



# Dunedin City Council Annual Report 07/08



# I am Dunedin

– a prosperous, accessible city of well-educated people engaged in creative industries that lead the world; with freedom to celebrate a distinctive blend of cultural heritage, architectural character and lifestyle choice; in a city with a thriving central business heart and a vibrant suburban communities; and a strong and sustainable connection to a uniquely beautiful harbour, peninsula and hinterland.







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# Section One

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## Mayor's Report

A city which meets the needs of the present generation  
In 2007/08, as in past years, the Dunedin City Council has worked to deliver the best possible outcomes for those who live, work, study and visit here. Months of planning and discussion surrounded major projects such as a new stadium or the planned Dunedin Centre upgrade, while millions of dollars was spent improving services and assets such as wastewater disposal, footpaths, roads and playgrounds.

Highlights include the significant progress made on new projects like the Wall Street retail complex in George Street and the East Otago Community Sports and Cultural Centre at Waikouaiti while perennial favourites like the Botanic Garden, the Library and Town Hall remain popular, and our recently overhauled aquatic facilities have seen attendance numbers climb significantly.

Some controversy surrounded the Council's March decision to support, subject to stringent conditions, the development of a new multi-purpose roofed stadium in Awatea Street. While the Council continues to await confirmation that these conditions have been met, it is important that the Council is provided with reliable information upon which to base its decisions and for this it is essential that money is available to thoroughly investigate the project. This will ensure Councillors have all the relevant information before construction decisions occur in February 2009.

Public input and consultation has become a vital and valuable part of the Council's decision-making process – one upon which we rely - but I am concerned that we sometimes appear to hear only from interest groups with a negative focus. Major projects, such as the Chinese Garden, the development of which the Council had only a peripheral involvement, seem to draw instant criticism as a matter-of-course, and yet when established and operating they attract overwhelmingly positive feedback. The same applied to the proposals to redevelop and upgrade the Dunedin

Centre/Town Hall complex, a project which nearly became derailed by a lobby interested in only one aspect of the proposals. Fortunately, and following the widest consultation and very public debate, we appear to have arrived at a very acceptable compromise which we believe will address the immediate problems of the complex and allow further redevelopment at a later date – if required.

Differing views on projects and services are to be expected, welcomed even, but I urge people to consider all the facts and respect others' viewpoints.

I lead a team of Councillors which also frequently has differing views on issues which they express round the debating chamber. I regard this as a sign of a healthy democracy where every facet of a community's concerns is aired and explored. Notwithstanding these honestly held and expressed differences of opinions I believe we are working well together to represent Dunedin's diversity of interests.

Overall, I am heartened by the level of commitment within the Council and the wider community to protect and enhance the special features of the city in which we live. Dunedin's continued success depends on these productive partnerships and I am confident they will serve us well in the future.

I thank the Council's CEO, Jim Harland, and his staff for their professional input into our affairs. The residents of the city can rest assured it is a very effective working relationship committed to delivering the very best to those of us who call Dunedin 'home'.



Peter Chin  
Mayor of Dunedin





## Chief Executive's Report

The hard work of the Dunedin City Council and its successful partnerships are reflected in the 2007/08 Annual Report.

The Council continually looks for ways to keep costs down while delivering a high level of service to the community through its seven outcome areas, as outlined in this document.

Key 2007/08 achievements included the completion of Dunedin's first Visitor Strategy, commissioned by the Council, which was released in July this year. A city-wide Physical Activity Strategy was also adopted. This was a collaborative strategy between this organisation and key players such as Sport Otago and the University of Otago.

The Council's Economic Development Unit achieved international recognition for a new initiative that helps researchers prepare better funding applications. It also advocated for improved business infrastructure, such as faster and more cost-effective broadband access. The unit supported a successful application to the Government by the Otago Polytechnic and the university for a "Design Institute", which would offer business design solutions.

Planning work for the extensive redevelopment of the Otago Settlers Museum was completed and work has since begun on ground preparation for the new storage building. Storms and construction difficulties delayed completion of the multi-million dollar Tahuna wastewater ocean outfall pipe, but it should be operating by the end of the year, weather permitting.

The Council continues to play its part, through the City Safety Programme, in ensuring Dunedin is a safe and welcoming city for both residents and visitors. The programme is a collaboration between the Council and Dunedin Police, in partnership with the Ministry of Justice's Crime Prevention Unit.

The programme's range of strategies include a central city liquor ban, improved street lighting and a 30km speed restriction in George Street. In 2007/08, the programme became more focused, with an emphasis on the presence of city safety officers, and Crime Prevention Through Environmental Design (CPTED) measures and related initiatives in the central city.

Two key projects, the new multi-purpose stadium and the Dunedin Centre redevelopment, received significant public scrutiny during the past financial year. Satisfactory progress has been made on both these issues.

It is pleasing to see stability within the Council - our average 12% staff turnover compares favourably with 18% for the local government sector. We are looking at ways to build on this, including flexible working hours, and at what issues impact most on staff morale and performance.

The Council's first Information and Communication Technology (ICT) Strategic Plan is now in place. This defines the direction for the Council's approximately \$10 million annual ICT investment in line with the Council's long-term community plan.

Our aim is to serve the Dunedin community as best we can. I believe this is borne out by our past performances and that we can feel positive about the challenges ahead.

Finally, I would like to thank the staff and councillors for their contribution to a demanding year.



Jim Harland  
Chief Executive



Members of Council

**Peter Chin** (Mayor)

Office: 474 3855, Home: 467 2371

**Syd Brown** (Deputy Mayor, Mosgiel/Taieri Ward)

Home: 489 5601, Cell: 027 436 0104

**Michael Guest** (Cargill Ward)

Home: 473 9339

**Paul Hudson** (Cargill Ward)

Home: 472 8945, Cell: 027 432 1632

**Teresa Stevenson** (Cargill Ward)

Home: 473 7587

**Colin Weatherall** (Green Island/Saddle Hill Ward)

Home: 481 1487, Bus: 481 1887

**Fliss Butcher** (Hills Ward)

Home/Bus: 477 9972

**Chris Staynes** (Hills Ward)

Home: 453 6855, Cell: 021 523 682

**Richard Walls** (Hills Ward)

Home: 467 2819

**Kate Wilson** (Mosgiel/Taieri Ward)

Home: (03) 464 3797, Cell: 027 443 8134

**Bill Acklin** (South Dunedin Ward)

Home: 454 3543, Cell: 027 555 5252

**John Bezett** (South Dunedin Ward)

Home: 454 3493, Bus: 477 9046

**Neil Collins** (South Dunedin Ward)

Home: 454 3399, Bus: 477 6934

**Dave Cull** (South Dunedin Ward)

Home: 476 1050, Bus: 476 1156

**Andrew Noone** (Waikouaiti Coast/ Chalmers Ward)

Home/Bus: 465 7157, Cell: 027 430 1727



## Community Board Members

Chalmers	Mosgiel/Taieri	Otago Peninsula	Saddle Hill	Strath Taieri	Waikouaiti Coast
<b>Jan Tucker (Chair)</b> 472 7463 (h) 027 379 0722	<b>Barry Barbour (Chair)</b> 488 4306 (w) 486 1737 (h) 0274 394 615	<b>Irene Scurr (Chair)</b> 454 6198 (h) 021 188 9807	<b>Keith McFadyen (Chair)</b> 481 1333 (h) 0274 448 913	<b>Barry Williams (Chair)</b> (03) 464 3718 (h) (03) 464 3717 (w) 021 899 673	<b>Alasdair Morrison (Chair)</b> 474 5912 (w) 482 2505 (h) 0274 354 384
<b>Nicola Bould</b> 472 8947(h) 021 254 8928	<b>Chris Adams</b> 489 3916 (w) 489 0347 (h) 0274 331 656	<b>Bill Allen</b> 476 1960 (h)	<b>Ernie Ball</b> 456 3354 (h)	<b>Russell Anderson</b> 489 1470 (h) 027 224 8034	<b>Andrew Barratt</b> 021 890 048
<b>Trevor Johnson</b> 471 0632 (h) 027 284 8611	<b>Martin Dillon</b> 489 5277 (h) 0274 337 800	<b>John Bellamy</b> 476 1606 (w) 476 1483 (h)	<b>Pamela Jemmett</b> 479 8447 (w) 489 0453 (h) 027 452 4199	<b>Ken Bain</b> (03) 464 3338 (h) 0274 743 338	<b>Gerard Collings</b> 479 6494 (w) 465 7604 (h) 0274 376 786
<b>John Neilson</b> 471 0566 (h)	<b>Bill Feather</b> 489 5842 (h)	<b>Christine Garey</b> 478 1133 (h) 0274 478 876	<b>John Moyle</b> 488 2317 ext 5 (w) 488 0651 (h) 027 230 7779	<b>Bales Elliot</b> (03) 464 3731 (h) 0274 731 025	<b>Nancy Higgins</b> 482 1198 (h) 021 171 0226
<b>Raewynne Pedofski</b> 472 8551 (w) 472 7789 (h) 027 201 4386	<b>John Kelly</b> 453 0062 (w) 489 5854 (h) 021 345 265	<b>Natalie Karaitiana</b> 478 1033 (h) 027 316 2018	<b>Jonathan Usher</b> 477 1994 (w) 489 8681 (h) 021 462 442	<b>Lesley Peddie</b> (03) 444 4825 (h) 027 485 2825	<b>Murray Holland</b> 477 0312 (w) 465 7482 (h) 0274 331 007
<b>Steve Walker</b> 472 8409 (h)	<b>Sandra Wilson</b> 489 1783 (w) 489 4462 (h) 0274 894 462	<b>Lox Kellas</b> 478 0209 (h) 027 248 9789	<b>Scott Weatherall</b> 481 1766 (h) 027 440 4700	<b>Joan Wilson</b> (03) 464 3473 (h) 027 454 3620	<b>Geraldine Tait</b> 473 8614 (w) 482 2517 (h) 021 217 5492
<b>Cr Andrew Noone</b> 465 7157 (h+w) 027 430 1727	<b>Cr Syd Brown</b> 489 5601 (h) 027 436 0104	<b>Cr John Bezett</b> 454 3493 (h) 477 9046 (w)	<b>Cr Colin Weatherall</b> 481 1487 (h) 481 1887 (w)	<b>Cr Kate Wilson</b> (03) 464 3224 (w) (03) 464 3797 (h)	<b>Cr Andrew Noone</b> 465 7157 (h+w) 027 430 1727

## Representation Arrangements

The Dunedin City Council currently has 14 Councillors elected via a Ward system. The table below outlines the wards, and the number of Councillors elected in each Ward.

Ward	Number of Councillors	Population	Ratio
Cargill	3	26,000	1:8,667
Green Island-Saddle Hill	1	9,740	1:9,740
Hills	3	26,600	1:8,867
Mosgiel-Taieri	2	16,400	1:8,200
South Dunedin	4	35,500	1:8,875
Waikouaiti Coast-Chalmers	1	8,590	1:8,590
	<b>14</b>	<b>122,900</b>	<b>1:8,779</b>

Note: all population estimates are Statistics New Zealand estimated resident population, at 30 June 2006.

The Council also has a Mayor who is elected by the entire City.



## Remuneration Paid To Elected Members

This information is required under Schedule 10, Part 3, Clause 18 of the Local Government Act 2002. Differences in remuneration between elected members is the result of different responsibilities assigned to elected members.

Mayor and Councillors	Council Remuneration	Role
Chin P W H	120,326.00	Mayor Chair, Performance Appraisal Chair, Conduct Chair, Annual Plan Hearings
<b>Councillors From October 2007</b>		
Acklin W R	39,383.46	Deputy Chair, Infrastructure Services
Bezett J T	49,999.26	Chair, Economic Development
Brown S B	58,999.45	Deputy Mayor
Butcher F <sup>1</sup>	42,140.09	Chair, Community Assistance Deputy Chair, Community Development
Collins N A	41,654.04	Deputy Chair, Planning and Environment
Cull D C	28,955.37	Deputy Chair, Economic Development
Guest M R D	49,516.31	Chair, Planning and Environment
Hudson P R <sup>1,2</sup>	51,593.41	Chair, Community Development
Noone A B <sup>1</sup>	63,677.21	Chair, Infrastructure Services
Staynes C J	28,880.07	Deputy Chair, Finance and Strategy
Stevenson T J	40,208.22	
Walls R F <sup>1</sup>	56,141.07	Chair, Finance and Strategy Deputy Chair, Hearings
Weatherall C L <sup>1</sup>	65,307.30	Chair, Hearings
Wilson K M H <sup>3</sup>	32,495.39	
<b>Councillors Until October 2007</b>		
Prendergast M D	13,105.77	Deputy Chair, Infrastructure Services until October 2007
Vandervis L	10,503.39	
<b>Total</b>	<b>792,885.81</b>	

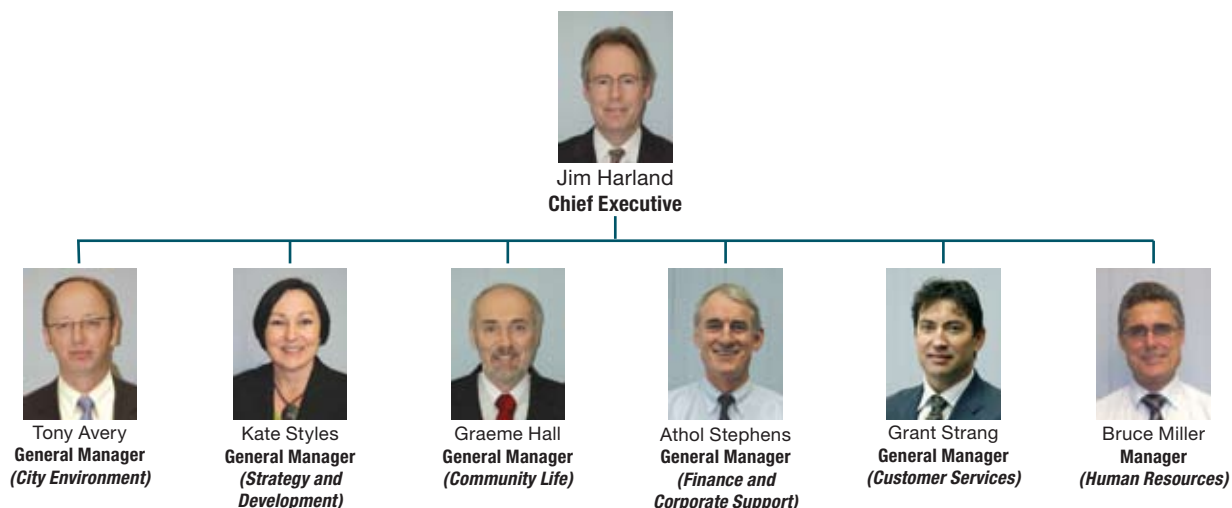
<sup>1</sup> Includes Consent Hearing fees

<sup>2</sup> Paul Hudson was paid \$105,013 of directors fees for his appointment as a director of Dunedin City Holdings Limited, Aurora Energy Limited, Citibus Limited, City Forests Limited and DELTA Utility Services Limited

<sup>3</sup> Kate Wilson was paid \$7,138 of directors fees for her appointment as a director of Taieri Gorge Railway Limited

## Council Management

The Chief Executive has appointed five General Managers to manage respectively: City Environment, Strategy and Development, Community Life, Finance and Corporate Support, and Customer Services who, together with the Human Resources Manager, form the Executive Management Team under the Chief Executive's chairmanship.



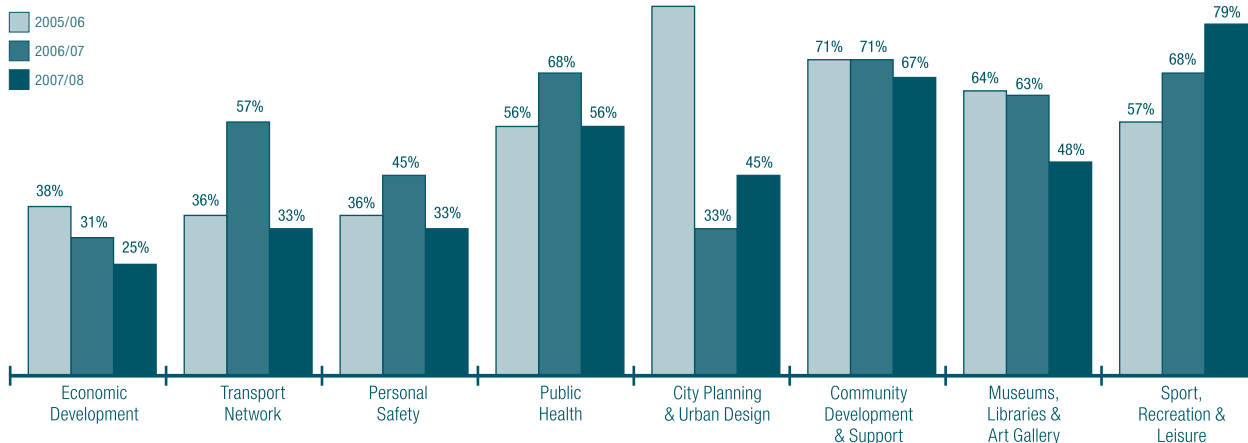
## Operational Performance

### Non-financial Performance

In the year to 30 June 2008, the Council measured its financial and non-financial performance. The table that follows summarises 19 key non-financial measures, compares them to the target set for the year and the results of the preceeding three years. The discussion of Group Activities in Section Two reports in greater detail on the performance against the targets set out in the published 2007/08 Annual Plan.

Of all the non-financial measures 52% were achieved. Section Two provides the detailed results, historical trends and explanation for all 141 measures. A chart of the results by Activity Group is set out on the next page.

### 2007/08 Performance Measure Achievement





## How The Council Performed – 19 Key Measures

Community Outcomes		Performance Measure	Achieved	2008 Target	2008 Actual	2007 Actual	2006 Actual	2005 Actual
Economic Community Wellbeing	Wealthy Community	Dividend from Council's property account	✓	\$3.37m	\$3.37m	\$4.8m	\$2.5m	\$3.9m
		Increase the Dunedin Centre external revenue	✓	10%	11%	18.5%	20%	12%
		Public awareness of Dunedin profile	✗	50%	41%	64%	57%	73%
	Accessible City	Decrease the number of casualties resulting from accidents between pedestrians and vehicles	✓	-2.5%	-13.5%	-3.6%	-5.1%	-9.2%
		Decrease the number of casualties resulting from accidents between cyclists and vehicles	✓	-6%	-8%	-10.5%	-14.8%	-12.9%
		Reduce the exposure to travel on rough roads by 1% per year	N/M	-1%	N/M	-1.0%	6%	16%
Environmental Community Wellbeing	Safe and Healthy City	Percentage of building consent applications processed in accordance with statutory time frames	✗	100%	58%	48%	76%	88%
		Residents dissatisfaction with control of fouling dogs	✗	36%	42%	42%	41%	42%
		Number of unplanned water supply shutdowns per 1,000 customers per year	✓	13	11.6	12.31	10.2	8.9
		Percentage of reticulation or pump station overflows that are responded to within the defined service standards	✓	100%	100%	100%	N/M	N/M
		Number of blockages in the stormwater network per 100km of mains per annum	✓	20	7.43	7.43	9.14	N/M
		To decrease the waste sourced from within Dunedin and disposed of to landfills in Dunedin by 10% by 2010/11	✓	120kg	124.4kg	116.9kg/ household	N/M	N/M
		Residents' satisfaction with the cleanliness of streets after rubbish collection	✗	65%	52%	49%	53%	58%
	Sustainable City & Environment	Non notified resource consents without hearing are processed within 20 working days	✗	100%	59%	81%	98%	93%
Social and Cultural Community Wellbeing	Supportive City	Tenant satisfaction with the Council rental housing	✓	92%	94%	97%	97%	92%
	Culture and Learning	Annual visitor numbers to the Dunedin Public Art Gallery	✓	170,000	177,551	179,219	194,141	184,776
		Annual visitor numbers to the Otago Settlers Museum	✓	60,000	64,327	68,770	53,724	56,000
	Active City	Number of attendees at pools	✓	650,000	738,979	688,292	645,518	531,486
		Achieve assets management service standards for parks and reserves to a level of grade 3 (good standard) or better	✓	80%	85%	81%	81%	80%

\*N/M = not measured.

## Financial Performance

### Operating Result

This annual report provides the consolidated financial results of the Dunedin City Council and its Council Controlled Organisations (CCOs). The discussion of the performance of the CCOs is held in the annual report of Dunedin City Holdings Ltd. The results discussed in this annual report will refer to those of Dunedin City Council, excluding the CCOs.

The net surplus for the core Council was \$3.9 million, a \$10.4 million favourable variance to budget.

The main reasons for this favourable variance are:

	\$m	Note
Profit on sale of freehold land	5.9	1
Vested Assets	2.6	
Additional interests on shareholder advance to DCHL	1.5	
Other net favourable variances	1.9	
	<b>10.4</b>	

Note 1: During 2007/08 Council continued its programme of sales of some 300 freehold titles to lessees. Some of these sales gave rise to book surpluses that had not been budgeted. The proceeds are being applied to the funding of the Wall Street retail development project.

Other minor variances in revenue and expense have off-set each other.

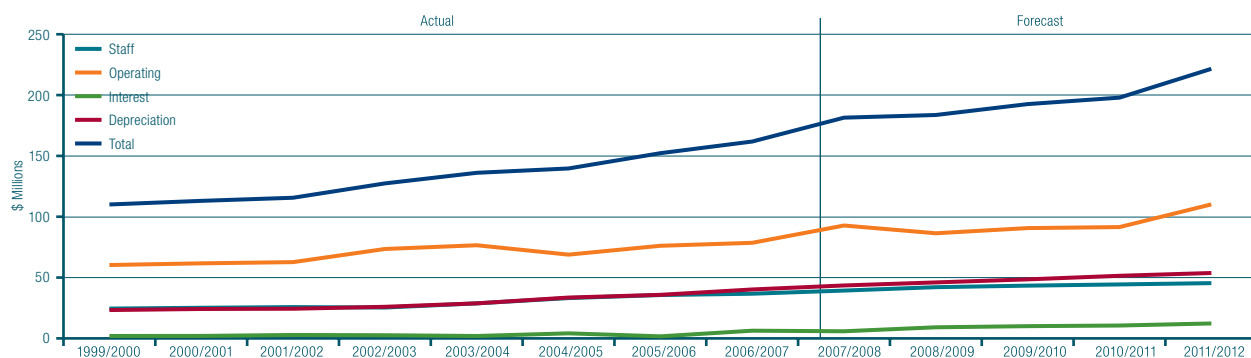
The effect overall is that, with the exception of the variance above, operating revenues and expenditures were on budget.

### Operating Outlook

The outlook for operating expenses reflects the outer years of the 2008/09 Annual Plan.

Completion of water and wastewater projects such as the new outfall and the secondary treatment plant at Tahuna will raise operating costs, depreciation and interest. The same impacts will be felt on completion of the Otago Settlers Museum development and the Dunedin Centre. If the stadium at Awatea Street goes ahead the financial impact on the Council will be cushioned by its transfer to a CCO.

### 13 Year Operating Expenditure Analysis





## Capital Expenditure

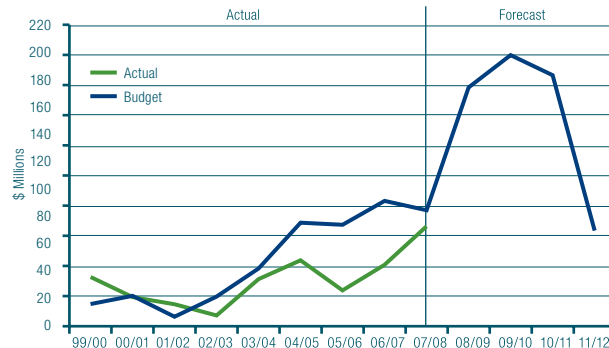
The Council's capital expenditure of \$106.3 million exceeded budget by \$38.4 million for two main reasons. First, the payment of the deposits on the land for the proposed stadium triggered the accounting obligation to book the liability (and the asset value) for the balance as well. This had the effect of adding \$34.0 million (non-cash) of unbudgeted capital expenditure. The cash obligation for the balance (\$30.0 million) occurs on 31 October 2008

Secondly, the investment property division secured an opportunity to acquire an excellent investment property in Porirua, half of which was funded by disposal of a property in Dunedin. This added \$11.0 million of unbudgeted capital expenditure. The other half was funded from cash and a small amount of debt.

Putting aside these two items, the actual and budgeted capital expenditure showed virtually no variance.

The capital expenditure programme outlined in the 2008/09 Annual Plan is heavy. While the 2009/19 Long Term Council Community Plan (LTCCP) may revise the size and timing of capital expenditures, it remains the case that the overall effect on operating costs, debt servicing expense, depreciation and the funding thereof, will be significant.

13 Year Capital Expenditure

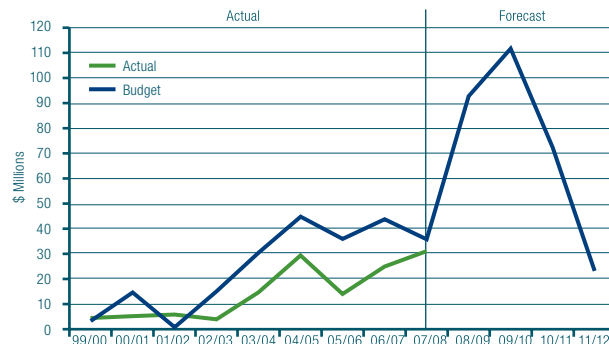


## Debt

During 2007/08, a further \$25.0 million of debt was raised, chiefly to finance the wastewater outfall at Tahuna, as well as smaller sums towards the Porirua property mentioned above, the replacement of Council's core land information system, and the purchase of the Athenaeum property in the Octagon.

Budgeted debt raising in 2008/09 is \$92.8 million mostly for the stadium construction (\$47.0 million), the West Taieri and Northern Water Schemes (\$7.4 million), Tahuna Wastewater (\$6.4 million) and the Otago Settlers Museum (\$7.7 million).

13 Year Debt Borrowed



Debt management remains a concern in the face of volatile financial markets. While interest rate protection measures that effectively manage the cost of debt remain available there is, just for the moment, some concern about the availability of the debt. For now, this is not expected to delay the progress of the Council's projects but if the sourcing of debt proves to be a persistent problem, it may.

## Conclusion

While there is room for improvement in some non-financial performance, the financial performance may be considered satisfactory. The outlook is, however, characterised by capital expenditure and loan raising of a magnitude that increases funding risks and may affect the Council's view of the affordability and/or timing of the larger projects.



## Culture and Learning

A city that celebrates and supports culture and excellence in the arts and education.

Dunedin's reputation as a cultural city has been enhanced by the completion of an authentic Chinese Garden, the first of its kind in the Southern Hemisphere.

The project in partnership with the Dunedin Chinese Gardens Trust, has been popular with residents and visitors alike since it opened in July 2008.

The Council is responsible for the day-to-day operation of the garden, which commemorates the Chinese heritage of the city and the Otago region. It is proving to be a top tourist attraction and is budgeted to earn \$364,000 a year through admission charges and venue hire.

The city's other cultural institutions continue to be in good heart. An extensive redevelopment of the Otago Settlers Museum received a significant boost with a \$6 million funding commitment from the Ministry for Culture and Heritage.

Planning is completed for the multi-million dollar project, which will upgrade the museum's exhibition and storage areas to international standard and provide a new entrance foyer.

Both the Settlers Museum and the Dunedin Public Art

Gallery continued to exceed their visitor targets. In 2007/08, 64,327 people visited the Museum, ahead of its 60,000 target. In the same period, 177,551 visitors went through the Gallery's doors, compared with a target of 170,000.

The Council continues to provide the bulk of local government funding to the Otago Museum. A \$3.2 million levy was paid in the last financial year, up \$200,000 on the previous year. The Council has four appointments on the 10-member board.

Dunedin Public Libraries staff have been busy with centennial celebrations held throughout the 2008 year. The installation of a new library cataloguing computer system was initiated in 2007/08. This system, a joint venture with other Otago and Southland local authorities, is expected to deliver a better system within existing budgets.





## Active City

A city that provides and encourages participation in a broad range of sporting, recreational and leisure activities.

By providing facilities such as playgrounds and sportfields, walking tracks and swimming pools, and by supporting programmes that promote exercise, the Council does its best to encourage all residents to be active as part of a healthy lifestyle.

Through its large network of sporting, recreation and leisure facilities, the city provides residents and tourists with plenty of ways to enjoy the outdoors, play, exercise, or take part in casual and recreation sport.

Dunedin children have benefited from two major playground upgrades in 2007/08. For the first time, the Council decided to carry out two community projects in one year from its Playground Priority Plan.

About \$100,000 was spent at both Navy Park, for the South Dunedin/Caversham area, and at the Arthur Street playground, for the inner city/University of Otago community. Some new equipment was also installed in the Riselaw Road and Market Reserve play areas.

The city's swimming pools continue to be popular, with Moana, St Clair, Mosgiel and Port Chalmers pools attracting a total of 738,979 visitors in the past financial year. This was a significant 88,979 above the attendance targets.

The aquatic services area also made more money than expected, with revenue \$174,000 higher than budgeted.

In its first full year of operation the Moana Pool Gymnasium with 1411 members on its books easily exceeded its membership target of 900.

After spending \$180,000 to provide separate player facilities within the grandstand at the University Oval, the ground hosted its first international cricket test for many years when New Zealand played Bangladesh in January.

The Council spent \$2.6 million to buy the 328ha Harbour Cone block on the Otago Peninsula. The land has important heritage, biodiversity and geographic values and a working party with community membership is looking at its future use.

Severe erosion at St Kilda and St Clair beaches forced the Council to spend an unplanned \$1.5 million placing sand to stabilise the dunes. Coastal protection work is being monitored while a long-term management plan for Ocean Beach is being prepared.

The Council aimed to achieve assets management service standards for its parks and reserves to a grade three level or higher. The 80% target was bettered by 5%.



## Safe and Healthy People

A city where residents feel safe and enjoy a healthy lifestyle.

Significant progress has been made in gathering data to help plan for the future management of the city's water-based services - water, wastewater and stormwater.

Under the Three Waters Strategy, many more rainfall and flow gauges have been installed to provide information for sophisticated computer modelling based on how much and where rain falls, and its effect on flows and pressures.

The strategy aims to meet the present and future needs of the community in a sustainable way, reducing risks presented by climate change and sea level rises.

In the wastewater area, storms and construction difficulties delayed completion of Dunedin's new coastal wastewater outlet at St Kilda Beach. The multi-million dollar outfall pipe, which stretches about 1100m out to sea, will carry treated wastewater from the nearby Tahuna Waste Water Treatment Plant. It should be operating by the end of the year, depending on weather conditions.

The Council met its targets, or performed better than expected, in relation to unplanned water supply

shutdowns, stormwater network blockages and reticulation or pump station overflows. The amount of Dunedin refuse being disposed of in landfills is reducing, with a 10% drop sought by 2010/11.

Future options for the kerbside collection of residents' rubbish and items for recycling were explored. The public has since been asked for its views.

Despite increased street cleaning in key areas, some residents are still unhappy about the cleanliness of streets after rubbish collection. The Council continues to look at ways to improve the situation.

Only 58% of building consents were processed within statutory timeframes in 2007/08, mainly due to the volume of work and the extra responsibilities associated with being an accredited building consent authority. Processing times have since improved, reaching about 95%, with staff working longer hours.

Animal Control staff continue to remind dog owners of their responsibilities as residents remain unimpressed with the level of dog fouling in the city.



## Wealthy Community

A city that encourages strong local business, employment growth and attracts increasing numbers of new businesses and tourists.

Continued support for local businesses / organisations was an important focus in 2007/08.

The Council's Economic Development Unit won world-wide recognition with an award from the International Economic Development Council for an initiative which helps researchers prepare better funding applications. The \$80,000 initiative helped secure \$18 million of funding for local researchers. Other programmes supported by the unit include the UPSTART business incubator and the Audacious student business plan competition.

A Council subcommittee considered two new future redevelopment options for the Dunedin Centre. In the past financial year, the Centre's external revenue increased by 11%, from venue hire and commissions from contractors.

Excellent progress was made on the \$34 million central city Wall Street retail complex, which is scheduled to open in March 2009. Construction started in January '08 on the new \$4.4 million East Otago Community, Sports and Cultural Centre in Waikouaiti, which should be finished about April 2009.

The Council's City Property department continued to diversify its investments, acquiring a Bunnings store in

Porirua in exchange for a Dunedin woolstore and cash. City Property's outstandingly successful programme of selling its freehold interests to the ground lessees of almost 300 Dunedin commercial and residential properties is nearing completion.

A \$3.37 million dividend from the City Property portfolio was less than in 2006/07 because of funding for the Wall Street development. This annual dividend is expected to rise in coming years.

Despite volatile financial markets, the quality of the investments in the Council's Waipori Fund ensured the planned cash return was achieved.

The Council decided in March to support the development of a new multi-purpose roofed stadium on a site in Awatea Street, subject to stringent conditions. About \$5.5 million was spent in 2007/08 investigating issues such as land purchases, design, ground conditions and funding sources. A further \$4.9 million of capital expenditure included just over \$4 million of deposits on land purchases. Major decisions about construction will be made in February 2009.





## Accessible City

A city with a transport system that supports economic development and where people move about easily and safely.

Efforts to improve the safety of city streets are paying off. Fewer people were hurt in accidents between pedestrians and vehicles in 2007/08. The number of casualties dropped by 13.5%, well above the targeted reduction of 2.5%.

The number of people injured from collisions between cyclists and vehicles also fell, by 8% compared with the 6% drop aimed for by the Council.

These results are positive given the increased level of cycling and walking in Dunedin. They reflect the good work done by the Council and its road safety partners through initiatives including engineering, education and enforcement.

Work began in January on a long-term project to widen parts of Portobello and Harington Point Roads by about 4m to allow for a new cycleway/walkway. An area at Company Bay and a stretch of Harington Point road near Portobello were completed in 2007/08.

A \$1.28 million roading upgrade of Three Mile Hill was carried out. Motorists, cyclists and pedestrians continue to benefit from ongoing spending on footpaths, mobility improvements, seal extensions and the road safety works programme.

In light of rising fuel prices and increased global warming concerns, the Government has confirmed a new emphasis for transportation. The Council has begun work on a new Walking Strategy in line with these changes.

The Council has been working with Transit NZ (now part of the New Zealand Transport Agency) to look at options for a four-lane arterial route through Caversham Valley to meet the long-term needs of the community. Progress has also been made on finalising options and obtaining Resource Management Act approvals for strategic roading corridors through the city.

The trend of fewer “rough roads” in the Dunedin area continues, although specific figures were not available in time for preparation of the Annual Report.



## Supportive Community

A city where residents feel included and connected with their wider community.

The Council provides advice, support and assistance to a wide range of community groups and social service agencies.

It also allocates money through areas such as community grants and rates relief, and administers funding provided by Government agencies such as Creative New Zealand. In 2007/08, this financial assistance totalled just over \$1.5 million.

Tenant satisfaction with Council rental housing remains high, with a 94% satisfaction rate, just above a 92% target. City Property owns about 990 units, used mainly by the elderly. The portfolio is managed on a break-even basis, with no cost to ratepayers.

In 2007/08, the Council obtained resource consent to build two new units on the corner of Prince Albert Road and Scott Street, and five units in Macandrew Road. It is hoped these will be finished by mid 2009. As with other recently built units, these will be energy efficient homes equipped with solar water heating panels and double glazed windows.

As part of ongoing upgrades, bathroom heaters have been installed in all units. A 10-year programme to fit

fans to reduce bathroom condensation is expected to begin early 2009.

The past financial year saw the implementation of the Youth Strategy and establishment of the Youth Action Committee. The committee gives a voice to young people and has organised a number of youth-focused events in the city. It has also been involved with the new youth space at the Dunedin Public Library.

A key aim of the Disability Strategy has been fulfilled, with the formation of the Disabilities Issues Advisory Group. Members will have an investigative, fact-finding and advisory role and will provide feedback to their respective communities.



## Sustainable City and Environment

A city that makes the most of its natural and built environment.

Energy efficiency has become an important part of planning for a sustainable future.

Whether it be assessing new developments, or improving existing buildings and services, the Council has been doing its part to make energy savings. In 2007/08, these included introducing hybrid vehicles and bicycles into its vehicle fleet and increasing use of solar technology. A heat recovery upgrade at Moana Pool has resulted in savings of more than \$250,000 a year.

Progress was made on a vision to rejuvenate Dunedin's harbourside, with formal planning processes started. A decision on a proposed change to the District Plan to create a new zone with a range of land uses is due by the end of this year.

Delays occurred in the processing of some resource consent applications. Only 59% of non-notified resource consents not requiring a hearing were processed within 20 working days, which did not meet the 100% target.

This drop in standards occurred for a number of reasons. More resource consent applications than for any previous calendar year were received in 2007.

The record number of applications, coupled with a relatively high staff turnover and implementation of new computer systems meant the target was not met. However, performance improved dramatically throughout 2008, with processing times reaching a high of 92% in September.

The redevelopment of the St Clair Esplanade was further enhanced by the upgrade of the adjacent St Clair playground, at a cost of \$235,000. The main features included new play equipment, shade sails, picnic tables, lighting and seating.

The play equipment was selected after consultation with the wider community. The redeveloped area complements the earlier renewal of the sea walls and the general upgrade of the esplanade area.

A detailed review of the city's public toilets was carried out in 2007/08. The establishment of some new toilets, the replacement of old Exelooos and improvements to existing facilities and signage were signalled in a draft report released for public feedback.



## Update On Maori Participation Working Party

A draft Memorandum of Understanding between the City Council, Kati Huirapa Runaka ki Puketeraki and Te Runanga o Otakou was signed on 11 December 2006. The Memorandum provides the framework within which the Dunedin City Council and Manawhenua propose to give effect to the legislative requirements to consult with iwi and provide opportunities for Maori to contribute to local government decision-making processes.

The focus is now on implementation of the agreement. Following the hui convened at Araiteuru marae in September 2007 to consider economic issues facing Maori in Dunedin, a database of Maori land within Dunedin City was compiled. This was a joint initiative between the City Council, the runaka, the Maori Land Court, Ngai Tahu Maori Law Centre, and Te Puni Kokiri. The Maori Participation Working Party also supported an initiative being promoted by KUMA (the Maori Business network), namely development of a Maori Tourism initiative.

A second hui to consider social and cultural issues was held in October 2008 to discuss developing a shared social and cultural agenda. Proposals to develop Matariki as an indigenous celebration unique to Dunedin were presented. They sought recognition of Matariki as a key opportunity for community development, rather than an annual event.

## Consultation

The Council's Consultation Policy adopted in 2000 was updated in November 2005 to ensure that the Council consults with the community in an appropriate and consistent manner, and that consultation processes comply with the requirements of the Local Government Act 2002 (LGA) and any other relevant legislation.

As a result of the Council's Consultation Policy adopted in 2000 and updated in November 2005, the Council believes it has complied with the consultation requirements identified in the Local Government Act

2002, Resource Management Act 1991, Reserves Act 1977, Land Transport Management Act 2003, and Ngai Tahu Claims Settlement Act 1998.

Significant consultation exercises undertaken in 2007 / 08 include: the Annual Plan (which included the Awatea Street stadium); Heritage Strategy and Bio-diversity Strategy; and Harbourside and Stadium Plan Changes.

## Statement of Compliance and Responsibility

### Compliance

The Council and Management of the Dunedin City Council confirm that all statutory requirements of schedule 10 Part 3 of the Local Government Act 2002 regarding financial management and borrowing have been complied with.

### Responsibility

The Council and Management of the Dunedin City Council accept responsibility for the preparation of the annual Financial Statements and the judgement used in them.

The Council and Management of the Dunedin City Council accept responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and Management of the Dunedin City Council, the annual Financial Statements for the year ended 30 June 2008 fairly reflect the financial position and operations of the Dunedin City Council.



Peter Chin, MAYOR



Jim Harland, CHIEF EXECUTIVE

## Audit Report—

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

### To The Readers Of Dunedin City Council and Group's Financial Statements And Performance Information For The Year Ended 30 June 2008

The Auditor-General is the auditor of Dunedin City Council (the City Council) and group. The Auditor-General has appointed me, K J Boddy, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the City Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the City Council and group for the year ended 30 June 2008, including the financial statements.

#### Unqualified Opinion

In our opinion:

- The financial statements of the City Council and group on pages 100 to 175:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect :
    - the City Council and group's financial position as at 30 June 2008; and
    - the results of operations and cash flows for the year ended on that date.
- The service provision information of the City Council and group on pages 30 to 96 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 20 October 2008, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

#### Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements, performance information and the other requirements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, performance information and the other requirements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements, performance information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;

- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, performance information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, performance information and the other requirements. We obtained all the information and explanations we required to support our opinion above.

#### **Responsibilities of the Council and the Auditor**

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the City Council and group as at 30 June 2008. They must also fairly reflect the results of operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.


We are responsible for expressing an independent opinion on the financial statements, performance information and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

#### **Independence**

When carrying out the audit we followed the independence requirements of the Auditor-General,

which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit and in conducting the audit of the Long Term Council Community Plan and amendments to the Long Term Council Community Plan, we have no relationship with or interests in the City Council or any of its subsidiaries.



K J Boddy  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand



## **Matters Relating to the Electronic Presentation of the Audited Financial Statements, Performance Information and the Other Requirements**

This audit report relates to the financial statements, performance information and the other requirements of Dunedin City Council and group for the year ended 30 June 2008 included on Dunedin City Council's website. The Dunedin City Council's is responsible for the maintenance and integrity of Dunedin City Council's website. We have not been engaged to report on the integrity of Dunedin City Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, performance information and the other requirements as well as the related audit report dated 20 October 2008 to confirm the information included in the audited summary annual presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.