# Delta Utility Services Limited

# Interim Report

## For the six months ended

## 31 December 2021

**Delta Utility Services Limited**

## Contents

## Delta Utility Services Limited

## Directors' report

The Directors of Delta Utility Services Limited present their interim report for the six months ended 31 December 2021.

### Review of operations

The principal activity of the Company is the provision of contracting services, which encompasses a broad range of energy and greenspace services to local authority and private sector customers. Our core business centres on the construction, operation and maintenance of essential energy and community infrastructure.

During the first half of financial year 2022 (FY22), Delta continued to experience strong demand for its core services. Despite ongoing disruption with COVID-19, Delta remained a fundamental part of the communities we operate in. Delta are pleased with our response to high workloads during this period and were grateful for contributing factors, such as settled weather, working in our favour.

Contract wins such as Network Tasman power systems contracting services contract, Nelson Electricity maintenance & faults contract and the Dunedin City Council parks & reserves 10-year maintenance contract, all commenced on 1 July 2021. Our first six-months have been steady and productive. Customer engagement has been a major focus for Delta and a key strategic pillar. Delta prides itself on the relationships it builds and our ability to meet or exceed the expectations of our customers. On several occasions during the first half of FY22, Delta received community accolades for exceeding customer or contractual obligations.

Our people are the core of our business, and every day, many of them are exposed to critical risks. This is why our safety vision of ‘Everyone Home Safe, Every Day’ is of utmost importance. The Company's total recordable injury frequency rate (TRIFR) of 3.08 per 200,000 hours worked is significantly lower than in the same period last year and the year ended 30 June 21 (FY21: 4.34, HY20: 4.48). We are continuing to make gains based on small continuous improvements in all targeted areas. Currently we complete over 99% of all work packages without harm; however, we are well aware of the potentially life changing risk we work with every day and are always looking to get better.

Delta’s commitment to safety, quality, and environmental sustainability was emphasised in the first half of FY22, when we received ISO 45001, ISO 9001 and ISO 14001 accreditation across the business. In addition, Delta received SiteWise Gold Status and Tōtika Supplier Licensing Certification during this period.

Total operating revenues of $52.159 million were $3.493 million (7%) higher than for the same period last year. A large portion of this increase relates to the DCC Parks and Reserves maintenance contract as well as the ramp up in Aurora maintenance works.

Staff resourcing has proved problematic in recent times with border closures and low unemployment rates making it harder to attract and retain skilled staff. This has led to the Company forming partnerships with both PowerNet and Netcon, allowing us to boost resource on major projects or where we have spikes in workload. This increase in subcontractor usage is reflected in Other Operating Expenses on the Statement of Comprehensive income.

The Company’s net profit after income tax of $575,000 (FY21: $4.624 million, HY20: $1.262 million) provided a return on average shareholder’s equity of 4% (FY21: 19%, HY20: 11%). The decrease on prior year reflects the impact the COVID-19 level 4 lockdown had on operations during this period.

Delta is pleased to report that in September 2021 the company’s historic debt related to infrastructure services provided for the Yaldhurst Village subdivision was repaid in full.

From July to December 2021, Delta continued to invest significant time and resource into ensuring its business management processes and its underpinning systems were robust and fit for purpose. In October 2021, Delta launched its new core financial system, NetSuite, and an accompanying payroll system, MyPay. This concluded Stage One of a two-stage project. During the remainder of FY22, Stage Two will implement field mobilisation and allow better visibility between workflow and expenditure.

The Directors are continuing to focus on achieving budget targets.

**Delta Utility Services Limited**

## Directors' report *continued*

### Result

| | $000 |
|---|---|
| Operating profit before income tax | 800 |
| Less Income tax expense | 224 |
| | 576 |

### Seasonality

There is limited seasonality of earnings within the Company.

### Dividends

A dividend of $1,000,000 was declared and paid during the period.

### Change of Directors

Mr T J Kempton retired as a Director on 31 October 2021.
Ms J George was appointed as a Director on 1 November 2021.

### Events after balance sheet date

There were no significant events after the reporting period that would require adjustment or disclosure.

### Statement of responsibility

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

The Directors accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and in the opinion of the Directors, the interim financial statements fairly reflect the financial position and operations of Delta Utility Services Limited.

The Board of Directors of Delta Utility Services Limited present the interim financial statements, set out on pages 4 to 13, for the six months ended 31 December 2021 and authorises them for issue on 1 February 2022.

Brian Wood Chairman

Tony Allison Director

**Delta Utility Services Limited**

## Statement of Comprehensive Income
## For the six months ending 31 December 2021

| | Unaudited 6 months to 31 Dec 2021 $'000 | Unaudited 6 months to 31 Dec 2020 $'000 | Audited 12 months to 30 Jun 2021 $'000 |
|---|---|---|---|
| Operating revenue | 52,159 | 48,666 | 104,166 |
| COVID-19 Wage Subsidy | 684 | - | - |
| Gain on sale of assets | 33 | 140 | 151 |
| Interest revenue | 89 | 360 | 1,074 |
| Total revenue | 52,965 | 49,166 | 105,391 |
| | | | |
| Less expenses: | | | |
| Audit fees | 37 | 36 | 73 |
| Employee remuneration and benefits | 25,154 | 23,993 | 47,964 |
| Materials | 10,098 | 9,206 | 16,742 |
| Depreciation on fixed assets | 2,089 | 2,028 | 4,077 |
| Depreciation on right of use asset | 1,336 | 1,286 | 2,627 |
| Directors' fees | 107 | 106 | 213 |
| Increase/(Decrease) in Provision for Doubtful Debts | (39) | - | 64 |
| Bad debts written off / written back | - | - | (508) |
| Donations | 5 | 6 | 11 |
| Interest to Dunedin City Treasury Limited | 171 | 310 | 531 |
| Interest other | - | 5 | 2 |
| Interest leases | 135 | 91 | 208 |
| Other operating expenses | 13,072 | 10,444 | 27,746 |
| Total expenses | 52,165 | 47,511 | 99,750 |
| | | | |
| **Net profit before tax** | 800 | 1,655 | 5,641 |
| | | | |
| Income tax expense / (refund) | 224 | 393 | 1,017 |
| | | | |
| **Net profit after tax** | 576 | 1,262 | 4,624 |
| | | | |
| **Other comprehensive income** | - | - | - |
| | | | |
| **Total comprehensive income** | 576 | 1,262 | 4,624 |

## Delta Utility Services Limited

## Statement of Changes in Equity
## For the six months ending 31 December 2021

| | Share capital $'000 | Retained earnings $'000 | Total equity $'000 |
|---|---|---|---|
| **Unaudited** | | | |
| **Equity as at 1 July 2021** | 17,000 | 8,918 | 25,918 |
| Total comprehensive income | - | 576 | 576 |
| Distribution to owners | - | (1,000) | (1,000) |
| **Equity as at 31 December 2021** | 17,000 | 8,494 | 25,494 |
| **Unaudited** | | | |
| **Equity as at 1 July 2020** | 17,000 | 6,044 | 23,044 |
| Total comprehensive income | - | 1,262 | 1,262 |
| Distribution to owners | - | (875) | (875) |
| **Equity as at 31 December 2020** | 17,000 | 6,431 | 23,431 |
| **Audited** | | | |
| **Equity as at 1 July 2020** | 17,000 | 6,044 | 23,044 |
| Total comprehensive income | - | 4,624 | 4,624 |
| Distribution to owners | - | (1,750) | (1,750) |
| **Equity as at 30 June 2021** | 17,000 | 8,918 | 25,918 |

**Delta Utility Services Limited**

## Balance Sheet
## As at 31 December 2021

| | Note | Unaudited 6 months to 31 Dec 2021 $'000 | Unaudited 6 months to 31 Dec 2020 $'000 | Audited 12 months to 30 Jun 2021 $'000 |
|---|---|---|---|---|
| **Current assets** | | | | |
| Cash and cash equivalents | | 260 | 1,728 | 147 |
| Trade and other receivables | | 11,722 | 10,673 | 14,621 |
| Work in progress | | 11,425 | 8,031 | 5,974 |
| Inventories - materials and stores | | 3,510 | 2,978 | 3,504 |
| Total current assets | | 26,917 | 23,410 | 24,246 |
| | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 5 | 24,388 | 23,873 | 23,161 |
| Term Receivable | | - | 9,497 | 6,021 |
| Right-of-use asset | 7 | 9,736 | 7,622 | 7,846 |
| Deferred tax asset | | 966 | 1,044 | 966 |
| Intangible assets | 6 | 4,065 | 2,728 | 3,204 |
| Total non-current assets | | 39,155 | 44,764 | 41,198 |
| | | | | |
| **Total assets** | | 66,072 | 68,174 | 65,444 |
| | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | | 6,827 | 6,802 | 8,418 |
| Borrowings | | 45 | 92 | 22 |
| Provisions | | 5,485 | 5,202 | 4,950 |
| Lease liability current | | 2,492 | 2,433 | 2,387 |
| Taxation payable | | 1,317 | 2,011 | 1,093 |
| Total current liabilities | | 16,166 | 16,540 | 16,870 |
| | | | | |
| **Non-current liabilities** | | | | |
| Borrowings | 8 | 16,750 | 22,250 | 16,500 |
| Provisions | | 467 | 641 | 471 |
| Lease liability term | | 7,195 | 5,312 | 5,685 |
| Total non-current liabilities | | 24,412 | 28,203 | 22,656 |
| | | | | |
| **Total liabilities** | | 40,578 | 44,743 | 39,526 |
| | | | | |
| **Equity** | | | | |
| Share capital | | 17,000 | 17,000 | 17,000 |
| Retained earnings | | 8,494 | 6,431 | 8,918 |
| **Total equity** | | 25,494 | 23,431 | 25,918 |
| | | | | |
| **Total liabilities and equity** | | 66,072 | 68,174 | 65,444 |

## Delta Utility Services Limited

## Statement of Cash Flows
## For the six months ending 31 December 2021

| | Note | Unaudited 6 months to 31 Dec 2021 $'000 | Unaudited 6 months to 31 Dec 2020 $'000 | Audited 12 months to 30 Jun 2021 $'000 |
|---|---|---|---|---|
| **Cash flow from operating activities** | | | | |
| *Cash was provided from* | | | | |
| Receipts from customers | | 48,306 | 51,583 | 105,203 |
| Interest received | | - | - | - |
| COVID-19 Wage Subsidy | | 684 | - | - |
| Net GST refund / (paid) | | 342 | 171 | 128 |
| | | 49,332 | 51,754 | 105,331 |
| *Cash was disbursed to* | | | | |
| Payments to suppliers & employees | | 50,275 | 44,394 | 92,888 |
| Intra-group tax payments | | - | - | 1,463 |
| Interest paid | | 148 | 287 | 574 |
| | | 50,423 | 44,681 | 94,925 |
| Net cash flow from operating activities | 3 | (1,091) | 7,073 | 10,406 |
| **Cash flow from investing activities** | | | | |
| *Cash was provided from* | | | | |
| Sale of property, plant and equipment | | 79 | 167 | 172 |
| Receipts from loans | | 7,674 | - | 4,698 |
| | | 7,753 | 167 | 4,870 |
| *Cash was disbursed to* | | | | |
| Purchase of property, plant and equipment | | 4,365 | 3,242 | 4,879 |
| | | 4,365 | 3,242 | 4,879 |
| Net cash flow from investing activities | | 3,388 | (3,075) | (9) |
| **Cash flow from financing activities** | | | | |
| *Cash was provided from* | | | | |
| Receipts from borrowings | | 45,200 | 42,200 | 88,600 |
| | | 45,200 | 42,200 | 88,600 |
| *Cash was disbursed to* | | | | |
| Repayment of borrowings | | 44,950 | 42,500 | 94,650 |
| Repayments of lease liabilities | | 1,434 | 1,315 | 2,670 |
| Dividends paid | | 1,000 | 875 | 1,750 |
| | | 47,384 | 44,690 | 99,070 |
| Net cash flow from financing activities | | (2,184) | (2,490) | (10,470) |
| **Net increase in cash and cash equivalents** | | 113 | 1,508 | (73) |
| Opening cash and cash equivalents | | 147 | 220 | 220 |
| **Closing cash and cash equivalents** | | 260 | 1,728 | 147 |

**Delta Utility Services Limited**

## Notes to the Financial Statements (unaudited)
## For the six months ending 31 December 2021

### 1 Reporting entity

The financial statements presented here are for the 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 of Delta Utility Services Limited are for the six months ended 31 December 2021 and comply with the Financial Reporting Act 1993.

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

The Company is a Tier 1 for–profit entity as defined by the External Reporting Board (expenses over $30 million).

### 2 Basis of Preparation

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

The financial statements have been prepared in accordance with and comply with NZ IAS 34, Interim Financial Reporting, and should be read in conjunction with the audited financial statements for the year ended 30 June 2021.

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

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

**Delta Utility Services Limited**

## Notes to the Financial Statements (unaudited)
## For the six months ending 31 December 2021

### 3 Reconciliation of Operating Surplus to Net Cash Flows from Operating Activities

| | Unaudited 6 months to 31 Dec 2021 $'000 | Unaudited 6 months to 31 Dec 2020 $'000 | Audited 12 months to 30 Jun 2021 $'000 |
|---|---|---|---|
| Net profit after tax | 576 | 1,262 | 4,624 |
| *Items not involving cash flows* | | | |
| Depreciation | 2,089 | 2,028 | 4,077 |
| Depreciation - RoU Asset | 1,336 | 1,286 | 2,627 |
| Other non-cash items | (221) | (37) | (314) |
| *Impact of changes in working capital items* | | | |
| (Increase) / decrease in trade and other receivables | 8,959 | 4,437 | 4,046 |
| (Increase) / decrease in work in progress | (5,451) | (1,207) | 849 |
| (Increase) / decrease in inventories | (6) | 92 | (434) |
| Increase / (decrease) in trade and other payables | (1,568) | (1,221) | 356 |
| Increase / (decrease) in provision for tax | 224 | 551 | (367) |
| Increase / (decrease) in employee entitlements | 536 | 453 | 31 |
| *Items classified as investing or financing activities* | | | |
| Net gain on sale of property, plant and equipment | (33) | (140) | (151) |
| Investment in Financial Instrument | (7,674) | (360) | (4,698) |
| Movement in capital creditors in accounts payable | 142 | (71) | (240) |
| Net cash inflows from operating activities | (1,091) | 7,073 | 10,406 |

## Delta Utility Services Limited

## Notes to the Financial Statements (unaudited)
## For the six months ending 31 December 2021

## 4 Related Party Transactions

**Transactions with Dunedin City Council**

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

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

| | Unaudited 6 months to 31 Dec 2021 $'000 | Unaudited 6 months to 31 Dec 2020 $'000 | Audited 12 months to 30 Jun 2021 $'000 |
|---|---|---|---|
| *Sales of Services to DCC Group Entities:* | | | |
| Capital works constructed | 10,936 | 12,775 | 31,145 |
| Network maintenance and contracting services | 7,497 | 10,022 | 19,385 |
| Rent | 235 | 214 | 442 |
| | 18,668 | 23,011 | 50,972 |
| *Sales of Services to DCC:* | | | |
| Other contracting | 4,405 | 2,631 | 5,961 |
| *Amounts Receivable by the Company at period end from DCC Entities:* | | | |
| Receivable from DCC | 841 | 544 | 652 |
| Receivable from DCC Group Entities | 4,666 | 4,065 | 5,827 |
| | 5,507 | 4,609 | 6,479 |
| *Intrgroup Transfers:* | | | |
| Tax Compensation paid | - | - | 719 |
| *Purchases of Goods and Services from DCC Group Entities:* | | | |
| Interest | 171 | 315 | 531 |
| Contracting services and supplies | 1 | 686 | 1,145 |
| Rent / Administration | 185 | 427 | 836 |
| Tax Compensation / Tax loss offsets | - | 12 | 305 |
| | 357 | 1,440 | 2,817 |
| *Purchases of Goods and Services from DCC:* | | | |
| Contracting services and supplies | 46 | 56 | 95 |
| Other | 39 | 48 | 96 |
| | 85 | 104 | 191 |
| *Amounts Payable by the Company at period end to DCC Entities:* | | | |
| Payable to DCC | 9 | 12 | 19 |
| Payable to Dunedin City Council entities | 961 | 1,197 | 1,124 |
| | 970 | 1,209 | 1,143 |

## 4 Related Party Transactions *continued*

**Transactions with Companies in which Directors have an interest**

| | Unaudited 6 months to 31 Dec 2021 $'000 | Unaudited 6 months to 31 Dec 2020 $'000 | Audited 12 months to 30 Jun 2021 $'000 |
|---|---|---|---|
| *Services provided to Companies in which Directors have an interest:* | | | |
| Mainpower New Zealand (Mr B J Wood is a Director) | 60 | - | - |
| A.G. Foleys Limited (Ms J George is a Director) | 2 | 5 | 6 |
| Sicon Limited (Mr SW Grave is Chairman) | 11 | - | 101 |
| Dunedin International Airport Limited (Mr T D Allison was the Chairman) | 20 | 20 | 53 |
| Naylor Love Construction (Mr T J Kempton is the Chairman and a Shareholder) | 1 | 1 | 25 |
| *Amounts receivable from Companies in which Directors have an interest:* | | | |
| A.G. Foleys Limited (Ms J George is a Director) | 1 | - | - |
| Sicon Limited (Mr SW Grave is Chairman) | 10 | - | 20 |
| Dunedin International Airport Limited (Mr T D Allison was the Chairman) | 4 | 4 | 18 |
| Naylor Love Construction (Mr T J Kempton is the Chairman and a Shareholder) | 1 | - | 7 |
| *Purchases from Companies in which Directors have an interest:* | | | |
| Mainpower New Zealand (Mr B J Wood is a Director) | 3 | 3 | 6 |
| E-Spatial Limited (Mr B J Wood is a Director) | - | 3 | 3 |
| Harrison Grierson Consultants Limited (Mr B J Wood is a Director) | - | - | 5 |
| A.G. Foleys Limited (Ms J George is a Director) | 10 | 7 | 8 |
| Whitestone Contracting Limited (Mr S W Grave is a Director) | - | - | 12 |
| *Amounts payable to Companies in which Directors have an interest:* | | | |
| A.G. Foleys Limited (Ms J George is a Director) | 1 | 2 | - |

## 5 Property, Plant and Equipment

| | Unaudited 6 months to 31 Dec 2021 $'000 | Unaudited 6 months to 31 Dec 2020 $'000 | Audited 12 months to 30 Jun 2021 $'000 |
|---|---|---|---|
| Additions | 3,211 | 2,224 | 3,425 |
| Disposals (Book Value) | 27 | 27 | 50 |
| Capital commitments | - | 358 | 129 |

There have been no material changes to the fair value assessment methods for property, plant and equipment asset classes between 30 June 2021 and 31 December 2021.

## 6 Intangible Assets

| | Unaudited 6 months to 31 Dec 2021 $'000 | Unaudited 6 months to 31 Dec 2020 $'000 | Audited 12 months to 30 Jun 2021 $'000 |
|---|---|---|---|
| Additions | 993 | 1,089 | 1,724 |
| Disposals (Book Value) | - | - | - |

There have been no material changes to the fair value assessment method for intangible assets between 30 June 2021 and 31 December 2021.

## 7 Right-of-use Asset

| | Unaudited 6 months to 31 Dec 2021 $'000 | Unaudited 6 months to 31 Dec 2020 $'000 | Audited 12 months to 30 Jun 2021 $'000 |
|---|---|---|---|
| Additions | 3,226 | 3,433 | 5,055 |
| Disposals (Book Value) | - | 56 | 113 |

There have been no material changes to the fair value assessment method for right-of-use assets between 30 June 2021 and 31 December 2021.

## 8 Term Borrowings

There has been no material changes to the accounting treatment of the term loan from Dunedin City Treasury Limited between 30 June 2021 and 31 December 2021.

## 9 Financial Instruments

All financial assets are recognised at cost/face value while financial liabilities are recognised at amortised cost except derivative financial instruments which are recognised at fair value.

## 10 Contingent Liabilities

| | Unaudited 6 months to 31 Dec 2021 $'000 | Unaudited 6 months to 31 Dec 2020 $'000 | Audited 12 months to 30 Jun 2021 $'000 |
|---|---|---|---|
| Performance Bonds | 585 | 1,006 | 1,157 |

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

In January 2021 the Labour Inspectorate office opened an investigation into the Company's leave processes and payments. This investigation is still ongoing and as at 31 December 2021, the financial consequences of this matter (if any) were not known.

**Delta Utility Services Limited**

# Directory

## Directors

Brian Wood
Jane George
Steven Grave
Tony Allison

## Registered Office

33 Sturdee St
Dunedin
New Zealand

## Bankers

Westpac Banking Corporation

## Solicitors

Gallaway Cook Allan
Anderson Lloyd

## Tax Advisors

Deloitte

## Auditor

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

# DELTA UTILITY SERVICES LIMITED

## Statement of Service Performance update
## for the period ended
## 31 December 2021

# STATEMENT OF SERVICE PERFORMANCE

for the period ended 31 December 2021 - continued

| PERFORMANCE MEASURE | TARGET | STATUS | DESCRIPTION |
|---|---|---|---|
| **The Shareholder** | | | |
| • **Consult with the Shareholder on matters to be included in the Company's Statement of Intent** | Shareholder approval of the Company's Statement of Intent | On track | Draft Statement of Intent provided to DCHL in line with timetable. |
| • **Consult with the Shareholder at the earliest possible time on matters where conflict may or could result** | No unnotified potential conflicts | On track | Nothing to note. |
| • **Keep the Shareholder informed of all substantive matters** | Report all substantive matters to the Shareholder within 24 hours | On track | Nothing to note. |
| **Community** | | | |
| • **Maintain community support through local sponsorship/donations** | $25,000 of sponsorship/ donations per annum | Behind target | $5,000 in sponsorship / donations was provided to community groups during the period. |
| • **Support community recreation and visitor experience in Dunedin** | Achieve KPIs on service contracts | On track | Target KPIs were maintained or exceeded on average throughout the period. |
| • **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 | On track | Delta generally met or exceeded its KPI's on maintenance contracts held with Aurora Energy and the Dunedin City Council throughout the period. |

# STATEMENT OF SERVICE PERFORMANCE

for the period ended 31 December 2021 - continued

| PERFORMANCE MEASURE | TARGET | STATUS | DESCRIPTION |
|---|---|---|---|
| **People** | | | |
| • **Reduce harm to employees and contractors** | ≤ 3.50 total recordable injury frequency rate (TRIFR) per 200,000 hours worked | On track | TRIFR for the period was 3.08 per 200,000 hours worked. |
| | ≤ 1.00 total lost time injury frequency rate (LTIFR) per 200,000 hours worked | Behind target | LTIFR for the period was 1.12 per 200,000 hours worked. |
| • **Implement and maintain a certified and well recognised occupational health and safety management system** | Implement and maintain International Organisation for Standardisation (ISO) 45001 Occupational Health and Safety Management System accreditation | On track | ISO45001 accreditation achieved in August 2021 |
| • **Maintain the health and wellbeing of staff** | Lower than 2.5% sick leave based on hours | On track | Staff sick leave was 1.2% of total hours during the period. |
| | Implement/maintain an employee wellbeing programme | On track | An employee wellbeing programme was maintained during the period. |
| • **Develop skill sets and succession planning through Delta's apprenticeship scheme** | Average number of apprentices in the scheme of 20 or more per annum | On track | Apprenticeship numbers averaged over 26 during the period. |
| • **Maintain a positive and satisfying working environment with low levels of voluntary staff turnover** | Below 13.0% staff turnover | On track | Voluntary staff turnover is 12.8% over the period. |

As at 31 December 2021, 97% of the staff employed by the Company received above the living wage (as calculated by the New Zealand Family Centre Social Policy Unit). The Company has committed to pay all employees at or above the living wage by 30 June 2022.

# STATEMENT OF SERVICE PERFORMANCE

for the period ended 31 December 2021 - continued

| PERFORMANCE MEASURE | TARGET | STATUS | DESCRIPTION |
|---|---|---|---|
| **Environment** | | | |
| • **Ensure a well-recognised environmental accreditation is maintained** | Maintain Enviro-mark Gold accreditation for all Delta depots.<br>Transition to the more widely recognised International Organisation for Standardisation (ISO) 14001 Environmental Management Systems | On track | Enviro-mark Gold accreditation maintained across all depots.<br>ISO 14001 Accreditation achieved in September 2021. |
| • **Maintain full compliance with the Resource Management Act (RMA)** | 0 – number of breaches | On track | There were no breaches of the RMA during the period. |
| • **Maintain or lower fuel efficiency in the Company's light commercial / passenger fleet** | ≤ 9.25 litres fuel used per 100 kilometres | On track | Fuel efficiency across the Delta light commercial /passenger fleet was calculated at 9.00 litres per 100 kilometres during the period. |
| • **Contribute to the Dunedin City Council's Carbon Neutrality initiatives** | Develop an emissions and waste reduction strategy and associated targets for inclusion in our 2022/2023 Statement of Intent. | On track | The company is working closely with Lumen and DCHL to establish targets and a standard/strategy. |

| PERFORMANCE MEASURE | TARGET $000 | STATUS | AS AT 31 DECEMBER $000 |
|---|---|---|---|

## FINANCIAL OBJECTIVES

| | | | |
|---|---|---|---|
| • **EBITDA** | ≥12,742 | Behind target | 4,530 |
| • **Net profit after income tax** | ≥3,273 | Behind target | 576 |
| • **Shareholder's equity** | ≥25,641 | On Track | 25,494 |
| • **Return on Shareholder's funds** | ≥13% | Behind target | 4% |
| • **Cash flow from operations** | ≥10,145 | Behind target | (1,091) |
| • **Capital expenditure** | ≤5,995 | On Track | 4,204 |
| • **Term debt** | ≤14,600 | On Track | 16,750 |
| • **Dividends** | ≥2,000 | On Track | 1,000 |
| • **Shareholder's equity to total assets** | ≥41% | On Track | 39% |