromise the Council's community outcomes, are escalated to the shareholder in a timely manner.
19. Any substantive matter, including any matter likely to generate media coverage, are reported to the shareholder within 24 hours.

Outcome achieved

The DCHL Board sent each of the DCHL Group companies a Letter of Expectation on 11 December 2020.

Co-ordinated and supported all DCHL Group companies to establish systems for measuring and reporting their carbon emissions. All DCHL Group companies have reported their Greenhouse Gas (GHG) emissions for the year ended 30 June 2021 in their Annual Reports.

All appointments and re-appointments made during the 2021 financial year were completed on time, and in compliance with DCHL and Council policy.

Confirmed that all group companies have appropriate policies and procedures in place and they are reviewed on a regular basis.

All DCHL Group companies have measured and reported their Greenhouse Gas (GHG) emissions for the year ended 30 June 2021. This has formed a baseline and each of the companies are now developing plans to reduce their carbon footprint.

All strategic or operational matters which could compromise the Council's community outcomes, were reported to the shareholder in a timely manner.

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
a Shareholder's funds to total assets	19%	Shareholder's funds to total assets	24%
b Interest paid to shareholder	5,902	Interest paid to shareholder	5,902
Dividend distributions	-	Dividend distributions	.
c Net profit after tax	(8,557)	Net profit after tax	26,138
Cash flow from operations	18,862	Cash flow from operations	38,850
Capital expenditure	89,865	Capital expenditure	84,707
Contributions of equity	2,550	Contributions of equity	2,550
Term Loans parent	25,281	Term Loans parent	21,740
group	920,626	group	818,992

directory

Directors

Keith T Cooper	appointed 2 February 2015
Kathleen E Grant	appointed 17 July 2012 (to 30 June 2021)
Christopher C Hopkins	appointed 25 June 2019
Linda M Robertson	appointed 17 October 2013
Richard Thomson	appointed 1 July 2020
Susie Johnstone	appointed 1 March 2021

Registered office

50 The Octagon
Dunedin
New Zealand

Bankers

Westpac

Taxation Advisers

Deloitte

Solicitors

Anderson Lloyd

Auditor

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

independent auditor's report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of Dunedin City Holdings Limited Group's financial statements and statement of service performance for the year ended 30 June 2021

The Auditor-General is the auditor of Dunedin City Holdings Limited Group (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 29 to 81, that comprise the statement of financial position as at 30 June 2021, 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 84 to 85.

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 on pages 29 to 81:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2021; 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 (NZ IFRS); and
- the statement of service performance of the Group on pages 84 to 85 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 2021.

Our audit was completed on 28 February 2022. This is the date at which our qualified opinion on the financial statements and the statement of service performance are 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

Stadium assets were not tested for impairment under NZ IAS 36

As outlined in the statement of compliance on page 35, 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 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 cashflows. There is an indicator that the value of the stadium assets to the Group is impaired.

independent auditor's report (continued)

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 48, 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.

Limited evidence to support the written-down values of Dunedin Railways Limited's property, plant and equipment and inventories

As outlined in note 14 on page 55 and note 36 on page 81, Dunedin Railways Limited (DRL) was put into hibernation from 1 July 2020. For the year ending 30 June 2020, DRL's property, plant and equipment and inventory were written-down to \$236,000 and \$61,000 respectively. The Group recognised an associated impairment expense of \$4,486,000 for the year ended 30 June 2020.

Our audit report on the 30 June 2020 financial statements was qualified because we were unable to obtain adequate evidence to support the written-down values of these assets and the associated impairment expense.

For the current year, the Board of Directors of DRL has assessed there has been no change in the recoverable amount of the DRL assets from the prior year and no further evidence has been provided to support the amounts recognised as at 30 June 2021 for property, plant and equipment of \$221,000 and inventories of \$55,000. Additionally, we have not been able to confirm the amount of any reversal of the previously recognised impairment expense that would have been required should the written down value of assets be understated.

As a consequence of the above, the scope of the audit was limited because we are unable to determine whether any adjustments are necessary to the carrying values of DRL's property, plant and equipment and inventories for the current year and comparative year.

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 85.

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.

independent auditor's report (continued)

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.

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.

independent auditor's report (continued)

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 28, 82 to 83 and 86, but does not include the financial statements and the statement of service performance, 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 DRL's property, plant and equipment and inventories. Accordingly, we are unable to conclude whether the other information 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, issued by New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have reported on statutory and regulatory engagements for the Group's subsidiaries and associate. These engagements are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with, or interests in, the Group or any of its subsidiaries and associate.



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

Dunedin City Holdings Limited

Directors' declarations of interest For the year ended 30 June 2021

Director	Responsibilities	Declarations of Interests
Keith T Cooper 2.02.15 - present (Chair 26.02.19 - present)	Non-Executive Director / Chair	Director & Chair, Dunedin City Holdings Limited Director & Chair, Dunedin City Treasury Limited Director & Chair, Dunedin Railways Limited - appointed 1 July 2020 Director, Dunedin Stadium Property Limited Director, Miller Creative Group Limited Owner/Director, Littlebrook Farm Limited
Linda M Robertson 17.10.13 - present	Non-Executive Director	Chair, Audit and Risk Committee, Central Otago District Council Chair, Central Lakes Trust Chair, Crown Irrigation Investments Limited Director, Dunedin City Holdings Limited Director, Dunedin City Treasury Limited Director, Dunedin Stadium Property Limited Director, Dunedin Railways Limited - appointed 1 July 2020 Director, NZ Local Government Funding Agency Director, Alpine Energy Limited - appointed 27 August 2020 Director, Central Lakes Direct Limited Director and Shareholder, RML Consulting Limited Board Member, AWS Legal - ceased March 2021 Member, Risk and Audit Committee, The Treasury Member, Capital Markets Advisory Committee, The Treasury Kiwi Wealth companies comprising of: Kiwi Wealth Management Ltd, Kiwi Wealth Investments General Partnership Ltd, Kiwi Investment Management Ltd, Kiwi Wealth Ltd, Portfolio Custodial Nominees Ltd - appointed July 2021 Member, Audit and Risk Committee, Office of the Auditor-General and Audit New Zealand - effective January 2022
Kathleen E Grant 17.07.12 - 30.06.21	Non-Executive Director	Director, Dunedin City Holdings Limited - ceased 30 June 2021 Director, Dunedin City Treasury Limited - ceased 30 June 2021 Director, Dunedin Stadium Property Limited - ceased 30 June 2021 Director, Dunedin Railways Limited - appointed 1 July 2020, ceased 30 June 2021 Director, NMIT Limited - appointed April 2020 Director, Weltec Limited - appointed April 2020 Director, Whitireia Limited - appointed April 2020 Council Member, NZ Institute of Skills and Technology - appointed April 2020 Trustee, Central Lakes Trust - appointed 1 December 2020 Trustee of various client trusts

Dunedin City Holdings Limited

Directors' declarations of interest For the year ended 30 June 2021

Director	Responsibilities	Declarations of Interests
Christopher C Hopkins 25.06.19 - present	Non-Executive Director	Chair, Health Central Limited - appointed 21 September 2020 Chair, Engineering Dunedin Incorporated - ceased November 2020 Director, Oakwood Group Limited Director, Our Planit Limited Director, Spade Work Limited Director, GW Batts Trustee Limited Director, Dunedin City Holdings Limited Director, Dunedin City Treasury Limited Director, Dunedin Stadium Property Limited Director, Dunedin Railways Limited - appointed 1 July 2020 Director, J B Frame & Son Ltd - appointed 5 March 2021 Director and Shareholder, Southmed Limited - appointed April 2020 Director and Shareholder, INMR Measure Limited - appointed 30 September 2020 Director and Shareholder, Mimeo Industrial Limited - appointed 18 February 2021
Richard J Thomson 1.07.20 - present	Non-Executive Director	Director, Dunedin City Holdings Limited - appointed 1 July 2020 Director, Dunedin City Treasury Limited - appointed 1 July 2020 Director, Dunedin Stadium Property Limited - appointed 1 July 2020 Director, Dunedin Railways Limited - appointed 1 July 2020 Director and Shareholder, Thomson & Cessford Ltd (T/A Acquisitions) Chair, Hawksbury Community Living Trust Trustee, Healthcare Otago Charitable Trust
Susie J Johnstone 1.03.21 - present	Non-Executive Director	Director, Dunedin City Holdings Limited - appointed 1 March 2021 Director, Dunedin City Treasury Limited - appointed 1 March 2021 Director, Dunedin Stadium Property Limited - appointed 1 March 2021 Director, Dunedin Railways Limited - appointed 1 March 2021 Director & Shareholder, Shand Thomson Chartered Accountants Member, Office of the Auditor General Audit & Risk Committee Director & Shareholder, Johnstone Afforestation Trustee, Dunedin Diocese Trust Board Trustee, Clutha Community Foundation Trustee of various client trusts through Shand Thomson & Abacus Nominee Companies