

A full-page photograph of a male worker in an orange safety suit, white hard hat, and safety glasses. He is working on a wooden utility pole, adjusting a white insulator. The background is a lush green forest. A large blue diagonal graphic element is overlaid on the image.

ANNUAL REPORT 2024

DELTA
THINK.INFRASTRUCTURE



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WE ARE DELTA

At Delta, we make communities better for people to live, work and play in – keeping the lights on, the trees trimmed and the parks green.

WHAT WE DO

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

OUR VISION

Great people shaping better communities together.

OUR PURPOSE

Local professionals with innovative ideas, passionate about serving our communities.

OUR VALUES

DO IT FIRST.

DO IT RIGHT.

DO IT TOGETHER.

WHERE WE ARE



CHAIRMAN AND CHIEF EXECUTIVE'S REPORT

for the year ended 30 June 2024

Delta's performance during the financial year ended 30 June 2024 (FY24) was moderately successful. Economic uncertainties and persistent inflationary pressures contributed to financial challenges during the year. Despite strong demand and busy work schedules, the cost-of-living crisis has had significant upstream effects. Nevertheless, Delta remains dedicated to delivering safe, high-quality services, anchored in our people, communities, and sustainability.

In FY24, Delta maintained its strong market presence. Our Power & Communications team successfully retained Primary field service provision status for Aurora Energy in Dunedin and Central Otago while also managing complex projects and delivering full maintenance schedules for key customers. Metering & Field Operations improved efficiency and service delivery with a new customer service fulfilment model, while Greenspace Services achieved significant success, including turf preparation for the 2023 FIFA Women's World Cup. The division's ability to continue securing renewed contract opportunities is a testament to its ongoing commitment to quality services and customer satisfaction.

Our commitment to safety is driven by our safety vision of 'Everyone Home Safe. Every Day.' This was reinforced by the retention of our ISO 45001 accreditation and reduced injury severity rate during the year. We increased site observations and continued to support staff-led initiatives through our Kaitiaki groups and WorkWell programme. Safety remains a strategic and operational priority for Delta, as our dynamic work environments pose significant risk factors.

Delta also focused on staff development, community engagement, and environmental responsibility during FY24. We improved our employee retention rate and grew technical staff numbers through our apprenticeship programme and international recruitment drive. Our active involvement in community events and sponsorship reflected our deep connection to the areas we serve.

We set ambitious targets to reduce our environmental impact by 2030, supporting the DCC citywide initiative to become net zero carbon by this date. Our emissions reduction strategy was developed in FY22 for a 45% reduction in our Scope 1 emissions, 100% reduction in our Scope 2 emissions, and a 20% reduction in selected Scope 3 emissions by 2030. Our sustainability report highlights our progress in reducing greenhouse gas emissions, enhancing waste management, and advancing our overall environmental goals.

FINANCIAL HIGHLIGHTS

\$129.8m
Operating Revenue

\$1.570m
Net Profit

5.5%
Return on Shareholders Funds

\$10.5m
Operational Cash Flows

\$60.9m
Total Assets

47%
Equity Ratio

\$7.9m
Company Borrowings

\$1.0m
Dividend Payment

The Company recorded a net profit after tax of \$1.6 million in FY24. This was below the FY23 net profit after tax of \$2.6 million however the FY23 result was supported by non-operating income of \$3.1 million from Infinity Yaldhurst Ltd. The FY24 before tax return from core operations increased by \$2.25 million from FY23. FY24 generated a return on Shareholders' funds of 6% - slightly below the target of 7%.

Operating revenue was \$129.8 million for FY24, an increase of 9.6% on the previous year (FY23: 118.4 million), underpinned by growth in services provided to existing and new energy, metering and greenspace customers.

We saw positive impacts this year from staff retention strategies and a successful overseas recruitment campaign increasing our base of skilled and qualified staff. We were also able to achieve inflation adjustments to some of the larger customer contracts. We continued to see some disruptions due to increased levels of sick leave (both COVID-19 and general illness), and inflationary pressures on costs continue to be felt.

Cash flows from operations at \$10.5 million were slightly above the budget of \$9.8 mil. Net assets increased by \$0.6 million, from \$27.7 million at June 2023 to \$28.3 million at June 2024. The majority of the variance is due to a decrease of \$3.9 million in long term debt, partially offset by a lower carrying value of fixed assets (capex spend was below depreciation expense this year).

We were pleased to pay a dividend of \$1 million for FY24, consistent with the \$1 million target in our FY24 Statement of Intent.

The Company's equity ratio increased to 47% from 42% in FY23. In approving the dividend payment, the Board carefully considered the prudent balance between shareholder returns and retained earnings. As one of the Dunedin City Council's group of companies, the Company's financial returns and dividends ultimately benefit its community owners.

POWER & COMMUNICATION SERVICES

In FY24, our electrical contracting business delivered \$79.5 million in services to our key distribution and generation customers.

DISTRIBUTION

Delta continued as the primary field service provider to Aurora Energy, Network Tasman, and Nelson Electricity networks. Our services included fault response, pole and cross-arm replacements, conductor replacements and upgrades, zone substation upgrades, electrical and fibre cable installations, asset inspections, maintenance services, subdivision reticulation, and several large projects.

During the year, our initial Field Services Agreement (FSA) with Aurora Energy, which covered both the Central Otago and Dunedin networks, came to an end.

Delta was very pleased, following a competitive process, to retain the primary field service provider contracts with Aurora Energy in both regions, for a multi-year period.





5,528

Electricity faults attended to during FY24



\$79.5M

Of electrical contracting services delivered for key customers



12

Line Mechanics recruited from the Philippines

In the Tasman region, Delta maintained its long-standing partnerships with Network Tasman and Nelson Electricity, providing comprehensive electrical and telecommunications services.

MAJOR PROJECTS

In Dunedin, Delta undertook several key projects, including the Andersons Bay Substation Upgrade Project and the design and procurement of the HV network for the New Outpatients Building (Dunedin Hospital). Additionally, the installation of 3 kilometres of 33kV and fibre optic cables between Smith Street and Willowbank Substations is currently underway, and the upgrade of the North City Substation for the new hospital's electricity supply is progressing well.

In Central Otago, Delta completed Stages 1 and 2 of the new 66kV transformer for the Cromwell Take-Off Area Substation. We also completed the new protection and SCADA upgrade at Fernhill Substation and successfully installed 9 kilometres of 33kV cable between the Frankton Grid Exit Point and a location on Malaghans Road near Arrowtown. All projects were completed on behalf of Aurora Energy and highlighted our commitment to enhancing the electrical infrastructure in the Otago region.

In Tasman, Delta undertook several significant projects for Network Tasman during the year, including a 6 kilometre installation of 33kV cable from Founders Substation to Wakapuaka. We also completed several 33kV overhead reconductoring projects from Hope to Annesbrook and a new fibre cable installation to the Waihopai Secure Communication Facility.

GENERATION MARKET

Delta continued to provide services to Contact Energy, Meridian Energy, Pioneer Energy, and Manawa Energy. During FY24, Delta installed and commissioned new 110kV T7 and T8 Transformers at Roxburgh Hydro for Contact Energy.

In addition, Delta completed work for Manawa Energy, including the installation of 4 kilometres of fibre cable at their Paerau Scheme and completing two projects in Tasman. These included a pole replacement at Argyle Power Station and an 11kV cable installation at Cobb Power Station.

OTHER SERVICES

Our Dunedin test labs maintained their ISO 17025 accreditation and continued to offer specialised services, including testing, calibrating, and refurbishing instruments, smart meters, and high-voltage PPE. Our engineering workshops also completed several truck builds for Delta crews in FY24.

TRAINING & DEVELOPMENT

Delta continues to address the challenges posed by the skill shortage crisis in the electrical sector. To help combat this, Delta initiated an international recruitment drive to the Philippines. Following a comprehensive hiring process, including practical assessments and formal interviews, we successfully recruited 12 Line Mechanics. During the year, these individuals have immigrated to New Zealand and have settled into their assigned region.

Delta continues its commitment to training its people and doing its part for the future of the electricity industry. During FY24, 16 Trainee Line Mechanics and 2 Trainee Cable Jointers achieved qualification. Several existing tradespeople completed cross-training to obtain a second trade, and many technical staff pursued their Level 5 Power Technician qualification. Delta will begin recruiting for its next trainee intake soon.

A highlight in our year was our participation at the Connexis Annual Connection. Two of our Cable Jointers achieved first place in the High-Voltage and Low-Voltage cable jointing categories and our Lower Clutha Line Crew obtained second place in the Line Mechanic events (see page 17 for more details).

METERING & FIELD OPERATIONS

During FY24, Metering & Field Operations (MFO) strengthened its market presence through robust partnerships with nationwide Metering Equipment Providers (MEPs) and South Island Electricity Distribution Businesses (EDBs). Collaborations with MEPs like Bluecurrent, Intellihub, and SmartCo have been key in enhancing service delivery and expanding capabilities in metering solutions.



18,142

New connections in FY24

Strategically, MFO has focused on adjacent opportunities in the Auckland region while maintaining strong ties with existing customers. Additionally, MFO has pursued new opportunities in Otago and Canterbury, along with engaging in Livening Agent activities in other key regions. This dual approach is designed to unlock growth options in new market segments.

MFO continues to refine its operations to align with and improve performance on major contracts, aiming to effectively meet customer expectations. MFO continues nationwide services for national electricity retailers, ensuring consistent service delivery across diverse regional environments.

Investments in audit and training capabilities continued in FY24, emphasising MFO's commitment to compliance and risk management. A total of 91 training sessions were conducted, with a focus on



19,331

Reconnections and disconnections in FY24

enhancing the skill set of 52 new resources (staff and contractors), and a major improvement initiative is underway to enhance post-installation and live audit of our staff and contractors.

Major projects for MFO saw substantial progress in the 10-year initiative to upgrade ripple control relay assets on the Aurora Energy network in Dunedin. Over 44,000 upgrades have been completed to date.

Meter replacement activities continued to be a cornerstone of MFO's operations. Delta continues to replace legacy meters with smart meters, although this work peaked in 2022. Our involvement in the 2G/3G modem replacement project for major MEPs remains ongoing and is critical, as the telecommunications industry prepares to phase out these networks by the end of 2025.



2,585

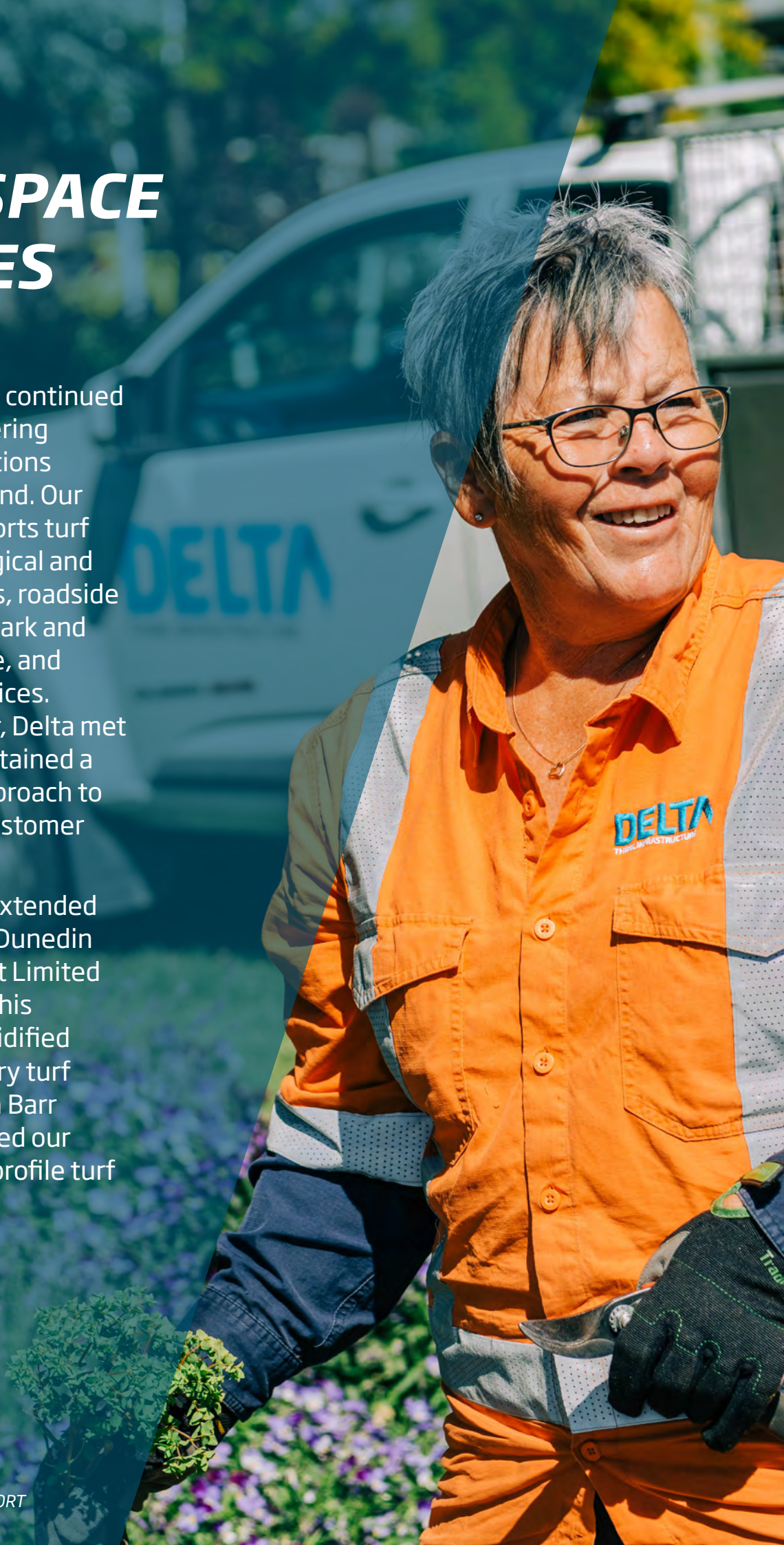
Ripple control relay assets installed in FY24 as part of a 10-year major project

In early 2024, MFO underwent a substantial restructure aimed at aligning our team towards a Customer Service fulfilment model. This restructuring included establishing a formal and local management structure for regional and technical teams in Otago, Canterbury, and Auckland. The transition to the new structure has brought a new focus and positive change that we continue to enhance in our pursuit of operational excellence and service delivery to our customers.

GREENSPACE SERVICES

Greenspace Services continued to excel in FY24, offering comprehensive solutions across the South Island. Our services included sports turf management, ecological and horticultural services, roadside vegetation control, park and reserve maintenance, and specialised tree services. Throughout the year, Delta met target KPIs and maintained a solution-focused approach to effectively deliver customer requirements.

During FY24, Delta extended its partnership with Dunedin Venues Management Limited (DVML) until 2026. This collaboration has solidified our role as the primary turf specialist for Forsyth Barr Stadium and enhanced our reputation for high-profile turf management.





4,010

Hectares of vegetation maintained for local authority customers

Delta showcased its turf skills on the global stage in late July and August 2023, as Dunedin played host to the FIFA Women's World Cup. Significant efforts were dedicated to meeting FIFA's rigorous field standards for training and game days. Delta was charged with preparing the turf at Forsyth Barr Stadium as well as training pitches and facilities across the city. Delta received numerous accolades for its efforts and dedication to high standards. In the cricketing community, Delta continued to manage the University Oval, Molyneux Park, and John Davies Oval. We played host to several national and a few international matches during FY24, and the venues received high praise for their playing conditions.

Delta continued its long-term agreement with the Dunedin City Council for parks and reserves maintenance. The contract framework allows for flexibility to meet the city's changing maintenance needs, ensuring our delivery is fit for our community. Our partnerships with Central Otago District Council and Queenstown Lakes District Council were strengthened during the year, as we renewed major contracts with both.

Further South, Delta maintained the township maintenance contracts with



175,000

Metres of vegetation cleared from power lines

Southland District Council and continues to subcontract to SouthRoads for vegetation control services on its road maintenance contract with Clutha District Council.

In Canterbury, Delta continued to deliver vegetation control services to the Timaru and Mackenzie District Councils through roading maintenance contracts. Our Openspace team in Rangiora negotiated an extension with Waimakariri District Council. We have a strong and longstanding relationship with this Council and have provided work on this contract for several years. Our Banks Peninsula vegetation contract and our Ashburton rural vegetation maintenance were extended. Additionally, Delta secured a new contract with the Hurunui District Council where we will continue to provide township mowing services.

The Nelson region saw Delta extend its Nelson Networks Outcome contract. We continued our alliance with Downer and the Tasman District Council for roadside vegetation control services. Additionally, we expanded our services to include Network Tasman substations and commercial building maintenance, helping diversify our portfolio and strengthen our regional footprint.



500

Customers received Greenspace services

TREE SERVICES

Our dedicated tree services division continued to play a crucial role in improving the reliability and safety of electrical distribution networks during FY24. We delivered full work schedules for Aurora Energy in Dunedin and Central Otago, as well as for Orion in Christchurch.

Despite securing the vegetation control contract for Aurora Energy in Central Otago, our bid for the Dunedin contract was unsuccessful. This led to a restructure within our local team. Delta provided extensive support to remaining and exiting staff throughout this transitional period. At the end of FY24, Delta submitted a strong tender for a new vegetation control contract with Orion. Outcomes are expected in the first quarter of FY25.

Tree services continue to make up a significant portion of our council contracts, including with the Dunedin City Council, Central Otago District Council and Queenstown Lakes District Council. This work remains steady and essential to our operations. In late FY24, we began to actively pursue project and commercial tree work. Encouraging discussions in this area should see Delta secure some exciting opportunities in FY25.

SAFETY AND RISK

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



96

Actions were closed by
Kaitiaki o Te Mahi Pai teams



67%

Reduction in lost days due
to injuries



1,556

Internal safety observations
were conducted

In 2018, Delta revised its Health & Safety reporting structure to enhance measurements and information sharing, focusing on risk relationships and resources. Since then, Delta has actively analysed the trending information and made ongoing adjustments.

The majority of the FY24 results were better than the six-year average. Non-injury incidents were 210 (six-year average is 282), while injury incidents were 139 (six-year average of 151). Environmental incidents were 10, below the six-year average of 13, and first-aid injuries were 53, also below the six-year average of 62. Medical treatment injuries were consistent with the six-year average at 17, and close-call incidents were 277 (six-year average of 323). Restricted work injuries were 7, and lost time injuries (LTI) were 11 (both slightly above the six-year average of 5 and 9 respectively). Total recordable injuries per 200,000 hours worked (TRIFR) was 4.29, higher than our target of 3.5 and the six-year average of 3.97. However, lost days due to injuries were 53, well below the six-year average of 164, suggesting that injuries are less severe.

Our safety culture continued to strengthen, with 1,556 internal safety observations conducted in FY24, significantly above the six-year average of 991. Despite a slight decline in executive safety observations, board safety observations remained steady at 12. People-centred activity also improved, with ticketed speeding violations dropping to just 1 from an average of 10, and excessive overtime hours decreasing to 536 from 628.

The COVID-19 pandemic has left some lasting effects on staff, including burnout, depression, anxiety, and fatigue. In FY23, Delta introduced the WorkWell programme to help address these issues by promoting a healthier workplace environment. Significant progress has been made since its inception, and at the end of FY24, Delta submitted its action plans for Bronze accreditation status.

Kaitiaki o Te Mahi Pai (Guardians of Good Work) is Delta's health and safety committee structure. Each operational region has its own Kaitiaki group, which

feeds into both a National and a Leadership Kaitiaki group. In FY24, employees were invited to join their regional Kaitiaki group for the first time in three years. The campaign was successful, resulting in full occupancy that represents an even cross-section of the business. Collectively, 96 action points were closed out during the year, a positive outcome that demonstrates a commitment to improving safety from the ground up.

Delta remained engaged with workplace safety forums and industry associations. During the year, Delta's HSEQ Manager was nominated for the 2024 Safeguard Practitioner of the Year award, recognising significant efforts to reduce fatigue-related harm in the New Zealand energy sector. Additionally, Delta continues to take an active role in the Dunedin Health & Safety Forum and other key industry groups, reinforcing our commitment to promoting best practice and enhancing safety standards across the sector.

OUR PEOPLE

Our ability to deliver innovative solutions to our customers is driven by our people's technical expertise and commitment to the job. During FY24, Delta continued its extensive apprenticeship programme providing hands-on training, mentorship, and a steady pipeline of skilled professionals to support sustainable growth in this area. Delta had an average of 38 trainees/apprentices during the year.



CONNEXIS

Te Pūkenga

CONNEXIS

Te Pūkenga

CONNEXIS

Te Pūkenga

DELTA



38

Trainees/apprentices on average during FY24

Maintaining accurate and detailed records of employee competencies can be a complex task. During FY24, Delta focused its efforts on enhancing its Learning Management System (LMS), which contains employees' educational data and logs training activities as they are completed throughout the year. These activities ranged from apprentices earning their qualifications to hands-on training, recertification of practice licenses, internal safety days, externally led refresher courses, and targeted training programmes for professional growth. This year, we launched the LMS365 mobile app, providing staff with their personalised record of learning right at their fingertips. Our commitment to investing in training and development ensures that our team is equipped with the skills and knowledge necessary to excel in the dynamic industries we operate in.



35%

Reduction in employee turnover rate

Delta was proud to return to the 2023 Connexis Annual Connection for the first time in several years. Our teams excelled in the competition, with two of our Cable Jointers achieving first place in the High-Voltage and Low-Voltage cable jointing categories, and our Lower Clutha team securing second place overall in the Line Mechanic events. The high level of organisation and professionalism demonstrated by our people was noted throughout the events and reflected the effectiveness of a calm and composed approach.

As the employment market becomes increasingly complex and competitive, Delta has concentrated on enhancing its retention strategy. During FY24, we successfully reduced our employee turnover rate to 9.08%, down from 15%



6

Employees received awards at the 2023 Annual Connection

the previous year, marking a substantial 35% decrease. When employees are asked why they enjoy working at Delta, many attribute their satisfaction to the exceptional people they work with. Delta takes pride in cultivating a culture and environment that prioritises its people. In recent years, we have made significant efforts to highlight our diverse work types and share our employees' stories. While a picture is worth a thousand words, a video can truly convey a complete narrative. Visit Delta's dedicated [YouTube](#) channel to explore our dynamic workplace and hear directly from our team members about their experiences and achievements.



EMPLOYEES BY GENDER

	Male	Female	Neutral
Board of Directors	3	1	-
Leadership Group	7	4	-
Delta Total	504	107	1

OUR COMMUNITIES

At Delta, we take pride in our role within the community. From maintaining essential infrastructure that keeps the lights on, the parks green, and the trees trimmed, to collaborating with our sponsorship partners to provide memorable events for all to enjoy, Delta is dedicated to enhancing experiences and creating thriving environments that support and enrich the communities we serve.



5,214

Votes were cast in the Delta-sponsored Tree of the Year Aotearoa competition

During FY24, Delta remained the only corporate sponsor for Rākau o te tau / Tree of the Year Aotearoa. The competition is anchored in its vision of finding New Zealand's most interesting trees. Each year, a handful of nominated trees are selected as finalists for public voting. The competition runs during the month of May, with the winner announced on Arbor Day (5 June) every year. This year, we saw strong public engagement, with 5,214 votes cast throughout the competition. The winner, receiving 42% of the vote, was The Walking Tree, located in Karamea on the West Coast of the South Island. Renowned for its unique twin trunks that give the appearance of mid-stride motion, The Walking Tree captivated the imagination of many with its resemblance to Tolkien's Ents from The Lord of the Rings.

Delta believes that great partnerships are formed when community events align with industry-related support. For the past several years, Delta has proudly collaborated with the Alexandra Blossom



75

Fans participated in the Delta-sponsored innings break activity during Super Smash 2023/2024

Festival and Otago Cricket to help bring exciting events and valuable opportunities for community engagement and enjoyment. Every September, Delta is the sole sponsor of the Garden Tours at the Alexandra Blossom Festival. During FY24, approximately 380 tickets were sold to like-minded garden enthusiasts like ourselves. The tour featured eight beautiful town and country gardens in and around the Roxburgh, Fruitlands, and Alexandra areas and was complemented by a well-fitting Devonshire Tea.

The Super Smash Men's and Dream11 Super Smash Women's cricket seasons are highly anticipated each year. These tournaments feature New Zealand's domestic cricket teams competing in the fast-paced and thrilling format of Twenty20 cricket. Delta, through its contracts with Dunedin Venue Management Limited and the Central Otago District Council, maintains the



380

Tickets sold for the Delta-sponsored Garden Tour at the Alexandra Blossom Festival

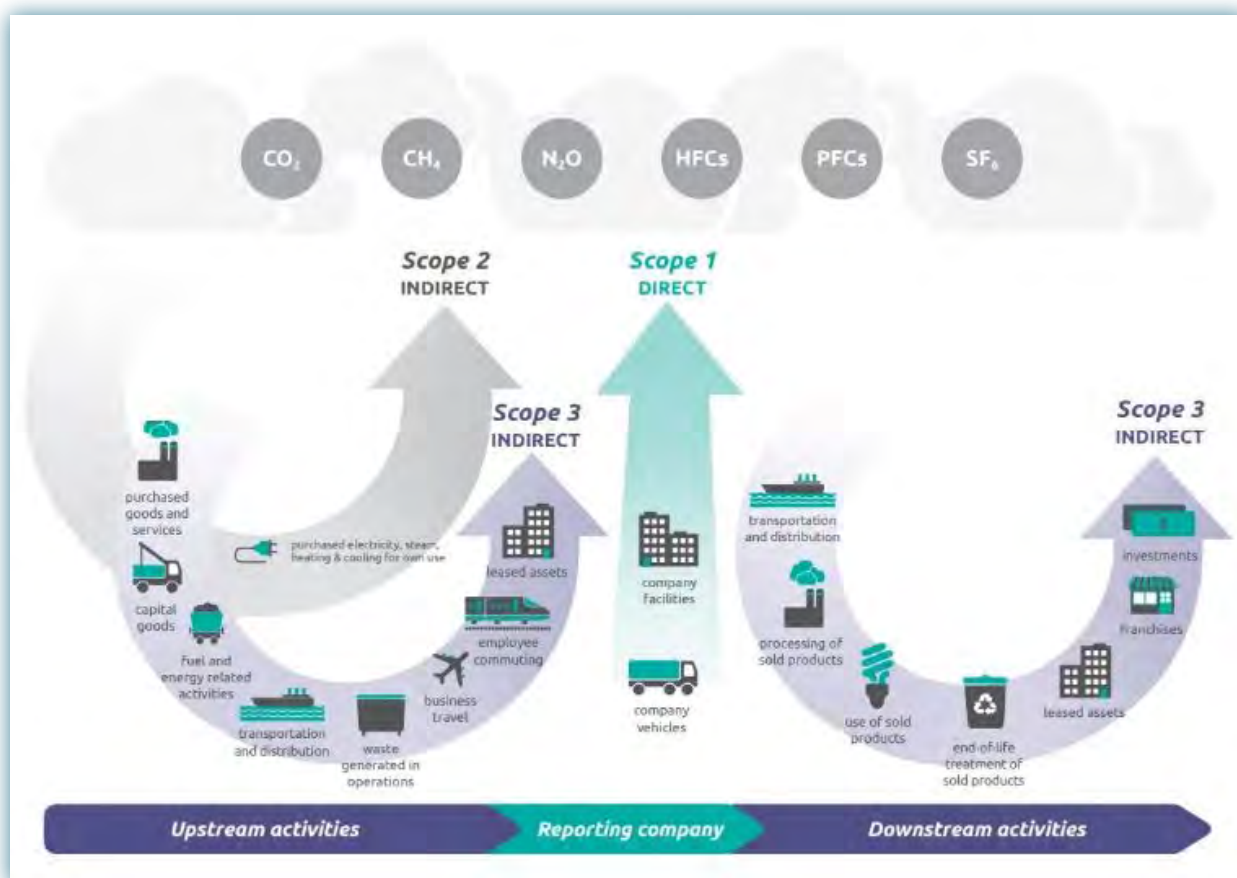
University Oval in Dunedin and Molyneux Park in Alexandra - both key venues for the Super Smash tournaments. When approached by Otago Cricket a few years ago to become a partner, Delta gladly took the opportunity. In FY24, Delta and Otago Cricket led an engaging innings break activity that saw 75 fans (kids and adults) get involved and win prizes. This added excitement to what would typically be a lull in the game.

Our customers make up the inner community that enables us to carry out our work. During FY24, Delta conducted several customer-based surveys to help enhance our service delivery. This has been a key focus for our Greenspace division and their local council contracts. The results have been mutually beneficial and strengthened our partnerships with these valued customers.

OUR SUSTAINABILITY

During FY24, we have continued to assess and measure our Greenhouse Gas (GHG) emissions. We completed this process internally along guidelines established with 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 Organisation Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals.

We completed our first Greenhouse gas inventory in the 2021 financial year, and we have continued to focus on measuring our Scope 1 and 2 emissions and an agreed selection of Scope 3 (indirect, or value chain) emissions each year since.



Scope 1 - direct emissions that are operationally controlled by Delta, including:

- Mobile consumption emissions related to fleet vehicles and trucks, owned or operated by Delta.
- Stationary combustion emissions related to machinery and equipment.

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

- Purchased electricity that is consumed at sites we operate.

Scope 3 - we have aligned with the Dunedin City Holdings Limited (DCHL) group of companies. It was agreed that the companies would report on a minimum set of Scope 3 emissions which are waste, freight, and travel.

Our Scope 3 emissions measured include the following:

- Waste generated from our own operations (the waste owned by our customers has not been measured).

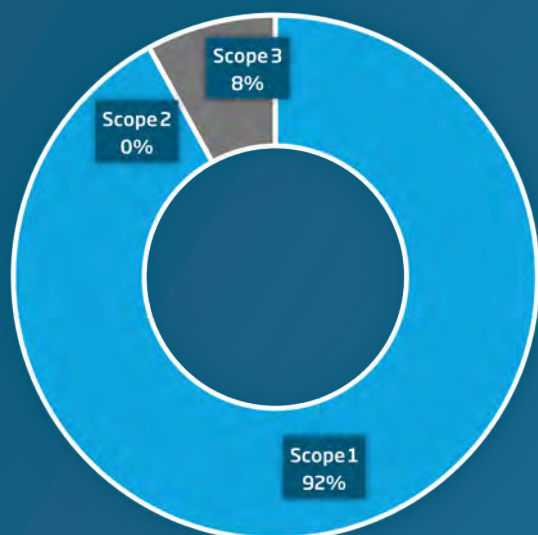
- Upstream transportation (the freighting of goods purchased by Delta), where freight costs have been paid by Delta directly to freight companies.
- Business travel (primarily flights and accommodation).

At this stage, we have not captured all emissions relating to our suppliers and contractors. 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.

FIGURE 1: MEASURED EMISSIONS BY SCOPE



MEASURED EMISSIONS BY SCOPE

Delta's measured GHG emissions for the year ended June 2024 is **3,958 tCO₂-e**.

As a contracting company, our primary source of emissions are associated to Scope 1, mainly related to fuel use for our fleet.

Electricity emissions (Scope 2), were measured using a market-based approach and were covered by Renewable Energy Certificates (REC's) purchased from Meridian Energy. The REC's covered all electricity consumed by Delta in FY24.

Scope 3 emissions measured cover, waste, freight, travel and accommodation. Other Scope 3 emissions have not been measured.

TABLE 1: MEASURED EMISSIONS BY SCOPE

Emissions	2024		2023		2022		2021	
	t CO ₂ -e	%	t CO ₂ -e	%	t CO ₂ -e	%	t CO ₂ -e	%
Scope 1	3,623	92%	3,706	85%	3,692	84%	3,692	92%
Scope 2	-	-	-	-	104	2%	106	3%
Scope 3	335	8%	631	15%	611	14%	203	5%
Total	3,958	100%	4,337	100%	4,407	100%	4,001	100%

MEASURED EMISSIONS BY ACTIVITY

Our top emissions sources measured are summarised below.

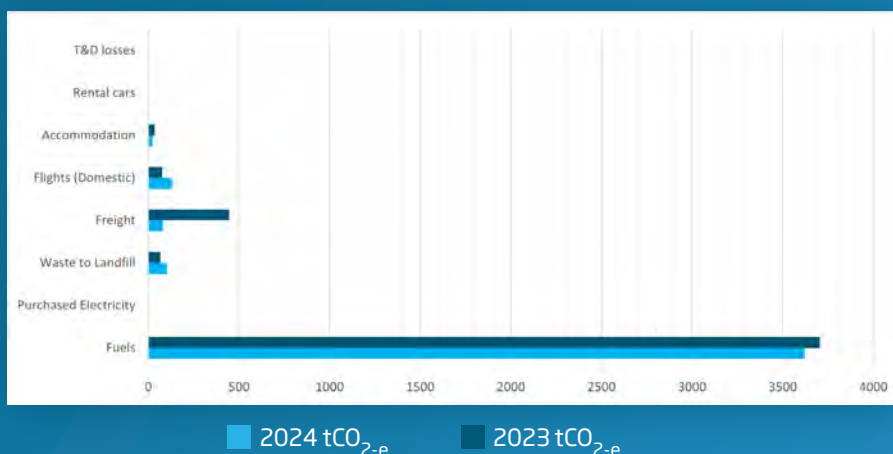
SCOPE	CATEGORY EMISSION SOURCE	2024 t CO ₂ -e	2023 t CO ₂ -e	2022 t CO ₂ -e	2021 t CO ₂ -e
1	Fuels	3,623	3,706	3,692	3,692
2	*Purchased Electricity	0	0	104	106
3	**Waste to Landfill	102	67	59	43
3	Freight	79	446	447	63
3	Flights (Domestic & International)	130	76	62	61
3	Accommodation	23	35	30	26
3	Rental cars	1	7	5	2
3	T&D losses	0	0	8	8

TABLE 1: MEASURED EMISSIONS BY ACTIVITY

*Purchased electricity emissions (scope 2) have been covered by Renewable Energy Certificates (REC's) purchased from Meridian Energy in 2023 and 2024.

**We updated our waste to landfill measure in 2023 to exclude recyclables and have restated the comparative figures accordingly.

FIGURE 2: MEASURED EMISSIONS BY ACTIVITY
EMISSIONS (tCO₂-E)



CARBON EMISSION AND WASTE REDUCTION STRATEGY

Delta Utility Services Limited developed a reduction strategy and associated targets during FY22.

Delta's emissions reduction strategy was set for a 45% reduction in our scope 1 emissions, 100% in our scope 2 emissions and a 20% reduction in selected scope 3 emissions by 2030.

Our emissions reduction strategy is demonstrated through the actions we have taken this year. During FY24 we have focused on achieving our initial activity-based targets.

We have and will continue to reduce staff travel, including flights, accommodation and rental cars where possible and run virtual meetings more frequently. Overall, our air travel segments have dropped from 800 segments in FY23 to 674 segments in FY24, however our kilometers travelled have increased from 207,470kms in FY23 to 232,041 kms in FY24 due to one-off international recruitment travel taking place in FY24. This has increased the t-CO₂e result overall.

Where appropriate for operational requirements, we have continued to replace light vehicles (passenger cars) with those using hybrid technology. We have amended our light vehicle standard to reflect this change. Delta's light passenger fleet consists of 63 vehicles, with 23 currently using hybrid technology and an additional 1 on order. This means that 38% of the fleet is equipped with hybrid technology.

We have two new Elevated Work Platform (EWP) heavy vehicles in the fleet with a 21-kw electric battery bank running a smart Power Takeoff (PTO). These vehicles since entering the fleet have saved 5,334 litres of fuel from running on the battery bank using 26,696 kw of energy.

We currently have 263 diesel light utility vehicles (Utes) in the fleet and currently there is no operationally viable alternative for these due to the towing requirements and operational loading, however the preferred offering is the new 2024 Mitsubishi Triton with a bi turbo engine which incidentally has lower emissions than the new Toyota Hilux Hybrid. Our vehicle choice and fuel strategy has seen a reduction of 53 t-CO₂e.

Next year, Delta will refine its strategy and targets, while continuing to:

- Implement the Carbon Emission and Waste Reduction Strategy from FY22.
- Review the travel standard with careful

environmental considerations.

- Report on carbon emissions (including waste) by scope and activity in the annual report.

PROGRESS

Over FY24 we have completed energy audits across all the major depots and as a result have signed off on an energy efficiency strategy which will commence 1 July 2024.

We have also improved our waste disposal and sorting methods in the depots and implemented a sustainable approach to waste management. Our regional Kaitiaki O Te Mahi Pai groups have been fully involved in this process. This has resulted in more accuracy around waste reporting.

Our vehicle idle time is monitored monthly, and we are currently waiting on our GPS provider to give us the ability to split out the data within our geo fenced depots.

We have studied our end of waste life, investigated leased asset options and drafted a consolidation plan in respect of our Central Otago property footprint.

We are continuing to work with Dunedin City Holdings Limited and Dunedin City Council on how Delta is contributing toward the Council's citywide emission reduction goals.

CONCLUSION

Delta has completed and adopted a Carbon Emission and Waste Reduction strategy for the period 2022 - 2030. It is our intention to measure and manage our footprint on an ongoing basis and to report on this annually.

This result is affected by the following:

- Revenue and workload increased by 6.7%.
- Staffing is at 612.
- Our light vehicle fleet grew by 1, while fleet-managed plant numbers decreased by 10.
- We rely on improved factual data from suppliers to measure our emissions from freight and air travel.
- In FY24 six staff travelled to the Philippines via Hong Kong for recruitment, increasing air travel emissions from 75 t-CO₂e to 129 t-CO₂e due to the radiative forcing index. This index adjusts for the higher global warming potential of emissions at higher altitudes.

ZERO CARBON

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

Dunedin City Wide Zero Carbon targets

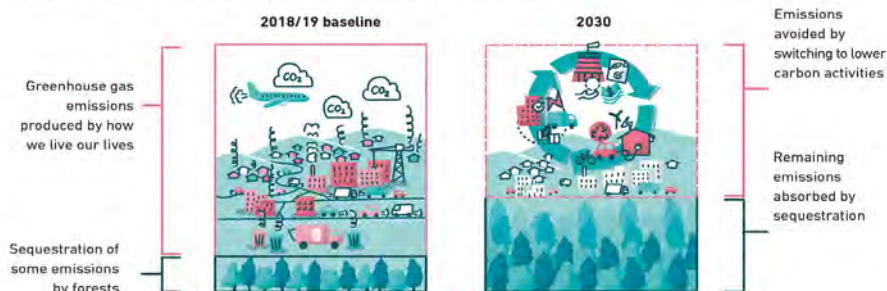
In 2019, the Council declared a climate emergency and brought forward its climate mitigation targets for the city as a whole. There are two targets as follows:

Target 1:

- Net zero carbon by 2030 (excluding biogenic methane):

1 Net Zero Carbon by 2030

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



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

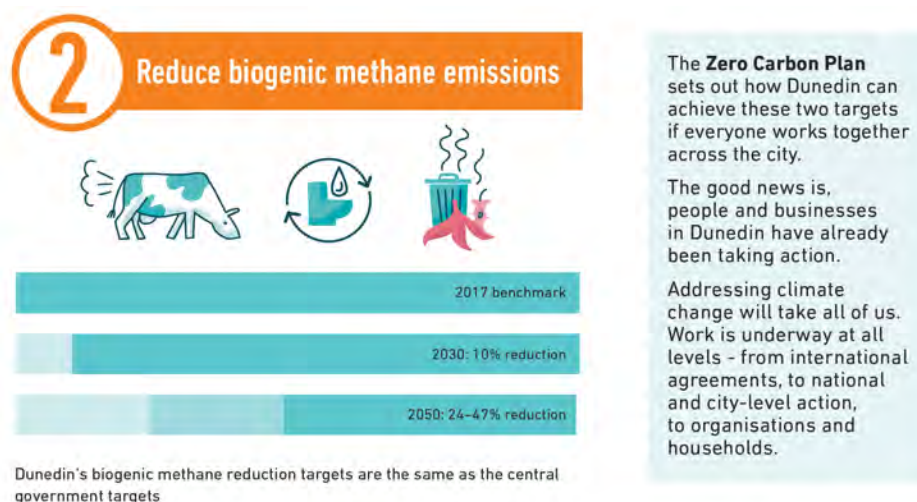
Net zero carbon means that any greenhouse gases (excluding biogenic methane) emitted into the atmosphere in Ōtepoti Dunedin are in balance with the amount of carbon absorbed out of the atmosphere by trees, also known as sequestration.

Target 2:

- Reduce biogenic methane emissions:

Biogenic methane is methane produced and released from living organisms like plants and animals. In 2021/22, 85% of the Dunedin City Territorial Area biogenic methane was generated by ruminant animals in agriculture, and 15% generated by waste to landfill and wastewater. The city's biogenic methane reduction targets are the same as the central government targets:

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



These two targets apply to the Dunedin City Territorial Area. Emissions are calculated using a predominately production-based methodology- the Global Protocol for Community-Scale Greenhouse Gas Inventories BASIC+.

Emissions include those from stationary energy (e.g. electricity, coal, or biomass), transport, waste, industrial processes and product use, and the agriculture and forestry sectors.

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

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

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

OUR THANKS

We wish to thank our team members, customers, and communities for their hard work and support throughout the year. Amidst a dynamic landscape, our focus remains steadfast on achieving stable financial outcomes for sustainable growth. As we approach FY25, we are committed to strengthening our operational resilience and embracing new opportunities to enhance our performance.



A handwritten signature in black ink, appearing to be 'P. Carnahan'.

Peter Carnahan
CHAIRMAN

A handwritten signature in blue ink, appearing to be 'Louisa Homersham'.

Louisa Homersham
ACTING CHIEF EXECUTIVE

27 September 2024



DIRECTORS' REPORT

The Directors of Delta Utility Services Limited are pleased to report on the financial results and associated matters for the year ended 30 June 2024.

The financial accounts in this report include the activities of Delta Utility Services Limited only as the Company has no subsidiaries.

DIRECTORS' REPORT

for the year ended 30 June 2024 - continued

PRINCIPAL ACTIVITIES OF THE COMPANY

The principal activities of the Company are the construction, operation and maintenance of infrastructure assets and the provision of contracting and related services.

RESULTS FOR THE YEAR ENDED 30 JUNE 2024

	\$000
Operating profit before income tax	2,027
Income tax expense	457
Net profit for the period	1,570

STATE OF AFFAIRS

The Directors believe that the state of affairs of the Company is satisfactory.

DIVIDENDS

Dividends of \$1 million were declared and paid during the year.

RETAINED EARNINGS

The net transfers to retained earnings during the year was \$0.57 million

DIRECTORS' REPORT

for the year ended 30 June 2024 - continued

REVIEW OF OPERATIONS

The company remained one of the South Island's leading electricity network and environmental services contractors throughout the year. The company recorded a net profit after tax of \$1.6m in FY24. This was below the FY23 net profit after tax of \$2.6m, however the FY23 result was supported by non-operating income of \$3.1m from Infinity Yaldhurst Ltd. The company's financial result from operations before tax improved by \$2.25m from the prior year. This was due to several factors including reduced impacts of the COVID-19 pandemic, positive impacts from staff retention strategies, a successful overseas recruitment campaign increasing our base of skilled and qualified staff and inflation adjustments being made to some of the larger customer contracts.

Delta's net surplus of \$1.570 million (2023: \$2.571 million) provided a return on average Shareholder's equity of 6% (2023: 9%).

FINANCIAL STATEMENTS

The audited financial statements for the year ended 30 June 2024 are attached to this report.

DIRECTORS' INTERESTS IN CONTRACTS

Disclosures of interests made by Directors are recorded in the Company's interests register. These general disclosures of interests are made in accordance with S140 (2) of the Companies Act 1993 and serve as notice that the Directors may benefit from any transaction between the Company and any of the disclosed entities. Details of these declarations are included in the Information on Directors section of this report.

Any significant contracts involving Directors' interests that were entered into during the year ended 30 June 2024 or existed at that date are disclosed in the related parties section of the financial statements.

DIRECTORS' BENEFITS

No Director has received or become entitled to receive a benefit since the end of the previous financial period other than a benefit included in the total remuneration received or due and receivable by the Directors as shown in the financial statements.

There were no notices from Directors requesting to use Company information received in their capacity as Directors that would not otherwise have been available to them.

CHANGE OF DIRECTORS

Mr T D Allison retired as a Director with effect from 30 October 2023.
Mr C J Baudinet was appointed as a Director with effect from 1 August 2023.

DIRECTORS' INSURANCE

In accordance with the Constitution, the Company has arranged policies of Directors' Liability Insurance, which ensure generally that the Directors will incur no monetary loss as a result of actions undertaken by them as Directors, provided that they operate within the law.

DIRECTORS' REPORT

for the year ended 30 June 2024 - continued

DIRECTORS' REMUNERATION

The remuneration paid to Directors during the year was:

Peter J Carnahan	\$82,455
Jane George	\$45,519
Steve W Grave	\$45,519
Tony D Allison	\$15,525
Cameron J Baudinet	\$41,241
	\$230,259

EMPLOYEES' REMUNERATION

The number of current employees and former employees, whose remuneration and benefits exceeded \$100,000 for the year ended 30 June 2024 is listed below. Remuneration includes all non-cash benefits and redundancy payments at total cost to the company, where applicable:

\$100,000 - \$109,999	50
\$110,000 - \$119,999	42
\$120,000 - \$129,999	32
\$130,000 - \$139,999	24
\$140,000 - \$149,999	25
\$150,000 - \$159,999	13
\$160,000 - \$169,999	11
\$170,000 - \$179,999	9
\$180,000 - \$189,999	5
\$190,000 - \$199,999	2
\$200,000 - \$209,999	2
\$210,000 - \$219,999	1
\$220,000 - \$229,999	2
\$230,000 - \$239,999	1
\$240,000 - \$249,999	1
\$300,000 - \$309,999	1
\$360,000 - \$369,999	1
\$450,000 - \$459,999	1
	223

In the year ended 30 June 2024 the Chief Executive received a base remuneration of \$433,759 and superannuation of \$19,642. The Chief Executive's remuneration does not include any other short-term or long term incentives or performance based payments.

DIRECTORS' REPORT

for the year ended 30 June 2024 - continued

AUDIT AND RISK COMMITTEE

All Directors were members of the Audit and Risk Committee throughout their tenure as directors of the Company. The Audit and Risk Committee has the responsibility for agreeing the arrangements for audit of the Company's financial accounts. Its responsibilities include ensuring that appropriate audit consideration is given to the following issues:

- effectiveness of systems and standards of internal control
- quality of management controls
- management of business risk
- compliance with legislation, standards, policies and procedures
- appointing and monitoring the internal audit function.

Various specialist third party consultants were engaged to review specific areas throughout the year, with the results reported to the Audit and Risk Committee and the Board.

HEALTH AND SAFETY COMMITTEE

All Directors were members of the Health and Safety Committee throughout their tenure as directors of the Company. The Committee's principal responsibility is to review and make recommendations to the Board on the appropriateness and effectiveness of the Company's health and safety strategy, performance and governance.

AUDITOR

The Auditor-General is appointed as Auditor pursuant to S70 of the Local Government Act 2002. The Auditor-General has contracted the audit to Audit New Zealand.

EVENTS SUBSEQUENT TO BALANCE DATE

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

Leadership Change: The board of directors has decided to implement a leadership change as part of a strategic effort to better position the Company for future opportunities. The outgoing CEO Mike Costelloe finished in his role on the 2nd September 2024 and a new CEO will be appointed in due course.

On behalf of the Directors



Peter Carnahan
CHAIRMAN



Cameron Baudinet
DIRECTOR

27 September 2024



STATEMENT OF SERVICE PERFORMANCE

for the year ended 30 June 2024

GOAL	PERFORMANCE MEASURE	TARGET	DESCRIPTION
The Shareholder			
<i>We are committed to communicating our activities and strategy clearly to our shareholder and to continue to maintain an active dialogue</i>			
Engage with the Shareholder annually on opportunities for the Company to contribute, or assist where possible, with Council's community outcomes	Consult with the Shareholder on matters to be included in the Company's Statement of Intent	Shareholder approval of the Company's Statement of Intent	The Shareholder (DCHL) was consulted on the content of the Statement of Intent for the 2025 financial year. The final Statement of Intent was submitted to and approved by the Shareholder prior to 30 June 2024
Bring to the attention of the Shareholder any strategic or operational matters where there may be a conflict between the Council's community outcomes and those of the Company and seek the Shareholder's view on these	Consult with the Shareholder at the earliest possible time on matters where conflict may or could result	All potential conflicts notified	Regular communication with the Shareholder (DCHL) is maintained throughout the year. Monthly KPI reports and financial information were provided in line with the agreed timetable
Keep the Shareholder informed of all substantive matters	On a "no surprises" basis, advise the Shareholder promptly of any substantive matter that has the potential to impact negatively on the Shareholder and the Company with a particular focus on the media	All substantive matters reported to the Shareholder within 24 hours	There was one substantive matter related to collective employment negotiations that arose during the period. This was notified to the Shareholder within 24 hours
Community			
<i>We are big believers in supporting the communities in which we operate. Our main contribution is through the essential infrastructure services we provide every day. Plus, we support organisations in the local community, nurture the next generation of smart thinking infrastructure specialists, and promote our brand to our stakeholders.</i>			
Make a positive contribution to the communities in which we operate	Maintain community support through local sponsorship/donations	\$25,000 of sponsorship/donations per annum	Over \$27,000 in sponsorship was provided to local community groups during the year
Support community recreation and visitor experience in Dunedin	Maintain parks, reserves, sports fields, walking tracks, and amenities for the City of Dunedin	Achieve KPIs on service contracts	Target KPIs were maintained or exceeded on average throughout the year
Promote economic development	Maintain essential infrastructure to support Dunedin City Council's strategy to be one of the world's great small cities	Deliver maintenance services per contractual arrangements	Delta generally met or exceeded its KPI's on maintenance contracts held with the Dunedin City Council throughout the period

STATEMENT OF SERVICE PERFORMANCE

for the year ended 30 June 2024 - continued

GOAL	PERFORMANCE MEASURE	TARGET	DESCRIPTION
People			
<i>It is the skill and dedication of our people that makes the difference for our customers and keeps everyone safe at work. Our safety goal is 'Everyone Home Safe, Every day'. We are committed to the provision of safe and healthy work environments for our workers and the public.</i>			
Ensure safe and healthy outcomes for our people are expected. This goal is reflected in the attention to detail with regards to how we plan and prepare our work across all areas of service delivery	Reduce harm to employees and contractors	≤ 3.50 total recordable injury frequency rate (TRIFR) per 200,000 hours worked	Maximum total recordable injury frequency rate (TRIFR) for the year was 4.29 per 200,000 hours worked. While this was over the target of ≤ 3.5, the severity of the incidents was minor and related to the high amount of manual handling that is a requirement of the work we complete
		≤ 1.00 total lost time injury frequency rate (LTIFR) per 200,000 hours worked	Maximum total lost time injury frequency rate (LTIFR) for the year was 1.34 per 200,000 hours worked. This was over the target of ≤ 1 due to a small number of incidents which, while they required some time off work, were not severe in nature
Ensure full compliance with all Health and Safety legislation	Maintain all existing Health and Safety accreditations	Maintain ISO 45001 Occupational Health and Safety Management System accreditation throughout the period	The Company maintained ISO45001 Occupational Health and Safety Management System accreditation throughout the year
Maintain the health and wellbeing of staff	Monitor absences due to illness	≤ 3.5% sick leave based on total hours worked	Staff sick leave was 3.44% of total hours worked during the year, a reduction from 4.59% the prior year reflecting the reducing impact of COVID-19 on our workforce
	Maintain an employee wellbeing programme	Employee wellbeing programme maintained throughout the year	The WorkWell employee wellbeing programme was maintained throughout the period. A WorkWell action plan was approved by the Leadership Team and has been submitted to WorkWell to be assessed for Bronze Audit (the first stage of the WorkWell accreditation programme)
	Ensure that all direct employees are paid at living wage or above	No employee is paid at less than the living wage	All employees were paid equal to or higher than the living wage
Become a more diverse business and an employer of choice for all	Promote diversity, equity and inclusion within the business	Develop a People and Culture strategy and a Diversity, Equity and Inclusion strategy	A People and Culture Strategy has been developed. We have reviewed and updated the Diversity, Equity and Inclusion standard as part of the work to develop a strategy

STATEMENT OF SERVICE PERFORMANCE

for the year ended 30 June 2024 - continued

GOAL	PERFORMANCE MEASURE	TARGET	DESCRIPTION
People - continued			
Continue to develop Delta's apprenticeship scheme	Develop skill sets and succession planning through Delta's apprenticeship/trainee scheme	Average number of apprentices/trainees of 20 or more per annum	The average number of apprentices was 38 throughout the year. As at the 30th of June 2024 there were 31 apprentices in the scheme
Maintain a positive and satisfying working environment with low levels of voluntary staff turnover	Monitor voluntary leavers relative to permanent staff	≤ 17.0% staff turnover	Voluntary staff turnover was 9.08% for the year ending 30 June 2024. This is a pleasing reduction due to a number of factors, including the tightening economy and staff retention strategies that have been put in place
Environment			
<i>We are committed to continual improvement in our environmental performance, prevention of harm to the environment and adoption of sustainable work practices. As part of this Delta will measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report.</i>			
Ensure a well-recognised environmental accreditation is maintained	Maintain all existing Environmental accreditations.	Maintain International Organisation for Standardisation (ISO)14001 Environmental Management Systems accreditation throughout the period	The Company maintained ISO 14001 Environmental Management accreditation throughout the year
Ensure full compliance with environmental and resource consents	Maintain full compliance with the Resource Management Act (RMA)	Zero breaches	There were no breaches of the RMA during the year
Become net zero carbon by 2030	Implement Delta's Carbon Emission and Waste Reduction Strategy developed in the 2022 financial year, and achieve our FY2024 targets	Undertake an Energy audit of our major depots Implement a new and refreshed recycling programme Reduce idle time of Delta vehicles by 10% Undertake a review of scope 3 emissions and areas that the business could begin to measure	During the year we worked to confirm what net zero carbon means for Delta. Consistent with the strategy developed in FY22, our goal is a 45% gross reduction in our Scope 1 emissions, a 100% net reduction in our Scope 2 emissions, and a 20% gross reduction in selected Scope 3 emissions by 2030. The Scope 2 emissions reduction is a net target as these emissions are offset by the purchase of Renewable Energy Certificates (REC's). Over the 2024 financial year an Energy Audit was completed across all major depots and as a result an energy efficiency strategy has been developed. The recycling programme was refreshed in October 2023. The idle time of Delta vehicles increased 4.6% from the prior year. Much of this is not easily controlled as it is due to the type of work completed in the field. We are currently waiting on our GPS provider for the ability to split out the data within the geo fenced depots as idle time in depots is within our control to reduce. The review of scope 3 emissions has yet to take place but is scheduled for September 2024

STATEMENT OF SERVICE PERFORMANCE

for the year ended 30 June 2024 - continued

FINANCIAL OBJECTIVES

PERFORMANCE MEASURE	TARGET	RESULT
	\$000	\$000
EBITDA	≥10,669	10,245
Net profit after income tax	≥2,161	1,570
Shareholders funds	≥29,175	28,294
Return on Shareholder's funds	≥7%	6%
Cash flow from operations	≥9,778	10,544
Capital expenditure	≤3,500	2,156
Term borrowings	≤9,500	7,900
Dividend distributions	≥1,000	1,000
Shareholders funds to total assets	≥47%	47%

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

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

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

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

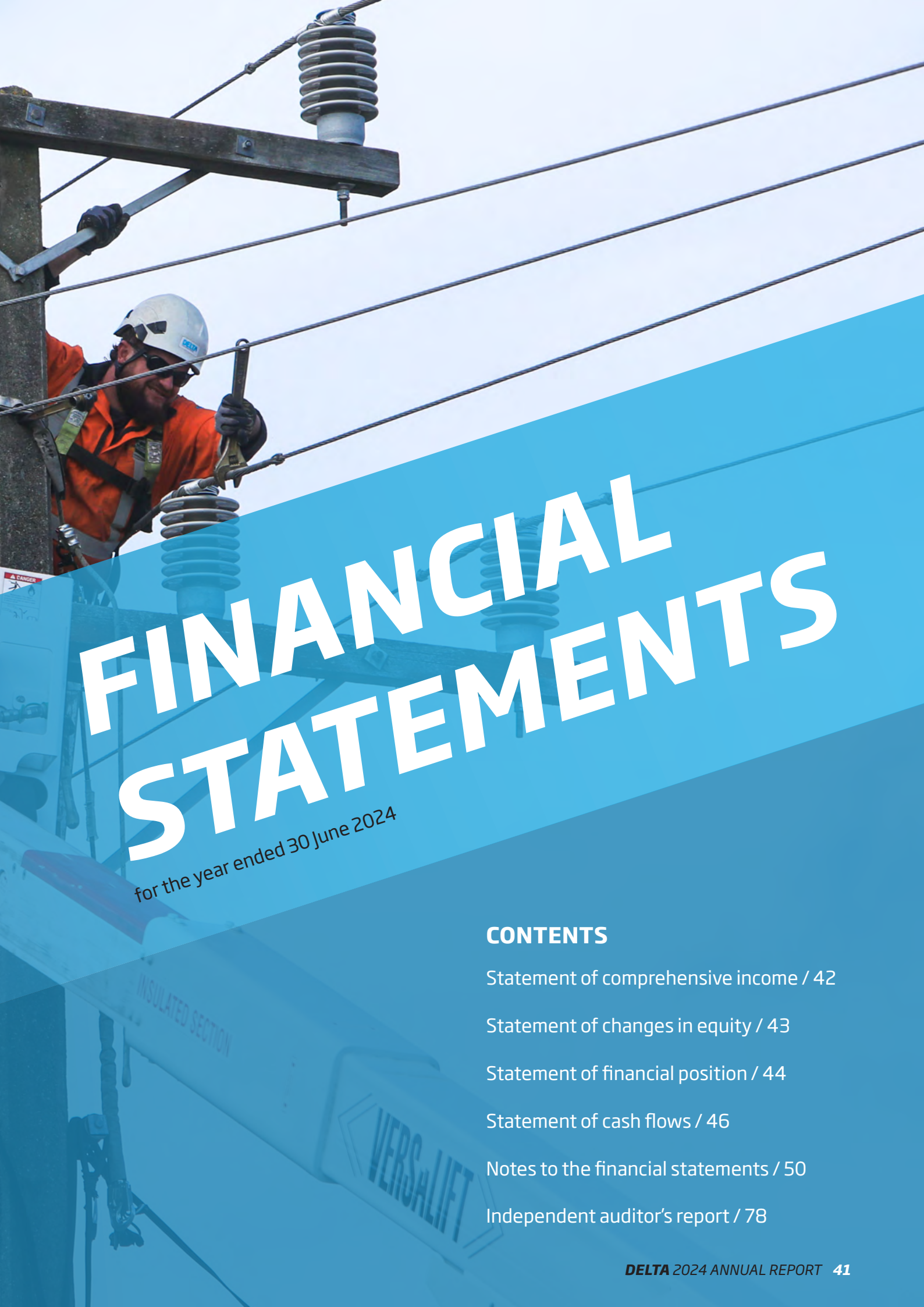
INFORMATION ON THE DIRECTORS

DIRECTOR	DATE APPOINTED	DECLARATIONS OF INTERESTS
Peter Carnahan Non-Executive Chairman	August 2022	Director and Shareholder - Peak Consulting Limited Chairman - Waikaia Gold Limited Chairman and Shareholder - Waikaka Gold Mines Limited Director and Shareholder - OKC Holdings Limited Director - SF Holdings Limited Director - Fern Energy Limited Director - SouthFuels (2022) Limited Director - NorthFuels (2012) Limited Director and Employee - Trojan Holdings Limited Director - Beach St Holdings Limited Director - Runway Investments Limited Director - Grant Road Properties Limited Director - Aoraki/Mount Cook Alpine Village Limited Director - Aoraki Mount Cook Airport Limited Director - Alpine Guides Mt Cook Limited Director - BCL Management Limited Director - LCB 2023 Limited (formerly Bond Contracts Limited) Director - Allied Queenstown Concrete Director - The Real Meal Company Limited Director - Invercargill City Holdings Limited Director - Invercargill City Property Director - 211 High Street Limited Director and Shareholder - 211 High Street Investments Limited Director - Auld Distillery Limited - Ceased February 2024 Shareholder - Nomos Limited Shareholder - Techemy Limited Shareholder - Rise and Shine Holdings Limited Shareholder - Magic Memories Group Holdings Limited Shareholder - Glenda Drive Property Limited Shareholder - Skyline Enterprises Limited Shareholder - Santa Minerals Limited
Steven Grave Non-Executive Director	July 2017	Principal, Director and Shareholder - Steve Grave Limited Chairman - CORDE Limited Chairman - Whitestone Contracting Limited Shareholder - Fulton Hogan Limited Chairman - Buller Holdings Limited Chairman - Westreef Services Limited Chairman - Buller Recreation Limited
Tony Allison Non-Executive Director	November 2017 <i>Retired October 2023</i>	Director - AA Cleaners (Otago) Limited Director - Smiths City Finance Limited Director - Smiths City (2020) Limited Director and Shareholder - Smiths City Holdings (2020) Limited Director - Smiths Kitchens Limited Director and Shareholder - Yabbie Creek Trustees Limited Director and Shareholder - Visionalli Limited

INFORMATION ON THE DIRECTORS

DIRECTOR	DATE APPOINTED	DECLARATIONS OF INTERESTS
Jane George Non-Executive Director	November 2021	Director and Shareholder - Jane George Consulting Limited Director - A.G. Foleys Limited Director - Invercargill Airport Limited Consultant - The Building Intelligence Group (TBIG)
Gillian Musuka Non-Executive Intern Director	January 2022 <i>Ceased 2023</i>	Board Member - Presbyterian Support Otago Clinical Governance Committee Member - Presbyterian Support Otago Board Member - Te Whare Pounamu Dunedin Women's Refuge Teaching Fellow - University of Otago
Cameron Baudinet Non-Executive Director	August 2023	Director & Shareholder - Murray & Company Limited Shareholder - Vector Limited - Ceased December 2023





FINANCIAL STATEMENTS

for the year ended 30 June 2024

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STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2024

	Note	2024 \$000	2023 \$000
REVENUE			
Operating revenue	3	129,766	118,416
Other revenue	4	989	4,180
Total revenue		130,755	122,596
LESS EXPENSES			
Operating expenses	5	127,899	118,896
Financial expenses	6	829	831
Total expenses		128,728	119,727
Profit before tax		2,027	2,869
Income tax expense	8	457	298
Net profit after tax		1,570	2,571
Other comprehensive income		-	-
Total comprehensive income		1,570	2,571

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2024

	Note	Share Capital \$000	Retained Earnings \$000	Total \$000
Balance at 01 July 2023		17,000	10,724	27,724
Total comprehensive income		-	1,570	1,570
Less dividends paid	7	-	(1,000)	(1,000)
Balance at 30 June 2024		17,000	11,294	28,294

	Note	Share Capital \$000	Retained Earnings \$000	Total \$000
Balance at 01 July 2022		17,000	9,153	26,153
Total comprehensive income		-	2,571	2,571
Less dividends paid	7	-	(1,000)	(1,000)
Balance at 30 June 2023		17,000	10,724	27,724

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2024

	Note	2024 \$'000	2023 \$'000
EQUITY			
Share capital	9	17,000	17,000
Retained earnings		11,294	10,724
TOTAL EQUITY		28,294	27,724
CURRENT ASSETS			
Cash and cash equivalents	16	169	99
Trade and other receivables	17	12,860	12,854
Work in progress	18	9,009	9,426
Inventories - materials and stores		3,708	3,966
Prepayments		659	1,220
Taxation refundable	8	10	-
Total current assets		26,415	27,565
NON-CURRENT ASSETS			
Intangible assets	20	2,709	2,956
Deferred tax asset	8	-	187
Right of use asset	21	9,163	10,882
Property, plant and equipment	19	22,642	24,397
Total non-current assets		34,514	38,422
Total assets		60,929	65,987

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2024 - continued

	Note	2024 \$000	2023 \$000
CURRENT LIABILITIES			
Trade and other payables	10	8,681	8,702
Borrowings	13	-	-
GST payable		769	700
Employee Entitlements	12	5,061	5,038
Taxation payable	8	-	487
Lease liabilities	11	2,915	3,054
Total current liabilities		17,426	17,981
NON-CURRENT LIABILITIES			
Borrowings	13	7,900	11,770
Lease liabilities	11	6,530	8,066
Deferred tax liability	8	268	-
Employee Entitlements	12	511	446
Total non-current liabilities		15,209	20,282
Total liabilities		32,635	38,263
NET ASSETS		28,294	27,724

For and on behalf of the Board of Directors



Peter Carnahan
CHAIRMAN



Cameron Baudinet
DIRECTOR

27 September 2024

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

STATEMENT OF CASH FLOWS

for the year ended 30 June 2024

	Note	2024 \$000	2023 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from :			
Receipts from customers		131,166	118,509
Wage subsidy		37	107
COVID-19 leave support scheme		13	162
Net GST received/(paid)		(3)	(74)
		131,213	118,704
Cash was disbursed to :			
Payments to suppliers and employees		119,661	111,963
Intra-group tax payments		499	233
Interest paid		509	564
		120,669	112,760
Net cash inflows/(outflows) from operating activities		10,544	5,944
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from :			
Sale of property, plant and equipment		158	200
Receipts from investment loans		-	3,094
		158	3,294
Cash was disbursed to :			
Purchase of property, plant and equipment and intangibles		2,135	4,006
		2,135	4,006
Net cash inflows/(outflows) from investing activities		(1,977)	(712)

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

STATEMENT OF CASH FLOWS

for the year ended 30 June 2024 - continued

	Note	2024 \$000	2023 \$000
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from :			
Receipt from borrowings		113,874	109,110
		113,874	109,110
Cash was disbursed to :			
Repayment of borrowings		117,744	110,340
Repayment of lease liabilities		3,627	3,308
Dividends paid		1,000	1,000
		122,371	114,648
Net cash inflows/(outflows) from financing activities		(8,497)	(5,538)
Cash and cash equivalents at the beginning of the period		99	405
Net increase/(decrease) in cash, cash equivalents and bank overdraft		70	(306)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		169	99

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

STATEMENT OF CASH FLOWS

for the year ended 30 June 2024 - continued

	Note	2024 \$000	2023 \$000
RECONCILIATION OF NET PROFIT AFTER TAX TO CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		1,570	2,571
Non-cash items			
Depreciation and amortisation		4,038	4,155
Depreciation - right of use asset		3,351	3,061
Interest - leases		320	302
Deferred tax		455	554
		8,164	8,072
Changes in working capital items			
(Increase)/decrease in trade and other receivables		(6)	(1,204)
(Increase)/decrease in inventories		259	69
(Increase)/decrease in work in progress		417	491
(Increase)/decrease in prepayments		561	(34)
Increase/(decrease) in trade and other payables		(21)	(512)
Increase/(decrease) in provision for tax		(497)	(489)
Increase/(decrease) in provisions		88	75
Increase/(decrease) in GST payable		69	111
		870	(1,493)
Items classified as investing or financing activities			
Net (gain)/loss on sale of property, plant and equipment		(40)	(155)
Investment in financial instrument		-	(3,094)
Change in capital creditors in trade and other payables		(20)	43
		(60)	(3,206)
Net cash inflow from operating activities		10,544	5,944

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



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

1 REPORTING ENTITY

The financial statements presented are for the reporting entity Delta Utility Services Limited.

Delta Utility Services Limited ("the Company") is a Council Controlled Trading Organisation as defined in the Local Government Act 2002. The Company, incorporated in New Zealand under the Companies Act 1993, is a wholly owned subsidiary of Dunedin City Holdings Limited. Dunedin City Holdings Limited is wholly owned by Dunedin City Council.

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

The financial statements are presented in New Zealand dollars (the functional currency of the company) and have been rounded to the nearest thousand.

2 MATERIAL ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The Company is a Tier 1 for-profit entity as defined by the External Reporting Board (annual 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 presented in accordance with NZ IAS 1, and NZ GAAP. They comply with New Zealand Equivalents to IFRS and other applicable Financial Reporting Standards, as appropriate to for-profit orientated entities.

The financial statements were authorised for issue by the Directors on 27 September 2024.

BASIS OF ACCOUNTING

The financial statements have been prepared on the historic cost basis. The going concern basis of accounting has been applied.

The accounting policies set out below and in the following notes have been applied consistently to all periods in these financial statements.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, the Company has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated. Accounting policies that are relevant to the understanding of the financial statements and that summarise the measurement basis are provided throughout the notes to the financial statements. These standards have been consistently applied to all the years presented unless otherwise stated.

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 8)
- calculation of profit elimination on intra-group transactions for tax purposes (note 8)
- valuation of provisions for employee entitlements (note 12)
- valuation of borrowings (note 13)
- valuation of work in progress (note 18)
- impairment of property, plant and equipment (note 19)
- impairment of intangible assets (note 20)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

2 MATERIAL ACCOUNTING POLICIES - continued

- valuation of right of use assets and liabilities (notes 11 and 21)

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.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. 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.

IMPAIRMENT OF ASSETS

At each balance sheet date, the Company 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 Company 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 is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Any impairment loss is immediately expensed to the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies during the year. Accounting policies have been applied consistently to all years presented in these financial statements.

STANDARDS AMENDED OR ISSUED DURING THE YEAR

The International Accounting Standards Board (IASB) has issued amendments to IAS 1 Presentation of Financial Statements that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for periods beginning on or after 1 January 2023 (earlier application is permitted) and require entities to disclose material accounting policies rather than significant accounting policies based on a four-step materiality process. Delta Utility Services has adopted this standard from 1 July 2023. There

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

2 MATERIAL ACCOUNTING POLICIES - continued

were no significant impacts to the financial statements and accompanying notes.

STANDARDS ISSUED BUT NOT YET EFFECTIVE AND NOT EARLY ADOPTED

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

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

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

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

The Company has not yet assessed in detail the impact of these amendments.

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

3 OPERATING REVENUE

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, net of discounts and goods and services tax (GST).

MAINTENANCE SERVICES

The Company enters into contracts that involve various different processes, activities and services. Where these processes and activities tend to be highly inter-related, these are taken to be one performance obligation, otherwise separate performance obligations are identified. The transaction price is allocated across each service or performance obligation based on contracted prices/schedules of rates. Revenue from maintenance services rendered is recognised in the Statement of Comprehensive Income in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to the proportion of costs incurred to date compared to the estimated total costs of the contract. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under NZ IFRS 15.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

3 OPERATING REVENUE - continued

The Company becomes entitled to invoice customers on a periodic basis, at particular stages of completion or upon completion of works. The Company recognises a contract asset (Work in Progress) for any work performed and not invoiced, derived on the basis of costs incurred to date plus an estimated margin. Any amount recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the invoiced amount exceeds the revenue recognised to date under the stage of completion method, then the Company recognises a contract liability (Income in Advance) for the difference.

CONSTRUCTION CONTRACTS

The Company derives revenue 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 Company 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 Company recognises a contract liability (Income in Advance) for the difference.

VARIABLE CONSIDERATION

A small number of the Company'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/variations in design or contract requirements are entered into, the transaction price is updated to reflect these. Where the price of the modification/variation has not been confirmed, an estimate is made of the amount of revenue to recognise.

WARRANTIES AND DEFECT PERIODS

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 period.

The Company 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 the Company has a right to consideration from the customer in an amount that corresponds directly with the value to the customer of the Company's performance completed to date.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

3 OPERATING REVENUE - continued

Revenue from contracts with customers

Power and communication services

Metered field operations

Greenspace services

2024 \$000	2023 \$000
79,477	69,347
16,983	15,377
33,306	33,692
129,766	118,416

4 OTHER REVENUE

Other

Surplus sale proceeds from Yaldhurst development

Other sundry revenue

Lease income

COVID-19 leave support scheme

Gain on sale / disposal of assets

2024 \$000	2023 \$000
-	3,094
346	203
590	565
13	163
40	155
989	4,180

Surplus sale proceeds from the Yaldhurst development, represent funds received over and above the amount receivable as per the original agreement.

Lease income relates to the leasing out of surplus buildings and land. The Company classifies these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The Company does not classify the property leased as investment property as the Company still occupies a significant portion of the leased space and, in many cases, overlap with the tenants.

The following table sets out a maturity analysis of future lease income, showing the undiscounted future lease amounts to be received after the reporting date.

Less than one year

One to two years

Two to three years

Three to four years

Four years and greater

2024 \$000	2023 \$000
65	462
45	65
45	45
11	45
-	11
166	628

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

5 OPERATING EXPENSES

Included in the operating expenses are the following items:

	2024 \$000	2023 \$000
Audit fees	150	117
Prior year recovery for audit fees	3	-
Employee remuneration and benefits	56,277	53,490
Superannuation	2,306	2,188
Subcontractor costs	27,573	23,457
Materials	16,627	16,166
Depreciation and amortisation - property, plant and equipment / intangibles	4,038	4,155
Depreciation - right of use asset	3,351	3,061
Plant and vehicle costs	6,725	6,592
Directors' fees	230	225
Donations	-	11

6 FINANCIAL EXPENSES

	2024 \$000	2023 \$000
Interest - related parties	509	529
Interest - leases	320	302
	829	831

7 DIVIDENDS

	2024 \$000	2023 \$000
Interim Dividend	-	-
Final Dividend	1,000	1,000
	1,000	1,000

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

8 TAXATION

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 plus any adjustments to income tax payable in respect of prior years.

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.

Current tax and deferred tax is charged or credited to the statement of comprehensive income except when deferred tax relates to items charged directly to equity, in which case the tax is dealt with in equity.

The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

INCOME TAX RECONCILIATION

	2024 \$000	2023 \$000
Profit before tax	2,027	2,869
Tax thereon at 28%	568	803
<i>Plus / (less) the tax effect of differences</i>		
Expenditure non-deductible for taxation	6	87
Non-assessable income	(695)	(737)
Intra-group tax compensation	328	369
Under/(over) tax provision in prior years	(35)	(224)
Removal of depreciation on commercial buildings	285	-
Tax expense / (benefit)	457	298
<i>Represented by:</i>		
Current tax provision	(339)	118
Intra-group tax compensation	328	369
Prior period adjustments to current tax	13	(742)
Deferred tax provision	218	34
Prior period adjustments to deferred tax	(48)	519
Removal of depreciation on commercial buildings	285	-
	457	298
Effective tax rate	23%	10%

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

8 TAXATION - continued

Profits arising on assets constructed for DCHL subsidiary, Aurora Energy Limited, have been deducted from the calculation of taxable income for the consolidated tax group, and have also been removed from the cost of the relevant Aurora Energy assets for tax depreciation purposes. For accounting purposes, the Company has recognised the adjustment to remove the profit component of these assets and has reflected a tax compensation payment of \$328,000 (2023: \$369,000).

IMPUTATION CREDIT ACCOUNT

The Company is a member of an income tax consolidated group and has access to the income tax consolidated group's imputation credit account.

DEFERRED TAX

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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt within equity.

	Opening position \$000	Charged to income \$000	Closing net position \$000
YEAR ENDED 30 JUNE 2024			
Property, plant and equipment	105	(250)	(145)
Intangible assets	(477)	(169)	(646)
Employee benefits	1,427	(28)	1,399
Provisions	(935)	(20)	(955)
IFRS 16 leases	67	12	79
Balance at the end of the year	187	(455)	(268)
	Opening position \$000	Charged to income \$000	Closing net position \$000
YEAR ENDED 30 JUNE 2023			
Property, plant and equipment	(94)	199	105
Intangible assets	33	(510)	(477)
Employee benefits	1,449	(22)	1,427
Provisions	(699)	(236)	(935)
IFRS 16 leases	52	15	67
Balance at the end of the year	741	(554)	187

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

9 SHARE CAPITAL

	2024 \$000	2023 \$000
Issued capital		
17,000,000 fully paid ordinary shares	17,000	17,000

10 TRADE AND OTHER PAYABLES

	2024 \$000	2023 \$000
Trade and other payables are stated at cost and include:		
Trade payables	3,912	4,691
Due to related parties	59	42
Income in advance	670	267
Other payables	4,040	3,702
	8,681	8,702

Trade and other payables are stated at cost.

The Directors consider that the carrying amount of trade payables approximates their fair value. Trade and other payables are non-interest bearing and are normally settled on 30 day terms.

11 LEASE LIABILITIES

Land and Building leases

The Company leases land and buildings for operational purposes. The leases typically have an initial term of between 3 and 5 years and most include an option to renew for an additional period beyond this term.

Where applicable the Company seeks to include extension options in new leases to provide operational flexibility. Options to extend are held by the Company and not by the lessor. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. This is reassessed at each reporting date.

Vehicle leases

The Company leases vehicles and plant with lease terms of up to 10 years. The residual value of the leased assets is agreed with the lessor at the start of the lease. The residual value is reviewed if the lease is extended or there is a material change in the number of kilometres travelled per annum.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

11 LEASE LIABILITIES - continued

	2024 \$000	2023 \$000
(i) Current liabilities		
Building and land leases	646	778
Vehicle leases	2,269	2,276
	2,915	3,054
(ii) Non-current liabilities		
Building and land leases	2,765	3,263
Vehicle leases	3,765	4,803
	6,530	8,066

The lease liability is 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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate, as the interest rate inherent in its building leases is not easily identified and the interest rate noted for the vehicle leases includes a significant margin component. The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in index or rate. Interest rates used range from 2.78% to 4.72% (2023 2.54% - 3.88%)

MATURITY ANALYSIS - CONTRACTUAL DISCOUNTED CASHFLOWS

	2024 \$000	2023 \$000
Payable within one year	2,915	3,054
Payable between one to five years	5,515	6,642
Payable later than five years	1,015	1,424
	9,445	11,120

12 EMPLOYEE ENTITLEMENTS

A provision is recognised in the Statement of Financial Position when the Company 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.

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 Company.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

12 EMPLOYEE ENTITLEMENTS - continued

The Company 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 average value of excess sick leave.

	2024 \$000	2023 \$000
(i) Current liabilities		
Long service leave	268	275
Annual leave	4,307	4,237
Gratuities	183	268
Sick Leave	176	131
Superannuation	127	127
	5,061	5,038
(ii) Non-current liabilities		
Long service leave	511	446
	511	446

13 BORROWINGS

All borrowings are provided under a facility agreement with Dunedin City Treasury (DCTL), a related party of the Company. DCTL provides corporate treasury services to Dunedin City Council (DCC), Dunedin City Holdings Limited (DCHL) and its subsidiaries. DCTL sources external debt and on-lends to DCC and the council-controlled organisations based on an average cost of borrowings. The borrowings are not required to be repaid provided the borrower is not in default and continues to meet the terms of the borrowing. The borrower may repay principal balances at any time.

DCTL typically reviews and sets a fixed interest rate at the beginning of each financial year but, contractually, interest rates may be reset every quarter. The fixed interest rate reflects the internal borrowing rate index of DCTL for the interest period. At the end of the financial year, or sooner if necessary, a retrospective interest rate adjustment is calculated to ensure that the effective rate charged to borrowers for the period reflects the actual costs of DCTL.

The Company has assessed that the fair value of borrowings on initial recognition is the face value. The interest rate set by DCTL is considered a market rate as it is based on an internal borrowing index for a fixed interest period. Debt is sourced by DCTL on ordinary commercial terms, arranged by major trading banks. DCTL also borrows from the Local Government Funding Agency (LGFA). DCTL has a credit rating equal to that of DCC and has assessed the same level of credit risk for all borrowers within the DCC group since they are ultimately owned by DCC and rely on their underlying support in a stress scenario. Accordingly, DCTL does not apply different credit spreads to different borrowers.

For the reasons noted above, the Company continues to deem it appropriate to measure its loan from DCTL at amortised cost.

Finance charges, premiums payable on settlement or redemption and direct costs are accounted for on an accrual basis to the Statement of Comprehensive Income 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

13 BORROWINGS- continued

	2024 \$000	2023 \$000
Dunedin City Treasury Limited - related party	7,900	11,770
	7,900	11,770

The total facility available as at 30 June 2024 was \$22.500 million. The repayment period on the non-current borrowings is as follows:

Repayable between one to two years	-	-
Repayable between two to five years	-	-
Repayable greater than five years	7,900	11,770
	7,900	11,770

The effective interest rate for the loan at balance date was 4.5% (2023: 3.8%).

14 CONTINGENT LIABILITIES

	2024 \$000	2023 \$000
Performance bonds	761	402
	761	402

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

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

In January 2021 the Labour Inspectorate office opened an investigation into the Company's leave processes and payments. The Company received and accepted a final report from the Labour Inspectorate which identified errors in the Company's calculation of holiday pay. On 31 August 2023 the company signed an Enforceable Undertaking with the Labour Inspectorate to correct the errors. The remedial period is 6 years prior to the date of signing of the enforceable undertaking. The financial consequences of the remediation are not known at this point. The Enforceable Undertaking is due to be completed by 31 October 2024.

The company knows of no other material or significant contingent assets or liabilities as at balance date.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

15 CAPITAL EXPENDITURE COMMITMENTS

	2024 \$000	2023 \$000
Plant and equipment	314	410
	314	410

16 CASH AND CASH EQUIVALENTS

	2024 \$000	2023 \$000
Cash and bank	169	99
	169	99

Cash and cash equivalents comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value. Short-term deposits are made at call deposit rates.

17 TRADE AND OTHER RECEIVABLES

	2024 \$000	2023 \$000
Trade receivables	6,029	6,631
Less expected credit loss	(4)	-
	6,025	6,631
Due from related parties	6,835	6,223
	12,860	12,854

Trade and other receivables are classified as financial assets at fair value less any allowances for estimated irrecoverable amounts.

Aging of trade receivables which the group has not provided against as still deemed recoverable:

	2024 \$000	2023 \$000
Age analysis: Not past due	12,505	11,831
1 - 30 days	294	393
30 - 60 days	17	58
60 - 90 days	20	469
90 days plus	24	103
	12,860	12,854

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

17 TRADE AND OTHER RECEIVABLES - continued

The loss allowance as at 30 June 2024 and 30 June 2023 was determined as follows:

Expected loss rate	0.028%	0.0000%
Gross carrying amount - trade receivables	12,860	12,854

The Company applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 30 June 2024 and 30 June 2023 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are then adjusted for current and forward-looking information including macroeconomic factors affecting the company's customers.

In the current year this provision is \$3,539 (2023: nil) on the basis that limited amounts of trade receivables have been written off in the preceding two year period, the company's debt is concentrated around a low number of large customers that are predominantly councils or large electrical distribution boards, and the outstanding amounts have been reviewed on a line by line basis with specific provisions put in place where deemed necessary for doubtful amounts (\$3,539 as at 30 June 2024).

Movement in lifetime expected credit losses:

	2024 \$000	2023 \$000
Opening expected credit loss	-	-
Additional provisions made during the year	(6)	(7)
Receivables written off during the year	-	-
Provisions reversed during the year	2	7
Closing expected credit loss	(4)	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

18 WORK IN PROGRESS

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

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

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

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

	2024 \$000	2023 \$000
Work in progress - construction contracts	3,847	3,881
Work in progress - other contracts	5,162	5,545
	9,009	9,426

19 PROPERTY, PLANT AND EQUIPMENT

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

All property, plant and equipment is stated at cost less any subsequent accumulated depreciation and any accumulated impairment losses.

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 costs of assets, other than land, properties under construction and capital work in progress, on a straight-line basis. Rates used have been calculated to allocate the assets' costs less estimated residual values over their estimated remaining useful lives.

Depreciation of these assets commences when the assets are ready for their intended use and no depreciation is charged on assets under construction.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

19 PROPERTY, PLANT AND EQUIPMENT - continued

Depreciation rates and methods used are as follows:

	Rate	Method
Buildings	2% to 14%	straight line
Metering equipment	7% to 10%	straight line
Plant and equipment	4% to 60%	straight line
Motor vehicles	5% to 33%	straight line

	Opening balance \$000	Purchases \$000	Sales/ disposals \$000	Transfers \$000	Closing balance \$000
Cost					
YEAR ENDED 30 JUNE 2024					
Land	4,566	-	(10)	-	4,556
Buildings	6,365	94	-	-	6,459
Meters	4,487	309	(342)	-	4,454
Plant and equipment	11,949	530	(238)	-	12,241
Motor vehicles	29,887	968	(849)	280	30,286
Assets under construction	280	135	-	(280)	135
	57,534	2,036	(1,439)	-	58,131
YEAR ENDED 30 JUNE 2023					
Land	4,566	-	-	-	4,566
Buildings	6,208	157	-	-	6,365
Meters	4,120	367	-	-	4,487
Plant and equipment	11,537	983	(781)	210	11,949
Motor vehicles	28,920	1,363	(1,154)	758	29,887
Assets under construction	337	911	-	(968)	280
	55,688	3,781	(1,935)	-	57,534

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

19 PROPERTY, PLANT AND EQUIPMENT - continued

	Opening balance \$000	Depreciation \$000	Sales/ disposals \$000	Transfers \$000	Closing balance \$000
Accumulated depreciation					
YEAR ENDED 30 JUNE 2024					
Land	-	-	-	-	-
Buildings	2,362	226	-	-	2,588
Meters	1,730	289	(342)	-	1,677
Plant and equipment	7,907	1,172	(229)	-	8,850
Motor vehicles	21,138	1,986	(750)	-	22,374
	33,137	3,673	(1,321)	-	35,489

YEAR ENDED 30 JUNE 2023

Land	-	-	-	-	-
Buildings	2,148	214	-	-	2,362
Meters	1,464	266	-	-	1,730
Plant and equipment	7,442	1,222	(757)	-	7,907
Motor vehicles	20,059	2,212	(1,133)	-	21,138
	31,113	3,914	(1,890)	-	33,137

Carrying values

	2024 \$000	2023 \$000
Land	4,556	4,566
Buildings	3,871	4,003
Meters	2,777	2,757
Plant and equipment	3,391	4,042
Motor vehicles	7,912	8,749
Assets under construction	135	280
	22,642	24,397

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

20 INTANGIBLES

Intangibles contains software which is recognised at cost and amortised to the statement of comprehensive income on a straight-line basis over the estimated useful life - which is a maximum period of ten years.

	Opening balance \$000	Purchases \$000	Sales/ disposals \$000	Transfers \$000	Closing balance \$000
Cost					
YEAR ENDED 30 JUNE 2024					
Software	4,776	-	(146)	-	4,630
Software work in progress	-	120	-	-	120
	4,776	120	(146)	-	4,750
YEAR ENDED 30 JUNE 2023					
Software	3,624	10	-	1,142	4,776
Software work in progress	969	173	-	(1,142)	-
	4,593	183	-	-	4,776
	Opening balance \$000	Amortisation \$000	Sales/ disposals \$000	Transfers \$000	Closing balance \$000
Accumulated depreciation					
YEAR ENDED 30 JUNE 2024					
Software	1,820	367	(146)	-	2,041
	1,820	367	(146)	-	2,041
YEAR ENDED 30 JUNE 2023					
Software	1,580	240	-	-	1,820
	1,580	240	-	-	1,820
Carrying values					
Software				2,589	2,956
Software work in progress				120	-
				2,709	2,956

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

21 RIGHT-OF-USE-ASSET

	Opening balance \$000	Purchases \$000	Sales/ disposals \$000	Transfers \$000	Closing balance \$000
Cost					
YEAR ENDED 30 JUNE 2024					
Property	6,206	163	-	-	6,369
Motor Vehicles	12,672	1,469	(703)	-	13,438
	18,878	1,632	(703)	-	19,807
YEAR ENDED 30 JUNE 2023					
Property	5,140	775	-	291	6,206
Motor Vehicles	10,972	3,064	(1,073)	(291)	12,672
	16,112	3,839	(1,073)	-	18,878
	Opening balance \$000	Amortisation \$000	Sales/ disposals \$000	Transfers \$000	Closing balance \$000
Accumulated depreciation					
YEAR ENDED 30 JUNE 2024					
Property	2,233	842	-	-	3,075
Motor Vehicles	5,763	2,509	(703)	-	7,569
	7,996	3,351	(703)	-	10,644
YEAR ENDED 30 JUNE 2023					
Property	1,298	770	-	165	2,233
Motor Vehicles	4,692	2,291	(1,055)	(165)	5,763
	5,990	3,061	(1,055)	-	7,996
Carrying values				2024 \$000	2023 \$000
Property				3,294	3,973
Motor Vehicles				5,869	6,909
				9,163	10,882

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

21 RIGHT-OF-USE-ASSET - continued

The Company 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 and equipment. In addition, the asset is periodically reviewed for impairment.

22 RECONCILIATION OF CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Opening Balance \$000	Cash Flows \$000	Non-cash Movement \$000	Closing Balance \$000
YEAR ENDED 30 JUNE 2024:				
Long term borrowings	11,770	(3,870)	-	7,900
Short term borrowings	-	-	-	-
Lease liabilities	11,120	(3,627)	1,952	9,445
	22,890	(7,497)	1,952	17,345
YEAR ENDED 30 JUNE 2023:				
Long term borrowings	13,000	(1,230)	-	11,770
Short term borrowings	35	(35)	-	-
Lease liabilities	10,303	(3,308)	4,125	11,120
	23,338	(4,573)	4,125	22,890

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

23 RELATED PARTY TRANSACTIONS

Delta Utility Services Limited is a wholly owned subsidiary of Dunedin City Holdings Limited. Dunedin City Holdings Limited is wholly owned by Dunedin City Council.

TRANSACTIONS WITH DUNEDIN CITY COUNCIL GROUP

The Company undertakes transactions with Dunedin City Council and other Dunedin City Council controlled entities.

The amounts owing to/from related parties are payable in accordance with the Company's normal terms of trade. No related party debts have been written off or forgiven during the year and no provision has been required for impairment of any receivables to related parties.

Treasury services are provided by Dunedin City Treasury Limited (DCTL). Borrowings are detailed in note 13 and Interest is detailed in Note 6. The draw down and repayment of borrowings is disclosed in the Statement of Cash Flows

During the year, the Company provided services and traded with the Dunedin City Council Group in respect of the following transactions:

	2024 \$000	2023 \$000
PROVISION OF SERVICES TO DUNEDIN CITY COUNCIL GROUP ENTITIES:		
Capital construction works, network maintenance and contracting services	53,954	51,591
Rent	518	500
	54,472	52,091
	2024 \$000	2023 \$000
PROVISION OF SERVICES TO DUNEDIN CITY COUNCIL:		
Other contracting services	10,630	11,445
AT YEAR END THE AMOUNTS RECEIVABLE FROM RELATED PARTIES WERE:		
Receivable from Dunedin City Council	1,153	1,100
Receivable from Dunedin City Council Group entities	5,682	5,123
Work in Progress receivable from Dunedin City Council	-	79
Work in Progress receivable from Dunedin City Council Group entities	6,643	5,974
	13,478	12,276

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

23 RELATED PARTY TRANSACTIONS - continued

	2024 \$000	2023 \$000
RECEIPT OF GOODS AND SERVICES FROM DUNEDIN CITY COUNCIL GROUP ENTITIES:		
Interest	510	529
Contracting services and supplies	161	65
Rent / Administration	687	435
Tax compensation	328	369
	1,686	1,398
RECEIPT OF GOODS AND SERVICES FROM DUNEDIN CITY COUNCIL:		
Contracting services and supplies	249	94
Other	105	81
	354	175
AT YEAR END THE AMOUNTS PAYABLE TO RELATED PARTIES EXCLUSIVE OF BORROWINGS SHOWN IN NOTE 13 ARE:		
Payable to Dunedin City Council	10	19
Payable to Dunedin City Council Group entities	49	23
	59	42
INTRAGROUP TRANSFERS FROM DUNEDIN CITY COUNCIL GROUP ENTITIES:		
Subvention payment received from City Forests Limited	-	798
INTRAGROUP TRANSFERS TO DUNEDIN CITY COUNCIL GROUP ENTITIES:		
Subvention payment to Aurora Energy Limited	500	-
Dividend payment to Dunedin City Holdings Limited	1,000	1,000
	1,500	1,000

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

23 RELATED PARTY TRANSACTIONS - continued

TRANSACTIONS WITH ENTITIES IN WHICH DIRECTORS HAVE AN INTEREST:

The Company undertakes transactions with entities in which Directors have an interest. These are detailed below:

Mr Peter J Carnahan is a Director of Invercargill City Holdings Limited. During the financial period covered by this report, no contracting services were provided to Invercargill City Council (a related party of Invercargill City Holdings Limited) (2023: \$15,000). No monies were receivable as at 30 June 2024 (2023: Nil).

Mr Peter J Carnahan is a Director of Fern Energy Limited. During the financial period covered by this report, fuel to the value of \$76,515 was purchased from Fern Energy Limited (2023: \$108,521). Monies payable as at 30 June 2024 were \$2,923 (2023: \$7,600).

Mr Peter J Carnahan is a Director and employee of Trojan Holdings Limited. During the financial period covered by this report, waste disposal to the value of \$1,664 was purchased from Trojan Holdings Limited (2023: \$27,774). Monies payable as at 30 June 2024 were \$nil (2023: \$nil). Contracting services to the value of \$242 were provided to Trojan Holdings Limited (2023: \$787). No monies were receivable as at 30 June 2023 (2023: \$nil).

Mr S W Grave is Chairman of Whitestone Contracting Limited. During the financial period covered by this report, \$12,083 of contracting services were purchased from Whitestone Contracting Limited (2023: \$2,931). No monies were payable as at 30 June 2024 (2023: \$nil).

Mr S W Grave is Chairman of CORDE Limited. During the financial period covered by this report, contracting services to the value of \$71,917 were provided to CORDE Ltd (2023: \$nil). No monies were receivable as at 30 June 2024 (2023: \$nil).

Ms J George is a Director of A G Foleys Limited. During the financial period covered by this report, contracting services of \$19,449 were purchased from A G Foleys Limited (2023: \$5,266). Monies were payable as at 30 June 2024 were \$10,954 (2023: \$nil). During the financial period covered by this report, contracting services totalling \$23,307 were provided to A J Foleys Limited (2023: \$9,879). Monies receivable as at 30 June 2024 totalled \$748 (2023: \$260).

24 KEY MANAGEMENT PERSONNEL REMUNERATION

	2024 \$000	2023 \$000
Short-term employment benefits - Senior Management	2,680	2,426
Short-term employment benefits - Directors	230	225
Termination employment benefits - Senior Management	78	-

Termination benefits include all payments relating to periods post resignation including termination pay, notice period, value of equipment kept and reimbursed costs.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

25 FINANCIAL INSTRUMENTS RISKS

Dunedin City Treasury Limited, which is part of Dunedin City Holdings Group, co-ordinates access to domestic markets for all group members and provides advice on the management of financial instrument risks to the Company. These risks include market risk, credit risk and liquidity risk.

Financial instruments are contracts that give rise to financial assets or liabilities that are recognised on the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

In line with NZ IFRS 9 Financial Instruments, all of the financial assets and liabilities are measured at amortised cost, fair value through profit and loss, or fair value through other comprehensive income, on the basis of the company's business model for managing the financial instrument and the contractual cash flow characteristics of the financial instrument.

Apart from derivative financial instruments, the Company's financial assets and liabilities including cash and cash equivalents, trade and other receivables, trade and other payables, accruals and borrowings continue to be measured at amortised cost as they meet the conditions under NZ IFRS 9.

CREDIT RISK

The Company's credit risk is primarily attributable to its trade and term receivables. The amounts presented in the Statement of Financial Position are net of allowances for impairments.

The Company's exposure to credit risk is generally spread over a large number of counterparties and customers.

In line with NZ IFRS 9, the Company recognises an expected credit loss provision on financial assets measured at amortised cost based on expected/historic credit losses. In the 2023 financial year the expected credit loss accrual was nil and in the 2024 year this is \$3,539 on the basis that there have been limited customer defaults in the past 3 years. Delta's credit exposure is limited to a small number of customers which have all been carefully reviewed and specific provisions have been put in place if required (\$3,539 as at 30 June 2024).

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

The maximum credit risk for each class of financial instrument is:

	2024 \$000	2023 \$000
Cash and cash equivalents	169	99
Trade and other receivables	12,860	12,854
	13,029	12,953

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

25 FINANCIAL INSTRUMENTS RISKS - continued

Credit Quality of Financial Assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard & Poor's credit ratings (if available) or to historical information about counterparty default rates.

	2024 \$000	2023 \$000
COUNTERPARTIES WITH CREDIT RATINGS		
Cash and cash equivalents	169	99
A-1+		
Trade and other receivables	1,153	1,100
A-1+		
COUNTERPARTIES WITHOUT CREDIT RATINGS		
Trade and other receivables	11,707	11,754

LIQUIDITY RISK

Liquidity risk represents the Company's ability to meet its contractual obligations. The Company evaluates its liquidity requirements on an on-going basis. In general, the Company generates sufficient cash flows from its operating activities to meet its obligations arising from financial liabilities and has credit lines in place to cover potential shortfalls. The Company maintains credit management and accounts receivable processes aimed at collecting all trade debtors and other receivable balances in cash by their agreed date(s) for payment.

Contractual obligations in respect of interest expense on borrowings have not been included in the liquidity risk table as the term debt does not have a contractual end date and the interest is currently payable on a month-by-month basis. Details of the loan balance and effective interest rate are included in note 13.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

25 FINANCIAL INSTRUMENTS RISKS - continued

The following tables analyse the exposure of the Company's financial instruments to liquidity risk:

	Maturity Dates Less Than 1 Month \$000	1 Month to 1 Year \$000	1 - 5 Years \$000	More than 5 Years \$000	Carrying Value \$000
AS AT 30 JUNE 2024:					
Financial assets					
Cash and cash equivalents	169	-	-	-	169
Trade and other receivables	12,860	-	-	-	12,860
	13,029	-	-	-	13,029
Financial liabilities					
Trade and other payables	8,681	-	-	-	8,681
Lease liabilities	-	2,922	5,520	1,003	9,445
GST payable	769	-	-	-	769
Borrowings	-	-	-	7,900	7,900
	9,450	2,922	5,520	8,903	26,795
AS AT 30 JUNE 2023:					
Financial assets					
Cash and cash equivalents	99	-	-	-	99
Trade and other receivables	12,854	-	-	-	12,854
	12,953	-	-	-	12,953
Financial liabilities					
Trade and other payables	8,702	-	-	-	8,702
Lease liabilities	-	3,101	6,595	1,424	11,120
GST payable	700	-	-	-	700
Borrowings	-	-	-	11,770	11,770
	9,402	3,101	6,595	13,194	32,292

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

25 FINANCIAL INSTRUMENTS RISKS - continued

SENSITIVITY ANALYSIS

The table below illustrates the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on the Company's financial instrument exposures at the balance date.

Based on historic movements and volatilities, market interest rate movements of plus or minus 2%/200bps (2023: 2%/200bps) have been used in this analysis.

		+200bps		-200bps	
	Fair Value at Balance Date \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000
As at 30 June 2024:					
Financial liabilities					
Borrowings (unhedged)	7,900	(158)	-	158	-
	7,900	(158)	-	158	-
As at 30 June 2023:					
Financial liabilities					
Borrowings (unhedged)	11,770	(235)	-	235	-
	11,770	(235)	-	235	-

26 CAPITAL MANAGEMENT STRATEGY

The capital of the Company is its equity, which is comprised of subscribed capital and retained earnings. Equity is represented by net assets. The Company manages its capital to ensure that it will be able to continue to operate as a going concern and optimises the balance of debt to equity on a prudent basis in consultation with its Shareholder.

The Directors of the Company perform continual reviews of its operating strategies, and financial performance, and include in those reviews, any strategies required to protect the capital of the Company. The Board seeks to maximise overall returns to the Shareholder and to maintain the Company's financial strength.

The Company is required to provide to its Shareholder an annual Statement of Intent. This Statement of Intent includes information on planned distributions by way of dividend for the following three years.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024 - continued

27 GOING CONCERN

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

Based on the budget for the 12 months ended 30 June 2025 the Company will be able to meet its obligations as they fall due. In the event that the risk situation deteriorates unexpectedly, sufficient debt facility headroom is available to maintain the Company for a period of disrupted trading conditions.

28 EVENTS AFTER BALANCE DATE

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

Leadership Change: The board of directors has decided to implement a leadership change as part of a strategic effort to better position the Company for future opportunities. The outgoing CEO Mike Costelloe finished in his role on the 2nd September 2024 and a new CEO will be appointed in due course.

INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Delta Utility Services Limited's financial statements and statement of service performance for the year ended 30 June 2024

The Auditor-General is the auditor of Delta Utilities Services Limited (the company). 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 statement of service performance of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 42 to 77, that comprise the statement of financial position as at 30 June 2024, the statement of 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 Company on pages 34 to 37.

In our opinion:

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

Our audit was completed on 27 September 2024. This is the date at which our opinion is expressed.

The basis for our 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 opinion

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 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 company 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 company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and the 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 company for assessing the company'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 company or to cease operations, or has no realistic alternative but to do so.

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material

INDEPENDENT AUDITOR'S REPORT

misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the statement of service performance.

For the performance targets reported in the financial statements and the statement of service performance, our procedures were limited to checking that the information agreed to the company's statement of intent.

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

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

- We identify and assess the risks of material misstatement of the financial statements and the statement of service performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 company'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 company'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 Company 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 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 during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 33, 38 to 41 and 82 to 83, 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 that fact. We have nothing to report in this regard.

Independence

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

Other than the audit, we have no relationship with, or interests in, the company.



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

COMPANY DIRECTORY

as at 30 June 2024

DIRECTORS

Peter J Carnahan (Chair)

Jane George

Steven W Grave

Cameron Baudinet

MANAGEMENT

Mike Costelloe
Chief Executive

Richard King
*General Manager
Greenspace Services*

Josh Butterfield
*General Manager Metering
& Field Operations*

Michael Price
*General Manager Power
& Communication Services*

Jude Molyneux
*ICT Operations &
Change Manager*

Louisa Homersham
Chief Financial Officer

Matt Sadgrove
HSEQ Manager

Daryl Putt
*Business Systems
Accountant*

Jolene Lynn
Executive Assistant

Shane Spicer
Commercial Manager

Amelia Jones
*Head of Brand &
Communications*

REGISTERED OFFICE

33 Sturdee Street
Dunedin
New Zealand

AUDITOR

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

BANKER

Westpac Banking Corporation

TAXATION ADVISOR

Deloitte

SOLICITORS

Gallaway Cook Allan
Anderson Lloyd

