

# **Dunedin City Treasury Ltd**

## **INTERIM REPORT**

**For the six months ended 31 December 2021**

## **Dunedin City Treasury Limited**

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## Dunedin City Treasury Limited

### Directors' report

The Directors of Dunedin City Treasury Limited are pleased to present their report on the activities of the Company for the six months ended 31 December 2021.

### Overview of results

|                      | unaudited<br>6 months to<br>31 Dec 2021<br>\$'000 | unaudited<br>6 months to<br>31 Dec 2020<br>\$'000 | audited<br>full year to 30<br>Jun 2021<br>\$'000 |
|----------------------|---|---|--|
| Total income         | 11,414  | 12,634  | 23,784   |
| Profit before tax    | 45  | (75)  | 34   |
| Income tax           | (2)   | (32)  | 27   |
| Net profit after tax | 47  | (43)  | 7  |
| Total assets         | 878,803   | 814,759   | 835,224  |

### Review of operations

Dunedin City Treasury Ltd ("the Company") experienced a small increase in the cost of funds for the DCC Group, with average cost of funding increasing from 2.49% to 2.50% over the six month period, as wholesale interest rates increased significantly over the period. The Reserve Bank increased the Official Cash Rate from 0.25% to 0.75% and the 3 month benchmark interest rate moved from 0.35% to closer to 1.00%.

The Company undertook one successful refinancing during the period. The \$70.0m 25 November 2021 Medium Term Note (MTN) maturity was refinanced with a new \$100.0m seven year MTN. The new MTN was priced at a coupon rate of 3.22%. The issue margin was 0.44% above the underlying seven year interest rate swap yield.

The issuance of the new seven year MTN will assist the Company to maintain at least 20% of debt with maturities of greater than five years, as debt is forecast to increase in the near term as the Group continues to fund significant infrastructure expenditure.

The Company's Promissory Note programme continues to perform strongly, achieving an average rate of +0.02% over the relevant floating benchmark interest rate, and an average bid coverage 2.0 times the Promissory Notes tendered.

The Company has ensured that funding facilities are spread over time to assist with managing funding risk. The Company continues to ensure that there is less than \$350 million of funding due to mature in any forward one year period, as required by DCC's Treasury Risk Management Policy. The Company also maintained compliance with all other aspects of the Treasury Risk Management Policy, an annual review of which was completed in March 2021. The Company continues to manage funds in the best interests of its borrowers.

The Company experienced a significant increase in equity during the period. Higher New Zealand interest rate swap yields reduced the negative mark to market of the Company's cash flow hedging arrangements, significantly reducing the negative value of the Company's Hedge Reserve from -30.9 million as at 30 June 2021 to -8.9 million as at 31 December 2021.

Standard & Poor's reaffirmed the AA/Stable/A-1+ ratings of both Dunedin City Treasury Limited and the Dunedin City Council in December 2021.

The Board considers that Dunedin City Treasury Limited continues to provide significant benefit to the DCHL Group, Dunedin City Council, and Dunedin ratepayers through its provision of cost effective funding for the Dunedin City Council Group.

### Seasonality

There is no seasonality of earnings within the Company.

## **Dunedin City Treasury Limited**

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### **Directors' report**

#### **Dividends**

No dividends were paid by the Company during the period.

#### **Events after balance sheet date**

There were no significant events after balance date.

#### **Outlook**

Dunedin City Treasury Ltd is soundly based and conservatively managed. The Board believes that the Company will be able to continue to provide a sound treasury function to the Dunedin City Council Group in the coming years.

## **Dunedin City Treasury Limited**

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### **Statement of responsibility**

The Directors accept responsibility for the preparation of the interim financial statements and the judgements used in them.

The Directors accept 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 Directors, the interim financial statements fairly reflect the financial position as at 31 December 2021 and operations for the six months to 31 December 2021 of Dunedin City Treasury Limited.

The Board of Directors of Dunedin City Treasury Limited have pleasure in presenting the interim financial statements, set out on pages 5 to 16, for the six months ended 31 December 2021 and authorises them for issue on 3 February 2022.



Chair



Director

## Dunedin City Treasury Limited

### Statement of comprehensive income For the six months ending 31 December 2021

|  | Unaudited<br>6 months to<br>31 Dec 2021<br>\$'000 | Unaudited<br>6 months to<br>31 Dec 2020<br>\$'000 | Audited<br>full year to<br>30 Jun 2021<br>\$'000 |
|--|---|---|--|
| Interest on advances & fees from related parties                   | 11,342  | 12,546  | 23,715   |
| Interest on other investments                                      | 21  | 48  | 69   |
| Total financial income   | 11,363  | 12,594  | 23,784   |
| Ineffectiveness on fair value hedge (gain)                         | 51  | 40  | -  |
| Total income   | 11,414  | 12,634  | 23,784   |
| Less expenses:   |   |   |  |
| Interest to related parties  | 6   | 12  | 7  |
| Interest & fees on term loans                                      | 11,019  | 12,384  | 23,082   |
| Total financial expenses   | 11,025  | 12,396  | 23,089   |
| Audit fees   | -   | -   | 28   |
| Directors remuneration   | -   | -   | -  |
| Management fees to related parties                                 | 180   | 180   | 360  |
| Amortisation   | -   | 1   | 2  |
| Other operating expenses   | 164   | 132   | 200  |
| Ineffectiveness on fair value hedge (loss)                         | -   | -   | 71   |
| Total expenses   | 11,369  | 12,709  | 23,750   |
| <b>Profit before tax</b>   | 45  | (75)  | 34   |
| Income tax   | (2)   | (32)  | 27   |
| <b>Net profit after tax</b>  | 47  | (43)  | 7  |
| Other comprehensive income:  |   |   |  |
| Gain (loss) on cash flow hedges taken to equity                    | 23,114  | 9,245   | 29,515   |
| Gain (loss) on cash flow hedges to related parties taken to equity | (1,170)   | (2,549)   | (4,601)  |
| Total other comprehensive income                                   | 21,944  | 6,696   | 24,914   |
| <b>Total comprehensive income/(loss) for the period</b>            | 21,991  | 6,653   | 24,921   |

## Dunedin City Treasury Limited

### Statement of changes in equity For the six months ending 31 December 2021

|                                     | Share<br>capital<br>\$'000 | Hedge<br>reserve<br>\$'000 | Retained<br>earnings<br>\$'000 | Total<br>equity<br>\$'000 |
|-------------------------------------|----------------------------|----------------------------|--------------------------------|---------------------------|
| <b>Unaudited</b>                    |                            |                            |                                |                           |
| Equity as at 1 July 2021            | 100                        | (31,303)                   | 278                            | (30,925)                  |
| Comprehensive income for the period | -                          | 21,944                     | 47                             | 21,991                    |
| Equity as at 31 December 2021       | 100                        | (9,359)                    | 325                            | (8,934)                   |
| <b>Unaudited</b>                    |                            |                            |                                |                           |
| Equity as at 1 July 2020            | 100                        | (56,217)                   | 271                            | (55,846)                  |
| Comprehensive income for the period | -                          | 6,696                      | (43)                           | 6,653                     |
| Equity as at 31 December 2020       | 100                        | (49,521)                   | 228                            | (49,193)                  |
| <b>Audited</b>                      |                            |                            |                                |                           |
| Equity as at 1 July 2020            | 100                        | (56,217)                   | 271                            | (55,846)                  |
| Comprehensive income for the period | -                          | 24,914                     | 7                              | 24,921                    |
| Equity as at 30 June 2021           | 100                        | (31,303)                   | 278                            | (30,925)                  |

## Dunedin City Treasury Limited

### Statement of financial position As at 31 December 2021

|                                     | <i>Note</i> | <b>Unaudited<br/>6 months to<br/>31 Dec 2021<br/>\$'000</b> | <b>Unaudited<br/>6 months to<br/>31 Dec 2020<br/>\$'000</b> | <b>Audited<br/>full year to<br/>30 Jun 2021<br/>\$'000</b> |
|-------------------------------------|-------------|---|---|--|
| <b>Current assets</b>               |             |   |   |  |
| Cash and cash equivalents           |             | 22,257  | 38,500  | 19,757   |
| Investments                         | 5           | -   | -   | -  |
| Derivative financial instruments    | 7           | 13  | 5,170   | 1,954  |
| Trade and other receivables         |             | 4,259   | 4,591   | 3,143  |
| Prepayments                         |             | 514   | 524   | 589  |
| Total current assets                |             | 27,043  | 48,785  | 25,443   |
| <b>Non-current assets</b>           |             |   |   |  |
| Investments                         | 5           | 842,610   | 756,050   | 801,820  |
| Derivative financial instruments    | 7           | 9,150   | 9,923   | 7,961  |
| Software                            | 4           | -   | 1   | -  |
| Total non current assets            |             | 851,760   | 765,974   | 809,781  |
| <b>Total assets</b>                 |             | <b>878,803</b>  | <b>814,759</b>  | <b>835,224</b>   |
| <b>Current liabilities</b>          |             |   |   |  |
| Short term borrowings               | 6           | 4,397   | 4,413   | 4,782  |
| Trade and other payables            |             | 5,083   | 4,868   | 4,977  |
| Derivative financial instruments    | 7           | 2,095   | 3,772   | 1,165  |
| Provision for tax                   |             | 27  | (32)  | 29   |
| Total current liabilities           |             | 11,602  | 13,021  | 10,953   |
| <b>Non-current liabilities</b>      |             |   |   |  |
| Term borrowings                     | 8           | 852,002   | 801,186   | 818,992  |
| Derivative financial instruments    | 7           | 24,133  | 49,745  | 36,204   |
| Total non-current liabilities       |             | 876,135   | 850,931   | 855,196  |
| <b>Total liabilities</b>            |             | <b>887,737</b>  | <b>863,952</b>  | <b>866,149</b>   |
| <b>Equity</b>                       |             |   |   |  |
| Share capital                       |             | 100   | 100   | 100  |
| Hedge reserve                       |             | (9,359)   | (49,521)  | (31,303)   |
| Retained earnings                   |             | 325   | 228   | 278  |
| Total equity                        |             | (8,934)   | (49,193)  | (30,925)   |
| <b>Total liabilities and equity</b> |             | <b>878,803</b>  | <b>814,759</b>  | <b>835,224</b>   |



## Dunedin City Treasury Limited

### Statement of cash flows For the six months ending 31 December 2021

|   | Note | Unaudited<br>6 months to<br>31 Dec 2021<br>\$'000 | Unaudited<br>6 months to<br>31 Dec 2020<br>\$'000 | Audited<br>full year to<br>30 Jun 2021<br>\$'000 |
|---|------|---|---|--|
| <b>Cash flow from operating activities</b>                  |      |   |   |  |
| <i>Cash was provided from:</i>                              |      |   |   |  |
| Receipts from customers                                     |      | 101   | 142   | 247  |
| Interest received   |      | 10,146  | 11,647  | 24,180   |
|   |      | 10,247  | 11,789  | 24,427   |
| <i>Cash was applied to:</i>                                 |      |   |   |  |
| Payments to suppliers                                       |      | 269   | 392   | 728  |
| Interest paid   |      | 10,919  | 12,976  | 23,565   |
| Subvention paid/(received)                                  |      | -   | -   | (2)  |
|   |      | 11,188  | 13,368  | 24,291   |
| Net cash flow from operating activities                     | 3    | (941)   | (1,579)   | 136  |
| <b>Cash flow from investing activities</b>                  |      |   |   |  |
| <i>Cash was provided from:</i>                              |      |   |   |  |
| Net decrease in investments                                 |      | 11,554  | 99,663  | -  |
|   |      | 11,554  | 99,663  | -  |
| <i>Cash was applied to:</i>                                 |      |   |   |  |
| Purchase of Software  |      | -   | -   | -  |
| Net increase in investments                                 |      | 40,738  | 118,519   | 68,615   |
|   |      | 40,738  | 118,519   | 68,615   |
| Net cash flow from investing activities                     |      | (29,184)  | (18,856)  | (68,615)   |
| <b>Cash flow from financing activities</b>                  |      |   |   |  |
| <i>Cash was provided from:</i>                              |      |   |   |  |
| Net loans raised  |      | 110,000   | 60,000  | 41,570   |
|   |      | 110,000   | 60,000  | 41,570   |
| <i>Cash was applied to:</i>                                 |      |   |   |  |
| Net loans repaid  |      | 77,375  | 47,731  | -  |
|   |      | 77,375  | 47,731  | -  |
| Net cash flow from financing activities                     |      | 32,625  | 12,269  | 41,570   |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |      | 2,500   | (8,166)   | (26,909)   |
| Opening cash and cash equivalents                           |      | 19,757  | 46,666  | 46,666   |
| <b>Closing cash and cash equivalents</b>                    |      | 22,257  | 38,500  | 19,757   |

## **Dunedin City Treasury Limited**

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### **Notes to the financial statements (unaudited) For the six months ending 31 December 2021**

#### **1 Reporting entity**

The financial statements presented here are for the company Dunedin City Treasury Limited.

Dunedin City Treasury Limited (the Company) 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 100% owned by Dunedin City Holdings Limited which is wholly owned by the Dunedin City Council.

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

The primary objective of the Company is to provide funds management, cost effective funding and treasury management services to entities within the Dunedin City Council Group.

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

#### **2 Basis of preparation**

The financial statements for the six month period ended 31 December 2021 are unaudited.

The financial statements have been prepared in accordance with New Zealand Equivalents to International Reporting Standards 34, Interim Financial Reporting, and should be read in conjunction with the audited financial statements for the year ended 30 June 2021.

The accounting policies applied are consistent with those published in the annual report for the year ended 30 June 2021.

The judgement, estimates and assumptions used to prepare these interim financial statements are consistent with those used at 30 June 2021.

## Dunedin City Treasury Limited

### Notes to the financial statements (unaudited) For the six months ending 31 December 2021

#### 3 Reconciliation of operating surplus to net cash flows from operating activities

|   | Unaudited<br>6 months to<br>31 Dec 2021<br>\$'000 | Unaudited<br>6 months to<br>31 Dec 2020<br>\$'000 | Audited<br>full year to<br>30 Jun 2021<br>\$'000 |
|---|---|---|--|
| Net profit after tax                              | 47  | (43)  | 7  |
| <i>Items not involving cash flows</i>             |   |   |  |
| Fair value change in SWAPs                        | (51)  | (40)  | 71   |
| Amortisation                                      | -   | 1   | 2  |
|   | (4)   | (82)  | 80   |
| <i>Impact of changes in working capital items</i> |   |   |  |
| (Increase)/Decrease in receivables                | (1,116)   | (800)   | 648  |
| (Increase)/Decrease in prepayments                | 75  | (80)  | (145)  |
| Increase/(Decrease) in trade and other payables   | 106   | (585)   | (476)  |
| Increase/(Decrease) in provisions                 | (2)   | (32)  | 29   |
| Net cash inflows from operating activities        | (941)   | (1,579)   | 136  |

#### 4 Software

|                                | Unaudited<br>as at 31 Dec<br>2021<br>\$'000 | Unaudited<br>as at 31 Dec<br>2020<br>\$'000 | Audited<br>as at 30 Jun<br>2021<br>\$'000 |
|--------------------------------|---|---|---|
| Balance at beginning of period | -   | 2   | 2   |
| Purchases                      | -   | -   | -   |
| Amortisation                   | -   | (1)   | (2)                                       |
| Balance at end of period       | -   | 1   | -   |

## Dunedin City Treasury Limited

### Notes to the financial statements (unaudited) For the six months ending 31 December 2021

#### 5 Investments

|   | Unaudited<br>as at 31 Dec<br>2021<br>\$'000 | Unaudited<br>as at 31 Dec<br>2020<br>\$'000 | Audited<br>as at 30 Jun<br>2021<br>\$'000 |
|---|---|---|---|
| <b>Current</b>  |   |   |   |
| Advances to Dunedin City Council                                | -   | -   | -   |
| Advances to Dunedin City Holdings Limited Group                 | -   | -   | -   |
| Investment at bank  | -   | -   | -   |
|   | -   | -   | -   |
| <b>Non-current</b>  |   |   |   |
| Advances to Dunedin City Council                                | 303,300                                     | 251,500                                     | 271,500                                   |
| Advances to Dunedin City Holdings Limited Group                 | 539,310                                     | 504,550                                     | 530,320                                   |
|   | 842,610                                     | 756,050                                     | 801,820                                   |
| <b>Total investments</b>  | 842,610                                     | 756,050                                     | 801,820                                   |
| A maturity analysis of the company's investments is as follows: |   |   |   |
| Maturity within one year  | -   | -   | -   |
| Maturity one to five years                                      | -   | -   | -   |
| Maturity over five years  | 842,610                                     | 756,050                                     | 801,820                                   |
|   | 842,610                                     | 756,050                                     | 801,820                                   |

The carrying amount of investments approximate their fair value.  
There have been no indications of impairment of any investment.

#### 6 Short term borrowings

|                           | Unaudited<br>as at 31 Dec<br>2021<br>\$'000 | Unaudited<br>as at 31 Dec<br>2020<br>\$'000 | Audited<br>as at 30 Jun<br>2021<br>\$'000 |
|---------------------------|---|---|---|
| Due to related parties    | 2,900                                       | 2,600                                       | 3,300                                     |
| Other short term deposits | 1,497                                       | 1,813                                       | 1,482                                     |
|                           | 4,397                                       | 4,413                                       | 4,782                                     |

## Dunedin City Treasury Limited

### Notes to the financial statements (unaudited) For the six months ending 31 December 2021

#### 7 Derivative financial instruments

|   | Unaudited<br>as at 31 Dec<br>2021<br>\$'000 | Unaudited<br>as at 31 Dec<br>2020<br>\$'000 | Audited<br>as at 30 Jun<br>2021<br>\$'000 |
|---|---|---|---|
| <b>Assets</b>                                       |   |   |   |
| Interest rate swaps - cash flow hedges - DCHL Group | 13  | 2,275                                       | 823                                       |
| Interest rate swaps - cash flow hedges - DCC        | 296   | 1,256                                       | 656                                       |
| Interest rate swaps - cash flow hedges - Bank       | 6,777                                       | -   | 2,261                                     |
| Interest rate swaps - fair value hedges - Bank      | 2,077                                       | 11,562                                      | 6,175                                     |
|   | 9,163                                       | 15,093                                      | 9,915                                     |
| <i>Current</i>                                      |   |   |   |
| Interest rate swaps - cash flow hedges - DCC Group  | 13  | 2,387                                       | 823                                       |
| Interest rate swaps - fair value hedges - Bank      | -   | 2,783                                       | 1,131                                     |
|   | 13  | 5,170                                       | 1,954                                     |
| <i>Non-current</i>                                  |   |   |   |
| Interest rate swaps - cash flow hedges - DCC Group  | 296   | 1,144                                       | 656                                       |
| Interest rate swaps - cash flow hedges - Bank       | 6,777                                       | -   | 2,261                                     |
| Interest rate swaps - fair value hedges - Bank      | 2,077                                       | 8,779                                       | 5,044                                     |
|   | 9,150                                       | 9,923                                       | 7,961                                     |
| Total Assets  | 9,163                                       | 15,093                                      | 9,915                                     |
| <b>Liabilities</b>                                  |   |   |   |
| Interest rate swaps - cash flow hedges - Bank       | 16,443                                      | 53,050                                      | 35,040                                    |
| Interest rate swaps - fair value hedges - Bank      | 9,785                                       | 467   | 2,329                                     |
|   | 26,228                                      | 53,517                                      | 37,369                                    |
| <i>Current</i>                                      |   |   |   |
| Interest rate swaps - cash flow hedges - Bank       | 1,884                                       | 3,772                                       | 1,165                                     |
| Interest rate swaps - fair value hedges - Bank      | 211   | -   | -   |
|   | 2,095                                       | 3,772                                       | 1,165                                     |
| <i>Non-current</i>                                  |   |   |   |
| Interest rate swaps - cash flow hedges - Bank       | 14,559                                      | 49,278                                      | 35,040                                    |
| Interest rate swaps - fair value hedges - Bank      | 9,574                                       | 467   | 2,329                                     |
|   | 24,133                                      | 49,745                                      | 37,369                                    |
| Total Liabilities                                   | 26,228                                      | 53,517                                      | 38,534                                    |

Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves.

## Dunedin City Treasury Limited

### Notes to the financial statements (unaudited) For the six months ending 31 December 2021

#### 8 Term borrowings (secured)

The Company has an \$975 million multi option instrument issuance facility which is secured against certain assets and undertakings of the Dunedin City Council Group. Debt is raised by issuing long dated bonds, floating rate notes or by the issue of promissory notes usually issued for three month terms.

|  | Unaudited<br>as at 31 Dec<br>2021<br>\$'000 | Unaudited<br>as at 31 Dec<br>2020<br>\$'000 | Audited<br>as at 30 Jun<br>2021<br>\$'000 |
|--|---|---|---|
| <b>Term borrowings</b>                                     |   |   |   |
| Promissory notes   | 164,474                                     | 129,915                                     | 149,858                                   |
| Bonds 15/4/21*   | -   | 30,000                                      | -   |
| Bonds 15/4/21  | -   | 75,000                                      | -   |
| Bonds 25/11/21*  | -   | 70,000                                      | 70,000                                    |
| Floating rate notes 15/10/22                               | 50,000                                      | 50,000                                      | 50,000                                    |
| Bonds 15/11/22*  | 45,000                                      | 45,000                                      | 45,000                                    |
| Bonds 16/10/23*  | 50,000                                      | 50,000                                      | 50,000                                    |
| Floating rate notes 15/02/24                               | 25,000                                      | 25,000                                      | 25,000                                    |
| Bonds 16/10/24   | 35,000                                      | 35,000                                      | 35,000                                    |
| Bonds 17/7/25  | 50,000                                      | 50,000                                      | 50,000                                    |
| Bonds 15/4/26*   | 65,000                                      | 65,000                                      | 65,000                                    |
| Bonds 15/3/26  | 50,000                                      | 50,000                                      | 50,000                                    |
| Bonds 15/11/26*  | 55,000                                      | 55,000                                      | 55,000                                    |
| Bonds 16/11/26   | 60,000                                      | 60,000                                      | 60,000                                    |
| Bonds 18/04/28*  | 110,000                                     | -   | 110,000                                   |
| Bonds 27/11/28*  | 100,000                                     | -   | -   |
| Fair value impact on bonds (*)                             | (7,472)                                     | 11,271                                      | 4,134                                     |
|  | <b>852,002</b>                              | <b>801,186</b>                              | <b>818,992</b>                            |
| The repayment period on the term borrowings is as follows: |   |   |   |
| Repayable less than one year                               | 259,272                                     | 307,712                                     | 220,994                                   |
| Repayable between one to five years                        | 381,581                                     | 263,474                                     | 374,216                                   |
| Repayable later than five years                            | 211,149                                     | 230,000                                     | 223,782                                   |
|  | <b>852,002</b>                              | <b>801,186</b>                              | <b>818,992</b>                            |

#### Fair value of borrowings

Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. Debt instruments are fair valued using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices.

Directors estimate the fair value of the Company's borrowings as at 31 December 2021 as being \$849,735,616 (December 2020 \$895,621,657).

## **Dunedin City Treasury Limited**

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### **Notes to the financial statements (unaudited) For the six months ending 31 December 2021**

#### **9 Contingent liabilities**

|                   | <b>Unaudited<br/>as at 31 Dec<br/>2021<br/>\$'000</b> | <b>Unaudited<br/>as at 31 Dec<br/>2020<br/>\$'000</b> | <b>Audited<br/>as at 30 Jun<br/>2021<br/>\$'000</b> |
|-------------------|---|---|---|
| Performance bonds | 585   | 1,142   | 991   |

The performance bonds issued are in favour of South Island local authorities, including the Dunedin City Council, for contract work by Delta Utility Services Limited. There is no indication that any of the above contingent liabilities will crystallise in the foreseeable future.

## **Dunedin City Treasury Limited**

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### **Statement of Service Performance For the six months ending 31 December 2021**

| <b>Performance targets</b>  | <b>Performance targets achieved</b>   |
|---|---|
| <b>1</b> Zero breaches of DCC Treasury Risk Management Policy's borrowing maturity profile.                               | Achieved. There were no breaches of the DCC Treasury Risk Management Policy's borrowing maturity profile.                               |
| <b>2</b> Zero breaches of DCC Treasury Risk Management Policy's interest rate risk policy.                                | Achieved. There were no breaches of the DCC Treasury Risk Management Policy's interest rate risk policy.                                |
| <b>3</b> Zero breaches of DCC Treasury Risk Management Policy's investment management policy.                             | Achieved. There were no breaches of the DCC Treasury Risk Management Policy's investment management policy.                             |
| <b>4</b> Successfully fill any issues brought to the market during the year.  | Achieved. All debt issuance arranged during the period has been filled successfully.  |
| <b>5</b> Maintain funding lines with preferred financial providers.   | Achieved. Funding lines have been maintained with ANZ, BNZ and Westpac.   |
| <b>6</b> Regular reporting of the Company's achievement against defined benchmarks.                                       | Achieved. Reporting achievement against defined benchmarks are provided to the Board monthly and quarterly.                             |
| <b>7</b> Manage the 'Waipori Fund' and meet investment objectives set by Council.   | Achieved. Managed the 'Waipori Fund' and meet investment objectives. On track to meet annual investment objectives.                     |
| <b>8</b> Review the Risk Register Dashboard quarterly and report DCTL's top 5 current risks regularly to the Shareholder. | Achieved. The Risk Register Dashboard has been reviewed quarterly and the top 5 current risks were reported to the Shareholder monthly. |
| <b>9</b> Advise shareholder within 1 business day of any breaches of policy.  | Achieved. There were no breaches of policy that were required to be reported to the shareholder.  |
| <b>10</b> Matters have been escalated to the Shareholder in a timely manner.  | Achieved. There were no matters requiring escalation to the shareholder.  |
| <b>11</b> To report matters of substance to the Shareholder within 24 hours of the board becoming aware.                  | Achieved. There are no matters of substance to report to the shareholder.   |
| <b>12</b> Develop an emissions reduction strategy and associated targets for inclusion in the 2023 Statement of Intent.   | In progress. An emissions reduction strategy and associated targets are being developed for inclusion in the 2023 Statement of Intent.  |
| <b>13</b> Develop a waste reduction strategy and associated targets for inclusion in the 2023 Statement of Intent.        | In progress. A waste reduction strategy and associated targets are being developed for inclusion in the 2023 Statement of Intent.       |
| <b>14</b> Maintain a credit rating equal to that of Dunedin City Council.   | Achieved. The Company received a credit rating of AA/Stable/A-1+; equal to that of Dunedin City Council.                                |

### **Financial forecasts**

Financial forecasts are set in the Statement of Intent for the year ending 30 June 2022. The Company is on track to meet the financial forecasts set.



## **Dunedin City Treasury Limited**

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### **Directory**

#### **Directors**

Keith T Cooper (Chair)  
Linda M Robertson  
Christopher C Hopkins  
Richard J Thomson  
Susie J Johnstone

#### **Registered Office**

50 The Octagon  
Dunedin 9016

#### **Bankers**

Westpac Banking Corporation

#### **Solicitors**

Anderson Lloyd

#### **Taxation Advisors**

Deloitte

#### **Auditor**

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