CentrePort Wellington

Nau mai haere mai

Annual Report 2023

At the heart of connecting New Zealand's supply chain and transport system

Our purpose

We represent resilient, low emission and efficient capacity in the New Zealand supply chain. Our people have the attitude, expertise and ability to adapt and grow our business.

We are:

Proud to demonstrate a culture of leadership, including safety, lowering emissions and driving supply chain resilience.

New Zealand's busiest port by ship movements

We provide an intergenerational and resilient supply chain connection within Aotearoa New Zealand, and beyond to the world.

An essential and sustainable lifeline

We identify the needs of our people, our environments, our communities, and our customers to make investments that ensure we achieve long-term sustainability.

Enabling the prosperity of our regions

We facilitate economic growth and trade throughout New Zealand. Our infrastructure connects the North Island to the South.

Developing strategic partnerships

Great partnerships are integral to our success. We're working with organisations around New Zealand to help us reach our full potential as a critical and resilient part of New Zealand's supply chain.

Our core values that drive us

Be Safe

We always take personal responsibility.

We live safety 24/7 looking after ourselves, our mates, port users, and whānau and family.

One team

We work together to achieve our shared goals.

We celebrate success, have fun and play our part to create a great place to work.

We're always straight up; operating with trust, integrity and respect.

Aim higher

We're bold, ambitious and extremely competitive.

We think ahead and always look for ways to get better at everything we do.

We pride ourselves on continually creating more value for customers, shareholders and community.

Make it happen

We always deliver on our promises.

We have a 'can do' attitude and always find ways to overcome challenges and get things done.

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Chair and Chief Executive report

In the year to 30 June 2023, we delivered on our purpose to be at the heart of connecting New Zealand's supply chain and transport system. This is demonstrated by our long-term investments in resilience and strategic partnerships, with the goal of supporting our customers, strengthening New Zealand's supply chain, increasing biodiversity, and lowering emissions.

"As a Wellington Lifelines organisation, CentrePort must be able to respond quickly in any crisis and be there for our customers and community when they need us."

For the second consecutive year, CentrePort was ranked the most efficient port in Australia and New Zealand, according to the World Bank Container Port Performance index. We were also the busiest port in New Zealand by ship movements.

Showing leadership in the port industry, means getting on with the things that matter rather than just talking about it. This year we have maintained a clear focus on our key priorities of our People, Customers, Community and Environment.

Our team of more than 200 have demonstrated total commitment to health and safety and a "can do" attitude to solving problems. This mindset has enabled us to continue growing the business during challenging conditions.

Our constant message to our people is that they are all leaders in safety, who have the power to stop work, say "no" and reassess the situation.

We've also worked hard to maintain positive relationships with customers and suppliers, which is recognised in regular feedback.

Our investments in the resilience of our people and assets proved their worth with the significant climate-related events earlier this year, and a small earthquake in February.

- We are actively lowering the emissions in our supply chain through CentreConnect.
- The land we manage continues to get stronger through the Haukaha Te Whenua Resilience project.
- Our focus on energy resilience continues through our significant investment into Seaview Wharf.

As a Wellington Lifelines organisation, CentrePort must be able to respond quickly in any crisis and be there for our customers and community when they need us. We are proud of the efforts we are making to realise the criticality of our assets, as identified in the 2019 Lifelines Programme Business Case. We are also focused to lead our Energy Journey and create the benefits that our supply chain and customers will reap with lower emissions.

Our relationship with Zealandia continues to expand. The partnership matches our desire to increase biodiversity through the Sanctuary to Sea project and to restore the Kaiwharawhara stream. The harbour is our home, and its health is critical to our existence, as are the relationships we hold with our partners, customers and the community. We look forward to creating further partnerships and enhancing the biodiversity of the harbour we share.

We have a stable and capable team, and a strong business that is growing in a competitive and dynamic market. We know that our low staff turnover rate, combined with long-term agreements with multiple unions, means CentrePort has a secure industrial relationship and a workforce dedicated to meeting the needs of our customers.

In terms of financial performance, the business delivered an Underlying Net Profit after Tax of $11,934,602 – a 48% increase on last year and a testament to the work that's been done to improve our efficiency and capacity.

It's also an indication of the strength of our partnerships and relationships with stakeholders and customers. In October last year, the cruise industry returned to Wellington, we've had two new services calling in, and our TEU (twenty-foot equivalent units) is up 6.5% compared to the last financial year. Alongside this, a steady trade in logs, fuel and bulk commodities has contributed to our success.

"We know that our low staff turnover rate, combined with long-term agreements with multiple unions, means CentrePort has a secure industrial relationship and a workforce dedicated to meeting the needs of our customers."

While there is much to celebrate as we look back, we can still see external challenges ahead, including a challenging economic outlook and continued market disruption.

Despite this, we are ready to adapt to a changing world and seize on the opportunities ahead of us, to continue to grow, and to provide solutions to our current and future customers.

Finally, it's important we acknowledge Chris Day and Nicki Crauford for their contributions to our Board in the last 12 months, as we welcome Jackie Lloyd and Jason McDonald as new Directors.

Whether you are a staff member, customer, supplier or strategic partner, we thank you for your important contribution to CentrePort's ongoing success.

Anthony Delaney
Chief Executive Officer

Lachie Johnstone
Board Chair

Our year at a glance

Our future is bright and our success comes down to the contributions of our people, partners, customers and shareholders.

Lost Time Injury Frequency Rate
1.7
per 200,000 hours worked
43%
since June 2022

228
Staff (at June 2023)
17.1%
Female
0.5%

$156,863 in
Sponsorships or donations
To staff and community organisations
253%

37%
Reduction
in Scope 1 and 2 emissions compared to our 2019 baseline

3,472
Harbour moves
10.9%
most in New Zealand

137,136
Cruise Passengers

$11.9M
Underlying Net Profit After Tax
48.34%

Shareholder dividend of $6M
Equal to 2022 result

95,753
TEU 5,861
TEU means 'Twenty-Foot Equivalent Unit'

1,741,699
JAS
0.24%
'JAS' stands for Japanese Agricultural Standard which is a measure of log volumes.

23,124
Vehicles
20.5%

961,088
Tonnes of Bulk Fuel
8.6%

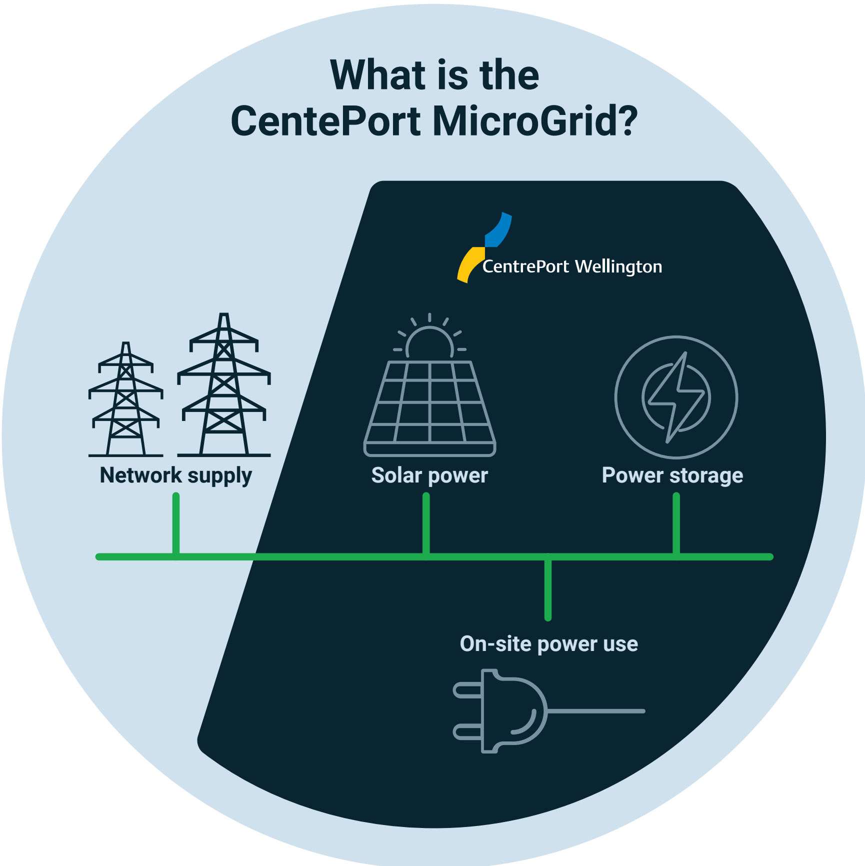
28.61
Gross Crane Rate*
4.79%

* Weighted average of quarterly crane rates. The crane rate is the number of containers a crane lifts on and off a container ship per hour.
All figures are for 1 July 2022 to 30 June 2023 and are compared to figures from the 2021/22 Financial Year, with the exception of cruise passengers where there is no data for that period.

We're focused on lowering emissions for our region and within the New Zealand supply chain

We're making great strides to lower emissions and build energy resilience for customers and the community.

This is a critical component of our aim to reach Net-Zero greenhouse gas emissions by 2040. To date, we have achieved a 37% reduction in Scope 1 and Scope 2 greenhouse gas emissions from our 2019 baseline. bp announced a new bunker barge which arrived into Wellington Harbour on 2 September 2023, which will in time enable the supply of alternative fuels to Cook Strait ferries, shipping lines and cruise vessels. We've also been granted $500,000 by the EECA to invest in our MicroGrid and Shore Power, initially for ferries at Kings Wharf in partnership with StraitNZ. We're expecting solar panels to arrive by mid-2024 to make this happen.



Our MicroGrid will combine electricity generation and storage with a planned connection to Wellington's electricity network. This has the potential to increase Wellington's energy resilience, as power could flow in either direction.

TOITŪ
ENVIRO MARK GOLD

At CentrePort we take our environmental responsibilities seriously. Our approach to environmental protection is based on international standards and our environmental management system is Toitū enviromark certified.

CentreConnect – creating capacity and resilience while lowering emissions

Our multi-modal transport network is creating a more resilient and sustainable supply chain for Aotearoa, connecting cargo owners to CentrePort via freight hubs.

CentreConnect enables CentrePort to lower emissions and create capacity. It provides flexibility to transition to alternative fuels and technology, with an efficient mix of alternative and renewable powered vessels, rail and lower emissions trucks. CentreConnect goes hand in hand with the investments we are making into infrastructure and energy, and together, these create a holistic approach to supply chain resilience and our path to net-zero scope 1 and 2 emissions.

CentreConnect uses rail, road and sea to move customers cargo to and from the port. This multi modal approach gives CentrePort the flexibility and resilience to adapt to changes in demand and disruptions that can affect supply chains.

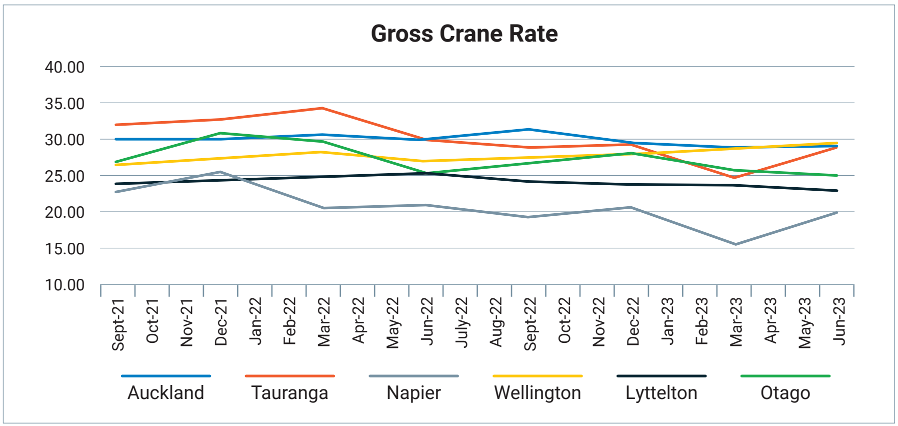
We're committed to supporting our customers and our Joint Venture partners to grow the economy and reduce emissions, from New Plymouth to Marlborough, and everywhere in between.

Our network

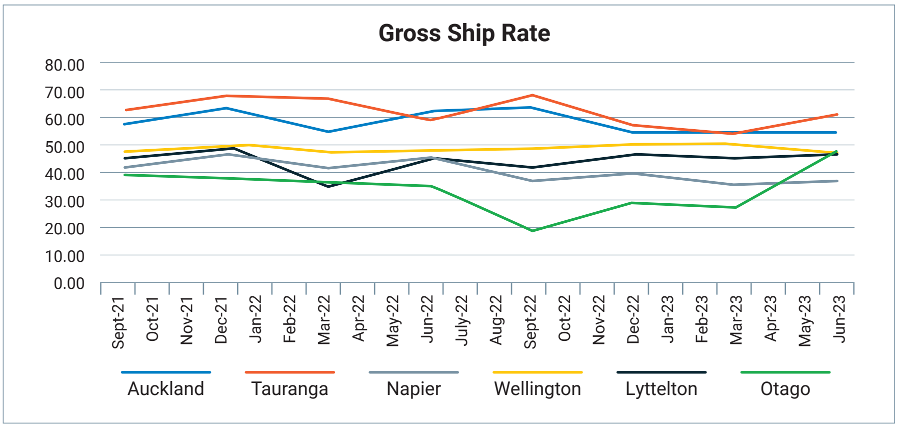
Consistency in efficiency

CentrePort is consistently efficient and this is evidenced by our crane and ship rate over the last two years. Our ranking by the World Bank as the most efficient port in Australia and New Zealand for two years running, also demonstrates our reliability to get the job done. We're always looking for ways to improve our efficiency.

Crane Rate and Ship Rate – New Zealand Ports



Crane Rate is the number of containers a crane lifts on and off a container ship per hour. It measures the average productivity of container cranes at a port after allowing for operational and non-operational delays in using cranes. However, the indicator does not reflect the productivity of a port's container terminal operation which may use multiple cranes to load and unload containers from a ship.



Ship rate is the number of containers moved on and off a container ship per hour. It measures the hourly productivity across all cranes.

Source; Ministry of Transport Freight Information Gathering System (FIGS)

World Bank Container Port Performance Index (CPPI) 2022

CentrePort has been ranked as the most efficient container port in New Zealand and Australia for the second year running, and 153rd in the world overall in 2022.

The CPPI is a comparable assessment of performance based on vessel time in port. It is intended to serve as a benchmark for important stakeholders in the global economy, including national governments, port authorities and operators, development agencies, supranational organizations, various maritime interests, and other public and private stakeholders engaged in trade, logistics, and supply chain services.

As the heart of New Zealand's freight and transport system, we'll continue to:

Prioritise the safety of everyone who works at or visits CentrePort

Aim higher, leading the way with our energy transition and making things happen

Lower emissions for the supply chain and our customers

Increase harbour biodiversity through our partnerships

Drive resilience in our supply chains and strengthen our assets to weather tough times

Make the most of our capacity to benefit our customers and our shareholders

Have a long-term mindset where we find solutions for our customers

Focus on efficiency and productivity

OUR PEOPLE

Our People are central to our success and our future. We focus on the health, safety, and wellbeing of our team, building diversity, capability, and providing our people with rewarding careers.

“Wellbeing has been a big theme this year as we’ve headed off the challenges brought by Covid-19.

Our employees have benefited from the introduction of Te Whare Tapa Whā as a wellbeing framework. We have also hosted events on port to educate staff or help them unwind inside and outside of work, including an evening with psychologist Nigel Latta, mirimiri massage sessions, free Tokomanawa Queens tickets, providing ping-pong tables in the common areas, and by funding staff participation in evening sports.

The kids’ Christmas Party we hosted in December was a huge highlight with the extended CentrePort whānau."

Stefan Reynolds,
General Manager Port Operations

Julie Chan – Project Accountant

"After operating through earthquake damage and Covid-19 restrictions, it's been such a relief that the world has returned to a new normal. I feel quite proud that as a company, we do indeed live our values and that exciting projects are on the horizon."

Steven Griffin – Fitter

"I'm really proud of how the team always works together to get things done – teamwork is a big thing here at CentrePort."

Phill Gillies – Cargo Handler

"It's been a tough year for us with some of our team suffering from serious long-term-health issues, but we've pulled through, and I'm really proud of the team for coming together to look after those people and each other. Management at CentrePort have been really supportive of us all of the way."

Hayley O'Callaghan – Marine Services Co-ordinator

"Kia ora tōku whanau, Ko Haylee tōku ingoa, Ko Ngāpuhi te iwi, Nō Porotī ahau.

I enjoy the diversity that we have here – It really shows how much CentrePort cares about creating a different, encouraging and welcoming environment for all. This is the first place I have had the pleasure of working at that does so much for its people, and makes sure we are all operating safely to the best of our ability."

Lucia Avila – Junior Health and Safety Advisor

"Moving from a healthcare assistant role to CentrePort was done with some apprehension, especially due to language barriers and varying accents, that made things challenging while learning a new profession. But it is a challenge I am embracing with the support of my fantastic team, and a few deep breaths!"

Thomas Marchant – Environmental Manager

"We have always been proud of our environmental performance here at CentrePort, where we oversee a complex operation on and above the harbour, and literally right in the centre of the capital city. We take our responsibility as a guardian of the harbour seriously, and I am proud to lead what is a team effort in improving our environmental management and the biodiversity of the region."

Blair Adams – Head of Logistics Development and Commercial

"I'm constantly amazed how CentrePort encourages us to break through barriers – it's a place that walks the talk to gets things done. It's been a breath of fresh air to work for a company that has the foresight to look beyond the 'now', to what works best for our teams, customers and the environment."

Jeff Silverwood – Asset Manager, Infrastructure

"I'm proud of the leap Infrastructure has taken on our digital journey. Commissioning the port's Geographic Information System (GIS) and importing 3D wharf models into the tool has been a real highlight."

Everyone at CentrePort is empowered to be a safety leader, with the power to say 'no', stop work, and reassess.

Examining critical risks, seeking out independent assessments and embracing the SafePlus methodology is part of how we build best practice at CentrePort. Our Executive Leadership Team and Board get out on port regularly to view operations first hand, and we welcome regulators and industry experts to oversee our operations, so we know what we need to do to continuously improve.

We know that supporting the wellbeing of our people is the best way to keep them safe and healthy, and this year we completed 45 individual staff health monitoring assessments, conducted our first annual workplace noise monitoring assessment, and offered free molemaps and vaccinations. Our approach to health and safety has resulted in the following as at June 2023:

Lost Time Injury Frequency Rate (LTIFR) – 1.7 per 200,000 hours worked

- 2023 Target was less than 5.16
- 1.7 is down 43% since the 2022 Financial Year (from 3.00)
- LTIFR measures where a person is unable to attend their next rostered shift due to a work related injury.

Lost Time Injury Severity Rate (LTISR) – 5.16 per 200,000 hours worked

- 2023 Target was less than 12.0
- 5.16 is down 20% from the 2022 Financial Year (from 8.2)
- LTISR measures the number of days a worker is unable to work as a result of a work-related lost time injury.

Near Miss Incident Frequency Rate (NMIFR)

- 261 reports per 200,000 hours, up from 192 in 2021/22 in the 2022 Financial Year
- The NMIFR is an early reporting indicator before injury or harm occurs.

Target – less than 5% of bSafe reports are injury related

- June 2022 4.8%
- June 2023 3.9%

Notifiable injuries

- Between 1 July 2022 and 30 June 2023 there was one notifiable injury for a CentrePort employee. The employee was able to return to full duties following the event with the support of CentrePort workplace rehabilitation.

We use International Labour Organisation (ILO) metrics to monitor our safety performance.

OUR CUSTOMERS

We value our customers by being agile and responsive to their needs, and by continuously looking for opportunities to enhance our capabilities and services.

"This year, we've focused on finding long-term solutions for our customers through difficult supply chain and market disruption. We continue to receive great feedback that we are easy to work with and that we constantly prove our commitment to 'make it happen'.

We know that our low staff turnover rate, combined with long term agreements with multiple unions, means that CentrePort has strong industrial stability and a workforce dedicated to meeting the needs of our customers."

Andrew Locke, General Manager Commercial and CentreConnect

Cruise returns to CentrePort

Cruise visitors contribute over $50 million to Wellington's regional economy each season, and the Ovation of the Seas was the first Cruise vessel to return to CentrePort after Covid-19 halted tourism to Aotearoa. On 25 October 2022, Ovation of the Seas was welcomed by our mana whenua partner Taranaki Whānui with a haka, pōwhiri and karakia. CentrePort leaders and staff, representatives from Ngāti Toa, Wellington City Council, WellingtonNZ, and Zealandia joined Taranaki Whānui in welcoming Cruise back to Wellington.

CentrePort's Break Bulk Team were well prepared to connect the 3000 passengers on this first visiting ship with day-trip excursions.

Cruise is a business that requires considerable coordination between many external parties, including Ship Agents, Police, Ministry for Primary Industries, Customs, Allied and AWF Security, Transit, Titan Cranes and cruise ground handlers Akorn, ID tours and PGG events, as well as the multitude of local tour companies that work tirelessly to show off the best Wellington has to offer.

"We want visitors to have a good experience and get the information they need, so we had city ambassadors on hand to make sure that happened. It is a busy time when ships are in, so fatigue management of our people and external providers is also a consideration." – Kylie Boyd, Break Bulk Service Delivery Manager.

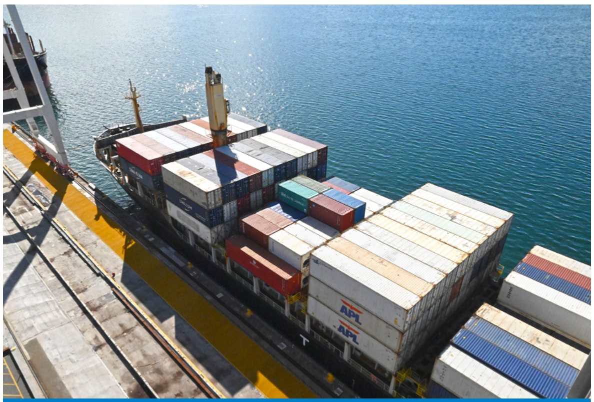
This season CentrePort facilitated the safe berth and passage of over 137,000 passengers and 89 ships into Wellington.

Coastal shipping provides options for CentrePort's customers

In April this year, the Takutai Chief began calling in at CentrePort as part of the Pacifica NZ coastal shipping network, which calls at Port of Tauranga, CentrePort and Port Nelson. Pacifica's second vessel, the Moana Chief, sails between Port of Auckland, Lyttleton and Timaru.

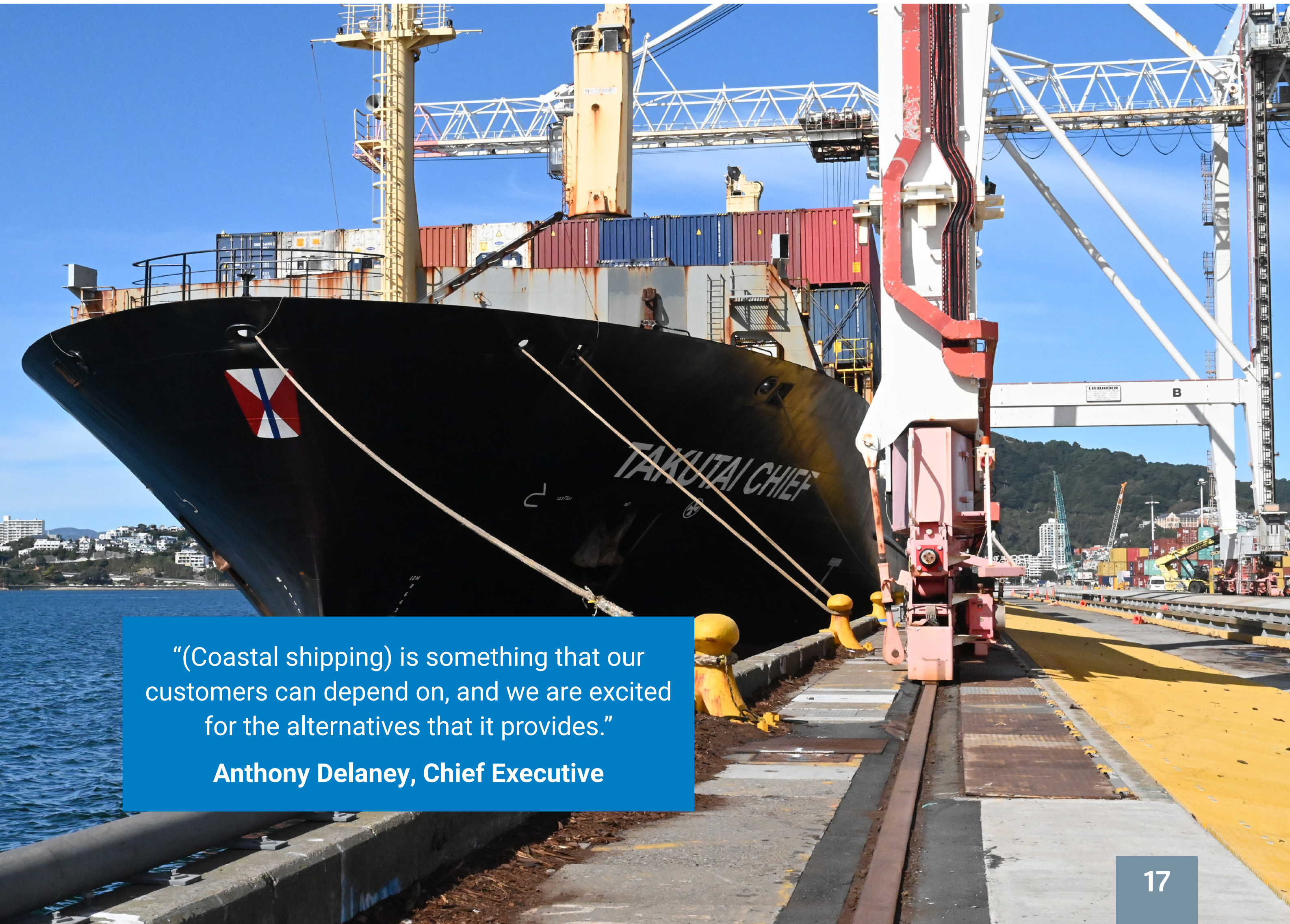
The following month, Hon. Minister Michael Wood visited CentrePort and boarded the Takutai Chief to show support for Coastal Shipping. This marked 12 months since the Government announced a $30m investment in four coastal shipping suppliers, who each bring at least one additional service into play. The funding was aimed at improving the resilience of coastal shipping and to add diversity into the New Zealand supply chain, which in turn, will help reduce overall carbon emissions.

CentrePort's General Manager Port Operations, Stefan Reynolds, said it was great to have the Minister on port with representatives from Swire Shipping, accompanied by the owners of the Takutai Chief.



"CentrePort understands how important the growth of coastal shipping is in making the supply chain more cost effective, efficient and resilient, while helping reduce New Zealand's freight carbon footprint."

Stefan Reynolds, General Manager Port Operations



"(Coastal shipping) is something that our customers can depend on, and we are excited for the alternatives that it provides."

Anthony Delaney, Chief Executive

OUR ENVIRONMENT

We are an environmental leader in the port sector. We're lowering emissions, becoming more sustainable, and we are sharing knowledge with partner organisations. We are committed to providing annual verified emissions data to our customers and shareholders.

"We've made great strides towards our goal of Net-Zero emissions by 2040. We're ready to progress with our plan to generate and store electricity on the port, which will be used to supply both vessels and our operations through shore power. We've focussed on sustainability through multiple initiatives, including minimising waste and saving materials that can be reused."

William Woods, Strategic Planning Manager, Regeneration and Environment

Sustainability in focus

This year, we have made fantastic gains in becoming a more sustainable port, by recycling and passing on materials that would have otherwise gone to waste.

We've donated used mooring ropes to enrich the Kea enclosure at Ngā Manu nature reserve, and expired muesli bars from our grab-bags to feed the animals at Staglands.

At our inland hub development in Marlborough, 3,700 fence posts were recycled and supplied to sustainable initiative 'Repost' where they will be reused.

Resene have been collecting and recycling unused chemical products and used paint from our Container Depot through their local Paintwise scheme.

The scheme aims to responsibly dispose of old paint, recycle tins and gift usable quality paint to community groups.

All of these initiatives have reduced waste or benefitted local communities in some way.

Doing our bit to restore the Kaiwharawhara stream

This year, members of our CentrePort team mucked in at Trelissick Park to support the park's local community group. The team has worked to improve the area by clearing weeds, removing invasive plants, and planting new trees in the area alongside the lower part of the Kaiwharawhara stream.

We are a strategic partner with Zealandia Te Māra a Tāne to restore the Kaiwharawhara stream and these volunteer days are a great opportunity for us to help out in a practical way.

Zealandia and CentrePort celebrated their third year of partnership this year. Our partnership continues to grow and strengthen and is one based on connections. The Kaiwharawhara Stream geographically connects Zealandia at the headwaters of this important awa and CentrePort located at the estuary mouth – our partnership is literally Sanctuary to Sea. Our shared values shine through in this partnership with staff welfare and safety, relationships with mana whenua, leadership and innovation all being important to us. Locally our partnership is about working together to create a better Wellington and this has been achieved over the last year with CentrePort being an integral member of our Sanctuary to Sea Kia Mouriora te Kaiwharawhara strategy group and a member of the Every Business Restoring Nature working group.

Jo Ledington, General Manager
Conservation and Restoration, Zealandia

ZEALANDIA

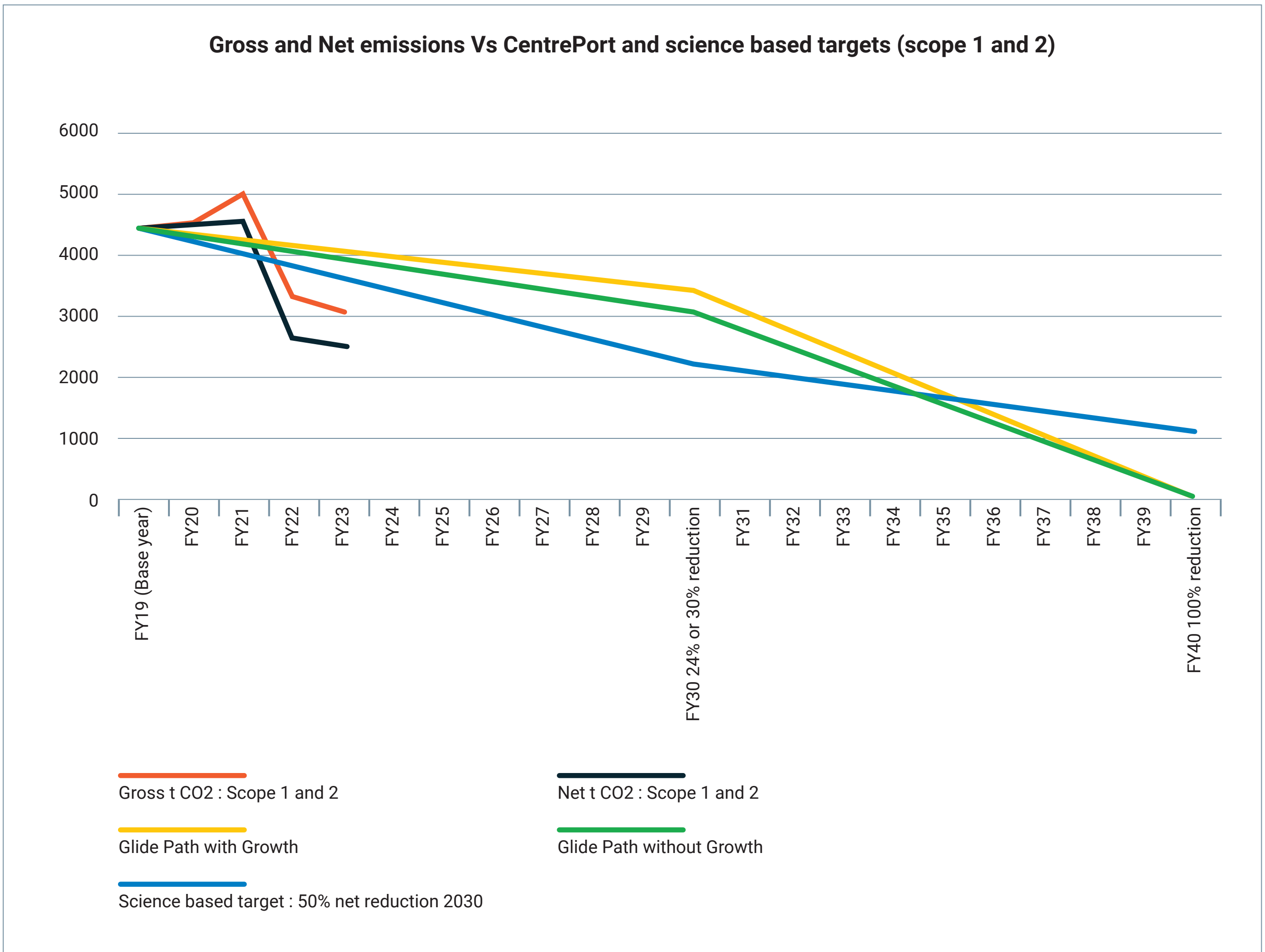
CentrePort staff at a Trelissick Park volunteer day

Our emissions data

For 2023, our total scope 1 and scope 2 emissions were 2,793t, which to date represents a 37% reduction from our 2019 baseline. This puts us ahead of our projected targets and well on the way towards Net-Zero 2040.

Greenhouse gas emissions – summary and tracking against targets

		2019 Unassured	2020 Unassured	2021 Assured	2022 Assured	2023 Assured
Gross Scope 1 & 2	Tonnes CO2e	4,427	4,522	4,888	3,497	3,189
Carbon Offsets	Tonnes CO2e	-	-	(444)	(551)	(396)
Net Scope 1 & 2	**Tonnes CO2e**	**4,427**	**4,522**	**4,444**	**2,946**	**2,793**



Total Greenhouse Gas Emissions GGP Category

Greenhouse Gas Protocol (GGP) Categories	2019 (Base Year) TCO2-e - Unassured	2021 TCO2-e - Assured	2022 TCO2-e - Assured	2023 TCO2-e - Assured
Scope 1				
Regular petrol (Fuel Card)	22.19	11.28	10.58	10.88
Diesel (Stationary and mobile not split in 2019)	2,225.39	-	-	-
Diesel (Fuel Card)	-	5.64	3.25	1.30
Diesel - Stationary	-	1,450.15	313.47	82.37
Diesel - Mobile	-	1,497.69	1,123.24	1,120.87
Diesel (AGO marine supply)	1,647.32	1,291.81	1,425.41	1,504.92
Natural Gas	-	30.56	65.73	63.21
Refrigerants	-	91.85	-	-
Scope 1 Total	**3,894.90**	**4,378.98**	**2,941.67**	**2,783.55**
Scope 2				
*Purchased Electricity (location based)**	370.21	508.77	555.53	405.89
Purchased Electricity (market based)* - above less REC's	-	65.14	4.73	9.54
Scope 2 Total	**370.21**	**65.14**	**4.73**	**9.54**
Scope 3				
Transmission and Distribution Losses for Purchased Electricity	28.04	43.62	60.40	47.07
Transmission and Distribution Losses for Natural Gas	-	1.89	3.90	2.33
Domestic Air Travel	47.00	18.43	26.15	42.41
International Air Travel (Short)	7.00	-	3.58	16.02
International Air Travel (Long)	29.00	-	-	25.56
Taxi Travel	1.46	-	0.45	0.91
Rental Car	2.81	-	-	-
Scope 3 Total	**115.31**	**63.94**	**94.48**	**134.31**
Total	**4,380.42**	**4,508.06**	**3,040.88**	**2,927.41**

* Carbon emissions from purchased electricity is offset through Meridian Energy's carbon offsetting program via the purchase of renewable energy certificates (RECs). Location based refers to carbon emissions produced without the inclusion of the RECs whereas market based includes these.

** Additional Scope 3 emissions will be integrated into CentrePort's annual measurement and reporting as we identify these emission sources and obtain accurate information.

Total Greenhouse Gas Emissions ISO Category

Greenhouse Gas Protocol (ISO) Categories	2019 (Base Year) TCO2-e - Unassured	2021 TCO2-e - Assured	2022 TCO2-e - Assured	2023 TCO2-e - Assured
Direct Emissions				
Regular petrol (Fuel Card)	22.19	11.28	10.58	10.88
Diesel (Stationary and mobile not split in 2019)	2,225.39	-	-	-
Diesel (Fuel Card)	-	5.64	3.25	1.30
Diesel - Stationary	-	1,450.15	313.47	82.37
Diesel - Mobile	-	1,497.69	1,123.24	1,120.87
Diesel (AGO marine supply)	1,647.32	1,291.81	1,425.41	1,504.92
Natural Gas	-	30.56	65.73	63.21
Refrigerants	-	91.85	-	-
Total Direct Emissions	**3,894.90**	**4,378.98**	**2,941.67**	**2,783.55**
Indirect Emissions from Energy				
*Purchased Electricity (location based)**	370.21	508.77	555.53	405.89
Purchased Electricity (market based)* - above less REC's	-	65.14	4.73	9.54
Subtotal from Energy	**370.21**	**65.14**	**4.73**	**9.54**
Indirect Emissions from Products and Services Purchased				
Transmission and Distribution Losses for Purchased Electricity	28.04	43.62	60.40	47.07
Transmission and Distribution Losses for Natural Gas	-	1.89	3.90	2.33
Subtotal from Products and Services	**28.04**	**45.51**	**64.30**	**49.40**
Indirect Emissions from Transportation				
Domestic Air Travel	47.00	18.43	26.15	42.41
International Air Travel (Short)	7.00	-	3.58	16.02
International Air Travel (Long)	29.00	-	-	25.56
Taxi Travel	1.46	-	0.45	0.91
Rental Car	2.81	-	-	-
Subtotal from Transportation	**87.27**	**18.43**	**30.18**	**84.91**
Total	**4,380.42**	**4,508.06**	**3,040.88**	**2,927.41**

Total greenhouse gas emissions by gas type

Greenhouse gas	Tonnes CO2-e	CO2 (t CO2-e)	CH4 (t CO2-e)	N2O (t CO2-e)	HFC's
Scope 1	2,783.55	2,742.34	4.13	37.09	-
Scope 2	405.89	394.41	10.61	0.87	-
Scope 3	133.39	128.76	3.71	0.13	-
Total	**3,322.84**	**3,265.51**	**18.44**	**38.09**	**0.00**

Note: The above table shows gross emissions based on gas type, therefore electricity consumption (market based) has not been applied.

Other Emissions – PFCs, NF3 and SF6

No operations within CentrePort's operational boundary used Perfluorocarbon (PFCs), Nitrogen trifluoride (NF3) or Sulphur hexafluoride (SF6) during the reporting period ending 30 June 2023. Therefore, no holdings are reported and no emissions from these sources are included in the inventory.

Other Emissions – CO2 emissions from the combustion of biomass

There was no combustion of biomass within CentrePort's operational boundary during the reporting period ending 30 June 2023.

TOITŪ ENVIRO MARK GOLD

Our FY23 Emissions Inventory has been verified by Toitū in accordance with international standards for greenhouse gas emissions measurement and reporting.

Our 2021 inventory was certified by Deloitte Limited and our 2022 inventory was certified by Toitū.

OUR COMMUNITY

We recognise our contribution as a leader in the region, and that we have a responsibility to work proactively with stakeholders and the community.

“A 253% increase in sponsorship on last year shows our intention to increase our contribution towards local organisations, as well as CentrePort staff and their whānau in the community.

Whether it’s Dragon Boating, Waka Ama, Aims Games, sports tournaments or overseas missions, we’re keen to support our staff with their passions outside of work, as well as supporting organisations like Zealandia and the Tokomanawa Queens.”

Megan Elmiger, General Manager People, Safety and Marine

Engaging with the community

Connecting with our communities is an essential part of what we do at CentrePort, and our Energy Resilience project at Seaview is a good example where we need to engage closely with nearby residents.

In October, project partners CentrePort, Z Energy and Brian Perry Civil hosted around 50 guests from the Point Howard and Lowry Bay communities to talk about the work that's underway at Seaview Wharf.

Together, we discussed the ongoing construction work, why we are doing it, and the environmental and community initiatives we're undertaking alongside the project. Guests and CentrePort staff were able to see the work up close from the comfort of Ika Rere, Wellington's new electric ferry, operated by East by West Ferries.

In March, we hosted community members on the wharf at a dawn ceremony, led by representatives from Taranaki Whānui, to bless the new barge and name it 'Manahau'. The dawn ceremony was accompanied by a stunning sunrise and shared kai between community members, Iwi, CentrePort representatives and staff from Brian Perry Civil.

Along with volunteering with or contributing towards community groups and business, we continue to engage with members of the broader Wellington community about port operations and issues that matter to them.

Integrating port and city together

We're aiming to create a greater connection between the port and the city for the many people who live, work and visit Wellington.

This integration could include more space for buildings and a way to better enjoy the waterfront.

CentrePort is actively exploring the development of the Inner Harbour Precinct that spans roughly from Queens Wharf through to the main CentrePort operational area. In particular, it's currently focussed on the development potential of Waterloo Wharf.

There's a variety of potential uses for this area, which CentrePort is open to considering. Regardless of the options, any future proposals must support our port operations and meet the interests and needs of the wider city and Wellington community.

We're excited to find out what the future might look like for this area and who might be keen to partner with us.

Key Sponsorships for 2023

We're proud to sponsor the Tokomanawa Queens' 2023 season

Sponsoring the Tokomanawa Queens is just one way we want to support our local community and grow pride in who we are. We serve the wider region where Queens players are from, and we share similar values around teamwork, safety, and aiming high, so our partnership made plenty of sense. We want to do more to sponsor and support our community, so watch this space.

Tokomanawa Queens - that's our team!

CentrePort Youth Match Racing Championship

This year, CentrePort celebrated it's 20th year of support for youth match racing in Wellington through the Royal Port Nicholson Yacht club.

Our continued support of recreational use of the harbour is helping the development of young sailing talent in New Zealand, and fostering positive relations with the people we share the harbour with.

OUR INFRASTRUCTURE

We are building resilience to be a lifeline for the Wellington region in times of crisis. We're prioritising projects that enhance resilience, enable cargo growth, improve operating efficiency and productivity, reduce emissions, and extend the life expectancy of critical operational assets.

- $65M committed to Seaview Energy Resilience
- 8,054 Stone Columns installed to date through the Haukaha Te Whenua Ground Resilience project, with 1,018 to go until completion
- A total of $41.6m invested to date in ground resilience

"This year we've focused on finishing what we started, including the reinstatement of Thorndon Container Wharf and our new switchboard replacement. We've continued with resilience work out at Seaview, and our Ground Resilience programme, as well as the installation of new, more energy efficient LED Lightpoles.

We've also been planning for what follows on from our regeneration projects and getting back to business as usual – our maintenance, renewal programmes and planning to enable future growth. We will continue working closely with our partnered and consulted contractors and we are appreciative of how our organisations collaborate and communicate."

Paul Terry, General Manager Infrastructure

We are a key lifeline for the Wellington Region

In the event of an earthquake, it is our responsibility as a key Lifelines organisation to respond quickly and enable fuel, ferry and container berth services that the region will urgently need. We are investing in works to make our land and our assets more resilient to earthquakes and natural events.

Following the reinstatement of our Thorndon Container Berth in March 2022, we've made great progress in strengthening port land. At 30 June 2023, we had installed over 8,054 stone columns into the ground at the port through the Haukaha te Whenua Resilience Project, with 1,018 more to go until completion.

We have also been investing heavily in resilience works at Seaview Wharf. This is a key asset we manage, which is a gateway for fuel to the lower North Island. We are working with Z Energy on behalf of the fuel industry to make the 50-year-old wharf and pipeline more resilient to earthquakes and adverse weather events, fit for lower carbon fuel types, and to accommodate different types of fuel ships.

In 2023, meticulous planning ensured the safe installation of a 70-tonne soffit at Seaview to strengthen the wharf. This is believed to be the largest lift from a jack-up barge in New Zealand's history.

CentrePort's General Manager for Strategy and Stakeholder Relations, Andrew Steele, said everyone involved has shown flexibility in how they've continued the project, ensuring the wharf has remained operational to the variety of ships that rely on Seaview's service.

"Brian Perry have done a great job with the soffit installation, managing this work over two days while there was a fuel ship in berth. We have a strong partnership with Brian Perry Civil and the fuel industry to minimise costs and delays on this project, while ensuring ships don't have to wait. Thanks also go to our Mana Whenua partners and the local Seaview community for supporting this ongoing work."

Andrew Steele, General Manager Strategy and Stakeholder Relations.

This year, our Infrastructure Team put the finishing touches to our Container Berth Reinstatement with the installation of a new ramp. The new ramp is made from strong materials and is specifically designed to prevent falls, and now spans the entire 262m of the Wharf. Most other ports around the world don't need ramps like this, but CentrePort's Container Wharf is unique, because it isn't on a flat surface.

Preparing to accommodate new Cook Strait Ferries

KiwiRail, CentrePort, Taranaki Whānui ki Te Upoko o Te Ika and Ngāti Toa Rangatira, are working together to create a Cook Strait ferry terminal precinct that provides a stronger interisland connection for the future. The aim is to deliver a world-class experience and celebrate Te Whanganui-a-Tara Wellington as a place to visit and enjoy.

The iReX (Inter-Island Resilient Connection) Kaiwharawhara terminal redevelopment project will be constructed mainly on existing land managed by KiwiRail, CentrePort and Waka Kotahi. The main construction work contractor is on site, with early works underway.

Over the past 12 months, KiwiRail contractor JFC prepared the Wellington terminal site for the main construction works. This included levelling Kaiwharawhara Point, which will become the new passenger vehicle marshalling yard where private vehicles wait to board the ferry. KiwiRail also worked with CentrePort and CERES to demolish the old arrivals building which closed in 2019 due to earthquake risk. The demolition was a great example of collaboration between iReX and partners like CentrePort to get things done.

The new Interislander ferry terminal at Kaiwharawhara will accommodate two new bigger, more resilient and environmentally-friendly ferries arriving from 2025.

Longer term, the creation of a multi-user ferry terminal continues to be explored through the future-ports forum, which would mean all Cook-Strait ferries could berth in one location.

Managing our assets through digital transformation

We're on a journey to modernise our information management and processes, and this year we've made great strides towards digitising CentrePort by creating digital models.

'GIS' or Geotechnical Information Services is a powerful tool we are filling with information and field data, which we'll use to discuss complex projects like wharf renewals. By using a digital model, we can bring the conversation to life, save time, and catalogue real-world changes to our assets without having to complete destructive investigation work.

OUR FINANCES

Our objective is to operate as a long-term sustainable and resilient business, and in doing so we aim to provide sustainable financial returns to our Shareholders.

"The FY23 financial result demonstrates an improved financial performance from the prior year. We've grown revenue while continuing our focus on efficiency and port safety.

We are set up for the future and well positioned with a strong balance sheet, high productivity and available capacity, to build a long-term sustainable and resilient business.

Our success comes down to the contributions of our people, our partners, our customers and our shareholders."

Jason Sadler, Chief Financial Officer

CentrePort Wellington

Reconciliation to Underlying Net Profit After Tax (Non-GAAP measure)

The table below presents a reconciliation of the Total Comprehensive Income for the year, net of Tax of $18.8m as disclosed in the audited Statement of Comprehensive Income to the Underlying Net Profit After Tax (Underlying NPAT) of $11.9m. The Underlying NPAT is Management's view of the underlying performance of the Group. The Underlying NPAT removes Changes in Fair Value, Abnormal Items and the tax impact of these items from the Total Comprehensive Income for the year net of Tax.

	2023 $'000	2022 $'000
Total Comprehensive Income for the year, net of Tax	**18,835**	35,134
Add Abnormal Legal Costs	**965**	-
Add Demolition Costs	**531**	468
Add/less Change in Fair Value of Investment Property	**1,509**	(4,842)
Less Change in Fair Value of Property, Plant and Equipment	**(9,636)**	(10,060)
Less Change in Fair Value of Property, Plant and Equipment in Joint Venture	**-**	(813)
Less Adjustments to Fair Value for Land Resilience Impact	**-**	(2,487)
Add Impairment of Property, Plant and Equipment, Goodwill, and Software	**-**	21,000
Adjustment for Income Tax	**(270)**	(30,354)
Underlying Net Profit After Tax	**11,935**	8,046

Performance Against Statement of Corporate Intent

	Unit	2023	Target	2022
Group EBITDA	$m	22.3	22.5	18.3
Underlying Net Profit After Tax	$m	11.9	10.7	8.0
Shareholders' Funds (Group Equity)	$m	474.6	463.1	461.8
Underlying NPAT on Average Group Equity	%	2.5	2.3	1.8
Dividend	$m	6.0	6.0	6.0
Total Assets	$m	533.4	547.9	517.2
Shareholder Equity Ratio	%	89.0	84.5	89.3

2023 Annual Financial Statements

Statement of Comprehensive Income

For the year ended 30 June 2023

	Notes	2023 $'000	2022 (Restated*) $'000
CONTINUING OPERATIONS			
Revenue from Contracts with Customers	3	**79,683**	65,199
Other Revenue		**18,949**	18,987
Operating Revenue		**98,632**	84,186
Operating Expenses	4	**(90,862)**	(77,352)
Results from Operating Activities		**7,770**	6,834
Finance Expenses		**(810)**	(410)
Finance Income		**6,198**	2,992
Net Interest Income		**5,388**	2,582
Share of Profit of Investments Using the Equity Method	14	**1,642**	1,260
Net Gain / (Loss) on Disposal of Assets		**(281)**	88
Demolition Costs		**(531)**	(468)
		13,988	10,296
Changes in Fair Values and Impairment			
Impairment of Property, Plant and Equipment, Goodwill and Software	15	**-**	(21,000)
Increase / (Decrease) in Fair Value of Investment Property	13	**(1,509)**	4,842
Increase / (Decrease) in Fair Value of Property, Plant and Equipment	12	**-**	(107)
Adjustment to Fair Value for Land Resilience Impact*		**-**	2,361
		(1,509)	(13,904)
Profit / (Loss) before Income Tax*		**12,479**	(3,608)
Income Tax Benefit / (Expense)	5	**(3,280)**	27,636
Profit / (Loss) for the Year from Continuing Operations, net of Tax*		**9,199**	24,028
Other Comprehensive Income (OCI)			
Increase in the Value of Port Land after Tax	12	**9,636**	10,167
Adjustment to Fair Value for Land Resilience Impact*	12	**-**	126
Share of Net Change in Revaluation Reserve of Joint Ventures	14	**-**	813
Other Comprehensive Income for the year*		**9,636**	11,106
Total comprehensive income for the year, net of tax		**18,835**	35,134

* See note 6 for details on the restatement between Other Comprehensive Income and Profit / (Loss) before Income Tax.

The notes and accounting policies form part of and should be read in conjunction with the financial statements

Statement of Changes in Equity

For the year ended 30 June 2023

	Notes	Attributable to equity holders of the Company			
		Share Capital $'000	Revaluation Reserves* $'000	Retained Earnings* $'000	Total Equity $'000
Balance as at 1 July 2021 (Restated*)		30,000	38,041	364,633	432,674
Profit / (Loss) for the Year from Continuing Operations, net of Tax*		-	-	24,028	24,028
Increase in Value of Port Land after Tax		-	10,167	-	10,167
Adjustment to Fair Value for Land Resilience Impact*		-	126	-	126
Share of Other Comprehensive Income / (Loss) of Associates		-	813	-	813
Dividends	7	-	-	(6,000)	(6,000)
Balance as at 30 June 2022 (Restated*)		30,000	49,147	382,661	461,808

	Notes	Share Capital $'000	Revaluation Reserves $'000	Retained Earnings $'000	Total Equity $'000
Balance as at 1 July 2022 (Restated*)		30,000	49,147	382,661	461,808
Profit / (Loss) for the Year from Continuing Operations, net of Tax		-	-	9,199	9,199
Increase in Value of Port Land after Tax		-	9,636	-	9,636
Dividends	7	-	-	(6,000)	(6,000)
Balance as at 30 June 2023		30,000	58,783	385,859	474,642

* See note 6 for details of the restatement between revaluation reserves and retained earnings.

The notes and accounting policies form part of and should be read in conjunction with the financial statements

Balance Sheet

As at 30 June 2023

	Notes	2023 $'000	2022 (Restated*) $'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	8	**114,624**	141,620
Trade and Other Receivables	9	**12,313**	12,200
Inventories	10	**2,712**	3,318
Current Tax Asset	5	**-**	475
Investment in Commercial Paper	22	**18,960**	19,461
Total Current Assets		**148,609**	177,074
Non-current Assets			
Property, Plant and Equipment	11,12	**272,881**	254,138
Investment Properties	11,13	**86,125**	62,617
Investments in Joint Ventures	14	**13,210**	12,818
Loans and Advances to Joint Ventures		**9,934**	7,670
Other Intangible Assets		**164**	350
Right-of-use Asset		**2,442**	2,514
Total Non-current Assets		**384,756**	340,107
Total Assets		**533,365**	517,181
LIABILITIES			
Current Liabilities			
Trade and Other Payables	16	**12,411**	12,289
Provision for Employee Entitlements	17	**3,953**	3,659
Current Tax Liabilities	5	**2,725**	-
Lease Liabilities		**173**	160
Borrowings	19	**12,000**	11,000
Total Current Liabilities		**31,262**	27,108
Non-current Liabilities			
Deferred Tax Liabilities	5	**24,869**	25,616
Lease Liabilities		**2,469**	2,486
Provision for Employee Entitlements	17	**123**	163
Total Non-current Liabilities		**27,461**	28,265
Total Liabilities		**58,723**	55,373
Net Assets		**474,642**	461,808
EQUITY			
Contributed Equity	6	**30,000**	30,000
Revaluation Reserves*		**58,783**	49,147
Retained Earnings*		**385,859**	382,661
Total Equity		**474,642**	461,808

*See note 6 for details of the restatement between revaluation reserves and retained earnings.

L J C Johnstone
Chairperson
29 August 2023

S Haslem
Director
29 August 2023

The notes and accounting policies form part of and should be read in conjunction with the financial statements

Statement of Cash Flows

For the year ended 30 June 2023

	Notes	2023 $'000	2022 $'000
Cash Flows from / (used in) Operating Activities			
Receipts from Customers		**99,397**	83,648
Payments to Suppliers and Employees		**(77,084)**	(67,220)
Interest Income Received		**4,859**	2,538
Interest Expense Paid		**(732)**	(327)
Income Taxation Paid	5	**(823)**	(2,450)
Net Cash Flows from / (used in) Operating Activities	21	**25,617**	16,189
Cash Flows from / (used in) Investing Activities			
Proceeds from Sale of Property, Plant and Equipment		**9**	113
Purchase of Property, Plant and Equipment		**(46,717)**	(51,496)
Development of Investment Properties		**(97)**	(2,340)
Investment in Joint Ventures		**-**	(10,845)
Dividend Received	14	**1,250**	100
Purchase of Investment in Commercial Paper	22	**(18,960)**	(19,461)
Realisation of Investment in Commercial Paper	22	**19,461**	19,902
Loans and Advances to Joint Venture	22	**(2,400)**	-
Net Cash Flows from / (used in) Investing Activities		**(47,455)**	(64,027)
Cash Flows from / (used in) Financing Activities			
Drawdown of Borrowings	19	**1,000**	3,500
Repayment of Lease Liabilities		**(158)**	(155)
Dividends Paid to Shareholders of the Parent	7	**(6,000)**	(6,000)
Net Cash Flows from / (used in) Financing Activities		**(5,158)**	(2,655)
Net increase / (decrease) in Cash and Cash Equivalents		**(26,996)**	(50,493)
Cash and Cash Equivalents at the Beginning of the Year		**141,620**	192,113
Cash and Cash Equivalents at End of Year	8	**114,624**	141,620

The notes and accounting policies form part of and should be read in conjunction with the financial statements

Contents of the notes to the financial statements

1 Statement of Compliance

CentrePort Limited (the 'Company' or 'CentrePort') is a profit-oriented entity established under the Port Companies Act 1988. CentrePort and subsidiaries (the 'Group') is a reporting entity for the purposes of the Companies Act 1993 and its financial statements comply with that Act and the Financial Reporting Act 2013. The Group consists of CentrePort Limited, its subsidiaries and joint ventures as disclosed in notes 14 and 22. The Company's registered office is 2 Fryatt Quay, PO Box 794, Wellington, New Zealand.

Consolidated financial statements for the Group are presented in accordance with the Companies Act 1993 and the Port Companies Act 1988.

Unless otherwise stated, all amounts are rounded to $000 and are expressed in New Zealand dollars. Certain minor rounding has not been adjusted for.

2 Summary of Significant Accounting Policies

(a) Basis of Preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). These financial statements comply with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS'), and other applicable Financial Reporting Standards as appropriate for Tier 1 for-profit entities. They also comply with International Financial Reporting Standards.

The financial statements have been prepared on the basis of historical cost except for the revaluation of operational port land, investment properties, financial instruments and an impairment of plant and equipment.

(b) Accounting Policies

Accounting policies that summarise the measurement basis and are relevant to the understanding of the financial statements are included in the accompanying notes.

(c) Critical Accounting Estimates and Judgements

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Detailed information about each of these estimates and judgements is included in the notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving significant estimates or judgements are:

- Valuation Approach for Fixed Assets measured at Fair Value (note 11)
- Useful lives and residual values used to calculate depreciation on Property, Plant and Equipment (note 12)
- Recoverable amount of the Port Operations Cash Generating Unit (note 15)

(d) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of CentrePort and entities controlled by CentrePort. Control is achieved when CentrePort is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

The results, assets, and liabilities of joint ventures are incorporated into these financial statements using the equity method.

2 Summary of Significant Accounting Policies (continued)

(e) Statement of Cash Flows

The following are the definitions used in the statement of cash flows:

(a) Cash and cash equivalents comprise cash on hand, cash in banks, and short term investments in money market instruments, net of outstanding bank overdrafts.

(b) Operating activities comprise the principal revenue-producing activities of the Group and other activities that are not considered to be investing or financing activities.

(c) Investing activities are those activities relating to the acquisition and disposal of Property, Plant & Equipment, Investment Property, Intangible Assets, Investments and Joint Ventures. Investments include securities not falling within the definition of cash.

(d) Financing activities are those activities that result in the changes in size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to capital structure are included in financing activities.

(f) Impairment of Assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount for the Port Operations Cash Generating Unit is calculated using the fair value less costs to sell method. In assessing fair value less costs to sell, an Enterprise Value is calculated by discounting estimated future cash flows to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to CentrePort. The Group considers a wide range of factors including the Group's financial budgets, strategic plans, and historical performance to formulate the future cash flow projections. The Group also engages external advisors to determine appropriate discount rates, discount period, and long term growth rates integral to the valuation, and to prepare the fair value less cost of disposal model.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Comprehensive Income immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease to the extent that an upwards revaluation has been recognised.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase. Impairment of goodwill is not reversible.

(g) Foreign Currency Translation

Transactions in foreign currency are converted at the rate of exchange ruling at the date of the transaction. At balance date, foreign monetary assets and liabilities are translated at the closing rate and exchange variations arising from these transactions are recognised in the Statement of Comprehensive Income.

(h) Goods and Services Tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST.

Cash flows are included in the statement of cash flows on a net basis for GST purposes. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

2 Summary of Significant Accounting Policies (continued)

(i) Standards, Amendments and Interpretations

There have been no new or revised accounting standards, interpretations or amendments effective during the year which have a significant impact on the Group's accounting policies or disclosures.

There are several other amendments and interpretations issued but not yet effective. These are not expected to have a material impact on the consolidated financial statements of the Group.

(j) Fair Value Hierarchy

The fair value of Operational Port Land, Investment Properties and the fair value less cost of disposal of the Port Operations Cash Generating Unit is determined on a hierarchical basis that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Assumptions for valuation models are based on management's judgements and estimates. Changes in the assumptions used in these models and projections of future cash flows could affect the reported fair value.

3 Operating Revenue

Recognition and Measurement

(i) Revenue from Port Operations

The Group receives revenue from contracts with customers from its Port Operations.

Performance obligations and timing of revenue

The majority of revenue from Port Operations is from services provided by the Group to its customers including wharfage, stevedoring, and marine services. Revenue is recognised as the services are delivered over time. On partially completed contracts revenue is recognised using the output method. For partially completed wharfage and stevedoring services revenue is recognised based on the quantity of goods moved across the Port out of the total required to be moved (i.e. an output method). This is considered a faithful depiction of revenue as wharfage contracts are typically for the movement of a set quantity of goods across the Port. For partially completed marine services revenue is recognised as the number of times the vessel has been brought into and out of the Port out of the required total. This is considered a faithful depiction as marine service contracts are to bring a vessel in and out of the Port a set number of times. Payment for services rendered is due upon completion of the contracted service.

Determining the transaction price

Most of the Group's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by references to those fixed prices.

Some contracts provide customers with rebates based on volumes of goods moved across the port. Historical experience enables the Group to estimate reliably the value of rebates that will be earned and restrict the amount of revenue that is recognised such that it is highly probable that there will not be a reversal of previously recognised revenue when rebates are provided.

3 Operating Revenue (continued)

Allocating amounts to performance obligations

For all contracts there is a fixed unit price for each service provided. Therefore, there is no judgment involved in allocating the contract price as the contract price is the fixed price multiplied by the quantity of services provided. Where a customer utilises more than one type of service the Group is able to determine the split of the total contract price between each service by reference to the service's standalone selling price.

Incremental costs of obtaining and fulfilling a contract

The costs of obtaining and fulfilling a contract are recognised as an expense when incurred. These costs do not result in the recognition of a separate asset as all contracts are service contracts where revenue is recognised over time by using the output method.

Practical expedients

Based on the above the Group applies practical expedient B16 in NZ IFRS 15 as it considers that its right to consideration for services performed corresponds directly with the amount of services performed by the Group to date. Therefore, the Group recognises revenue at the amount to which it has a right to invoice.

(ii) Other Revenue

Other revenue is made up of rental income from leases that is recognised in accordance with NZ IFRS 16. Refer to note 18.

(iii) Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(iv) Harvest Revenue

During the year ended 30 June 2022, the Group acquired land and assets and received revenue from the harvest of grapes. The land, and associated assets, was sold to a joint venture before 30 June 2022, see note 22 for more details.

Disaggregation of Revenue from Contracts with Customers

All of the Group's revenue from Contracts with Customers relate to Port Operations or Vineyard Revenue.

	2023 $'000	2022 $'000
Revenue from Port Operations	**79,683**	63,838
Revenue from Vineyard	**-**	1,361
Total Revenue from Contracts with Customers	**79,683**	65,199

4 Operating Expenses

	Notes	2023 $'000	2022 $'000
Operating expenses included in the statement of comprehensive income classified by nature			
Employer Contribution to Superannuation		**1,359**	1,227
Employee Benefits Expense		**27,240**	24,735
Rental and Lease Expenses		**479**	581
Depreciation of Property, Plant and Equipment	12	**11,577**	9,850
Right-of-Use Asset Depreciation		**226**	207
Contracted Services		**24,110**	20,301
Amortisation		**185**	190
Fuel and Utilities		**3,031**	2,273
Vineyard and Harvest Costs		**-**	380
Rates and Insurance		**6,962**	6,098
Repairs and Maintenance		**6,141**	4,176
Directors' Remuneration and Expenses		**535**	541
Audit Fee		**309**	280
Other Assurance Services provided by Auditor		**18**	36
Other Operating Expenses		**8,690**	6,477
Total Operating Expenses		**90,862**	77,352

Fees paid to auditor

The audit fee is for the annual audit of the financial statements.

Other assurance services provided by Auditor include:

- Agreed upon procedures report for the CentrePort Captive Insurance Limited insurance license was nil (2022: $5,000).
- A limited assurance engagement in connection with the Greenhouse Gas Emissions Inventory Report for the year ended 30 June 2021 at a cost of $12,550 (2022: $31,000).
- A reasonable assurance engagement in connection with the CentrePort Captive Insurance Limited annual solvency return to the Reserve Bank of New Zealand at a cost of $5,000 (2022: nil).

5 Income Tax

Recognition and Measurement

The tax expense for the period comprises current and deferred tax. Tax is recognised on the income statement, except to the extent that it relates to items recognised in the statement of comprehensive income or directly in equity. In this case, the tax is recognised in the statement of comprehensive income or directly in equity, respectively.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate. This is then adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and by unused tax losses.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent that they will be utilised.

5 Income Tax (continued)

Key Assumptions

During the year ended 30 June 2022, CentrePort finalised its binding ruling with Inland Revenue to confirm the key assumptions underpinning the tax treatment of the insurance proceeds.

Inland Revenue disagreed with the classification of specific assets deemed to be disposed, which resulted in an additional income tax expense of $23.5m which was recognised in the 30 June 2021 year. An alternative tax treatment was subsequently agreed with Inland Revenue and included in the finalised binding ruling, resulting in a reversal of this income tax expense adjustment in the year ended 30 June 2022.

	2023 $'000	2022 (Restated*) $'000
The Income Taxation (Benefit) / Expense is Represented By:		
Current Tax Expense	**4,026**	(223)
Deferred Tax Expense	**(747)**	(27,413)
Income Taxation (Benefit) / Expense	**3,280**	(27,636)
Relationship between income tax and accounting surplus:		
Net surplus (deficit) before tax*	**12,479**	(3,608)
Income Taxation on the Surplus for the Year at 28%	**3,494**	(1,010)
Taxation Effect of:		
– Equity Earnings in Joint Ventures / Associates	**(460)**	(353)
– Non taxable Insurance Proceeds	**-**	(752)
– Changes in Fair Values and Land Resilience*	**422**	(1,987)
– Non Deductible Expenditure	**65**	949
– (Recognition) of Deferred Tax on Buildings	**76**	460
– Insurance Proceeds on non depreciable assets	**(85)**	(1,478)
– Prior Period Adjustments	**(103)**	(23,553)
– Other	**(130)**	88
Income Tax Expense	**3,280**	(27,636)
Income Tax Receivable / (Payable)		
Opening Balance	**475**	(2,198)
Income tax paid / (refunded)	**823**	2,446
Prior Year Adjustment	**106**	949
Current Year Tax (Liability) / Benefit	**(4,129)**	(722)
Closing Balance	**(2,725)**	475

* See note 6 for details on the reclassification between Other Comprehensive Income and Profit / (Loss) before Income Tax.

	2023 $'000	2022 $'000
Deferred Tax Liability / (Asset) Comprises		
Balance at 1 July	**25,616**	53,029
Prior Period Adjustment	**-**	(22,607)
Current Year Movement	**(747)**	(4,806)
Balance at 30 June	**24,869**	25,616

5 Income Tax (continued)

Movements	Property, plant and equipment $'000	Investment properties $'000	Insurance recoverable $'000	Employee entitlements $'000	Tax losses $'000	Other $'000	Total $'000
At 1 July 2021	4,766	-	49,945	(935)	(1,101)	354	53,029
Prior Period Adjustment	516	-	(24,076)	147	757	48	(22,608)
Current Year Movement	675	393	(5,619)	(310)	344	(288)	(4,805)
At 30 June 2022	5,957	393	20,250	(1,098)	-	114	25,616
At 1 July 2022	5,957	393	20,250	(1,098)	-	114	25,616
Prior Period Adjustment	27	-	(27)	-	-	-	-
Current Year Movement	2,411	99	(3,333)	(23)	-	100	(747)
At 30 June 2023	8,395	492	16,890	(1,121)	-	214	24,869

Imputation Credit Account

	2023 $'000	2022 $'000
Imputation credits/(debit) available at a Tax Rate of 28%		
Through direct shareholding in the Parent Company	**253**	(1,057)
	253	(1,057)

6 Contributed Equity and Reserves Movements

	Shares	Shares	$'000	$'000
Ordinary shares				
Authorised Ordinary Shares Issued and Fully Paid	**23,424,657**	23,424,657	**30,000**	30,000

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	Revaluation Reserves (Restated*) $'000	Retained Earnings (Restated*) $'000	Total (Restated*) $'000
At 1 July 2021 (Restated*)	**38,041**	364,633	402,674
Profit / (Loss) for the Year from Continuing Operations, net of Tax*	**-**	24,028	24,028
Other Comprehensive Income*	**11,106**	-	11,106
Other adjustments	**-**	-	-
Dividends	**-**	(6,000)	(6,000)
At 30 June 2022 (Restated*)	**49,147**	382,661	431,808
Profit / (Loss) for the Year from Continuing Operations, net of Tax	**-**	9,199	9,199
Other Comprehensive Income	**9,636**	-	9,636
Other adjustments	**-**	-	-
Dividends	**-**	(6,000)	(6,000)
At 30 June 2023	**58,783**	385,859	444,642

*There has been a reclassification of $13.6m between Revaluation Reserves and Retained Earnings at 1 July 2021 to correct for land resilience impact loss adjustments that have previously been incorrectly included in Other Comprehensive Income instead of Profit / (Loss) for the Year from Continuing Operations, net of Tax, and a reclassification of $2.4m between Revaluation Reserves and Retained Earnings for the year ended 30 June 2022 for a land resilience impact gain adjustment incorrectly included in Other Comprehensive Income instead of Profit / (Loss) for the Year from Continuing Operations, net of Tax.

7 Dividends

	2023 $'000	2022 $'000
Interim Dividends Paid on Ordinary Shares	**6,000**	6,000

Dividend per share was $0.26 (2022: $0.26)

8 Cash and Cash Equivalents

Cash and Cash Equivalents includes cash in hand, deposits held with banks with less than 90 days maturity, and term deposits with greater than 90 days maturity but which are available within 90 days.

Refer to note 20 for accounting policy on recognition and measurement of Cash and Cash Equivalents.

	2023 $'000	2022 $'000
Cash at bank and in hand	**114,624**	141,620
Total Cash and Cash Equivalents	**114,624**	141,620

9 Trade and Other Receivables

Trade and Other Receivables are recognised at Amortised Cost, less Provision for Expected Credit Losses. Trade and Other Receivables measured at Amortised cost approximates fair value. Expected Credit Losses are determined using a lifetime Expected Credit Loss provision for Trade and Other Receivables. The Expected Credit Loss rates are based on the Group's historical credit losses experienced over the prior three year period. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. As at 30 June 2023 the Group expects negligible credit losses (2022: negligible).

	2023 $'000	2022 $'000
Trade Debtors	**7,596**	7,777
Less Expected Credit Losses	**-**	-
Trade Receivables	**7,596**	7,777
Other Receivables	**4,106**	3,105
Prepayments	**611**	1,318
Total Trade and Other Receivables	**12,313**	12,200

10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Cost of crushed concrete and spare parts are calculated using the weighted average cost method. Spare parts are held for maintenance purposes only.

	2023 $'000	2022 $'000
Crushed concrete		
Kaiwharawhara crushed concrete	**-**	1,117
Seaview crushed concrete	**465**	-
	465	1,117
Stock		
Spares stock control	**2,042**	1,869
Fuel and stock control	**205**	332
	2,247	2,201
Total Inventories	**2,712**	3,318

11 Valuation Approach for Fixed Assets measured at Fair Value

Operational Port Land (note 12) and Investment Properties (note 13) have been valued in accordance to the relevant Valuation Guidance and NZ IFRS 13 (Fair Value Movements). Investment Property was valued on 30 June 2023 by independent registered valuers of the firm Colliers International and Operational Port Land transfering to Investment Property was valued on the date of transfer. Other Operational Port Land was valued at 30 June 2022. For the year ended 30 June 2023 management in conjunction with Colliers International have performed a desktop assessment of port operational land which has concluded that the carrying values are not materially different to their fair values as at that date. On that basis there are no changes to the assessed values or assumptions other than the transfer of certain properties to investment property and the reduction in provision for land resilience as amounts are spent and capitalised in the assets.

Operational Port Land comprises Industrial Zoned Land and Other Port Land (2022: Industrial Zoned Land and Other Port Land) and the fair values have been determined in accordance with International Valuation Standards and Australia and New Zealand Valuation and Property Standards NZVTIP 2 – Valuations for Real Property, Plant & Equipment for Use in New Zealand Financial Reports and NZ IAS 16 (Property, Plant and Equipment).

11 Valuation Approach for Fixed Assets measured at Fair Value (continued)

Developed investment properties and land available for development have been valued in accordance with Valuation Guidance Note ANZVGN 9 – Assessing rental value and NZ IAS 40 – Investment Property. Land available for development was valued in accordance with Valuation Guidance Note NZVGN 1 Valuations for Use in New Zealand Financial Reports and IVS 101-105 and 400, and NZ IAS 40 – Investment Property.

All inputs into the determination of fair value of Operational Port Land and Investment Properties sit within level 3 of the fair value hierarchy of inputs (described in note 2), as they are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(a) Operational Port Land

(i) Industrial Zoned Land

The fair value of Industrial Zoned Land is on a vacant basis, reflecting the land in its current state, however ignoring any and all operational buildings, structures and improvements involved in the day to day operation of port related activities. Industrial Zoned Land is made up of Freehold land and Land leased out to third parties ("Leasehold Land") as part of port operations.

Each freehold parcel of land is valued on a rate per square metre basis using the Direct Sales Comparison approach. In carrying out this comparison, consideration is given to:

- sales of land or development sites within the wider Wellington region;
- size, shape, location and access to services including road frontage, exposure to vehicles, allowable height, and density of use;
- the current state of the Wellington and wider New Zealand economy; and
- the current state of Wellington property markets including the office, industrial, large format retail, residential accommodation, and hotel accommodation markets.

Each leasehold parcel of land is valued using a Capitalised Net Rental approach, where market ground rental is capitalised with reference to sales of lessors interests, with an allowance made for differences between contract and market rents adjusted for the terms of the lease. Significant inputs into this valuation approach are:

- comparable recent rental settlements on a rate per square metre of land;
- perpetually renewable or terminating lease;
- rental review periods; and
- forecast trends for interest rates and market based property yields.

Market rental is assessed using both the:

- Classic approach under which the valuer adjusts a basket of comparable rental settlements for a ground rental rate per square metre and multiplies by the land area leased; and
- Traditional approach whereby the valuer assesses a market land value and applies a market based ground rental percentage against this value.

Other key assumptions underlying the valuation are set out below:

- It is assumed that there is a structural sea wall along the reclamation edge to ensure that all sites offer appropriate stability for commercial development. All costs associated with ensuring the land is resilient are to be borne by CentrePort and have been excluded from the valuer's assessed value. This has been taken into account in the fair value as noted in the "Operational Port Land Resilience" adjustment below.

11 Valuation Approach for Fixed Assets measured at Fair Value (continued)

The following table summarises the valuation approach used by the valuers in 2022 to arrive at an assessed value together with the Provision for Land Resilience and the sensitivity of the valuation to movements in unobservable inputs. Given the desktop exercise completed at 30 June 2023 the value and assumptions remain unchanged other than an adjustment for transfers to investment property in the 2023 financial year and movements in the provision for land resilience:

Industrial Zoned Land	Assessed Value	Valuation Approach	Key Valuation Assumptions	Valuation Impact
Freehold Land	$86.8m *(2022: $102.0m)*	Direct Sales Comparison approach	Weighted average land value – the rate per sqm applied to the subject property. This ranges from $50psqm to $1,650psqm *(2022: $50psqm to $1,650psqm)*	+-5% $4.4m *(2022: +-5% $5.1m)*
		Market Capitalisation	Capitalisation rate – the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive value. The rate selected was 6.25% *(2022: 6.25%)*	+-0.25% $0.1m *(2022: +-0.25% $0.1m)*
		Discounted Cash Flow	Discount rate – the rate of return used to determine the present value of future cash flows. The rate used was 7.5% *(2022: 7.5%)*	+-0.25% $0.1m (2022: +-0.25% $0.1m)
Leasehold Land	$11.5m *(2022: $11.5m)*	Capitalised Net Rental approach	Weighted average land value – the rate per sqm applied to the subject property. This ranges from $1,500psqm to $1,750psqm *(2022: $1,500psqm to $1,750psqm)*	+-5% $0.6m *(2022: +-5% $0.6m*
Assessed Value	**$98.2m** ***(2022: $113.5m)***			
Provision for Land Resilience	($14.4m) *(2022: ($27.8m)*	Cost estimates	Estimated cost of completing land resilience work.	+-15% $2.2m *(2022: +-15% $4.2m)*
Total Fair Value	**$83.8m** ***(2022: $85.7m)***	See note 12		

Operational Port Land Resilience

An adjustment of $14.4m has been made to the fair value of Operational Port Land at 30 June 2023 (2022: $27.8m) to recognise the resilience work that needed to be undertaken to support the land and achieve the assessed value determined by Colliers International in their independent valuation. The resilience works costs are estimated with reference to the costs for remediation works already undertaken for part of the operational port land and third party cost estimates. $13.3m of remediation works were completed during the year (2022: $13.3m). The land resilience provision was unchanged (2022: $2.5m) for the total estimate of the cost to complete the remediation works.

There is a level of uncertainty attached to the amount of adjustment to be recognised for port land resilience. This uncertainty includes the appropriate level of resilience required for each area of land, the range of potential technical solutions available to provide the desired level of resilience, and the cost of each potential solution.

(ii) Other Port Land

Other Port Land is made up of Freehold land and land leased out to third parties (“Leasehold Land”). Significant ancillary services are provided to these third parties. Leasehold Land is valued using a combination of the following approaches:

- Capitalised Net Market Rental approach – this is where market ground rental is capitalised with reference to sales of lessors interests, with an allowance made for differences between contract and market rents adjusted for the terms of the lease.
- Market Capitalisation approach – This is where fair value is determined by assessing the property's market ground rental and then capitalising this using an appropriate yield.
- Discounted Cashflow approach – This is where fair value is determined by a present value of the projected cashflow of the property over a period, making allowances for such variables as discount rates, growth rates, rental levels, vacancy allowances, capital expenditure and outgoings, and terminal yields.

11 Valuation Approach for Fixed Assets measured at Fair Value (continued)

Significant inputs into these valuation approaches are:

- comparable recent rental settlements on a rate per square metre of land;
- perpetually renewable or terminating lease;
- rental review periods; and
- forecast trends for interest rates and market based property yields.

Market ground rental is assessed using the traditional approach whereby the valuer assesses a market land value and applies a market based ground rental percentage against this value.

Other key assumptions underlying the valuation are set out below:

- The 2022 rent reviews have not been undertaken or initiated by either party. The valuation assumes the rentals have remained at those levels previously payable.

The following table summarises the key inputs and assumptions used by the valuer to arrive at an assessed value and the sensitivity of the valuation to movements in unobservable inputs. Given the desktop exercise completed at 30 June 2023 the value and assumptions remain unchanged:

Other Port Land	Assessed Value	Valuation Approach	Key Valuation Assumptions	Valuation Impact
Leasehold Land	$24.5m *(2022: $26.5m)*	Capitalised Net Market Rental	Weighted average land value the rate per sqm applied to the subject property. This ranges from $150psqm to $750psqm *(2022: $150psqm to $750 psqm)*	+-5% $1.2m *(2022: +-5% $1.3m)*
Freehold Land	$5.0m *(2022: $3.1m)*	Market Capitalisation	Market capitalisation rate – the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive value. This is set at 8.25% *(2022: 8.25%)*	+-0.25% $0.3m *(2022: +-0.25% $0.3m)*
		Discounted Cashflow	Discount rate – the rate of return used to determine the present value of future cash flows. The rate used was 8.75% *(2022: 8.75%)*	+-0.25% $0.2m *(2022: +-0.25% $0.2m)*
Total Fair Value	**$29.6m** ***(2022: $29.6m)***	See note 12		

(b) Investment Properties

The fair value of investment properties is based on the highest and best use for commercial property.

(i) Developed Investment Property

The Developed Investment Property consists of the Customhouse building. This property is leased to a third party.

Developed Investment Property is valued using a combination of the following approaches:

- Contract Income approach – This is where fair value is determined by directly capitalising the passing income. This method is effective where income is receivable from a secure tenant, however this is less effective where the current contract rent varies from the assessed market rent due to various factors.
- Market Capitalisation approach – This is where fair value is determined by capitalising the property's market rental at an appropriate yield, and then an allowance is made for the difference between contract rent (either over or under) discounted until a notional equilibrium point in the lease term.
- Discounted Cashflow approach – This is where fair value is determined by a present value of the projected cashflow of the property over a 10 year period, making allowances for such variables as discount rates, growth rates, rental levels, vacancy allowances, capital expenditure and outgoings, and terminal yields.

11 Valuation Approach for Fixed Assets measured at Fair Value (continued)

(ii) Land Available for Development

Land Available for Development consists of the Harbour Quays Development Land and the Northern Reclamation (2022: Harbour Quays Development Land).

Land Available for Development is valued using a Direct Sales Comparison approach – This is where the subject property is compared with recently sold properties of a similar nature with fair value determined through the application of positive and negative adjustments for their differing features. In carrying out this comparison, consideration is given to sales of similar property within the wider Wellington region, along with adjustments for factors such as the size, shape, location, access to services including road frontage, exposure to vehicles, allowable height, and density of use of the property.

Other key assumptions underlying the valuation are set out below:

- It is assumed that all 'normal' site services are fully reinstated, and no allowance has been made for any remedial or repair work required to the site or surrounding land and infrastructure.
- The valuation is based on the current Masterplan and the provision of several development sites across the precinct. Any alteration to the Masterplan or development sites may have an impact on the valuation.
- There are limitations to the soil along the reclamation edge and ground improvements are needed across the sites to mitigate the risk of lateral spread. This was factored into the valuation and the adopted values reflect the requirement for additional sub terrain site strengthening costs likely to be incurred as part of any new development.
- The valuation assumed that CentrePort will erect a structural sea wall along the reclamation edge to ensure that all sites offer appropriate stability for commercial development. All costs associated with the sea wall are assumed to be borne by CentrePort and have been excluded from Collier's valuation. This has been estimated and deducted from the assessed value to measure the fair value in these financial statements.
- Due to low market confidence in the precinct (particularly for office uses); market assurance needs to be regained. This is perceived to be difficult should CentrePort decide against a strengthened seawall and elect for a compromised alternative solution.
- All interim income generated from the vacant sites has been disregarded. This income does help offset operating expenses and holding costs, however, many of the vacant land sales reference to value the subject land, also similarly have existing income pending redevelopment.

11 Valuation Approach for Fixed Assets measured at Fair Value (continued)

The table below summarises the valuation approach and key assumptions used by the valuers to arrive at the assessed value together with estimated cost to repair services to undeveloped sites, rebuild a seawall, and complete ground improvement works and the sensitivity of the valuation to movements in unobservable inputs.

Class of Investment Property	Assessed Value	Valuation Approach	Key Valuation Assumptions	Valuation Impact
Developed Investment Property	$30.5m *(2022: $31.8m)*	Contract Income	Capitalisation rate – the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive value. The rate selected was 7.8% *(2022: 7.0%)*	-+0.5% $1.0m *(2022: -+0.25% $1.5m)*
		Market Capitalisation	Capitalisation rate – the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive value. The rate selected was 7.0% *(2022: 6.25%)*	+0.25% $1.5m -0.25% $1.0m *(2022: +0.25% $1.5m -0.25% $2.0m)*
		Discounted Cashflow	Discount rate – the rate of return used to determine the present value of future cash flows. The rate selected was 8.25% *(2022: 7.5%)*	+0.25% $0.6m -0.25% $0.6m *(2022: +0.25% $0.72m -0.25% $0.74m)*
Land Available for Development	$64.6m *(2022: $39.7m)*	Direct Sales Comparison	Weighted average land value – the rate per sqm applied to the subject property. The rates applied ranged from $125-$2,625 per sqm *(2022: $125-$2,625 per sqm)*	+-5.0% $3.4m *(2022: +-5.0% $2.0m)*
Assessed Value	**$95.1m** ***(2022: $71.4m)***			
Cost to repair services to undeveloped sites, rebuild a seawall and complete ground improvement works	($9.0m) *(2022: ($8.8m))*	Cost estimates	Estimated cost of completing works on Land Available for Development.	+-10% $0.9m *(2022: +-10% $0.9m)*
Total Fair Value	**$86.1m** ***(2022: $62.6m)***	See note 13		

12 Property, Plant and Equipment

Recognition and Measurement

The Group has four classes of Property, Plant & Equipment:

- Operational Port Land
- Buildings
- Wharves, Paving and Seawalls
- Plant & Equipment

Operational Port Land is stated at fair value (see note 11). Fair value is determined by reference to the highest and best use of land as determined by the independent valuer. Operational Port Land was independently valued by Colliers International, a registered valuer, on 30 June 2022, adjusted for the estimated land resilience costs. Operation Port Land which was transferred to Investment Property during the year was valued by Colliers International at the date of transfer.

The Group's Policy is to get a formal valuation every 3 to 5 years. When there is no formal valuation performed the fair value of Operational Port Land is reviewed at the end of each reporting period to ensure that the carrying value of land is not materially different from its fair value. Any revaluation increase of Operational Port Land is recognised in Other Comprehensive Income and accumulated as a separate component of equity in the properties Revaluation Reserve, except to the extent it reverses a previous revaluation decrease for the same asset previously recognised in Profit or Loss, in which case the increase is credited to Profit or Loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged to the Profit or Loss to the extent that it exceeds the balance, if any, held in the property's Revaluation Reserve relating to a previous revaluation.

Property, Plant & Equipment (other than Operational Port Land) is recorded at cost less accumulated depreciation and impairment. Cost represents the value of the consideration to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended service.

The Board and management have undertaken a process to determine what constitutes Investment Property and what constitutes Property, Plant & Equipment. There is an element of judgement in this assessment. There is a developed Port plan, and those items of land that are considered integral to the operations of the Port have been included in Operational Port Land. Land held specifically for capital appreciation, an undetermined purpose, or to derive rental income has been classed as Investment Property.

Depreciation

There is no depreciation on Operational Port Land. Depreciation on other Property, Plant & Equipment is charged on a straight line basis so as to write-off the cost of the Property, Plant & Equipment to its estimated residual value over its expected useful life. The expected useful lives are as follows:

Buildings	5 to 50 years
Wharves, Paving and Seawalls	2 to 100 years
Plant and Equipment	2 to 50 years

The useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Impairment

An asset's (or cash generating unit's) carrying amount is written down immediately to its recoverable amount if the asset's (or cash generating unit's) carrying amount is greater than its estimated recoverable amount as per note 2(f).

During the year ended 30 June 2022, the Group tested for the impairment of Goodwill previously acquired in a business combination (see note 15). Due to the current uncertainty surrounding the economic outlook and supply chains, a low cargo volume scenario was selected which resulted in a total impairment of $21.0m, of which $18.3m was applied to Plant and Equipment. No impairment adjustment has been made in the year ended 30 June 2023.

12 Property, Plant and Equipment (continued)

	Port Land at Fair Value $'000	Buildings at Cost $'000	Wharves and Paving at Cost $'000	Plant and Equipment at Cost $'000	Work in Progress $'000	Total $'000
Year ended 30 June 2022						
Opening net book amount	89,166	10,918	34,589	47,882	35,854	218,409
Additions	13,599	-	-	-	37,810	51,410
Transfers from Work in Progress	-	832	43,100	4,509	(48,509)	(70)
Disposals	-	(2)	(1)	(17)	-	(20)
Impairment	-	(1,433)	(10,414)	(6,441)	-	(18,288)
Increase in Fair Value (OCI)	10,167	-	-	-	-	10,167
Decrease in Fair Value (Profit or Loss)	(107)	-	-	-	-	(107)
Depreciation charge (note 4)	-	(1,111)	(3,730)	(5,009)	-	(9,850)
Change in the Provision for Resilience (OCI)	126	-	-	-	-	126
Change in the Provision for Resilience (Profit or Loss)	2,361	-	-	-	-	2,361
Closing net book amount*	**115,313**	**9,203**	**63,544**	**40,923**	**25,155**	**254,138**
At 30 June 2022						
Cost or Valuation	143,076	20,366	119,705	96,623	25,155	404,925
Provision for Land Resilience	(27,763)	-	-	-	-	(27,763)
Accumulated Depreciation & Impairment	-	(11,163)	(56,161)	(55,700)	-	(123,024)
Net book amount	**115,313**	**9,203**	**63,544**	**40,923**	**25,155**	**254,138**
Year ended 30 June 2023						
Opening net book amount	115,313	9,203	63,544	40,923	25,155	254,138
Additions	13,339	-	-	8	32,574	45,921
Transfers from Work in Progress	23	2,387	15,219	8,955	(26,584)	-
Disposals	-	-	(293)	(18)	-	(311)
Reclassification	(24,925)	-	(3,078)	3,078	-	(24,925)
Increase in Fair Value (OCI)	9,636	-	-	-	-	9,636
Depreciation charge (note 4)	-	(767)	(5,508)	(5,302)	-	(11,577)
Closing net book amount	**113,386**	**10,823**	**69,884**	**47,643**	**31,145**	**272,881**
At 30 June 2023						
Cost or Valuation	127,810	21,620	130,521	109,202	31,145	420,298
Provision for Land Resilience	(14,424)	-	-	-	-	(14,424)
Accumulated Depreciation & Impairment	-	(10,797)	(60,637)	(61,559)	-	(132,993)
Net book amount	**113,386**	**10,823**	**69,884**	**47,643**	**31,145**	**272,881**

*See note 6 for details of the restatement between revaluation reserves and retained earnings.

12 Property, Plant and Equipment (continued)

Operational Port Land

	Industrial Zoned Land $'000	Other Port Land $'000	Provision for land resilience $'000	Total Operational Port Land $'000
Opening value 1 July 2021	105,396	27,359	(43,588)	89,166
Additions	262	-	13,338	13,600
Increase / (decrease) in fair value	7,853	2,207	2,487	12,547
Closing value at 30 June 2022	**113,511**	**29,566**	**(27,763)**	**115,313**
Opening value 1 July 2022	113,511	29,566	(27,763)	115,313
Additions	23	-	13,339	13,362
Transfers to Investment Property	(24,925)	-	-	(24,925)
Increase / (decrease) in fair value	9,636	-	-	9,636
Closing value at 30 June 2023	**98,245**	**29,566**	**(14,425)**	**113,386**

13 Investment Properties

Recognition and Measurement

Investment Property, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value (see note 11) determined by an independent valuer at the reporting date. Gains or losses arising from changes in fair value of investment property are recognised in the Statement of Comprehensive Income in the period in which they arise.

The below numbers allow for estimated costs to repair services to undeveloped sites, rebuild a seawall, and complete ground resilience works (note 11).

The Group has the following classes of Investment Property:

- Developed Investment Property; and
- Land Available for Development

	Developed Investment Properties $'000	Land Available for Development $'000	Total Investment Properties $'000
Opening value 1 July 2021	26,000	29,493	55,493
Additions	124	2,157	2,282
Increase / (decrease) in fair value	5,643	(800)	4,842
Closing value at 30 June 2022	**31,767**	**30,850**	**62,617**
Opening value 1 July 2022	31,767	30,850	62,617
Additions	155	106	261
Transfers from Operational Port Land	-	24,925	24,925
Increase / (decrease) in fair value	(1,252)	(256)	(1,509)
Disposals	(169)	-	(169)
Closing value at 30 June 2023	**30,500**	**55,625**	**86,125**

14 Joint Ventures

Recognition and Measurement

A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated Balance Sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

An investment is accounted for using the equity method from the date on which the investee becomes a joint venture.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When necessary, the entire carrying amount of the investment is tested for impairment in accordance with NZ IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (the higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with NZ IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with a joint venture of the Group, profit and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interest in the joint venture that are not related to the Group.

14 Joint Ventures (continued)

30 June 2022

	Direct Connect Container Services Limited $'000	Dixon & Dunlop Limited $'000	Marlborough Inland Hub Limited $'000	Total $'000
Summarised Balance Sheet				
Current				
Cash and cash equivalents	376	1,368	-	1,744
Other current assets (excluding cash)	349	1,653	-	2,001
Total current assets	**725**	**3,020**	**-**	**3,745**
Other current liabilities (including trade payables)	(308)	(1,269)	(254)	(1,831)
Total current liabilities	**(308)**	**(1,269)**	**(254)**	**(1,831)**
Non-current				
Assets	14,885	5,067	15,370	35,322
Total non-current assets	**14,885**	**5,067**	**15,370**	**35,322**
Financial liabilities	(16,160)	-	-	(16,160)
Other liabilities	-	-	-	-
Total non-current liabilities	**(16,160)**	**-**	**-**	**(16,160)**
Net assets	**(858)**	**6,818**	**15,116**	**21,076**
Summarised statement of comprehensive income				
Revenue	3,460	13,104	-	16,564
Operating expenses	(3,609)	(10,583)	-	(14,192)
Profit / (Loss)	**(149)**	**2,520**	**-**	**2,372**
Reconciliation of carrying value				
Opening carrying value at 1 July 2021	**-**	**-**	**-**	**-**
Additional investment	-	4,095	6,750	10,845
Share of profit/(loss)	(74)	1,260	-	1,186
Movement through OCI	-	-	813	813
Dividends received	-	(100)	-	(100)
Applied against loan	74	-	-	74
Closing carrying value at 30 June 2022	**-**	**5,255**	**7,563**	**12,818**

14 Joint Ventures (continued)

30 June 2023

	Direct Connect Container Services Limited $'000	Dixon & Dunlop Limited $'000	Marlborough Inland Hub Limited $'000	Total $'000
Summarised Balance Sheet				
Current				
Cash and cash equivalents	331	2,147	971	3,449
Other current assets (excluding cash)	364	1,598	-	1,962
Total current assets	**696**	**3,745**	**971**	**5,412**
Other current liabilities (including trade payables)	(321)	(1,395)	(117)	(1,833)
Total current liabilities	**(321)**	**(1,395)**	**(117)**	**(1,833)**
Non-current				
Assets	16,544	6,404	15,373	38,321
Total non-current assets	**16,544**	**6,404**	**15,373**	**38,321**
Financial liabilities	(18,060)	-	(1,000)	(19,060)
Other liabilities	-	(1,701)	(45)	(1,746)
Total non-current liabilities	**(18,060)**	**(1,701)**	**(1,045)**	**(20,806)**
Net assets	**(1,141)**	**7,053**	**15,182**	**21,094**
Summarised statement of comprehensive income				
Revenue	3,538	14,751	1,293	19,582
Operating expenses	(3,821)	(11,485)	(1,236)	(16,542)
Profit / (Loss)	**(283)**	**3,266**	**57**	**3,040**
Reconciliation of carrying value				
Opening carrying value at 1 July 2022	-	5,255	7,563	12,818
Additional investment	-	-	-	-
Share of profit/(loss)	(141)	1,633	29	1,521
Other adjustments	-	(19)	-	(19)
Dividends received	-	(1,250)	-	(1,250)
Applied against loan	141	-	-	141
Closing carrying value at 30 June 2023	**-**	**5,619**	**7,591**	**13,210**

14 Joint Ventures (continued)

Details of the Group's joint ventures at the end of the reporting period are as follows:

		Proportion of ownership interest	
Name of entity	**Principal activities**	**2023**	**2022**
Direct Connect Container Services Limited	Warehousing and transportation	**50%**	50%
Dixon & Dunlop Limited	Earthmoving, groundworks and equipment hire	**50%**	50%
Marlborough Inland Hub Limited	Logistics services	**50%**	50%

During the year ended 30 June 2022, the Group acquired shares in Dixon and Dunlop Limited and Marlborough Inland Hub Limited. See note 22 for more details.

15 Goodwill and Impairment

Goodwill	**2023 $'000**	**2022 $'000**
Cost	-	2,675
Impairment loss	-	(2,675)
Closing Net Book Value	-	-

Determining the recoverable amount for the port operations cash generating unit

Significant capital expenditure was incurred in the current year in relation to the regeneration programme which is expected to continue for several years in the future. The increase in the fixed assets of the port operations cash generating unit (CGU) increases the risk that the net assets of the CGU (including the balance of goodwill) may be higher than its recoverable amount. CentrePort has assessed that its assets which are subject to impairment testing are within one CGU with the exception of Direct Connect Container Services Limited, Dixon & Dunlop Limited and Marlborough Inland Hub Limited. This means that all assets work together to generate cash flows. The key premise of this assumption is that the harbour enables the port to exist.

To assess the port operations cash generating unit including goodwill for impairment, the recoverable amount was determined through applying the fair value less cost of disposal method. The fair value is determined through the income approach as allowed by NZ IFRS 13 Fair Value Measurements, in which the estimated future cash flows over the next 30 years are discounted to a present value. Estimated future cash flows are based on past experiences and factor in the current disruption to the global and local supply chains.

No adjustment has been made to the estimated recoverable amount in the current year (2022: $21.0m write down).

During the year ended 30 June 2022, an impairment assessment was calculated for the port operations cash generating unit and it was concluded that there was an impairment of $21.0m to recognise, and therefore, the impairment was first allocated to goodwill ($2,675k) and the remainder to non-current assets valued at cost – Property, Plant and Equipment ($18,288k – see note 12) and Software ($37k). The recoverable amount was calculated based on three scenarios.
The lower cargo volume scenario was selected as managements best estimate due to the current uncertainty surrounding the economic outlook and supply chains.

The discount rate applied by CentrePort to calculate the recoverable amount has increased to 8.2% from 7.4% a year ago largely due to an increase in the risk-free rate based on long term New Zealand Government bond yields.

15 Goodwill and Impairment (continued)

The key assumptions in the impairment model and related sensitivity for the current year are as follows:

Assumption	Value of assumption	% Change in assumption	$ value impact of change in assumption on the valuation model
Weighted average cost of capital (discount rate)	8.2% (2022: 7.4%)	+0.4% - 0.4%	-$38m +$43m (2022: -$39m +$40m)
Terminal growth rate	2.2% (2022: 2.0%)	+0.2% -0.2%	-$5m $5m (2022: +7m - $6m)
Indexation	2.0% (2022: 2.0%)	0.2% - 0.2%	+$18m -$17m (2022: +23m -22m)
Revenue throughout forecast period		+5.0% - 5.0%	+$68m -$68m (2022: +76m -76m)
Forecasted Capital Expenditure throughout forecast period		+5.0% - 5.0%	- $21m +$21m (2022: -$26m +26m)

Whilst not included in the key assumptions table the following other key assumptions are also included in the model:

- Forecasted sales volumes and prices for containers, logs, fuel, and cruise ships
- Cost of disposal of the CGU
- Operating costs of the CGU

All inputs contained in the model are classified as Level 3 fair value measurements as described in note 2(j).

16 Trade and Other Payables

	2023 $'000	2022 $'000
Trade payables	**5,613**	5,309
Accruals	**5,425**	5,838
Income in Advance	**921**	502
Other payables	**452**	640
	12,411	12,289

Trade and Other Payables principally comprise amounts outstanding for trade purchases and ongoing costs. Trade and Other Payables measured at amortised cost approximates fair value.

17 Provision for Employee Entitlements

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet received at balance date when it is probable that settlement will be required and they are capable of being measured reliably. The present value is determined by discounting the future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liabilities.

	2023 $'000	2022 $'000
Current liability	**3,953**	3,659
Non-current liability	**123**	163
Total Liability	**4,076**	3,822

The rate used for discounting the provision for future payments is 4.6% (2022: 3.6%).

18 Leases

Leases as a lessee

The Group leases various land and equipment. Rental contracts are typically made for fixed periods ranging from 2 to 20 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and
- Lease payments to be made under reasonably certain extension options.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- Makes adjustments specific to the lease, e.g. term, type of property, and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability less any lease incentives received. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the Statement of Comprehensive Income. Short-term leases are leases with a term of 12 months or less.

Extension options

Extension options are included in a number of property leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

18 Leases (continued)

Factors assessed include historical lease durations and the costs of any business disruption required to replace the leased asset. Most extension options have been included in the lease liability, because the Group could not easily replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised). The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Leases as a lessor

The Group leases out investment properties, port operational land, buildings, plant and equipment, and wharf facilities. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the underlying asset to the lessee. Where the lease is a sub-lease, it is classified as a finance lease whenever the terms of the sub-lease transfer all the risks and rewards of the right-of-use asset to the sub-lessee. All other leases are classified as operating leases.

Operating Leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Lease payments for some contracts include CPI increases.

Finance Leases

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

18 Leases (continued)

The balance sheet shows the following assets subject to operating leases where the Group is the lessor:

	Port Land at Fair Value $'000	Investment Property at Fair Value $'000	Buildings at Cost $'000	Wharves and Paving at Cost $'000	Plant & Equipment at Cost $'000	Right of Use Assets at Cost $'000
Year ended 30 June 2022						
Opening net book amount	45,491	49,273	2,534	16,036	1,441	1,104
Additions	-	-	-	-	-	550
Transfer from Work in Progress	-	3,075	108	1,686	126	-
Reclassification	-	-	(10)	-	-	-
Impairment adjustment	-	(100)	(315)	(2,255)	(193)	-
Revaluation	7,256	4,841	-	-	-	-
Depreciation Charge	-	-	(311)	(1,514)	(74)	(118)
Change in the Provision for Resilience	595	-	-	-	-	-
Closing net book amount	**53,343**	**57,090**	**2,007**	**13,952**	**1,299**	**1,536**
At 30 June 2022						
Cost or Valuation	54,950	60,840	3,946	30,070	2,227	1,844
Provision for Land Resilience	(1,607)	-	-	-	-	-
Accumulated Depreciation & Impairment	-	(3,750)	(1,939)	(16,118)	(928)	(308)
Net book amount	**53,343**	**57,090**	**2,007**	**13,952**	**1,299**	**1,536**
Year ended 30 June 2023						
Opening net book amount	53,343	57,090	2,007	13,952	1,299	1,536
Additions	-	169	-	-	-	128
Transfers from Work in Progress	-	-	-	642	215	-
Reclassification	(15,642)	15,642	-	-	-	-
Impairment adjustment	-	(50)	-	-	-	-
Assets no longer leased	(2,610)	-	-	-	-	-
Revaluation	4,915	(1,435)	-	-	-	-
Depreciation charge	-	-	(317)	(1,516)	(76)	(132)
Change in the Provision for resilience	1,416	-	-	-	-	-
Closing net book amount	**41,420**	**71,416**	**1,690**	**13,078**	**1,439**	**1,532**
At 30 June 2023						
Cost or Valuation	41,611	75,216	3,946	30,712	2,443	1,972
Provision for Land Resilience	(191)	-	-	-	-	-
Accumulated Depreciation & Impairment	-	(3,800)	(2,256)	(17,634)	(1,004)	(440)
Net book amount	**41,420**	**71,416**	**1,690**	**13,078**	**1,439**	**1,532**

18 Leases (continued)

The Group expects the following lease payments to be received in relation to its operating and finance leases as a lessor:

	2023 $'000	2022 $'000
Amounts Receivable under operating leases as a Lessor		
Within 1 year	**13,528**	11,505
Between 1 and 2 years	**12,427**	10,823
Between 2 and 3 years	**11,849**	10,291
Between 3 and 4 years	**11,207**	9,903
Between 4 and 5 years	**10,175**	9,912
Greater than 5 years	**155,275**	26,867
Total	**214,461**	**79,301**

19 Borrowings

	2023 $'000	2022 $'000
Current Liabilities		
NZ Green Investment Finance	**12,000**	11,000

CentrePort entered has a $15.0m debt facility with New Zealand Green Investment Finance (NZGIF) to accelerate investment into low carbon projects.

The Group has drawn down $12.0m of this facility at balance date (2022: $11.0m). The interest rate is based on BKBM (bank bill bid settlement) rate plus a margin payable on funds drawn. A commitment fee is also payable on the facility limit. The facility was renewed on 7 June 2022 for a term of 13-months. The Lender has first ranking security over all current and future assets held by the Group.

20 Financial Risk Management

Financial Instruments

As part of normal operations, the Group is party to financial instruments with risk to meet operational needs.

CentrePort regularly undertakes reviews of its financial risk management as its capital structure changes.

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Comprehensive Income.

All recognised financial assets and liabilities are subsequently measured at either amortised cost or fair value through profit and loss, depending on the classification of the financial asset or liability. The classification depends on the nature and purpose of the financial asset or liability and is determined at the time of initial recognition.

Amortised Cost

Financial assets and liabilities are classified as measured at amortised cost if the financial asset or liability is held to collect or make payment on contractual cash flows, and those cash flows are solely payments of principal and interest on the principal outstanding.

Cash and cash equivalents, trade receivables, other receivables, loans, trade payables, and other payables are recorded at amortised cost using the effective interest method less any impairment.

20 Financial Risk Management (continued)

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the instrument or a shorter period, where appropriate, to the net carrying amount of the financial assets or financial liability.

Fair Value through Profit or Loss (FVTPL)

All other financial assets or liabilities that are not measured at Amortised Cost are measured at fair value through profit or loss.

Financial Assets and Liabilities at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the Statement of Comprehensive Income.

Offsetting Financial Instruments

Financial Assets and Liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial Risk Management Objectives

Treasury activities are reported to the Board and the Audit and Risk Committee.

Capital Risk Management

CentrePort manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group as at 30 June 2023 consists of cash reserves, debt facilities, and retained earnings (2022: cash reserves, debt facilities, and retained earnings).

(a) Market risk

Currency Risk

The Group enters into forward exchange contracts to hedge the Group’s foreign currency risk on major asset purchases.

Interest Rate Risk

The Group is exposed to interest rate risk as the Group borrows funds at both fixed and floating interest rates. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite as provided for in the Treasury Policy.

The Group is exposed to interest rate risk through the Group's treasury investment portfolio if market interest rates decline below annual budgeted amounts.

Group Sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 0.5% (2022: 0.5%) increase or decrease represents management's assessment of the possible change in interest rates.

The following table summarises the sensitivity of the Group’s financial assets and financial liabilities to interest rate risk and foreign exchange risk:

20 Financial Risk Management (continued)

30 June 2023	Carrying amount $'000	Interest rate risk -0.5% Profit $'000	Interest rate risk -0.5% Equity $'000	Interest rate risk +0.5% Profit $'000	Interest rate risk +0.5% Equity $'000
Financial assets					
Cash and cash equivalents	114,624	(641)	(641)	641	641
Accounts receivable	10,544	-	-	-	-
Investment in Commercial Paper	18,960	(82)	(82)	82	82
Loans and Advances to Joint Venture	9,934	-	-	-	-
Financial liabilities					
Provision for Employee Entitlements	4,076	-	-	-	-
Trade payables	11,488	-	-	-	-
Borrowings	12,000	60	60	(60)	(60)
Total increase / (decrease)		**(663)**	**(663)**	**663**	**663**

30 June 2022	Carrying amount $'000	Interest rate risk -0.5% Profit $'000	Interest rate risk -0.5% Equity $'000	Interest rate risk +0.5% Profit $'000	Interest rate risk +0.5% Equity $'000
Financial assets					
Cash and cash equivalents	141,620	(834)	(834)	834	834
Accounts receivable	10,111	-	-	-	-
Investment in Commercial Paper	19,461	(94)	(94)	94	94
Loans and Advances to Joint Venture	7,670	-	-	-	-
Financial liabilities					
Provision for Employee Entitlements	3,822	-	-	-	-
Trade payables	11,787	-	-	-	-
Borrowings	11,000	55	55	(55)	(55)
Total increase / (decrease)		**(873)**	**(873)**	**873**	**873**

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from Cash and Cash Equivalents with banks, financial institutions, loans and advances to joint ventures, and other institutions as well as outstanding Trade and Other Receivables. For banks, financial institutions, and other institutions only independently rated parties with a minimum rating of 'A' are accepted. For Trade and Other Receivables the Group performs credit evaluations on all customers requiring credit and generally does not require collateral. Maximum exposures to credit risk as at balance date are the carrying value of financial assets in the balance sheet.

Trade and other receivables include amounts that are not impaired but considered past due as at balance date. Expected Credit Losses are calculated on a lifetime basis for Trade Receivables. Please see note 9 for more information.

20 Financial Risk Management (continued)

Credit Risk Exposure

	2023 $'000	2022 $'000
Cash at bank and short-term bank deposits	**107,624**	113,620
AA- rated entities	**7,000**	28,000
A rated entities	**114,624**	141,620
Investments at amortised cost	**18,960**	19,461
AA+ rated entities	**9,934**	7,670
Unrated entities	**28,894**	**27,131**

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks or other institutions with high credit-ratings assigned by international credit-rating agencies.

The investments with unrated entities are with related parties (note 22).

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds at short notice to meet its financial commitments as they fall due. To reduce the exposure to liquidity risk the Group holds cash and cash equivalents (refer to note 9) and has a bank overdraft facility of $2.0m through a set off arrangement (2022: $2.0m).

Liquidity profile of financial instruments

The following tables detail the Group's liquidity profile based on undiscounted cash outflows at 30 June 2023 and 30 June 2022, assuming future interest cost on borrowings at nil (2022: nil) of the average debt for each period.

	Less than One Year $'000	1-2 Years $'000	2-5 Years $'000	5+ Years $'000	Total $'000
30 June 2023					
Trade and Other Payables	11,488	-	-	-	11,488
Employee Entitlements	3,953	123	-	-	4,076
Lease Liabilities	294	258	792	2,282	3,626
Borrowings	12,000	-	-	-	12,000
Total	**27,735**	**381**	**792**	**2,282**	**31,190**
30 June 2022					
Trade and Other Payables	11,787	-	-	-	11,787
Employee Entitlements	3,659	163	-	-	3,822
Lease Liabilities	302	301	776	2,117	3,496
Borrowings	11,000	-	-	-	11,000
Total	**26,748**	**464**	**776**	**2,117**	**30,105**

20 Financial Risk Management (continued)

(d) Financial instruments at Amortised Cost

	2023 $'000	2022 $'000
Assets		
Trade and other receivables	**10,544**	10,111
Loans and Advances to Joint Venture	**9,934**	7,670
Cash and cash equivalents	**114,624**	141,620
Investment in Commercial Paper	**18,960**	19,461
Total assets	**154,062**	178,862
Liabilities		
Employee entitlements	**4,076**	3,822
Trade and other payables	**11,488**	11,787
Borrowings	**12,000**	11,000
Lease liabilities	**2,642**	2,645
Total liabilities	**30,206**	29,254

(e) Reconciliation of liabilities arising from financing activities

	2022	Cashflows	Non-cash additions	2023
Borrowings	11,000	1,000	-	**12,000**
Lease liabilities	2,645	(158)	155	**2,642**
Long-term debt	13,645	842	155	**14,642**

21 Reconciliation of Profit After Income Tax to Net Cash Inflow from Operating Activities

	2023 $'000	2022 (Restated*) $'000
Profit / (Loss) for the Year from Continuing Operations	**9,199**	24,028
Add / (Less) Non-Cash Items:		
Depreciation	**11,577**	9,850
Right-of-Use-Asset Depreciation	**226**	207
Amortisation	**185**	190
Impairment of Property, Plant and Equipment, Goodwill, and Software	**-**	21,000
Decrease / (Increase) in Fair Value of Investment Properties	**1,509**	(4,842)
Decrease / (Increase) in Fair Value of Property, Plant and Equipment	**-**	107
Adjustment to Fair Value for Land Resilience Impact*	**-**	(2,361)
Equity Accounted Earnings	**(1,501)**	(1,184)
Gain on Disposal of Fixed Assets	**281**	(88)
Increase / (Decrease) in Deferred Tax liability	**(747)**	(27,413)
Add / (Less) Movements in Working Capital:		
Trade and Other Receivables	**(867)**	(1,919)
Trade and Other Payables	**121**	1,070
Inventories	**606**	(404)
Taxation Payable/Refund	**3,200**	(2,673)
Provision for Employee Entitlements	**255**	479
Add / (Less) Items Classified as Investing and Financing Activities:		
Accounts Payable related to Property, Plant & Equipment	**1,566**	(666)
Accounts Payable related to Investment Properties	**6**	58
Prepayments related to Property, Plant & Equipment	**-**	749
Other	**-**	-
Net cash inflow from operating activities	**25,617**	16,189

* See note 6 for details on the reclassification between Other Comprehensive Income and Profit / (Loss) before Income Tax.

22 Related Party Transactions

Subsidiaries and Joint Ventures of CentrePort Ltd

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest held by the Group	
			2023 %	**2022 %**
CentrePort Properties Limited	Investment in special purpose vehicles	New Zealand	**100**	100
Direct Connect Container Services Limited	Warehousing and transportation	New Zealand	**50**	50
Harbour Quays D4 Limited	Commercial Rental Property	New Zealand	**100**	100
CentrePort Cook Strait Ferry Terminals Limited*	Inactive	New Zealand	**100**	100
CentrePort Captive Insurance Limited	Inactive	New Zealand	**100**	100
Dixon & Dunlop Limited	Earthmoving, groundworks and equipment hire	New Zealand	**50**	50
Marlborough Inland Hub Limited	Logistics services	New Zealand	**50**	50

* During the year ended 30 June 2023, Wellington Port Coldstores Limited changed its name to CentrePort Cook Strait Ferry Terminals Limited.

Direct Connect Container Services Limited

CentrePort provided a secured and interest bearing long-term shareholder advance to Direct Connect Container Services Ltd of $7.0m, in October 2021. Interest is payable on the principal of 7.0% per annum, income from the loan for the year ended 30 June 2023 was $490k (2022: $490k). The loan is repayable on 29 November 2029.

During the period, CentrePort provided a secured and interest bearing long-term shareholder advance to Direct Connect Container Services Ltd of $1.9m. Interest is payable on the principal of 7.0% per annum, income from the loan for the year ended 30 June 2023 was $93k. The loan is repayable on 4 August 2025.

At 30 June 2023, CentrePort has $1.1m of unsecured advances to Direct Connect Container Services – there were no new advances made during the year (2022: nil). There is no interest charged on these advances and they are repayable on demand. This cash advance is shown on the balance sheet net of CentrePort's share of losses, $534k (2022: $670k).

CentrePort Captive Insurance Limited

On 14 October 2022, the Reserve Bank of New Zealand granted a licence under The Insurance (Prudential Supervision) Act 2010 for CentrePort Captive Insurance Limited to operate as a captive insurance company. As at 30 June 2023, CentrePort Captive Insurance has not issued any insurance contracts (2022: nil).

Dixon & Dunlop Limited

On 31 August 2021, CentrePort Limited purchased 50% of the shares in Dixon & Dunlop Limited for $4.1m. CentrePort's interest in Dixon & Dunlop has been accounted for using the equity method. During the year ended 30 June 2023, CentrePort received cash dividends of $1.25m (2022: $100k).

Marlborough Inland Hub Limited

On 23 December 2021, the Group purchased land and assets used to fulfil a Grape Supply Agreement in Marlborough for $13.5m which was treated as an asset held for sale. On 29 June 2022, Marlborough Inland Hub Limited was established as a joint venture between the Group and Port of Marlborough New Zealand Limited. The joint venture purchased this property from the Group for $13.5m. The land component of the property was revalued at 30 June 2022 from $10.6m to $12.3m.

During the year, CentrePort provided a secured and interest bearing long-term shareholder loan to Marlborough Inland Hub Limited of $500k. Interest is payable on the 30th of June each year or as otherwise provided by agreement at an interest rate of the OCR from time to time plus a margin of 1.5%. Income from the loan for the year ended 30 June 2023 was $18k. The loan is repayable on demand.

22 Related Party Transactions (continued)

Parent and Controlled entities

CentrePort is 76.9% owned by WRC Holdings Ltd, a subsidiary of Wellington Regional Council, and 23.1% owned by MWRC Holdings Limited, a subsidiary of Manawatu-Wanganui Regional Council (trading as Horizons Regional Council).

The Group has a tax loss share arrangement with the Wellington Regional Council and Subsidiaries that allows the Group to purchase tax losses.

During the year transactions between the Group and related parties included:

	2023 $'000	2022 $'000
Greater Wellington Regional Council and Subsidiaries		
Income received from rent and services performed	**3**	85
Payment for use of navigational facilities, guarantee of CentrePort Group borrowings, and services performed	**(779)**	(818)
Investment in Commercial Paper	**18,960**	19,461
Repayment of Commercial Paper	**(20,000)**	(20,000)
Horizons Regional Council and Subsidiaries		
Payment for services performed	**(5)**	(5)
Direct Connect Container Services Limited		
Income received from rent and services performed	**218**	198
Payment for goods and services	**(50)**	(87)
Loan advances	**(1,900)**	-
Interest received	**583**	490
Dixon & Dunlop Limited		
Payment for services performed	**(5,168)**	(5,526)
Dividend received	**1,250**	100
Marlborough Inland Hub Limited		
Sale of Property, Plant and Equipment	**-**	13,500
Cost recoveries	**383**	-
Loan advances	**500**	-
Interest received	**18**	-

22 Related Party Transactions (continued)

At year end the following outstanding balances with related parties were recorded as an asset / (liability):

	2023 $'000	2022 $'000
Greater Wellington Regional Council payable	**(14)**	(18)
GWRC Commercial Paper	**18,960**	19,461
Direct Connect Container Services Limited receivable	**16**	19
Direct Connect Container Services Limited payable	**(44)**	(7)
Direct Connect Container Services Limited Loan receivable	**8,900**	7,000
Direct Connect Container Services Limited Cash Advance receivable*	**1,080**	1,080
Dixon and Dunlop Limited payable	**(371)**	(679)
Marlborough Inland Hub receivable	**-**	246
Marlborough Inland Hub Loan receivable	**500**	-
Marlborough Inland Hub Interest on Loan receivable	**18**	-
	29,045	27,102

*The cash advances paid to Direct Connect Container Services Limited are carried on the balance sheet net of CentrePort's share of losses.

As at 30 June 2023, the Group held $18.96m (2022: $19.5m) of unsecured Commercial Paper issued by GWRC. The Commercial Paper will mature on 24 March 2024 for $20.0m.

Key Management Personnel Compensation

The compensation of the Directors and executives, being the key management personnel of the entity, is set out below:

	2023 $'000	2022 $'000
Salaries, fees, and other short-term employee benefits	**3,481**	3,449

23 Capital Commitments

At balance date CentrePort had entered into commitments for the acquisition of property, plant, and equipment amounting to of $322k for the Group (2022: $15.8m).

24 Contingent Liabilities

CentrePort Limited and CentrePort Properties Limited were added as defendants on 27 April 2021 to proceedings commenced by Statistics New Zealand against Beca Limited and Dunning Thornton Consultants Limited. The proceedings concern Statistics House which sustained damage and was subsequently demolished following the Kaikoura earthquake in November 2016. The claim against CentrePort Limited has subsequently been discontinued but a claim remains against CentrePort Properties Limited. CentrePort continues to defend these proceedings. The plaintiff's claim against the three parties involved is for $17.3m. CentrePort has denied any liability. The proceeding is unresolved at 30 June 2023 and a four-week trial is scheduled for November 2023.

At 30 June 2022, there was a contingent liability for a former contractor who had instigated a second set of proceedings against CentrePort for the alleged unlawful suspension, and then termination, of their contract in relation to a health and safety incident that occurred on the 2nd of October 2019. During the year ended 30 June 2023, CentrePort has successfully contested this claim and it is therefore no longer a Contingent Liability.

25 Contingent Assets

Following a shipping incident during the year CentrePort has made a claim for salvage services in respect of the assistance rendered by the CentrePort tugs Tapuhi and Tiaki and the pilot launch Te Haa. CentrePort's salvage claim is guided by the Maritime Transport Act 1994, the International Convention on Salvage and relevant salvage awards published by Lloyds. CentrePort is working with the ship owner to agree an appropriate salvage reward (2022: nil).

26 Subsequent Events

On 7 July 2023, the NZGIF facility was renewed for a term of 12-months, there were no other changes to the terms and conditions.

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INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF CENTREPORT LIMITED GROUP'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of CentrePort Limited Group (the Group). The Auditor-General has appointed me, Hamish Anton, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements of the Group on his behalf.

Opinion

We have audited the financial statements of the Group on pages 33 to 72, that comprise the balance sheet as at 30 June 2023, the statement of comprehensive income, 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.

In our opinion, the financial statements of the Group:

- present fairly, in all material respects:
  - its financial position as at 30 June 2023; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Our audit was completed on 29 August 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

Basis for our opinion

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 is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, the Board of Directors is responsible on behalf of the Group for assessing the Group'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 there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Port Companies Act 1988.

Responsibilities of the Auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue and auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but it 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 these financial statements.

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

As part of an audit 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 financial statements, 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 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 Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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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.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 32 and 76 to 87, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Group 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* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have carried out an engagement on CentrePort Captive Insurance Limited's annual solvency return to the Reserve Bank of New Zealand, which is compatible with those independence requirements. Other than the audit and the other assurance engagement on the solvency return, we have no relationship or interests with the Group.

Hamish Anton
Deloitte Limited
On behalf of the Auditor-General
Wellington, New Zealand

Corporate governance

Corporate Governance

Board of Directors at 30 June 2023

Anthony Delaney
Managing Director

Lachie Johnstone
Chair

Sophie Haslem
Deputy Chair

Warwick Tauwhare-George
Director

Jackie Lloyd
Director

Martin Lewington
Director

Meet our new Director, Jason McDonald

Jason joined CentrePort's Board on 1 September 2023. Jason is a Wellington based director, strategist and governance consultant with clear expertise in the energy sector. He is currently an independent director of Wellington-based electricity distributor Orion, electrical design, construction and maintenance provider Connetics, and of First Gas. He was formerly director and chair of car share company Mevo, an independent director of electricity distributor Top Energy and transport provider Red Bus. Jason's appointment to the Board of Directors means Anthony Delaney has stepped down as Managing Director and resumed as Chief Executive.

Executive Leadership team at 30 June 2023

Megan Elmiger
GM People Safety and Culture

Jason Sadler
Chief Financial Officer

Stefan Reynolds
GM Container Operations

Paul Terry
GM Infrastructure

Andrew Steele
GM Ferries and Bulk

Andrew Locke
GM Commercial, Break Bulk and Marine

* Please note that since 30 June 2023 some ELT role titles have been updated.

Directors' Report

The Directors are pleased to submit their Annual Report including the Group financial statements of CentrePort Limited (CentrePort) and its subsidiaries (the Group) for the year ended 30 June 2023.

Principal Business

CentrePort Limited is a port company pursuant to the Port Companies Act 1988.

Results

The net assets balance as at 30 June 2023 is $474.6m (2022: $461.8m) following a total comprehensive income for the year net of tax of $18.8m (2022: $35.1m) and dividends paid of $6.0m (2022: $6.0m).

Group revenue for the year ended 30 June 2023 was $98.6m compared to $84.2m in the previous year. The group revenue result is a 17.2% increase on last year from trade growth and the return of cruise.

Operating expenses increased 17.5% due to increased labour, depreciation, maintenance costs plus costs related to the return of cruise.

Strong revenue growth coupled with growth in interest income received boosted operating cashflows to $25.6m for the year ended 30 June 2023, up 58.2% from $16.2m in the previous year.

Joint Venture earnings were up 30.3% compared with the same period last year primarily driven by a strong Dixon & Dunlop Limited result.

During the year CentrePort Captive Insurance Limited was granted a licence from the Reserve Bank of New Zealand to operate as a captive insurance company. No insurance contracts were written at 30 June 2023, but CentrePort will use the company in the 2024 financial year to help mitigate increasing insurance costs.

Significant investment has gone into improving CentrePort's long-term resilience. Key infrastructure projects continued throughout the year including ground resilience works and the Seaview energy resilience project.

Trades

Container volumes were strong despite widespread port congestion in New Zealand. Key trade volumes are summarised below:

- Container volumes for the year of 95,753 TEUs (Twenty-foot Equivalent Units) is a 7% increase on the 89,892 TEUs in the prior year, assisted by the introduction of TS Lines and the Pacifica coastal feeder service.
- The year ended 30 June 2023 saw the return of cruise, with CentrePort hosting 89 cruise ships and welcoming 137,136 passengers to the Wellington region.
- Log export volumes of 1.74m JAS (Japanese Agricultural Standard) is in line with the prior year despite demand volatility.
- Fuel import volumes of 961,088 tonnes is a 9% increase on the previous year imports of 884,904 tonnes.
- Vehicle imports of 23,124 units were 21% down on the prior year's record imports of 29,098 units.
- Total harbour movements including the Cook Strait Ferries of 3,472 were 11% up on the prior year's movements of 3,128.

Outlook for 2024

The outlook for the 2024 financial year remains uncertain with predictions of a recession. Cargo volumes in the short term will be impacted by weaker economic growth both globally and locally. A low farmgate milk price forecast and an economic slowdown in China will lead to lower New Zealand export volumes. New Zealand household consumption is contracting and business confidence remains low which will lead to decreased import volumes.

CentrePort manages a diverse range of cargo and remains well positioned to grow volumes and build a long-term sustainable and resilient business. CentrePort's current cash position and low debt levels reduces downside risk in 2024.

Dividends

	2023 $000
Interim dividend paid 24 February 2023	3,000
Second interim dividend paid 28 June 2023	3,000
	6,000

The Directors have declared dividends of $6.0m for the year ended 30 June 2023.

Directors holding office during the year

Parent & Subsidiaries

L J C Johnstone (Chairperson)

S Haslem

M Lewington

N Crauford (resigned 30 August 2022)

C Day (resigned 26 May 2023)

W Tauwhare-George

A Delaney (from 29 August 2022 to 15 November 2022, reappointed 23 May 2023)

J Lloyd (appointed 14 November 2022)

Remuneration of Directors

Directors’ remuneration paid during the year was as follows:

	Directors' Remuneration $
L J C Johnstone	146,125
S Haslem	91,378
M Lewington	70,125
N Crauford	12,583
C Day	66,521
W Tauwhare-George	73,873
J Lloyd	45,001

Entries in the Interests Register

CentrePort maintains an Interests Register in which particulars of certain transactions and matters involving the Directors are recorded. The following are the particulars in the Interests Register as at 30 June 2023.

L J C Johnstone (Chairperson)

- Director and shareholder of Waimaha Farms Limited, Reihana Land Holdings Limited, Maimere Properties Limited and Wholesale Frozen Foods Limited.
- Director of Jenkins Group Limited and Jenkins Freshpac Systems Limited
- Director and Chair of J-Tech Systems (Pty) Limited
- Trustee of Kings College Board of Trustees

S Haslem

- Director and Shareholder of Omphalos Limited
- Director of Rangatira Limited; Kordia Group Limited; Livestock Improvement Corporation; LIC Agritechnology Limited; Payments NZ Limited and Ngai Tahu Holdings Corporation.

M Lewington

- Director of Mercer (N.Z.) Limited and Mercer Investments (New Zealand) Limited

W Tauwhare-George

- Director of Riverlock Group Holdings Limited, Muka Tangata WDC and HRH GP Limited
- Director and Shareholder of TG Enterprises (2021) Limited
- Deputy Director General Māori at Ministry for Primary Industries
- Member of the Fonterra Co-Operative Relations Committee

J Lloyd

- Chairperson of Naylor Love Enterprises Limited
- Director of Naylor Love Construction Limited; Naylor Love Properties Limited; Naylor Love Limited; and AgResearch Limited
- Board Member of Museum of New Zealand Te Papa Tongarewa
- Trustee of the Lion Foundation
- President of Institute of Directors in New Zealand (Inc)

A Delaney

- Chief Executive Officer of CentrePort Limited
- Director of Dixon & Dunlop Limited

Approach to corporate governance

The CentrePort Limited Board of Directors is committed to following best practice in governance policy and behaviour.

Our policies are tested against applicable standards in the NZX Corporate Governance Code. While the code is for listed public companies, our Board's governance practices adhere to the standards where relevant.

In addition, CentrePort's directors support the principles set out in the Code of Practice for Directors, issued by the Institute of Directors in New Zealand. While the code expresses principles rather than detailed behaviours, our directors undertake to follow the high standards of behaviour and accountability supported by the code.

Board of Directors

The Board is elected by shareholders. The Port Companies Act 1988 and the Companies Act 1993 govern the relationship between CentrePort Limited and its shareholders.

Role and responsibilities of the Board

The Board has a statutory responsibility for the affairs and activities of CentrePort Limited and its subsidiary companies. To support the board in its responsibilities, the Chief Executive Officer and Executive Leadership Team at CentrePort carry out the day-to-day leadership and management of the company.

Key areas of responsibility that remain with the Board are:

- setting the direction, strategies and performance benchmarks of the company
- monitoring progress and delivering results
- approving strategies, business plans and budgets
- monitoring compliance with statutory requirements
- safeguarding and growing the value of CentrePort Limited's assets.

Board composition

The Board continually reviews its size, composition and breadth of experience and expertise.

Procedures for the operation of the Group are governed by the company's constitution. Under this constitution, the Board must consist of between six and nine directors.

Shareholders appoint directors by ordinary resolution or by written notice to the company, which must be signed by both shareholders in the company. Not more than two members or employees of the shareholders may hold office as directors.

Each year one-third of the Board membership is required to retire by rotation at the annual general meeting. The directors to retire are determined by their length of service in office since their last election or appointment. In addition, anyone who has been a director for more than three years is required to retire. Retired directors are eligible for re-election.

Conflicts of interest

Directors must declare any conflicts of interest that exist between their duty to CentrePort Limited and their personal interests. The company maintains an interests register detailing disclosures of any conflicts of interest.

This year directors disclosed where they had a conflict of interest with companies the Group carried out business with. Transactions with these companies took place under usual commercial terms and at arm's length from the conflicted directors. Details of the specific interests that individual directors had in transactions were entered in the interests register.

Board meetings

The Board met ten times during the year.

Directors receive papers and management reports for consideration in advance of each meeting. They also have unrestricted access to company records and information.

Company executives are regularly involved in Board deliberations and directors have opportunities for contact with all employees, including during visits to the Group's operations.

Board committees

Three Board committees assist in the execution of the Board's responsibilities, and each is subject to a defined Terms of Reference:

1. Audit and Risk Committee
2. People, Culture and Remuneration Committee
3. Health, Safety, Security and Environmental Committee.

Other ad hoc committees are established as required. The committees have a number of scheduled meetings each year to achieve the objectives of the individual committees Terms of Reference. The committees make recommendations to the Board and only exercise the Board's decision-making powers when they have specific delegated powers to do so.

Audit and Risk Committee

Members as at 30 June 2023

S Haslem (Chair), L Johnstone and M Lewington.

Number of meetings held

This committee met four times during the year. The external auditors attended all meetings.

Principal function

The Audit and Risk Committee assists the Board in fulfilling its duties and responsibilities relating to:

- Financial reporting and regulatory compliance
- Taking reasonable steps necessary to safeguard the Group's assets, and to prevent and detect fraud and other irregularities
- Reviewing treasury risk management controls.

The Audit and Risk Committee assists the Board to fulfil the above responsibilities by:

- Considering the adequacy of the form and content of published financial statements
- Determining whether accounting policies adopted by the Group are appropriate, consistently applied and adequately disclosed
- Ensuring that significant estimates and judgements made are reasonable and prudent, and that all applicable financial reporting standards have been followed
- Ensuring that the Group keeps proper accounting records that disclose, with reasonable accuracy, the financial position, results of operations and cash flows of the company and the Group.
- Continually reviewing the effectiveness of the Group's policies, practices, procedures and systems of internal control and risk management.
- Meeting with the external auditors to:
  - discuss the adequacy of internal controls and any areas of concern
  - examine any recommendations made by the auditors for improvement.

People, Culture and Remuneration Committee

Members as at 30 June 2023

W Tauwhare-George (Chair), L Johnstone, and J Lloyd.

Number of meetings held

This committee met four times during the year.

Principal function

The Board is responsible for:

- Establishing and maintaining the integrity of remuneration practices in a way that supports the achievement of the company's business goals
- Ensuring that remuneration practices at all times seek to improve the performance of individual employees, the organisation and the teams that comprise it

The People, Culture and Remuneration Committee assists the Board to fulfil the above responsibilities by:

- Reviewing the company's remuneration policies and practices to ensure they develop, motivate and reinforce high levels of performance in a way that promotes the trust and understanding of the company's employees
- Monitoring compliance with remuneration legislation and case law
- Reviewing with management the company's performance review and incentive system
- Considering detailed recommendations for the remuneration of executive management to ensure they are appropriate
- Reviewing succession planning and talent management plans and staff engagement surveys.

Health, Safety, Security and Environmental Committee

Members as at 30 June 2023

L Johnstone (Chair), S Haslem and W Tauwhare-George.

Number of meetings held

This committee met four times during the year.

Principal function

The Board has ultimate accountability for ensuring, so far as is reasonably practicable, the health and safety of workers and others affected by CentrePort's business and undertakings, and ensuring the company's compliance with health, safety, security and environmental laws, regulations and ethics.

The Health, Safety, Security and Environmental Committee assists the Board to fulfil these responsibilities by:

- Monitoring compliance with the Board's safety and environmental policies, health, safety and environmental legislation, and case law.
- Reviewing with management:
- the company's hazard analysis and accident prevention systems
- work practices, by visiting the Group's operations to determine that work is conducted in a safe and hazard-free manner
- the implementation of new systems and procedures to enable all activities to be carried out in a safe and environmentally responsible way
- the implementation of the Group's strategic objectives for quality as identified in the strategic plan.
- Coordinating with other agencies, customers and stakeholders to monitor environmental and disaster risks, including ensuring appropriate emergency response plans.

Directors

On 23 May 2023, the Board resolved that Anthony Delaney be appointed as Director of the Company pursuant to clause 23.3 of the Company's Constitution. A Director appointed under clause 23.3 holds office until the next annual meeting of the Company.

In accordance with the Company's Constitution, two Directors (Lachie Johnstone and Warwick Tauwhare-George) will retire by rotation at this year's Annual General Meeting. Both Directors will offer themselves for re-election to the Board.

Directors' Insurance

The Company has arranged Directors' and Officers' liability insurance cover to indemnify the Directors' against loss as a result of actions undertaken by them as Directors and employees provided they operate within the law. This disclosure is made in terms of Section 162 of the Companies Act 1993.

Remuneration of Employees

During the year, the number of employees or former employees of CentrePort Limited and its subsidiaries who received remuneration and other benefits in excess of $100,000 are:

	Number of Current Employees
$100,001 – $110,000	21
$110,001 – $120,000	22
$120,001 – $130,000	20
$130,001 – $140,000	19
$140,001 – $150,000	13
$150,001 – $160,000	8
$160,001 – $170,000	13
$170,001 – $180,000	5
$180,001 – $190,000	2
$190,001 – $200,000	2
$200,001 – $210,000	1
$240,001 – $250,000	2
$260,001 – $270,000	5
$290,001 – $300,000	1
$320,001 – $330,000	1
$410,001 – $420,000	1
$420,001 – $430,000	1
$430,001 – $440,000	1
$470,001 – $480,000	1
$600,001 – $610,000	1
	140

Donations and Sponsorship

The Group spent $155,863 (2022: $44,420) on donations and sponsorship during the year.

Auditor

The Auditor-General continues in office in accordance with Section 19 of the Port Companies Act 1988. The Auditor-General has appointed Mr H Anton of Deloitte Limited to undertake the audit. The Company paid audit fees of $313,892 for the year ended 30 June 2023 (2022: $279,850). Deloitte also provided other assurance services during the period at a cost of $5,000 (2022: $36,000) and charged $12,550 in relation to prior year services.

Registered Office

CentrePort Limited
2 Fryatt Quay
PO Box 794
Wellington 6140
New Zealand

For, and on behalf of, the Board of Directors

L J C Johnstone
Chairperson
29 August 2023

S Haslem
Director
29 August 2023