

DUNEDIN RAILWAYS LIMITED



STATEMENT OF INTENT

For the Year Ending 30 June 2021

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1 INTRODUCTION

Dunedin Railways Ltd (DRL or the Company) previously operated tourist train services. The Company is now in hibernation, maintaining assets pending evaluation and consideration of options for the Company and its assets.

DRL is a wholly owned subsidiary of Dunedin City Holdings Ltd which is wholly owned by Dunedin City Council.

As a CCO, DRL is required to prepare an annual Statement of Intent (SoI). This SoI sets out DRL's planned activities and financial forecasts for the next three years. It includes performance measures and targets which will be reported on in DRL's Annual Report. These form the basis of DRL's organisational accountability.

This SoI takes shareholder comments into consideration.

2 PURPOSE

This Statement of Intent (SoI) sets out the company's planned activities and financial forecasts for the next three years. It includes performance measures and targets which form the basis of the company's organisational accountability, and will be reported on in DRL's Annual Report.

3 OBJECTIVES

As defined in Section 59 of the Local Government Act (LGA), the principal objectives of a CCO are to:

- a) Achieve the objective of its shareholders, both commercial and non-commercial, as specified in the statement of intent; and
- b) Be a good employer; and
- c) Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or insist upon these when able to do so.

DRL conducts its affairs in accordance with sound business practice.

4 FOCUS FOR THE 2020/21 YEAR

In 2020/2021, DRL intends to focus on maintaining assets pending evaluation and consideration of options for the Company and its assets.

DRL will also establish systems to measure its carbon footprint as part of a DCHL-group wide project.

DRL's objectives and targets for the year, as set out on the following page, support this focus.

5 OBJECTIVES AND PERFORMANCE TARGETS

Goals	Actions	Performance Measures
Manage the Hibernation Plan to protect and maintain DRL's assets.	Hibernation Plan in place and report against it to the Board	Hibernation plan is prepared and reported on to the Board on a quarterly basis.
Ensure health and safety of our people	Reduce harm to employees and contractors	Target zero lost time injuries
DSPL maintains a strategic direction that is consistent with the policies and objectives of the shareholder	Ensure Statement of Intent is consistent with objectives of the shareholder	A draft 2021/2022 Statement of Intent will be submitted to the shareholder by 1 March 2021.
Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives	Contribute to Council's Carbon Neutrality initiatives	Establish systems for measuring and publicly reporting carbon emissions by end of FY2021, in a cost effective manner, with a view to then identifying and setting emissions reductions targets.
Communicate with the shareholder on a 'no surprises' basis	Consult with the shareholders in a timely manner on DRL strategic or operational matters which could compromise Council's community outcomes.	No such matters that were not escalated to the shareholder in a timely manner.
	Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	No such matters that were not reported to the shareholders within 24 hours.

6 FINANCIAL FORECASTS

This section sets out DRL's financial forecasts for the next three financial years.

Ratio of Shareholders' Funds to Total Assets and the definition of those terms.

	Year ending 30/06/2021	Year ending 30/06/2022	Year ending 30/06/2023
Shareholders' Funds to Total Assets	100%	100%	100%

"Shareholder's Funds" are represented by the paid up capital, reserves created by the revaluation of specific assets, and retained earnings.

"Total Assets" – means the aggregate amount of all current and non-current assets.

Estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders.

	Year ending 30/06/2021	Year ending 30/06/2022	Year ending 30/06/2023
Dividend Distributions	Nil	Nil	Nil

Other Financial Forecasts

	Year ending 30/06/2021 \$'000	Year ending 30/06/2022 \$'000	Year ending 30/06/2023 \$'000
EBITDA	0	0	0
Net Loss after Tax	0	0	0
Cash Flow from operations	0	0	0
Capital Expenditure	0	0	0
Term Loans	0	0	0

The projections provided have been prepared using the best information available at the time of preparation.

7 ACCOUNTING POLICIES

General Accounting Policies

The accounting policies recognised by the External Reporting Board (XRB) for the measurement and reporting of financial performance and financial position have been applied on a basis consistent with those used in previous years.

Particular Accounting Policies

The particular accounting policies, which materially affect the measurement and reporting of financial performance and financial position, are consistent across the DCHL group and are fully listed in the Company's annual report.

8 APPROACH TO GOVERNANCE

DRL is governed by Directors, in accordance with accepted best practice. Directors meet on a regular basis to direct and control the DRL's proceedings.

The role of a Director of a CCO is defined in section 58 of the Local Government Act as "to assist the organisation to meet its objectives and any other requirements in its Statement of Intent."

In addition to the obligations of the Local Government Act, DRL is also subject to the requirements of the Companies Act 1993, and all other applicable legislative requirements.

9 INFORMATION TO BE PROVIDED TO THE SHAREHOLDERS IN THE FINANCIAL REPORTS

	Monthly	Quarterly	Half Yearly	Annual
Statement of Financial Performance	X	X	X	X
Statement of Financial Position	X	X	X	X
Statement of Cash Flows	X	X	X	X
Statement of Service Performance against SOI targets			X	X
Statement of Movement in Equity			X	X
Notes to the Financial Statements			X	X
Directors' Report			X	X
Auditors Report				X
Statement of Intent (Draft)				By 28 Feb
Statement of Intent (Final)				By 30 June

10 DIVIDEND POLICY

DRL's current policy is not to pay dividends.

11 ACQUISITION/DIVESTMENT OF ASSETS OR SHARES IN ANY COMPANY OR ORGANISATION

DRL will only invest in the shares of another company or invest in an entity if the investment is considered to be likely to produce added value to the Company. In order to maximise benefit to the Shareholders, shares or assets may also be sold in response to, or in anticipation of, on-going changes in the marketplace.

If the Directors intend that DRL should acquire assets, they will obtain prior approval of the Shareholders where an investment into the new assets exceeds \$500,000. For the purpose of this section, "asset(s)" includes a group of assets similar in type, cost and useful life that are purchased together and can be identified and maintained as one asset or group of assets following purchase.

If the Directors intend that DRL or its subsidiaries should subscribe for or otherwise acquire issued capital or an interest in any company or organisation (other than minimum holdings in listed companies in related industries) exceeding a total investment of \$500,000 they will obtain prior approval of the Shareholders.

The approval of the Shareholders is required before disposal by DRL of any segment of its business or shares in a subsidiary or associate company where the value of the asset to be disposed of exceeds the investment delegated authority of \$500,000.

12 COMPENSATION SOUGHT

At the request of the Shareholder, DRL may undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full commercial cost of undertaking such activities. At present, DRL does not have any activities in respect of which its Board wishes to seek compensation from any local authority.

13 OTHER MATTERS AS AGREED BY THE SHAREHOLDERS AND THE BOARD

The undertaking by DRL of any activity of a nature or scope not provided for in the Company's mission or goals would be subject to the prior approval of the Shareholder.

14 TRANSACTIONS WITH RELATED PARTIES

Dunedin City Council is the sole Shareholder of Dunedin City Holdings Limited.

Dunedin City Holdings Limited is the sole Shareholder in Aurora Energy Limited, City Forests Limited, Delta Utility Service Limited, Dunedin City Treasury Limited, Dunedin Railways Limited, Dunedin Venues Management Limited and Dunedin Stadium Property Limited.

Dunedin City Holdings Limited owns 50% of Dunedin Airport Limited.

Transactions between the Companies, Dunedin City Council and other Dunedin City Council controlled enterprises will be on a wholly commercial basis (or separately disclosed in the Company's Annual Report).

Charges from Dunedin City Council and its other entities and charges to Dunedin City Council and its other entities will be made for goods and services provided as part of the normal trading activities of each Company.

Related Party Transactions

Dunedin City Council	Council rates for properties owned by DRL
	Lease of Council owned land
Dunedin City Treasury Limited	Provision of debt funding to DRL generating interest payments to DCTL
Dunedin City Holdings Limited	Functions appropriate between Parent company (DCHL) and subsidiary (DRL)
Dunedin Venues Management Limited	Provision of administrative services to DRL

15 WORKING WITH THE SHAREHOLDERS

DRL will undertake to keep the shareholders informed of all substantive matters, as set out in the performance targets above. DRL will work to build a culture of accountability and constructive working practices between the shareholders and the Company. It is expected that any conflicts that may arise between the shareholders and DRL will be resolved directly between the shareholders and the Company, in accordance with appropriate governance practices.

DRL will not accept sponsorship or give naming rights to companies involved in activities deemed to be inconsistent with Dunedin City Council's ethical position.

DRL will disclose in its Annual Report the proportion of its workforce receiving the living wage (as calculated by the New Zealand Family Centre Social Policy Unit).

16 GROUP FACILITY USE

DRL will undertake to operate "Group" purchasing of goods and services, unless it is demonstrated conclusively to the Shareholder that the total combined cost of such Group purchasing to the Group and Dunedin City Council (including the costs of ceasing any such Group purchasing), is greater than any alternative identified.

APPENDIX 1: DUNEDIN CITY COUNCIL VISION: DUNEDIN IS ONE OF THE WORLD'S GREAT SMALL CITIES

The vision of the Dunedin City Council Long Term Plan is to make Dunedin an attractive place to work, live, study and visit.

This is achieved by the following Strategic Framework.



APPENDIX 2: STRATEGIC FRAMEWORK

Strategy	Priority	Explanation
Social Wellbeing Strategy (2013)	Connected people	Making people feel connected and involved in community and city affairs.
	Vibrant and cohesive communities	Building better communities both at a local/geographic level and communities of interest.
	Healthy and safe people	Promoting good health and ensuring people feel safe, and are safe.
	Standard of living	Promoting a good work/ life balance and full employment.
Economic Development Strategy (2012)	Affordable and healthy homes	People are living in warm and healthy homes and affordable housing options are available to all.
	Business vitality	Improving the ease of doing business. Growing the value of exports.
	Alliances for innovation	Improving linkages between industry and research. Increasing scale in innovative and tradable sectors.
	A hub for skills and talent	Increasing the retention of graduates. Building the skills base. Growing migrant numbers.
Te Ao Tūroa - Environment Strategy (early draft themes)	Linkages beyond our borders	Increasing international investment. Establishing strategic projects with other cities.
	A compelling destination	Marketing Dunedin and exporting education uplift.
	Connecting people with the environment	Dunedin's community enjoys and is connected with the natural environment.
	Guardianship of the environment	Dunedin's community actively works together to understand, enhance and celebrate the values of the natural environment.
Ara Toi – Arts & Culture Strategy	Protecting and enhancing the environment	Dunedin protects, restores and enhances its natural heritage, biodiversity, landscapes and ecosystems.
	Responding to environmental changes	Dunedin limits its impact on, and adapts to, environmental changes, including climate change.
	Sustainable resource use	Dunedin reduces reliance on non-renewable resources, minimises waste and uses water responsibly
	Identity Pride	Dunedin reduces reliance on non-renewable resources, minimises waste and uses water responsibly
Spatial Plan (2012)	Access and inclusion	Building unity and community pride by celebrating the city's character, diversity and individuality through arts and culture.
	Creative economy	Enabling self-expression and sharing of ideas to connect diverse people.
	Inspired connections	Capitalising on the economic growth of the arts and culture sector.
		Utilising existing networks and fostering new connections to facilitate creativity.
Parks & Recreation Strategy (early draft themes)	A liveable city	A healthy and safe environment; quality air and water; a connected community; recreation, leisure & learning, opportunities; healthcare, and warm housing.
	An environmentally sustainable and resilient city	Resilient ecosystems and communities; actively responding to climate change; reducing dependence on non-renewable resources; seismic-strengthened heritage buildings.
	A memorable and distinctive city	Protecting significant landscapes; quality architecture and urban design; memorable and engaging public art; celebrating Tangata Whenua and European heritage; actively re-using built heritage.
	A city that enables a prosperous and diverse economy	Maintaining and growing our rural economy, industrial base and world class communications; attracting and retaining internationally-focused people; supporting and benefiting from the tertiary education sector.
Integrated Transport Strategy (2013)	An accessible and connected city	An urban form that supports accessibility from a range of modes and sustainable transport choices; a safe and efficient road network; affordable and convenient public transport; it is safe and pleasant to walk and cycle.
	A vibrant and exciting city	A successful arts and culture scene, vibrant central city and local centres.
	Well-connected open spaces	Managing green and open spaces to provide for social interaction and physical health and wellbeing.
	Accessible recreational facilities	Making recreational open spaces and facilities accessible to all.
Three Waters Strategy (2010)	Collaborate to provide and protect	Working collaboratively to improve recreation and environmental outcomes.
	Safety	Prioritising safety improvements according to risk.
	Travel choices	Prioritising investment and space to improve the provision of active modes and public transport.
	Connectivity of centres	Improving connections within and between centres and the central city for public transport and active modes.
	Freight	Efficiently and effectively moving freight.
	Resilient network	Integrating land use and transport to reduce demand for vehicle travel and increasing the resilience of the transport network.
	Meeting water needs	Meeting the safe and quality water needs of the city for the next 50 years from existing water sources.
	Adaptable supply	Being able to adapt our water supply to a variety of future climate change and population scenarios.
	Environmental protection	Improving the quality of our discharges to minimise the impact on the environment.
	Maintaining service levels	Ensuring that, as a minimum, key service levels are maintained into the future.
	Kaitiakitaka	Adopting an integrated approach to management of the three waters and embrace the concept of kaitiakitaka.