



DUNEDIN VENUES MANAGEMENT LIMITED

STATEMENT OF INTENT

For the Year Ending 30 June 2020

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1 INTRODUCTION

Dunedin Venues Management Limited (DVML) is a specialist event, turf and venue management organisation. It is a Council Controlled Trading Organisation (CCTO) owned wholly by Dunedin City Holdings Limited (DCHL), which is wholly owned by Dunedin City Council (DCC).

2 PURPOSE OF STATEMENT OF INTENT

This Statement of Intent (SoI) sets out DVML's planned activities and financial forecasts for the next three years. It includes Performance Measures and Targets which form the basis of DVML's organisational accountability and will be reported on in DVML's 2020 Annual Budget. This SoI takes Shareholder comments into consideration.

3 OBJECTIVES

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

- a) "Achieve the objective of its Shareholder, both commercial and non-commercial, as specified in the Statement of Intent; and
- b) Be a good employer as per clause 36 of Schedule 7 of the LGA; 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 these when able to do so; and
- d) If the Council-Controlled Organisation is a Council-Controlled Trading Organisation, conduct its affairs in accordance with sound business practice."

4 PURPOSE FOR WHICH DVML ESTABLISHED

The principal activities of DVML are:

- Source and secure appropriate events for all venues under its management.
- Plan, host and deliver events to a high standard.
- Manage the assets and facilities for which it is responsible.
- Facilitate community access to the venues for which it is responsible.

DVML will contribute to the growth and vitality of Dunedin City by driving strong and sustainable business performance, building a reputation for innovation and excellence in venue management and demonstrating our commitment to the delivery of outstanding event experiences.

5 CORPORATE GOVERNANCE

DVML is governed by a Board of independent Directors, in accordance with the law and best practice. Directors meet regularly to direct and control DVML's proceedings.

The role of a Director of a CCTO is defined in section 58 of the Local Government Act 2002 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, DVML is also subject to the requirements of the Companies Act 1993, and all other applicable legislative requirements.

6 PERFORMANCE TARGETS AND OTHER MEASURES

SAFETY AND COMPLIANCE		
Goals	Objectives	Performance Measures
To make safety its first priority and provide a safe environment.	Review the Health and Safety Plan with the Health and Safety Committee each year.	Health and Safety Plan has been reviewed. Corrective actions are prioritised and actioned.
	Minimise risk across all venues.	
	Work with DVML staff, Contractors and Service Providers to minimise risk across all venues ensuring adequate training is provided.	Site, Contractor and Event Audits show no breaches of agreed procedures. Only inducted Contractors gain entry into venues.
	Report on Health and Safety management and provide statistical data to the monthly board reports.	An Incident Frequency Rate Events (IFRE) < 0.05% of the total number of people attending events at the venues.
	Staff education and training is provided to support awareness and legislative requirements under the Health and Safety Work Act 2015.	Total Incident Rate (TIR) < 6 incidents per 200,000 hours worked.
		Total Recordable Incidents (TRI) < 3.
		Lost Time Incidents (LTI) < 2.
		Lost Time Incident Frequency Rate (LTIFR) < 17 per 1,000,000 hours worked.
	Undertake an independent Safe Plus annual audit.	Achieve Performing Score or better across all elements of the Safe Plus criteria. Corrective actions are prioritised and actioned.
To meet all of its statutory obligations.	Meet and maintain all statutory, regulatory and resource consent requirements.	No material breaches of legislation.
To act as a socially responsible and environmentally aware corporate citizen.	Facilities and infrastructure are maintained as fit for purpose and in accordance with the	No material breaches of KPI's as set out in the approved current Asset Management Plan section 4.4.3.

	approved current Asset Management Plan.	
	Report on facilities indicators and provide statistical data to the monthly board reports.	

TIR – The total incident rate is the recorded incidents across all venues multiplied by 200,000 hours worked divided by the actual hours worked by people at the venues.

TRI – The total recordable incidents recorded is the total number of lost time injuries, or injuries which require medical treatment administered by a professional Doctor

LTI – A lost time injury that leads to an employee being absent from work

LTIFR – The lost time injury frequency rate is measured by the number of lost time injuries per 1,000,000 hours worked

IFRE – The Incident Frequency Rate Events is measured by the number of registered incidents divided by the number of attendees.

FINANCIAL		
Goals	Objectives	Performance Measures
To increase economic benefit to the Dunedin City and region through attracting major events with the assistance of a Dunedin City Council annual grant with the Event Attraction Fund of \$400,000.	A minimum of \$5m visitor spend per each major event (>10,000 pax) for Dunedin City.	Achieve a 15:1 return on investment of the Event Attraction Fund.
Achieve financial performance that represents an appropriate return.	Ensure budgeted results provide an appropriate return.	Achieve or exceed budget results.
Strengthen the balance sheet.	Increase retained earnings over the medium term to invest in the future.	No unplanned call on capital. Return a profit over a three-year period.

MARKETING AND BUSINESS		
Goals	Objectives	Performance Measures
To build strong and innovative commercial partnerships that enhance event experiences and create a point of difference.	To work with DVML's preferred suppliers to deliver on mutually agreed performance targets.	Survey Commercial Partners for satisfaction level – minimum 80% satisfaction to be achieved.
To lead the way with venue and facilities' development projects to ensure that DVML venue offerings are flexible, scalable and fit for purpose, and create new opportunities for growth.	Improving venue competitiveness by investing in and promoting DVML's venues in order to better meet the needs of the diverse range of event producers.	Year on year increase in the number of commercial hire days in DVML's venues.

	Improving venue utilisation by leveraging brand equity whilst balancing incremental business versus positioning and value in the market place.	
To enhance the sense of value that DVML delivers to its Members thereby achieving a high retention rate and demand, creating a waiting list for new Members.	Members feel valued and receive exceptional service that will also encourage renewal of Membership and new Members. Facilitate Member events, Lounge experience development and increase benefits.	Survey Members for satisfaction level – minimum 80% Satisfaction to be achieved. Achieve a 90% retention rate of Member renewals. Achieve 90 new Members.

HUMAN RESOURCES

Goals	Objectives	Performance Measures
To retain and value our employees.	Attract and retain key staff.	Achieve a staff turnover rate of less than 15%.
To be non-discriminatory, culturally sensitive, and provide equal opportunities. These practices are to be encouraged in DVML's service providers.	Relevant training is provided to staff by developing a staff training plan.	Staff training plan is fully executed.
To grow high performance teams based on attracting and retaining key staff who share DVML's ambitions for the business and commitment to delivering the best for Dunedin City.	To recognise and review staff performance. Consistently manage the EEO policy of DVML. Maintain HR and Health and Safety policies, practices and the appropriate levels of investment to position DVML as an employer of choice in the venue management business by enabling, recognising and rewarding the people who make a difference.	Conduct a confidential staff survey annually and implement improvements/recommendations.

SHAREHOLDER		
Goals	Objectives	Performance Measures
To engage with DCHL annually on opportunities for DVML to contribute, or assist where possible, with DCHL outcomes.	Consult with DCHL on matters to be included in DVML's SoI.	Submit annually DVML's SoI having given consideration to DCHL expectations.
To bring to the attention of DCHL any matters where there may be conflict between the DCHL outcomes.	Consult with DCHL at the earliest possible time on matters where conflict may or could result.	Matters which may or could conflict have been escalated to the Shareholder.
Keep DCHL informed of all substantive matters.	To promptly advise DCHL on a 'no surprises' basis of any substantive matter that has the potential to impact negatively on DCHL and DVML with a particular focus on matters of interest to the media.	Report to DCHL within 24 hours of the Board becoming aware of substantive matters which have the potential to negatively impact on the Shareholder and DVML with a particular focus on matters of interest to the media.

Dunedin City Council Strategic Framework Accountabilities

SOCIAL AND WELLBEING

Goals	Objectives	Performance Measures
To make people feel connected and involved in Dunedin City's community and city affairs.	Create awareness through a variety of distribution channels to ensure the community is informed of DVML happenings.	Positive community feedback through the Residents Opinion Survey.
To engage with the DCC on a regular basis where the DCC can assist DVML to enable local and regional groups to access all facilities under its management.	Facilitate community access through providing funding for community events through the Community Access Grant (\$750,000 annually across all DVML venues).	Report to the DCC 6 monthly on the application of the Service Level Agreement for Community Event Funding to ensure it is applied efficiently and caters to a variety of events and community groups.
To be recognised as a positive contributor to the community.	Initiate opportunities to speak to the community, stakeholders and interested organisations.	Senior management conduct a minimum of five speaking engagements.

ECONOMIC DEVELOPMENT STRATEGY

Goals	Objectives	Performance Measures
To maintain DVML's economic sustainability through the mitigation of business risk, wherever reasonably possible, given the sector in which it operates.	Continue to generate economic benefit to Dunedin City through securing high-quality events with assistance from a Dunedin City Council annual grant being the Event Attraction Fund of \$400,000.	Achieve a minimum of \$5m visitor spend per each major event (>10,000 pax) for Dunedin City. Achieve minimum 80% satisfaction rating through surveys of all major events (>10,000 pax). 60% of attendees of all major events (>10,000 pax) to come from outside of Dunedin City.
To be the lead agency in event bidding, origination and promotion for major events in Dunedin City.	Develop, and secure major events to the city.	Host three major events at DVML's venues. Increase the number of multi day corporate business events at DVML's venues from the previous year.

ENVIRONMENT STRATEGY		
Goals	Objectives	Performance Measures
To be recognised as a positive contributor to Dunedin City's community.	Act as a socially and environmentally responsible corporate citizen. Develop sustainable practices.	Identification of Hazardous Substances and New Organisms (HSNO) across DVML operated facilities, ensuring the HSNO database is current.
	Manage our operations to be economically and environmentally sustainable.	Increase the amount of recycling (measured in tonnage) year on year.
	Work closely with our suppliers and clients, fostering partnerships that enhance our venues' environmental performance. Offering assistance and advice where possible on formulating strategies to minimize environmental impact such as water, electricity, packaging and providing recycling facilities.	Energy audit completed every three years. Building Management System (BMS) has been reviewed annually to ensure maximum efficiency from Heating, Ventilation and Air-Conditioning (HVAC system). Sustainability Team is formed and develops a Sustainability Plan.
ARTS AND CULTURE STRATEGY		
Goals	Objectives	Performance Measures
To build unity and community pride by celebrating Dunedin City's character, diversity and individuality through arts and culture.	Ensure that DVML's venues are available for community use.	Funding from the DCC for Community Events is fully utilised.

7 FINANCIAL FORECASTS

a. The ratio of Shareholder Funds to Total Assets and the definition of those terms.

	Year ending 30/06/2020	Year ending 30/06/2021	Year ending 30/06/2022
Shareholder Funds to Total Assets	48%	54%	60%

DVML has adopted a target Shareholder Funds to Total Assets ratio (equity ratio) of 70% but expects this ratio will fluctuate depending on a variety of circumstances including asset renewal and investment cycles. During periods of higher capital expenditure, the equity ratio will likely be lower and, at other times, may exceed the current target.

"Shareholder 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.

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

	Year ending 30/06/2020	Year ending 30/06/2021	Year ending 30/06/2022
Dividend/Subvention Distributions	Nil	Nil	Nil

c. Other Financial Forecasts

	Year ending 30/06/2020 \$'000	Year ending 30/06/2021 \$'000	Year ending 30/06/2022 \$'000
EBITDA	641	1,108	1,300
Net Profit after Tax	213	531	554
Cash Flow from Operations	157	982	1,049
Capital Expenditure	307	350	1,800

8 ACCOUNTING POLICIES

a) 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.

b) 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 listed in full in DVML's Annual Report.

9 INFORMATION TO BE PROVIDED TO THE SHAREHOLDER 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	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)				Prior to 14 th January
Statement of Intent (Final)				Prior to 30 th June

10 DIVIDEND POLICY

DVML wishes to maintain an optimal capital structure and every three years will review that structure to determine whether additional capital can be released and whether changes need to be made to the Dividend Policy.

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

DVML 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 DVML. In order to maximise benefit to the Shareholder, 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 DVML or its subsidiaries should acquire assets, they will obtain prior approval of DCHL where an investment into the new assets exceeds \$500,000.

If the Directors intend that DVML 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 DCHL.

The approval of DCHL is required before disposal by DVML 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, DVML 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.

13 COMMERCIAL VALUE OF SHAREHOLDER'S INVESTMENT

The commercial value of the Shareholder's investment in DVML is considered by the Directors to be not less than the Shareholder's Funds as disclosed in the Statement of Financial Position published in the last Annual Report.

14 OTHER MATTERS AS AGREED BY THE SHAREHOLDER AND THE BOARD

- a) The undertaking by DVML of any activity of a nature or scope not provided for in DVML's mission or goals would be subject to the prior approval of the Shareholder.
- b) The approval of the Shareholder is also required before DVML could dispose of any segment of its business or shares in a subsidiary or associated company where the value of the asset to be disposed of exceeds the investment delegated authority set out in Section 11 above.

15 TRANSACTIONS WITH RELATED PARTIES

The DCC is the sole Shareholder of DCHL.

DCHL is the sole Shareholder in Aurora Energy Limited, City Forests Limited, Delta Utility Services Limited, Dunedin City Treasury Limited (DCTL), DVML and Dunedin Stadium Property Limited.

DCHL owns 72.03% of Taieri Gorge Railway Limited and 50% of Dunedin International Airport Limited.

Transactions between the Companies, DCC and other DCC controlled enterprises will be on a wholly commercial basis.

Charges from DCC and its other entities and charges to DCC 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	DCC rates for properties leased by DVML.
	Event Attraction Fund, Community Access Grant, University of Otago Oval Maintenance and Hire Agreement.
	Occupancy of DCC owned property.
	Provision of services.
Dunedin City Treasury Limited	Provision for debt funding and deposit facilities to DVML generating interest payments to and from DCTL.
Dunedin Stadium Property Limited	Lease of property to DVML.
	Provision of facility management services.
Dunedin City Holdings Limited	Functions appropriate between Parent company and subsidiary.

16 GROUP FACILITY USE

The Company 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.

17 WORKING WITH THE SHAREHOLDER

DVML will undertake to keep the Shareholder informed of all substantive matters, as set out in the Performance Measures above. DVML will work to build a culture of accountability and constructive working practices between the Shareholder and DVML.

DVML will not accept Sponsorship or award Naming Rights to companies involved in activities deemed to be inconsistent with Dunedin City Council's ethical position.

DVML 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).

It is expected that any conflicts that may arise between the Shareholder and DVML will be resolved directly between the Shareholder and DVML, in accordance with appropriate governance practices.

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

The vision of the DCC 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.