

# DUNEDIN RAILWAYS

—  —  
WORLD CLASS TRAIN TRIPS



**Annual report**  
2023



## Contents

Chair's Report.....	3
Sustainability.....	4
Statutory Information .....	9
Statement of Service Performance .....	12
Company Directory.....	13
Statement of Comprehensive Revenue and Expense .....	14
Statement of Changes in Equity .....	15
Statement of Financial Position .....	16
Statement of Cashflows .....	18
Notes to the Financial Statements.....	20
Independent Auditor's Report.....	34



## Chair's Report

### Principal activities of the Company

Until March 2020 Dunedin Railways Ltd (the Company) operated a tourist and excursion train on the Taieri Gorge railway line and on the coastal line north of Dunedin. Covid-19 had a severe impact on the Company, and it transitioned to hibernation from 1 July 2020. The Company's current focus is on maintaining key assets and operating a limited schedule of services, pending Dunedin City Council decisions about the Company's long-term future.

The directors of Dunedin City Holdings Ltd (DCHL) have assumed roles as directors of the Company over its hibernation period, and DCHL has been instructed by DCC to fund the Company over financial years 2022, 2023 and 2024.

### Year in review

	Year Ended 30 June 2023 \$'000	Year Ended 30 June 2022 \$'000
Revenue	1,696	258
Net surplus / (deficit) for the year	(978)	(1,608)
Shareholders' funds	560	338
Total assets	774	501

Over the 2023 financial year, a small hibernation team has focussed on keeping key rolling stock and the Taieri Gorge Line maintained<sup>1</sup>. Dunedin Venues Management Ltd have managed the hibernation team and have performed the Company's administrative functions.

The Company also operated a schedule of passenger services, including a programme of services for cruise ships, which returned to Dunedin for the first time since 2019/2020. Over the 2023 financial year 16,493 passengers travelled on Dunedin Railways services, to either Hindon, Waitati or Oamaru, compared with 3,150 passengers in the prior year.

The Company has been pleased to receive positive feedback about these services. Themed trains such as the Santa Express were popular, and overseas visitors enjoyed both the Inlander and Seaside services on offer.

The Company's financial results are significantly ahead of forecasts as a result of cruise ship business, which had not been certain at the time of preparing budgets.

Dunedin Railways Ltd looks forward to being able to operate a range of services for cruise ships and local communities again in the 2024 financial year.

**Keith Cooper**

Chair

<sup>1</sup> To support passenger services as far as Hindon, with minimal maintenance between Hindon and Middelmark.



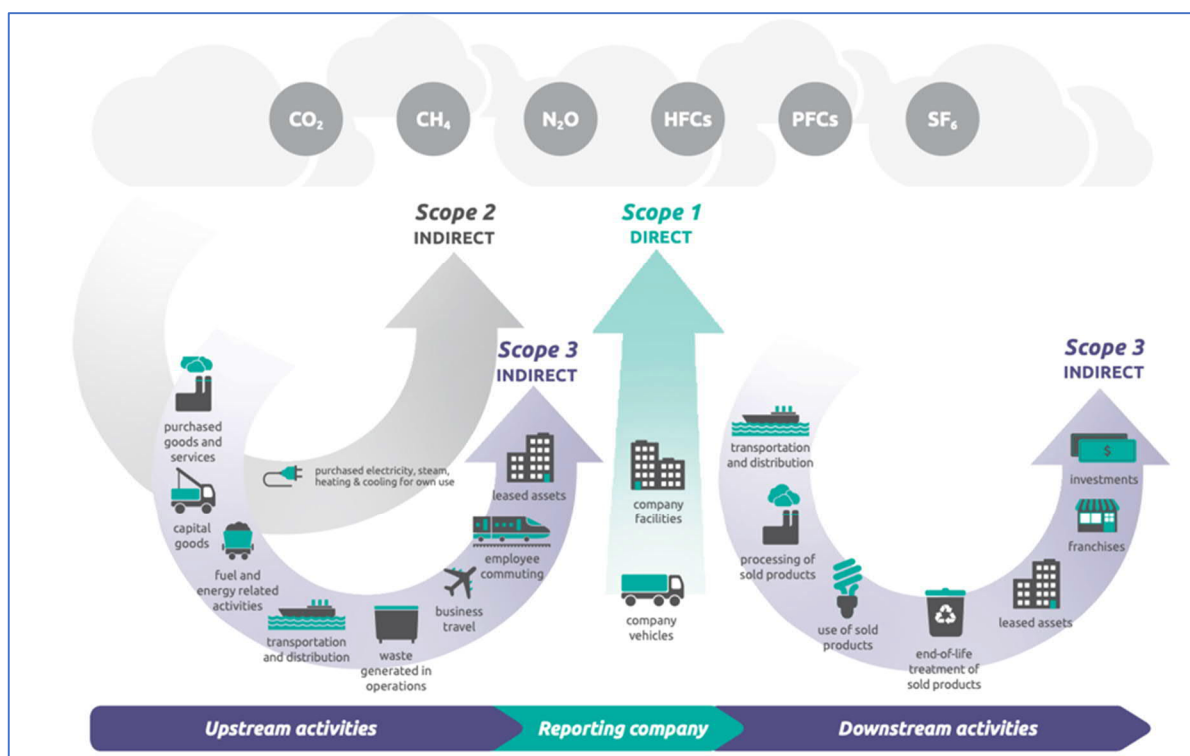
## Sustainability

### Greenhouse Gas (GHG) Emissions

During the year we have assessed and measured our Greenhouse Gas (GHG) emissions. We completed this process in accordance with the requirements of the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and ISO 14064-1:2006 Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals.

Dunedin Railways created its first GHG inventory in the 2021 financial year and have been developing it further each year. We have at this stage focussed on measuring our Scope 1 and 2 emissions and an agreed selection of Scope 3 (indirect, or value chain) emissions.

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



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

- Mobile combustion emissions related to operating the trains.
- Mobile combustion emissions related to maintenance vehicles.

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

Purchased electricity that is consumed at the railway yard and DRL office.

The Scope 3 emissions to provide alignment across the Dunedin City Holdings Limited (DCHL) group of companies a consistent set of Scope 3 emission categories have been applied.

Our Scope 3 emissions include the following:

- Waste generated in our offices.
- Business travel
- Freight transportation
- Electricity transmission and distribution losses

At this stage we have not captured the indirect emissions from 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

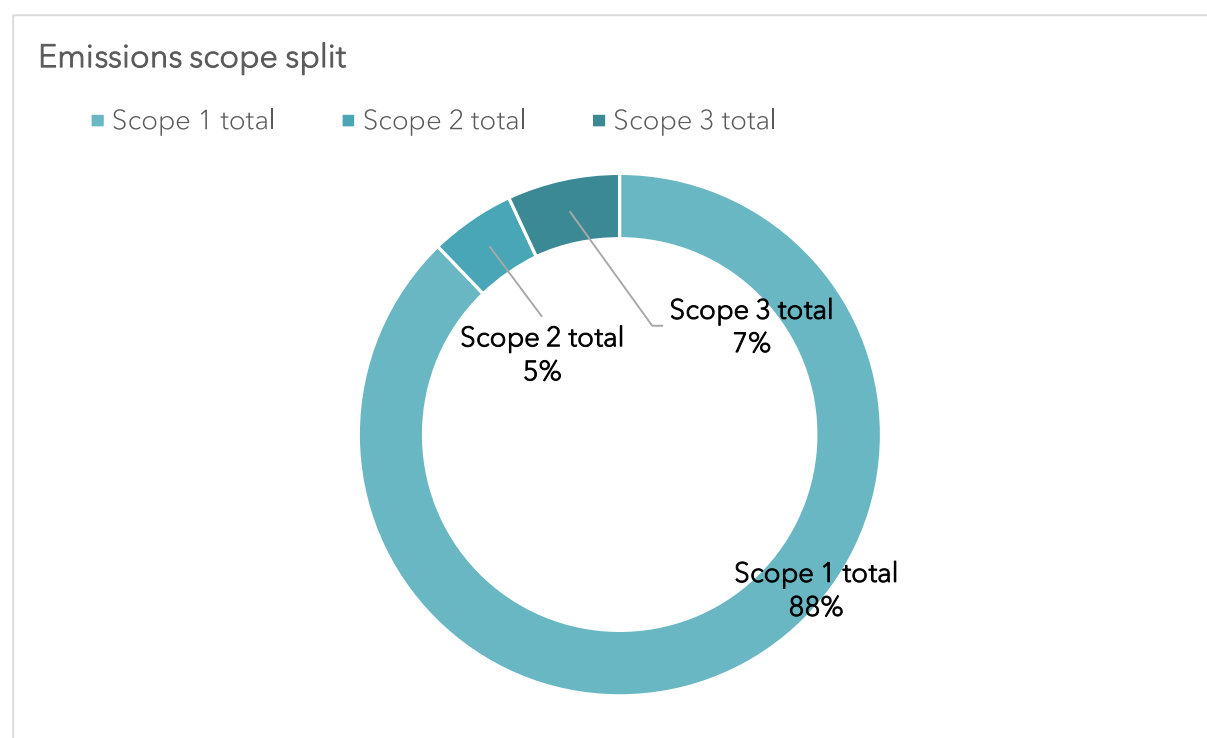
Emissions are reported as tonnes (t) of Carbon Dioxide (CO<sub>2</sub>) equivalent (e); or tCO<sub>2</sub>-e. "Carbon dioxide equivalent" is a standard unit for counting greenhouse gas emissions regardless of whether they are from carbon dioxide or another greenhouse gas.

DRL's measured GHG emissions for the year end 30 June 2023 are 181.9 tCO<sub>2</sub>-e.

Table 1 Emissions by Scope

2023		
Scope	tCO <sub>2</sub> -e	% of total
Scope 1	159.6	88%
Scope 2	9.6	5%
Scope 3	12.7	7%
Total	181.9	100%

Figure 2 Emissions by Scope



## Emissions by Activity

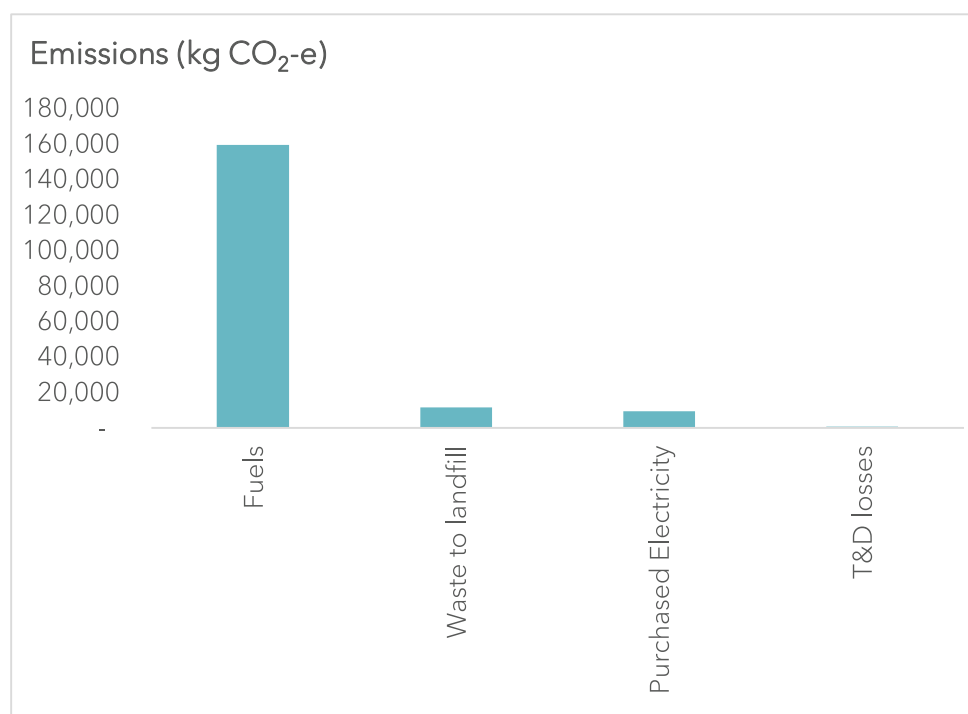
Our top emissions sources are summarised below.

Table 2 Emissions by activity

2023	
Category emission source	t CO <sub>2</sub> -e
Fuels	159.6
Waste to landfill	11.6
Purchased Electricity	9.6
Electricity Transmission	1.1
Total	181.9

As the table above shows, fuel is Dunedin Railways' most material source of emissions.

Figure 3 Emissions by activity



## Reporting against baseline

Dunedin Railways has taken an alternative approach to reporting against its baseline, in recognition of the varied operational profile the Company has had over recent years and could have over the next few years. Under this approach, emissions are monitored and reported as emissions "per train trip". This allows the Company to target emission reduction, while minimising the impact from the volume of train trips operated.

Emissions "per train trip" in the 2023 year, and the baseline year, are reported below.

	2023	Baseline (FY2021)
Train trips operated	97	27
Total Company emissions (tCO <sub>2</sub> -e)	181.9	94.5
Emissions per train trip (tCO <sub>2</sub> -e)	1.88	3.5



## Carbon Reduction Strategy

During the 2022 financial year the Company developed an emissions reduction strategy and associated targets.

The strategy set an emissions reduction target developed using the Science-based methodology. This means we have set a target to reduce our emissions by the year 2030. The emissions reduction target that we set is to achieve 46% reduction in our emissions per train trip by 2030, from our baseline of the 2021 financial year. As shown above we have achieved a 46% reduction in emissions per trip in 2023. Dunedin Railways will continue to seek opportunities to reduce this further.

Our emissions reduction strategy focuses on gross emissions reduction which is demonstrated through the actions we have taken this year, as outlined below:

Target initiative	Progress
Investigate opportunity to reduce diesel usage of the Company's power vans, by modifying the van to use regenerative power from the wheels when breaking	Full electrification of power vans has been investigated, but has not been pursued at this stage due to high initial cost and challenges with charging. To be further considered as decisions are made about future company operating model.
Investigate electricity supply options of potential future workshop sites	Electricity supply options have been investigated, although not pursued at this stage pending decisions about future workshop sites which will be considered as part of future operating model work.
Review operational processes to determine where improvements can be made to reduce electricity and fuel usage: <ul style="list-style-type: none"> <li>• Electricity usage at Wingatui station and throughout locations on the Taieri Gorge line</li> <li>• Use of heavy fuel oil</li> <li>• Petrol usage on the Company's maintenance vehicle</li> </ul>	Operational processes have been reviewed. Unfortunately the avenues identified have yielded little in the way of reduced electricity and fuel usage opportunities. Dunedin Railways continues to consider opportunities to reduce GHG emissions in its operations. <ul style="list-style-type: none"> <li>• Electricity at Wingatui and along the Taieri Gorge line is less than 1% of overall GHG emissions; little opportunity to significantly reduce emissions.</li> <li>• No alternatives to heavy fuel oil have been identified at this time.</li> <li>• Potential to replace company vehicles with hybrid models when due for replacement.</li> </ul>
Develop a baseline measurement of emissions from the 2018-2019 financial year	FY2019 data was found to be insufficient to support development of a baseline. A baseline using 2021 data has been developed instead.
Implement waste strategy	Achieved. See below.

During the coming financial year the Company will be refining its strategy and targets.

The Company has adopted a target to be net zero carbon by 2030, as a contribution to Dunedin City Council's goal of achieving net carbon neutrality city-wide by 2030. Over the 2024 financial year we will engage with our shareholders DCHL and Dunedin City Council regarding non-controllable emissions and the potential cost of offsetting residual emissions. We will also work with Council to identify alternative or complementary opportunities to contribute to the Dunedin City Council's city-wide net zero carbon goal.



## Waste Reduction Strategy

The Company also developed a Waste Reduction Strategy in the 2022 financial year. This strategy records Dunedin Railways' commitment to reducing the volume of waste disposed of to landfill, per train trip, year-on-year.

In the 2023 financial year we set three activity-based targets, as reported below:

Target initiative	Progress
Measure our waste, which will allow us to monitor and report our performance	A methodology for measuring waste has been developed (based on an estimated average weight per bin collection). Waste measured 15,952kg in the 2023 year and will continue to be measured going forward.
Implement improved waste management on our trains	New recycling bin system added to all carriages
Implement recycling bins at the workshop	Completed

The Company will continue to work on reducing its waste footprint in the coming year.





## Statutory Information

For the year ended 30 June 2023

### Directors' interests register

As advised to the Company:

Director	Declarations of Interests
Keith Cooper 1 July 2020 - present	Director & Chair, Dunedin City Holdings Limited Director & Chair Dunedin City Treasury Limited Director, Dunedin Stadium Property Limited Director, Miller Creative Group (ceased 23.06.2023) Owner/Director, Littlebrook Farm Limited
Linda Robertson 1 July 2020 – 16 October 2022  (Interests listed as at 16.10.2022)	Chair, Audit & Risk Committee, Central Otago District Council Chair, Central Lakes Trust Chair, Crown Irrigation Investments Limited Director, Dunedin City Holdings Limited Director, Dunedin City Treasury Limited Director, Dunedin Stadium Property Limited Director, NZ Local Government Funding Agency Director, Alpine Energy Limited Director, Central Lakes Direct Limited Director, NETcon Limited (appointed 01.08.2022) Director and Shareholder, RML Consulting Limited Member, Risk & Audit Committee, The Treasury Member, Capital Markets Advisory Committee, The Treasury Director, Kiwi Wealth companies comprising of: Kiwi Wealth Management Limited, Kiwi Wealth Investments General Partnership Limited, Kiwi Investment Management Limited, Kiwi Wealth Limited, Portfolio Custodial Nominees Limited Member, Audit & Risk Committee, Office of the Auditor General and Audit NZ
Richard Thomson 1 July 2020 - present	Director, Dunedin City Holdings Limited Director, Dunedin City Treasury Limited Director, Dunedin Stadium Property Limited Shareholder/Director, Thomson & Cessford Limited (T/A Acquisitions) Chair, Hawksbury Community Living Trust (and subsidiary entities) Trustee, Healthcare Otago Charitable Trust Director, Central Otago Health Services Limited
Tim Loan 3 October 2022 – present	Director, Dunedin City Holdings Ltd (from 03.10.2022) Director, Dunedin City Treasury Ltd (from 03.10.2022) Director, Dunedin Stadium Property Ltd (from 03.10.2022) Director & Shareholder, Abbot Insurance Brokers Southern Ltd Director, Finance Now (including subsidiary companies TW Financial Services Operations Ltd, The Warehouse Financial Services Ltd and SBS Money Ltd Director & Shareholder, LWB Holdings Ltd Trustee, Presbyterian Support Southland (ceased 07.12.2022) Director, Presbyterian Support Southland Holding Company Ltd Director, Presbyterian Support Southland Retirement Villages Ltd Chair, Audit & Risk Committee, Southsure Assurance (T/A SBS Insurance) Director, H&J Smith Holdings Ltd (including subsidiary companies: H&J Smith Ltd, H&J Smith Parking Building Ltd, Outdoor World Ltd, Outdoor Adventures Ltd (dormant), H&J's Hardware Ltd (dormant), Southern Department Stores Ltd (dormant), Shotover Hardware Ltd, Symphony Retailing Ltd, Cross Roads Properties Ltd, H&J's Electrical Ltd, H&J's Properties Ltd, H&J Smith Corporate Ltd, H&J Smith Finance Ltd)



Director	Declarations of Interests
Susan Johnstone 1 March 2021 - present	Director, Dunedin City Holdings Limited Director, Dunedin City Treasury Limited Director, Dunedin Stadium Property Limited Director & Shareholder, Shand Thomson Chartered Accountants Director & Shareholder, Johnstone Afforestation Ltd Trustee, Dunedin Diocese Trust Board Trustee, Clutha Community Foundation Trustee of various client trusts through Shand Thomson & Abacus Nominee Companies

## Directors' interests in contracts

Disclosures of interests made by Directors are recorded in the Company's interest register (above). 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.

Any significant contracts involving Directors' interests that were entered into during the year ended 30 June 2023 or existed at that date are disclosed in the related parties' section of this report.

## 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 Directors 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.

## Directors' insurance

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

## Change of Directors

Linda Robertson's term as a Director ceased on 16 October 2022. Tim Loan was appointed a Director with effect from 3 October 2022.

## Directors' remuneration

The remuneration paid to Directors during the year was:

	For the year ended 30 June 2023	For the year ended 30 June 2022
Keith Cooper (Chair, appointed 1 July 2020)	-	-
Christopher Hopkins (appointed 1 July 2020, ceased 24 June 2022)	-	-
Linda Robertson (appointed 1 July 2020, ceased 16 October 2022)	-	-
Richard Thomson (appointed 1 July 2020)	-	-
Tim Loan (appointed 3 October 2022)	-	-
Susan Johnstone (appointed 1 March 2021)	-	-
Total	\$Nil	\$Nil



## Employees' remuneration

The Company does not employ a Chief Executive in its current semi-hibernated state.

Data relating to employees whose remuneration and benefits exceeded \$100,000 for the year ended 30 June 2023 is provided below. Remuneration includes all non-cash benefits and redundancy payments at total cost to the Company where applicable.

Remuneration band	For the year ended 30 June 2023 Number of employees	For the year ended 30 June 2022 Number of employees
\$120,000 - \$129,999	1	1
\$100,000 - \$109,999	-	-

## Gender Diversity

The table below shows the number of male and female personnel at Dunedin Railways Ltd, at Board, Management and staff levels, as at 30 June 2023.

	Male	Female
Board	3	1
Management	2	0
All employees (includes permanent and casual)	13	3

## Health and Safety

Dunedin Railways continues to place high priority on health and safety. This financial year, health and safety work included the management of cruise ship passengers to and from Port Chalmers. With cruise ships returning to Dunedin, and operating differently to the way they had pre-Covid 19, Dunedin Railways developed passenger management plans which identified risks and set controls that put passenger safety at the forefront of the Company's services. An external audit was conducted and returned no major findings.

## Dividends

The directors have recommended that no dividend be paid for the year ended 30 June 2023.

## 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.



## Statement of Service Performance

Performance measures	Achievement
1. Hibernation plan is prepared and reported on to the Board on a quarterly basis.	Achieved. Compliance to the hibernation plan was reported on at each Dunedin Railways Ltd Board meeting.
2. Target zero lost time injuries (LTI).	Not Achieved. There was 1 LTI during the reporting period.
3. A draft 2023/24 Statement of Intent will be submitted to the Shareholder by 1 March 2023.	Achieved. The draft Statement of Intent was submitted to the Shareholder by 1 March 2023.
4. Implement DRL's carbon emissions strategy developed in the 2022 financial year and achieve our FY2023 targets	DRL's strategy was implemented and our activity targets for FY2023 were achieved. See Sustainability section for details.
5. Implement DRL's waste reduction strategy developed in the 2022 financial year and achieve our FY2023 targets	DRL's strategy was implemented and our activity targets for FY2023 were completed. See Sustainability section for details.
6. Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report.	Achieved, see Sustainability section for details.
7. Ensure that all direct employees are paid at living wage or above.	All direct employees were paid at living wage or above.
8. Consult with the shareholders in a timely manner on DRL strategic or operational matters which could compromise Council's community outcomes	Achieved. There were no matters which could compromise community outcomes that required escalation to the Shareholder.
9. Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage	Achieved. There were no matters, which had the potential to negatively impact on the Shareholder and the Company, that were required to be reported to Dunedin City Holdings Limited.

### Financial performance

	Target \$000	Achievement \$000
Shareholders' Funds to Total Assets	100%	68%
Dividend/Subvention Distributions	0	0
EBITDA	(2,140)	(986)
Net Surplus / (Deficit) after Tax	(2,150)	(978)
Cash Flow from Operations	(2,140)	(920)
Capital Expenditure	0	21
Term Loans	0	0
Shareholder's Funds	316	560



## Company Directory

As at 30 June 2023

### Directors

Keith Cooper (Chair)  
Richard Thomson  
Susan Johnstone  
Tim Loan

### Registered office

50 The Octagon  
Dunedin  
New Zealand

### Bankers

Westpac Banking Corporation

### Solicitors

Anderson Lloyd Lawyers

### Taxation advisers

Deloitte

### Auditor

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



## Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
Revenue	3	1,665	254
Interest received from funds on deposit		31	4
Total revenue		1,696	258
Less expenses			
Operating expenses	4	2,674	1,866
Total expenses		2,674	1,866
Surplus (deficit) before tax		(978)	(1,608)
Income tax expense (credit)		-	
Net surplus (deficit) from continuing operations		(978)	(1,608)
Other comprehensive revenue and expense		-	-
Total comprehensive revenue and expense		(978)	(1,608)

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 2023

	Note	2023 \$000	2022 \$000
Equity at beginning of year		338	221
Comprehensive revenue and expense			
Surplus/(deficit) from continuing operations		(978)	(1,608)
		(640)	(1,387)
Capital contributions from owners	7	1,200	1,725
Equity at the end of the year		560	338

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



## Statement of Financial Position

As at 30 June 2023

	Note	2023 \$000	2022 \$000
Equity			
Share capital	7	9,747	8,547
Retained earnings	8	(9,187)	(8,209)
Total equity		560	338
Current liabilities			
Trade and other payables	9	81	60
Contract liabilities	10	-	14
Provisions	11	133	89
Total current liabilities		214	163
Non-current liabilities			
Deferred tax liability (asset)	12	-	-
Total non-current liabilities		-	-
Total liabilities		214	163
Total equity and liabilities		774	501

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





## Statement of Financial Position

As at 30 June 2023 (continued)

	Note	2023 \$000	2022 \$000
Current assets			
Cash and cash equivalents	15	418	159
Trade and other receivables	16	42	21
Inventories	17	39	37
Income tax	6	4	-
GST refund receivable		5	13
Total current assets		508	230
Non-current assets			
Property, plant and equipment	18	266	271
Intangible assets	19	-	-
Total non-current assets		266	271
Total assets		774	501

For and on behalf of the board of directors:



Chair



Director

Date: 21 September 2023

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



## Statement of Cashflows

For the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
Cash flows from operating activities			
<i>Cash was provided from</i>			
Receipts from customers		1,873	244
Interest received		15	3
		<u>1,888</u>	<u>247</u>
<i>Cash was disbursed to</i>			
Payments to suppliers and employees		2,786	1,769
Income tax paid (received)		3	-
Net GST movement		19	109
		<u>2,796</u>	<u>1,878</u>
Net cash inflows/(outflows) from operating activities		<u>(920)</u>	<u>(1,631)</u>
Cash flows from investing activities			
<i>Cash was provided from</i>			
Sale of property, plant and equipment		-	-
<i>Cash was disbursed to</i>			
Purchase of property, plant and equipment		21	66
		<u>21</u>	<u>66</u>
Net inflows/(outflows) from investing activities		<u>(21)</u>	<u>(66)</u>

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



## Statement of Cashflows

For the Year Ended 30 June 2023 (continued)

	Notes	2023 \$000	2022 \$000
Cash flows from financing activities			
<i>Cash was provided from</i>			
Contributions of capital		1,200	1,725
Proceeds from borrowings			
		<u>1,200</u>	<u>1,725</u>
<i>Cash was disbursed to</i>			
Repayment of borrowings		<u>-</u>	<u>-</u>
		-	-
Net cash inflows/(outflows) from financing activities		<u>1,200</u>	<u>1,725</u>
Net increase (decrease) in cash		259	28
Cash equivalents and bank overdraft			
Cash and cash equivalents at the beginning of the year		<u>159</u>	<u>131</u>
Cash and cash equivalents at the end of the year	15	<u>418</u>	<u>159</u>
Composition of cash			
Cash and cash equivalents		418	159
Bank overdraft		<u>-</u>	<u>-</u>
Cash and cash equivalents at the end of the year	15	<u>418</u>	<u>159</u>
Represented by: Cash at bank		<u>418</u>	<u>159</u>

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 2023

---

## 1. Reporting Entity

The financial statements are for the reporting entity Dunedin Railways Limited (the Company).

Company Details:

- Incorporated in New Zealand under the Companies Act 1993
- A CCO as defined in the Local Government Act 2002.
- Registered address of the Company is 50 The Octagon, Dunedin.
- Classed as a Public Benefit Entity (PBE) for financial reporting.

Company shareholding interests:

- 100% owned by Dunedin City Holdings Limited which is wholly owned by Dunedin City Council.

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

These financial statements have been prepared in accordance with the PBE standards Reduced Disclosure Regime (RDR).

## 2. Significant Accounting Policies

### Statement of Compliance

The Company has opted to prepare the annual report as a Tier 2 Public Benefit entity as defined by the External Reporting Board; expenses less than \$30 million and not publicly accountable and has reported in accordance with PBE Standards RDR (New Zealand equivalents to International Reporting Standards with reduced disclosure requirements).

The financial statements have been prepared in accordance with generally accepted accounting practices in New Zealand (NZ GAAP).

The financial statements were authorised for issue by the Directors on 21 September 2023.

### Basis of Accounting

The financial statements are prepared on a non-going concern basis. The Company ceased operations and was put into hibernation from 1 July 2020. There is a high degree of uncertainty associated with the future of the Company and a decision on the future of the Company will not be known until next year.

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



## Notes to the Financial Statements

For the Year Ended 30 June 2023

---

### 2. Significant Accounting Policies (Continued)

#### Standards Amended or Issued During the Year

There were no standards amended or issued during the year that materially impact the Company.

#### Standards or Interpretations Not Yet Effective

A number of new standards, amendments, and interpretations have been issued but not yet effective that have not been applied to these financial statements. These standards are to be applied to future financial statements. The impact of the new standards has been assessed as minimal.

#### Critical Accounting Estimates and Assumptions

In preparing these financial statements, the Company has made judgements and assumptions concerning the future. These estimates and assumptions may differ from subsequent actual results. Estimates and judgments are continually evaluated.

#### Good and Service Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables and the Cashflow Statement which are stated on a GST inclusive basis.

#### Financial Instruments

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

#### Provisions

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.



## Notes to the Financial Statements

For the Year Ended 30 June 2023

	2023	2022
	\$000	\$000

### 3. Revenue

Sales revenue	1,665	241
Covid-19 wage subsidy	-	13
	<u>1,665</u>	<u>254</u>

#### Revenue Accounting Policy

##### *Sales revenue*

Revenue from ticket sales is recognised in revenue in advance at the fair value of the consideration received. Amounts are transferred to revenue in the Statement of Comprehensive Revenue and Expense when it is probable that the economic benefits associated with the transaction will flow to the entity.

Sales of goods are recognised when significant risks and rewards of owning the goods are transferred to the buyer and when the revenue can be measured reliably.

##### *Government Grants*

Government Grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grants are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grants are satisfied.

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

Revenue is recognised in the Statement of Comprehensive Revenue and Expense as performance obligations are met. Contract assets and contract liabilities are included within "Trade and other receivables" and "Contract liabilities" respectively on the face of the Statement of Financial Position.

### 4. Operating Expenses

Audit fees - audit of annual report	32	29
Contractors, materials & consumables	1,499	847
Depreciation	23	16
Employee expenses	958	777
Other expenses	162	197
	<u>2,674</u>	<u>1,866</u>



## Notes to the Financial Statements

For the Year Ended 30 June 2023

	2023	2022
	\$000	\$000

### 5. Earnings per Share

Earnings per share from continuing operations (cents per share)	(10.03)	(18.81)
Number of shares	9,746,900	8,546,900

### 6. Taxation

Operating surplus/(deficit) before tax - continuing operations	(978)	(1,608)
Operating surplus/(deficit) before income tax	(978)	(1,608)
Tax thereon at 28%	(274)	(450)
<i>Plus / (less) the tax effect on differences</i>		
Expenditure not deductible for taxation	-	-
Under/(over) provision in prior years	-	-
Derecognise deferred tax asset	274	450
Tax effect of differences	274	450
Tax expense	-	-
Effective tax rate	28%	28%
<i>Represented by</i>		
<u>Current tax provision</u>		
Prior period adjustment	-	-
Current tax movement	-	-
<u>Current deferred tax provision</u>		
Deferred tax movement	-	-
(Under) / over tax provision in prior years	-	-
Income Tax	-	-

#### Taxation Accounting Policy

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable surplus for the year. Taxable surplus differs from net surplus as reported in the Statement of Comprehensive Revenue or Expense because it excludes items of revenue or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

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

## Notes to the Financial Statements

For the Year Ended 30 June 2023

	2023	2022
	\$000	\$000

### 7. Equity – Share Capital

Issued capital		
9,746,900 ordinary shares	9,747	8,547

1,200,000 ordinary shares were issued during the year.

### 8. Retained Earnings

Balance at the beginning of the year	(8,209)	(6,601)
Total comprehensive revenue and expense	(978)	(1,608)
Dividend distributions	-	-
Balance at the end of the year	(9,187)	(8,209)

### 9. Trade and Other Payables

Trade payables	81	60
Due to related parties	-	-
	81	60

#### Trade and Other Payables Accounting Policy

Trade and other payables are stated at cost.

### 10. Contract Liability

Unearned revenue in advance	-	12
Due to related parties	-	2
	-	14

#### Contract Liability Accounting Policy

Contract liability is initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

The contract liability balance represents where payment has been received but the corresponding performance has not been carried out within the financial year. During the year existing contract liabilities expired.





## Notes to the Financial Statements

For the Year Ended 30 June 2023

	2023 \$000	2022 \$000
Current		
Accruals and revenue in advance	71	54
Employee entitlements	62	35
	<u>133</u>	<u>89</u>

### 11. Provisions

#### Employee Entitlements Accounting Policy

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

Entitlements to long service leave are based on the reasonable likelihood that they will be earned by employees and paid by the Company.

### 12. Deferred Tax Liability

	2023 \$000	2023 \$000	2023 \$000	2023 \$000	2023 \$000	2023 \$000	2023 \$000
	<i>Opening Balance Sheet</i>	<i>Charged to Equity</i>	<i>Charged to Revenue</i>	<i>Subvention (Receipt)/ Payment</i>	<i>Closing Balance Sheet Assets</i>	<i>Liabilities</i>	<i>Net</i>
Receivables	-	-	-	-	-	-	-
Inventories	(98)	-	-	-	(98)	-	(98)
Property, plant and equipment	(771)	-	98	-	(673)	-	(673)
Employee entitlements	(8)	-	(6)	-	(14)	-	(14)
Provisions and adjustments	-	-	-	-	-	-	-
Tax losses	(1,443)	-	(366)	-	(1,809)	-	(1,809)
Derecognise deferred tax asset	2,320	-	274	-	2,594	-	2,594
Balance at the end of the year	-	-	-	-	-	-	-



## Notes to the Financial Statements

For the Year Ended 30 June 2023

### 12. Deferred Tax Liability (Continued)

	2022	2022	2022	2022	2022	2022	2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
	<i>Opening Balance Sheet</i>	<i>Charged to Equity</i>	<i>Charged to Revenue</i>	<i>Subvention (Receipt)/ Payment</i>	<i>Assets</i>	<i>Closing Balance Sheet Liabilities</i>	<i>Net</i>
Receivables	(3)	-	3	-	(0)	-	(0)
Inventories	(98)	-	-	-	(98)	-	(98)
Property, plant and equipment	(876)	-	105	-	(771)	-	(771)
Employee entitlements	(7)	-	(1)	-	(8)	-	(8)
Provisions and adjustments	(6)	-	6	-	0	-	0
Tax losses	(880)	-	(563)	-	(1,443)	-	(1,443)
Derecognise deferred tax asset	1,870	-	450	-	2,320	-	2,320
Balance at the end of the year	-	-	-	-	-	-	-

A deferred tax asset has not been recognised in relation to tax losses of \$6,461,000 (tax effect \$1,809,000) and temporary differences of \$2,803,000 (tax effect \$785,000).

#### Deferred Tax Accounting Policy

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable surplus 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 surplus nor the accounting surplus.

2023	2022
\$000	\$000

### 13. Capital Expenditure Commitments

Capital expenditure committed at balance date but not provided for in the financial statements

-	-

## Notes to the Financial Statements

For the Year Ended 30 June 2023

### 14. Lease Commitments

The Company leases a photocopier and EFTPOS terminal. Both leases are considered short-term, low value assets. The Company does not currently hold any further lease commitments.

#### Leases Accounting Policy

Assets held under leases are treated as operating leases. Rentals payable are expensed on a straight-line basis over the term of the relevant lease.

### 15. Cash and Cash Equivalents

	2023 \$000	2022 \$000
Cash and bank	118	159
Deposit with DCTL	300	-
	<u>418</u>	<u>159</u>

#### Cash and Cash Equivalents Accounting Policy

Cash and cash equivalents comprise of cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

Bank overdrafts or short-term borrowings are shown within the cash or cash equivalents figure in either the current liabilities or current assets of the balance sheet.

### 16. Trade and Other Receivables

Trade receivables	43	20
Due from related parties	-	2
Less: Expected credit losses	<u>(1)</u>	<u>(1)</u>
	42	21
Disclosed as:		
Trade and other receivables	42	21

#### Trade and Other Receivables Accounting Policy

Trade and other receivables are stated at cost less any allowances for expected credit losses.



## Notes to the Financial Statements

For the Year Ended 30 June 2023

	2023	2022
	\$000	\$000

### 17. Inventory

Raw materials and stores	32	30
Consumables for resale	7	7

#### Inventory Accounting Policy

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.

### 18. Property, Plant and Equipment

	Buildings	Rolling stock	Track	Plant & equipment	Vehicles	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year Ended 30 June 2023:							
Cost or Valuation							
Balance at beginning of period	-	234	-	66	3	-	303
Purchases	-	-	-	19	-	-	18
Sales/disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Balance at end of period	-	234	-	85	3	-	321
Accumulated depreciation							
Balance at beginning of period	-	29	-	1	2	-	32
Depreciation	-	13	-	10	1	-	23
Sales/disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
	-	42	-	11	3	-	55
Balance at end of period	-	192	-	74	-	-	266

## Notes to the Financial Statements

For the Year Ended 30 June 2023

### 18. Property, Plant and Equipment (Continued)

	Buildings \$'000	Rolling stock \$'000	Track \$'000	Plant & equipment \$'000	Vehicles \$'000	Work in progress \$'000	Total \$'000
Year ended 30 June 2022:							
Cost or valuation							
Balance at beginning of period	-	234	-	-	3	-	237
Purchases	-	-	-	66	-	-	66
Sales/disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Balance at end of period	-	234	-	66	3	-	303
Accumulated depreciation							
Balance at beginning of period	-	15	-	-	1	-	16
Depreciation	-	14	-	1	1	-	16
Sales/disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
	-	29	-	1	2	-	32
Balance at end of period	-	205	-	65	1	-	271

#### Property, Plant and Equipment Accounting Policy

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Any gain or loss on disposal of an item of property, plant and equipment is recognised in surplus or deficit.

Depreciation is calculated to write off the cost of the assets less their residual values using the straight-line method over their useful lives and is recognised in surplus or deficit. The assets residual values and useful lives are reviewed at the end of each reporting period. The useful lives and associated depreciation rates of major classes of property, plant and equipment have been estimated as follows:

Rolling stock 2% - 33%

Plant & equipment 6% - 67%

Vehicles 21%

PBE IPSAS 21 *Impairment of non-cash generating assets*, classifies that cash-generating assets are those assets that are held with the primary objective of generating a commercial return, and non-cash generating assets are those that are not. Given the Company's hibernation state and current shift in focus away from generating a commercial return, it has classified its property, plant and equipment as non-cash generating assets.

The Company assesses at each reporting date, whether there is an indication that a non-cash generating asset may be impaired. If any indication exists, the Company estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash generating asset's fair value less costs to sell and its value in use. Where the carrying amount exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount.

## Notes to the Financial Statements

For the Year Ended 30 June 2023

### 18. Property, Plant and Equipment (Continued)

In determining fair value less costs to sell, the company assesses market value based on the best available information.

For each asset, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment deficits may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable service amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable service amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable service amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the surplus or deficit.

### 19. Intangible Assets

	2023 \$000	2022 \$000
Software		
Cost or valuation		
Balance at beginning of period	98	98
Purchases	-	-
Sales/disposals	-	-
Balance at end of period	98	98
Accumulated depreciation		
Balance at beginning of period	98	98
Depreciation	-	-
Impairment	-	-
	98	98
Balance at end of period	-	-

#### Intangible Assets Accounting Policy

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in statement of comprehensive revenue and expense. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Software 40%

## Notes to the Financial Statements

For the Year Ended 30 June 2023

### 20. Related Party Transactions

The Company is 100% owned by Dunedin City Holdings Limited. Dunedin City Holdings Limited is a wholly owned subsidiary of the Dunedin City Council. The Company undertakes transactions with the Dunedin City Council and other Dunedin City Council controlled entities.

Amounts receivable from and payable to related parties at balance date are disclosed in notes 9, 10 and 16.

	2023 \$000	2022 \$000
Transactions with the Dunedin City Council		
Purchases of goods and services from the Dunedin City Council		
Rates, events, leases	7	6
Transactions with Dunedin City Holdings Limited		
Investment from Dunedin City Holdings Limited		
Shares purchased (1,200,000)	1,200	-
Transactions with the Dunedin City Treasury Limited		
Interest received	21	1
Funds held on behalf of DRL	300	
Transactions with the Dunedin Venues Management Limited		
Purchases of goods and services from Dunedin Venues Management Limited		
Management fees	230	200
Expenses oncharged	38	33
Transactions with Shand Thomson Limited		
Sales of services to Shand Thomson Limited		
Charter services	2	2

There were no other related party transactions during the year.

No related party debts have been written off or forgiven during the period.

### Key Management Personnel Remuneration

Short - term employment benefits	120	120
----------------------------------	-----	-----



## Notes to the Financial Statements

For the Year Ended 30 June 2023

### 21. Financial Risk

	2023 \$000	2022 \$000
Loan facility limit – Dunedin City Treasury Limited.	500	500

Dunedin City Treasury Limited co-ordinates access to domestic markets for all group members. They monitor and manage the financial risks relating to the operations of the Company. These risks include market risk, credit risk and liquidity risk.

Liquidity risk represents the Company's ability to meet its contractual obligations. The Company evaluates its liquidity requirements on an ongoing basis and has credit lines to meet these requirements.

#### 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 until 30 June 2023 and optimises the balance of debt to equity on a prudent basis in consultation with its Shareholders.

The Directors perform continual reviews of operating strategies and financial performance, and include in those reviews, any strategies required to protect the capital of the Company.

The Company is required to provide to Dunedin City Holdings Limited an Annual Statement of Intent.

### 22. Impact of COVID-19

Prior to COVID-19 affecting New Zealand, the Company had been forecasting ongoing deficits and required additional equity to maintain its financial viability. When COVID-19 closed borders in NZ it significantly impacted the operations of the Company, increasing the operating deficits.

Subsequent to this period the Dunedin City Council resolved that Dunedin City Holdings Limited will meet the ongoing costs of hibernation until 30 June 2024. A decision on the future of Dunedin Railways Limited, after 30 June 2024, is still unknown.

Most COVID-19 restrictions have now been removed which has allowed tourists and cruise ships to return to Dunedin. This has resulted in a significant increase in revenue for the 2023 financial year.





## Notes to the Financial Statements

For the Year Ended 30 June 2023

---

### 23. Events Subsequent to Balance Date

Dunedin City Council and Dunedin City Holdings Limited continue to look for alternative operating models that keep Dunedin Railways in the city. A decision on the future of the Company is not expected until later this year.

As there is a high degree of uncertainty associated with the future of the Company, the financial statements have been prepared on a non-going concern basis of accounting (as per note 2 basis of accounting).



## **Independent Auditor's Report**

### **To the readers of Dunedin Railways Limited's financial statements and statement of service performance for the year ended 30 June 2023**

The Auditor-General is the auditor of Dunedin Railways 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 the statement of service performance of the Company on his behalf.

We are required to audit the financial statements of the Company on pages 14 to 33, that comprise the statement of financial position as at 30 June 2023, the statement of comprehensive revenue and expense, 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.

We have audited the statement of service performance of the Company on page 12.

#### **Disclaimer of opinion on the financial statements**

We do not express an opinion on the financial statements of the Company.

Because of the significance of the matter described in the basis for our disclaimer of opinion on the financial statements section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

#### **Qualified opinion on the statement of service performance**

In our opinion, except for the possible effects of the matter described in the basis for our qualified opinion on the statement of service performance section of our report, the statement of service performance of the Company on page 12 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 2023.

Our audit was completed on 25 September 2023. This is the date at which our opinion is expressed.

The basis for our opinions is explained below, and we draw attention to other matters. 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, and we explain our independence.

## **Basis for our disclaimer of opinion on the financial statements**

As outlined in the accounting policies in note 2 on page 20 and note 22 on page 32, the Company was put into hibernation from 1 July 2020. There is a high degree of uncertainty associated with the future of the Company and a decision on its future will not be known until next year.

In the year ended 30 June 2020, the Company substantially impaired the carrying amount of its property, plant and equipment and inventory assets to their recoverable amount (based on scrap value or sale value). These impaired values were also the basis for reporting these assets in the 30 June 2022 financial statements, which are presented as comparative information.

Our audit report contained a disclaimer of opinion on the 30 June 2020, 30 June 2021 and 30 June 2022 financial statements because we were unable to obtain adequate evidence to support the written-down values of these assets.

For the current year, the Board of Directors of the Company has assessed that there has been no change in the recoverable amount of the Company's assets from the prior year and no further evidence has been provided to support the amounts recognised as at 30 June 2023 for property, plant and equipment of \$266,000 and inventories of \$39,000. Further, because of the high degree of uncertainty surrounding the future of the Company, it is difficult to assess the value of the assets' remaining service potential.

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

## **Basis for our qualified opinion on the statement of service performance**

The statement of service performance contains certain financial related performance measures derived from the financial statements. As a consequence of the impact of the matters above on the financial statements, we were also unable to obtain sufficient appropriate evidence to support the "shareholders' funds to total assets", "EBITDA", "net surplus/(deficit) after tax" and "shareholder's funds" financial related performance measures presented on page 12.

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 in respect of the statement of service performance is sufficient and appropriate to provide a basis for our qualified opinion.

## **Emphasis of matters**

Without further modifying our opinion, we draw your attention to the following disclosures in the financial statements.

### ***The financial statements have been prepared on a non-going concern basis***

The statement of accounting policies in note 2 on page 20 outlines that the financial statements have been prepared on a non-going concern basis because the Company was put into hibernation from 1 July 2020, and there is a high degree of uncertainty associated with the future of the Company.

### ***Impact of Covid-19***

Note 22 on page 32 outlines the ongoing impact of Covid-19 on the Company.

## **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 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***

Our responsibility is to carry out an audit of the financial statements 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.

However, because of the matters described in the Basis for our disclaimer of opinion on the financial statements section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

### ***The statement of service performance***

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the statement of service performance.

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

As part of an audit of the statement of service performance 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 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 the reported statement of service performance within the Company's framework for reporting its performance.
- We evaluate the overall presentation, structure and content of the statement of service performance, including the disclosures, and whether the statement of service performance represent the underlying 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.

## 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.

A Board member of the Company was a member of the Auditor-General's Audit and Risk Committee until October 2022. The Auditor-General's Audit and Risk Committee is regulated by a Charter that specifies that it should not assume any management functions. There are appropriate safeguards to reduce any threat to auditor independence, as the members of the Auditor-General's Audit and Risk Committee have no involvement in, or influence over, the audit of the Company.

Other than the audit, and the relationship with the Auditor-General's Audit and Risk Committee, we have no relationship with or interests in the Company.

A handwritten signature in dark ink, appearing to read 'R. Tomlinson', with a stylized circular mark to the left.

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