Port of Tauranga

Beyond the horizon

Port of Tauranga Limited
Integrated Annual Report 2023

Connecting New Zealand and the World

Tauranga Moana

Port of Tauranga is invested in the wellbeing of Tauranga city, the harbour and its people.

Te Moana-a-Toi
Bay of Plenty

The Port is an anchor for the Bay of Plenty economy, providing a stable income and creating prosperity well beyond the region.

Aotearoa
New Zealand

As the only New Zealand port able to accommodate larger container vessels, Port of Tauranga provides nationally significant infrastructure.

Tōpito o te ao
The world

Port of Tauranga is New Zealand’s largest and most efficient port, enabling essential access to global markets. Port of Tauranga connects New Zealand and the world.

Port of Tauranga

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Highlights and challenges

Year ended 30 June 2023

Group Net Profit After Tax
million

2021	2022	2023
$102.4	$111.3	**$117.1**

Revenue
million

2021	2022	2023
$338.3	$375.3	**$420.9**

Container volumes
million TEUs[1]

2021	2022	2023
1.20	1.24	**1.18**

Ship visits

2021	2022	2023
1,307	1,369	**1,432**

Total trade
million tonnes

2021	2022	2023
25.7	25.6	**24.7**

Imports
million tonnes

2021	2022	2023
9.4	9.7	**9.0**

Exports
million tonnes

2021	2022	2023
16.3	15.9	**15.7**

Subsidiary and associate company earnings
million

2021	2022	2023
$18.6	$15.0	**$13.3**

Total ordinary dividend
cents per share

2021	2022	2023
13.5	14.7	**15.6**

Final dividend
cents per share

2021	2022	2023
7.5	8.2	**8.8**

Scholarships
tertiary education

2021	2022	2023
18	18	**18**

Greenhouse gas emissions
reduction (Scope 1, 2 & 3)

2021	2022	2023
(7.9%)	2.4%	**7.3%**

Container crane rate
moves per hour

2021	2022	2023
29.7	32.1	**27.9**

Total Recordable Injury Frequency Rate
per million hours worked (Port of Tauranga)

2021	2022	2023
0	0	**4.5**

20.7 per million hours worked (Port of Tauranga and contractors combined – a 22.5% decrease from 26.7 in 2022)

TEUs = twenty foot equivalent units, a standard measure of shipping containers.

Port of Tauranga continues to invest in the critical infrastructure needed to deliver an effective supply chain for New Zealand.

We have just opened the Ruakura Inland Port in Hamilton, directly connecting the Waikato region to our facilities in Auckland and Tauranga by rail. The new facility is a game changer for the Upper North Island supply chain and unlocks efficient and lower carbon pathways to international markets for Waikato-based importers and exporters.

This investment is the latest development in more than a decade of initiatives designed to ensure New Zealand remains competitive on the world stage by facilitating visits by larger container ships.

Port of Tauranga's "big ship" strategy supports New Zealand's decarbonisation strategy, addresses shipping capacity constraints and provides our trading nation with reliable access to its global customers.

Container shipping schedule recovers

For the past two and a half years we have weathered multiple challenges brought by the Covid-19 pandemic, delays at other ports causing congestion at Tauranga, and shipping schedule uncertainty from widespread disruption across the international supply chain.

In March 2023, we ushered in a welcome return to shipping schedule reliability. This required the agreement and efforts of all major New Zealand ports as well as the shipping lines.

The lack of certainty in shipping movements has had a major impact on container terminal efficiency since 2020. Ships often arrived in bunches, resulting in delays at anchor during peak times. Labour shortages exacerbated the situation and train capacity limits created backlogs.

Port of Tauranga implemented congestion charges to incentivise shippers to keep cargo flowing through the terminal and avoid excessive storage periods for both import and export containers.

Storage revenue is expected to return to usual levels with the return of proforma berth windows, and we expect efficiency gains as cargo throughput increases. We still have some finetuning to do to ensure we are maximising our current berth capacity, as we wait for permission to build an additional container berth.

Severe weather throughout the summer had a variety of impacts on cargo volumes. The Port escaped any serious infrastructure damage from Cyclone Gabrielle in February, but in January alone we lost 88 hours of productivity at the container terminal due to strong wind events.

Leonard Sampson
Chief Executive

Port of Tauranga is well-placed to serve New Zealand's growing cargo needs for at least the next three decades.

> *Port of Tauranga seeks to provide consistent, reliable and efficient operational performance without compromising safety.*

A log train derailment near Te Puke impacted export volumes in January. However, trees in the central North Island damaged by Cyclone Garbielle were harvested early to avoid waste, contributing to a temporary boost in log export volumes in the last few months of the financial year.

Financial results for the year ended 30 June 2023

Group Net Profit After Tax was $117.1 million, a 5.2% increase on the previous year. Parent Net Profit After Tax was $103.8 million (compared with $96.4 million the previous year).

Revenue was $420.9 million (compared with $375.3 million). EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) was $219.1 million (compared with $204.7 million).

Subsidiary and associate company earnings decreased by 10.7% to $13.3 million, with other ports in the group experiencing decreased bulk exports and Coda Group impacted by the slowdown in imports.

Labour and fuel costs again grew in the current high inflation environment, and a renegotiation of contracts with KiwiRail led to a significant increase in rail costs. Operating expenses increased 15.6% to $210.6 million.

Port of Tauranga's Board of Directors has declared a fully imputed final dividend of 8.8 cents per share, to bring the total dividend to 15.6 cents per share. This is a 6.1% increase on the 2022 financial year.

Cargo trends in 2023

Total trade decreased 3.6% to 24.7 million tonnes, compared with 25.6 million tonnes the previous year. Imports decreased by 7.0% to 9.0 million tonnes, while exports decreased 1.5% to 15.7 million tonnes.

Container volumes decreased 5.1% to 1.18 million TEUs.

Log export volumes increased 2.6% to 6.2 million tonnes, with an unexpected boost to volumes in the second half of the financial year due to the impact of cyclone-damaged trees being harvested early.

Dairy product exports (including transhipped cargo) increased 2.7% in volume, while meat exports increased 3.0% in volume.

Kiwifruit volumes were impacted by weather and fruit quality issues, decreasing 20.3% compared with the previous year. However, the long-term outlook for the kiwifruit sector remains strong.

Oil product imports increased 1.7%.

Fertiliser imports increased 5.1%, while grain decreased 12.2% and protein and stock feed imports decreased by 9.0%.

MetroPort Auckland container volumes decreased 12.8% as imported container numbers slowed.

Return of cruise ships

Cruise ships returned to Bay of Plenty waters for the first time since the Covid pandemic brought international travel to a halt in March 2020.

The *Majestic Princess* was welcomed by locals and media on her arrival from Tahiti in October 2022.

The ship had around 3,500 passengers on board plus crew and was the first of 88 cruise vessels to call over the summer season. This compares to the record 116 visits during the 2018-2019 season.

Court hearing held over berth extension proposal

Port of Tauranga is seeking resource consent to extend its wharves and convert existing cargo storage land.

The application was heard in the Environment Court in March 2023 and, at the time of writing, we await a decision.

Detailed planning and consultation began in early 2019. The proposal involves up to 385 metres of new berth at the container terminal, with some dredging to create a turning circle in Stella Passage, plus a small amount of reclamation behind the wharf. Eventually, the Port also plans to upgrade the Mount Maunganui wharves.

After unsuccessful applications to have the consent 'fast tracked', the Port applied for direct referral to the Environment Court. A three-week court hearing was held in March 2023, with the Port's application being opposed by local iwi and hapū impacted by industrial development in and around Te Awanui Tauranga Harbour over many decades.

Without the development, the Port will face capacity constraints within a few years. Leaders of some of the country's biggest-earning export industries have publicly expressed their concerns about the lengthy resource consent process.

Zespri, Kotahi, Oji Fibre Solutions and the New Zealand Cargo Owners Council have reinforced the urgent need for the additional capacity for the sake of New Zealand Inc.

Automation to increase capacity

We are also pursuing our plans to automate container storage at the terminal to increase our capacity within the current land footprint. Automated stacking cranes, a well-proven technology already in use in many of the world's most efficient ports, will be introduced in phases over the next few years.

At the time of writing, Port of Tauranga is evaluating proposals from potential vendors, with the view to selection early in 2024. Recruitment for key project roles is under way, with a health and safety project lead and project manager commencing work in early August.

Together with the recently-opened Ruakura Inland Port, we believe Port of Tauranga is well-placed to serve New Zealand's growing cargo needs for at least the next three decades.

Health and safety

Port of Tauranga seeks to provide consistent, reliable and efficient operational performance without compromising safety. The Port has been heavily involved in port sector safety strategy over the past year, via the Port Industry Association and the Port Health and Safety Leadership Group. Our General Manager Health and Safety, Pat Kirk, is the current Chair of the Port Industry Association and is an industry representative on the Leadership Group.

Port of Tauranga has played a key role in strategic industry safety initiatives such as the Fatigue Risk Management System, and the draft Approved Code of Practice for cargo loading and unloading. Both initiatives have been developed in consultation with industry, unions and the regulatory agencies, Maritime NZ and WorkSafe.

Port of Tauranga's vision for the Upper North Island supply chain involves enhancing existing assets while investing in supporting infrastructure such as rail connections.

Underlining its commitment to health and safety best practice, the Board of Directors has recently established a Health and Safety Committee.

New pilot launch

In May, Port of Tauranga welcomed the newest member of its marine fleet, the 17.55 metre *Troy Evans* pilot launch.

The launch is named after a former Port of Tauranga pilot, tug master and safety champion. You can read more about this story on page 52.

Air and water quality improvements

Port of Tauranga continues to take its environmental responsibilities very seriously, with a constant focus on air and water quality in and around the port.

Dust generation from port activities complies with the National Environmental Standard for Air Quality, but we continue to seek ways to decrease dust even further. In the past few years, we have installed additional wind fences, increased wharf sweeping and improved traffic management and cargo handling.

Port of Tauranga has recently agreed to help fund some of the air quality monitoring in the industrial area to enable Bay of Plenty Regional Council to introduce supplementary air sensors into nearby residential areas.

Port of Tauranga also has an extensive water quality monitoring programme, with extensive testing for suspended solids, heavy metal toxicants and other contaminants, with all monitoring results currently within compliance limits.

Decarbonisation and climate change adaption

Total greenhouse gas emissions (Scope 1, 2 and 3) for the year ended June 2023 decreased 7.3% to 40,021 tonnes. This was primarily due to an overall decrease in cargo tonnages and rail volumes to and from MetroPort Auckland.

Greenhouse gas emission intensity (emissions per cargo tonne) decreased, by 3.8%.

Our opportunity to significantly reduce emissions in the near to mid future lies in automation. Automated stacking cranes are fully electric and have significantly fewer emissions than a comparable traditional diesel straddle carrier operation.

The trend to larger, more efficient vessels also has benefits for New Zealand's marine emissions profile, as they produce fewer emissions per container.

We have engaged external consultants OnePointFive and Tonkin & Taylor to help us prepare for the new mandatory carbon-related disclosures regime, and to review our preparedness for climate change.

The increased frequency and intensity of major weather events is being factored into our infrastructure planning. However, it is likely we will face more frequent operational delays due to weather conditions, increased insurance premiums and higher other costs.

The Board of Directors and Port of Tauranga management are confident that the company is well-positioned to face the multiple challenges ahead of us this financial year.

An efficient and resilient Upper North Island supply chain

Port of Tauranga's vision for the Upper North Island supply chain involves enhancing existing assets to expand capacity and resilience.

We believe an integrated, efficient and cost-effective supply chain can be achieved with Government assistance in removing regulatory and legislative barriers, and investment in transport networks.

Current legislation and policy does not encourage nor facilitate investment, even when it is environmentally sound and/or nationally important. The resource consenting process is complex, time-consuming and costly for all parties involved.

The current regime prevents the adoption of new technology and the associated economic and environmental benefits (such as decarbonisation). It also stops existing assets being utilised to their full potential.

Outlook

We look forward to the return of productivity and capacity maximisation now that shipping schedule reliability is more consistent.

In the year ahead, we expect the current global economic conditions and softening commodity prices to continue to affect cargo volumes, while inflationary pressures will continue to impact costs.

Geopolitical issues will also likely continue to impact the global supply chain.

The Board of Directors and Port of Tauranga management are confident that the company is well-positioned to face the multiple challenges ahead. We have a diverse range of cargoes and income sources, and a small but efficient team.

We will provide guidance for the 2024 financial year at our Annual Shareholders Meeting on 27 October 2023.

Thank you

Our heartfelt appreciation goes to our people and partners, who have weathered multiple storms (physical and figurative) over the past few years, both inside and outside the port gates. This includes our service providers, who have ensured we keep cargo moving.

Our customers remain patient and supportive, and we thank them for their loyalty.

Port of Tauranga is connecting New Zealand and the world.

Ngā mihi nui

Leonard Sampson
Chief Executive

Julia Hoare
Chair

Julia Hoare
Chair

Integrated reporting

The 2023 Integrated Annual Report for Port of Tauranga Limited outlines how the company creates value for our stakeholders over the short, medium and long-term.

In this report, we describe our strategy, governance, performance and outlook.

Since 2018, Port of Tauranga has utilised the international Integrated Reporting Framework in our annual reporting. More recently, we have added to our reporting on climate-related matters in anticipation of the new regulations being introduced in 2024 for listed New Zealand companies and public entities.

Our greenhouse gas emissions are audited annually by Toitū Envirocare using the Toitū *carbonreduce* certification.

In 2024 we will reassess our material issues by surveying our team members and external stakeholders. This ensures that our strategies focus on those issues that are the highest priority for our stakeholders, and that we have the greatest ability to influence.

Our strategies are also informed by our purpose, vision and values, which we describe on page 14.

How to read this report

In the following pages, we describe the capitals, resources or inputs that we use or affect: our relationships, our people, our skills and knowledge, our environment, our assets and infrastructure, and our finances. We outline the capabilities, strengths and expertise we add, describe our activities and outputs, and the resulting outcomes for our stakeholders. We define 'stakeholders' as anyone who has something to gain, or something to lose, from Port of Tauranga's activities. They include neighbours, customers, iwi and hapū, regulators, service providers, partners and employees.

Governance

The Board of Directors is committed to engaged, quality governance. Conversations are characterised by open debate, respectful challenge and constructive criticism. Directors have effective relationships with management, and frequently engage directly with employees, customers and other stakeholders.

Integrated reporting is a journey and we will continue to assess and adapt our approach as we seek to increase our transparency, build credibility and preserve trust. Integrated thinking, actions and reporting ensure the best possible outcomes for all our stakeholders.

Julia Hoare
Chair

Our purpose and vision

Our purpose and vision guides us to focus our attention, effort and resources in the right places, reflecting the priorities of our stakeholders.

Our purpose

Connecting New Zealand and the world.

Our vision

Our purpose goes beyond profit and is the key to Port of Tauranga's ongoing success. Our aspirations for 2030 are:

– Drive national prosperity

New Zealanders will value the port as an asset that drives our nation's prosperity by providing the most efficient access to global trade.

– Improve community wellbeing

We will improve our community's wellbeing by providing jobs and economic growth, as well as forming effective partnerships to pursue a shared vision of success.

– Protect our natural environment

We will protect and enhance our natural environment. We will invest in technology and embed sustainable practices throughout our business.

– Respect mana whenua

We will recognise and respect the mana whenua of the rohe and acknowledge the kaitiakitanga of iwi and hapū.

– Nurture our people

We will be an attractive and accessible workplace where talent is nurtured. Our people will be proud to work here and know their contribution is valued. We will foster a culture of empowerment, where health and safety is at the forefront of everything we do.

– Provide superior customer service

We will be driven by our customers' needs and create innovative supply chain solutions. We will deliver on our promises, provide superior service and grow together.

– Deliver long-term value

We will deliver long-term value for investors through leading environmental and ethical performance, business resilience and sound financial management.

Our values

Our values define our fundamental beliefs and dictate our behaviour as individuals, as teams and as an organisation. We will achieve our vision by:

Taking pride and doing the right thing

Listening and working together

Creating better ways

Having a 'safety always' mindset

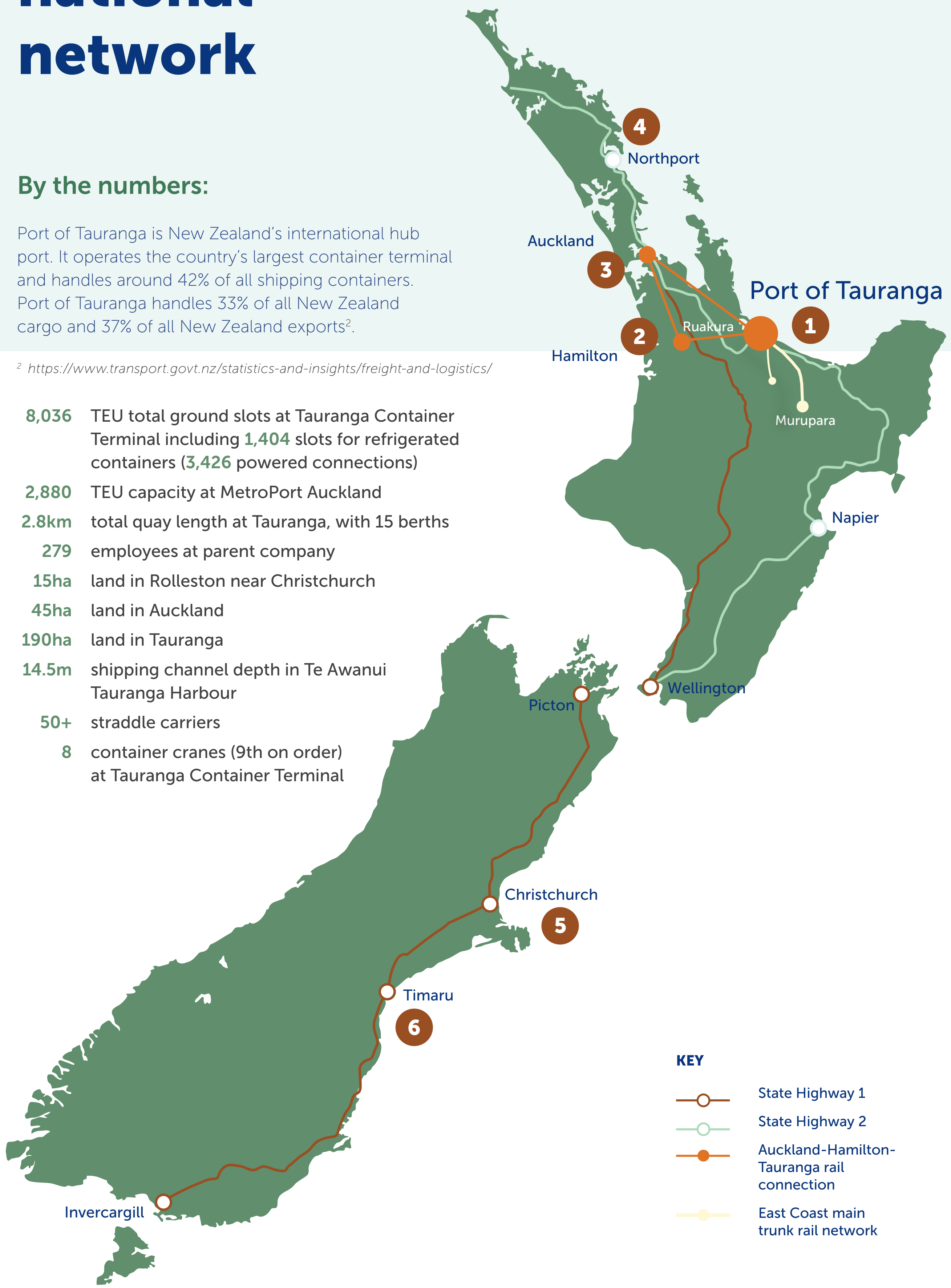
Our national network

By the numbers:

Port of Tauranga is New Zealand's international hub port. It operates the country's largest container terminal and handles around 42% of all shipping containers. Port of Tauranga handles 33% of all New Zealand cargo and 37% of all New Zealand exports[2].

[2] *https://www.transport.govt.nz/statistics-and-insights/freight-and-logistics/*

8,036	TEU total ground slots at Tauranga Container Terminal including 1,404 slots for refrigerated containers (3,426 powered connections)
2,880	TEU capacity at MetroPort Auckland
2.8km	total quay length at Tauranga, with 15 berths
279	employees at parent company
15ha	land in Rolleston near Christchurch
45ha	land in Auckland
190ha	land in Tauranga
14.5m	shipping channel depth in Te Awanui Tauranga Harbour
50+	straddle carriers
8	container cranes (9th on order) at Tauranga Container Terminal



Port of Tauranga

1

Parent company

- New Zealand's largest port and international freight hub
- Container terminal, bulk/breakbulk cargo wharves and bunkering/bulk liquids facilities
- Extensive cargo storage and handling facilities
- Rail connections to Hamilton, Auckland and the central North Island
- Extensive road networks (State Highways 2 and 29) and coastal shipping connections.

CODA

1 2 3 5

50% ownership with Kotahi

- Freight logistics group incorporating Tapper Transport, Dairy Transport Logistics, Priority Logistics and MetroPack
- Operates New Zealand's largest intermodal freight hub at Otahuhu in Auckland.

Northport

4

50% ownership with Marsden Maritime Holdings

- Deep water commercial port near Whangarei.

PORTCONNECT

1 3 4 6

50% ownership with Ports of Auckland

- Online cargo management system.

METROPORT AUCKLAND

3

Operated by parent company and KiwiRail

- Inland port in the heart of Auckland's commercial and industrial area, connected by rail to Tauranga and Hamilton
- New Zealand's fourth largest container terminal.

Ruakura INLAND PORT

2

50:50 joint venture with Tainui Group Holdings

- Inland port connected by rail to Tauranga and Auckland
- Part of the Ruakura Superhub logistics and industrial precinct
- Opened August 2023.

METROPORT CHRISTCHURCH

5

Operated by Timaru Container Terminal

- Intermodal freight hub at Rolleston
- Rail connections to Timaru Container Terminal and rest of South Island
- New warehouse built for Coda Group.

TIMARU CONTAINER TERMINAL

5 6

100% ownership

- Direct links to Tauranga
- Operates MetroPort Christchurch at Rolleston.

QM QUALITY MARSHALLING

1 6

100% ownership

- Specialist cargo handling services company with operations at Tauranga and Timaru.

PRIMEPORT TIMARU

6

50% ownership with Timaru District Holdings

- Commercial port in Timaru
- Bulk cargoes including major cement handling facility
- New oil terminal.

How Port of Tauranga creates value

Our inputs

Our assets and infrastructure

Our skills and knowledge

Our finances

Our relationships

Our people

Our environment

Our capabilities

- A can-do attitude
- Sector-leading safety performance
- Flexibility
- Proven ability to execute strategy
- History of sound commercial infrastructure investment
- Deep understanding of supply chain dynamics
- Cost-effective and competitive labour model
- Located close to cargo catchments and linked by road, rail and sea
- Strong and transparent governance framework
- Astute financial and risk management
- Responsive and creative customer service

Our outputs

- Growing trade volumes based on long-term freight agreements with key customers
- Constructive partnerships with iwi and community organisations, focused on harbour health, education and youth development
- Principal sponsorship of national events held locally and community infrastructure
- Consistent, reliable and efficient operational performance without compromising safety
- Innovative investments in other ports, inland freight hubs, logistics and cargo handling specialists
- Strategic land holdings on both sides of Tauranga Harbour and other key locations
- Cargo handling equipment and storage capacity that enables cargo volume growth
- Proactive pollution prevention and incident response
- Investments in energy efficiency and waste minimisation
- Strong balance sheet with favourable debt facilities
- Job creation – direct and indirect
- Dividends paid to shareholders, including regional ratepayers (through cornerstone shareholder, Quayside Holdings)

Outcomes for our stakeholders

- Enduring, mutually beneficial partnerships
- A proud, safe and motivated workforce
- Highly effective and resilient logistics networks that meet the needs of the New Zealand supply chain
- Responsive environmental stewardship and improved air and water quality
- Appropriate risk and return for our shareholders
- Secure employment and prosperity for local, regional and national communities

What matters most?

Port of Tauranga's business strategies focus on the issues that matter most to our stakeholders, and the ones that we can influence the greatest.

We have a wide range of stakeholders (anyone who is impacted by Port of Tauranga activities) including customers, the community, iwi and hapū, suppliers, partners, investors and employees.

In 2021, we engaged an independent expert to consult our team members and external parties about the "material issues" most likely to impact the way Port of Tauranga creates (or erodes) value. More than 50 stakeholders were asked to rank economic, environmental and social concerns based on their importance, as well as Port of Tauranga's ability to make the biggest impact.

The issues

These are the material issues that Port of Tauranga stakeholders most want us to focus on:

Health, safety and wellbeing
Encouraging a positive health, safety and wellbeing culture, where incidents are prevented and wellbeing is proactively managed.

Resilient port capacity and expansion
Growth in cargo volumes, keeping ahead of demand through resilient operations, innovation and automation, shipping lane widening/deepening, extending wharves and adding capacity.

Customer experience and trust
Foster enduring partnerships with a diverse range of customers by supporting a strong customer-centric workplace culture.

Governance, leadership and ethics
Strong governance supporting strategy delivery, sound operations and transparent business practices.

Senior management engagement with workforce, building teamwork and recognising performance.

Biodiversity protection
Protecting water quality, marine biodiversity and habitats through responsible stewardship, including stormwater management.

References to the relevant material issues and their links to our strategies are outlined in each of the Capital sections in this report.

This was the second survey we have undertaken and we intend to repeat the consultation during the 2024 financial year in order to ensure we are still focusing on the areas that matter most to our stakeholders. The discussion helps inform our business strategies and resource allocation.

The feedback also helped us shape our purpose, vision and value statements in 2021, and the refresh of our brand strategy over the past year that has culminated in the launch of a new logo and supporting assets.

"We have a wide range of stakeholders including customers, the community, iwi and hapū, suppliers, partners, investors and employees."

Port of Tauranga

New Port of Tauranga logo

Over the past 18 months, we have undertaken a review of our brand assets to better communicate our purpose, vision and values to our team and our external stakeholders. As part of this review, we have worked with an external agency to redesign our logo.

The new logo reflects our unique geographic location. Its geometric shapes echo the silhouette of Mauao (the mountain at the entrance to Te Awanui Tauranga Harbour), the rising sun, the horizon and the curve of the shipping channel. The circular shape characterises the port's place at the centre of the community, a hub of activity and a safe anchorage. The curves also represent connections and journeys, and echo the bow of a ship or the ripple of a wave. The colour palette reflects the moana (sea) and whenua (land).

In support of the brand refresh, we undertook additional community surveys to gauge awareness of Port of Tauranga and its activities, especially in community investment.

We also asked our people about their experiences as employees of Port of Tauranga.

Managing risks and opportunities

Port of Tauranga's risk management framework gives us the tools to assess, monitor and manage risks, including those related to climate change.

Our risks are continuously evolving and are discussed in-depth regularly by the senior management team and Board of Directors. All identified risks are assessed on their likelihood and impact, and are rated pre- and post-mitigation.

Our strategic risks include:

- Loss of social licence to operate or community support
- Poor health and safety performance
- Loss of key customer(s) or markets, and/or increased competition
- A vessel foundering in the channel
- Biosecurity failure
- Human capital disruption, e.g. labour shortages, industrial relations breakdown, loss of key personnel
- Regulatory reform affecting the supply chain
- Infrastructure failure, including from a significant natural disaster or by a supplier such as KiwiRail
- Geopolitical pressures, global pandemics or otherwise disrupted supply chains
- Cybersecurity failure
- Project failure
- Poor financial management or subsidiary/associated company poor performance
- Climate change, including increased severe weather events disrupting operations.

We regularly test our emergency preparedness, often involving external agencies and first responders. Our crisis management policy, procedures and processes are reviewed by independent experts.

We have also sought external assurance on our strategies involving resource consent applications, project structure and governance, and health and safety management in a multi-user environment.

Climate-related disclosures

New Zealand's new climate-related disclosures framework intends to ensure climate change impacts are actively considered by businesses, including in investment decisions. Companies such as Port of Tauranga are required to demonstrate accountability and foresight in relation to climate-related risks and opportunities. The aim is for smarter, more efficient allocation of capital in the transition to a more sustainable, low-emissions economy.

Port of Tauranga has enlisted the assistance of external experts in preparing to report under the new framework in August 2024.

Climate change adaptation

Climate change adaptation is key to our aspiration to deliver long-term value for our investors through leading environmental and ethical performance, business resilience and sound financial management. Our response to climate change is also part of our vision to protect and enhance our natural environment, and to invest in technology and embed sustainable practices throughout our business.

We continue to adapt our policies, processes and practices for a low-carbon, climate change-resilient future. Climate change risk management is being incorporated into our enterprise risk management system.

Emissions targets

Port of Tauranga is committed to reaching net zero greenhouse gas emissions by 2050 and aims to reduce emissions intensity (CO_2e per cargo tonne) by at least 5% per year.

We do not underestimate the significant amount of work required to meet these targets. Work is currently underway to review our short term emissions reduction targets and ensure that these are both science aligned and aligned with our net zero emissions 2050 target.

We have been measuring and reporting on Scope 1, 2 and key Scope 3 greenhouse gas emissions since 2017. We utilise the Toitū Envirocare framework and our reported emissions are audited annually using the carbonreduce programme certification. Our emissions management and reduction plan is currently undergoing its regular review by Toitū in order to ensure it remains relevant and credible.

Our intention to introduce fully electric automated stacking cranes at our container terminal will have a material impact on greenhouse gas emissions by reducing diesel use in straddle carriers – our largest single source of Scope 1 emissions.

Strategic approach and governance

Port of Tauranga's response to climate change is the responsibility of the entire organisation – the Board of Directors, senior management team, extended leadership team and employees.

Our corporate governance structure ensures accountability and strategic oversight of our response to climate change.

The scope of the Board's Audit Committee has been widened to monitor and oversee Port of Tauranga's implementation of, and compliance with, the new Climate Related Disclosures (CRD) legislation.

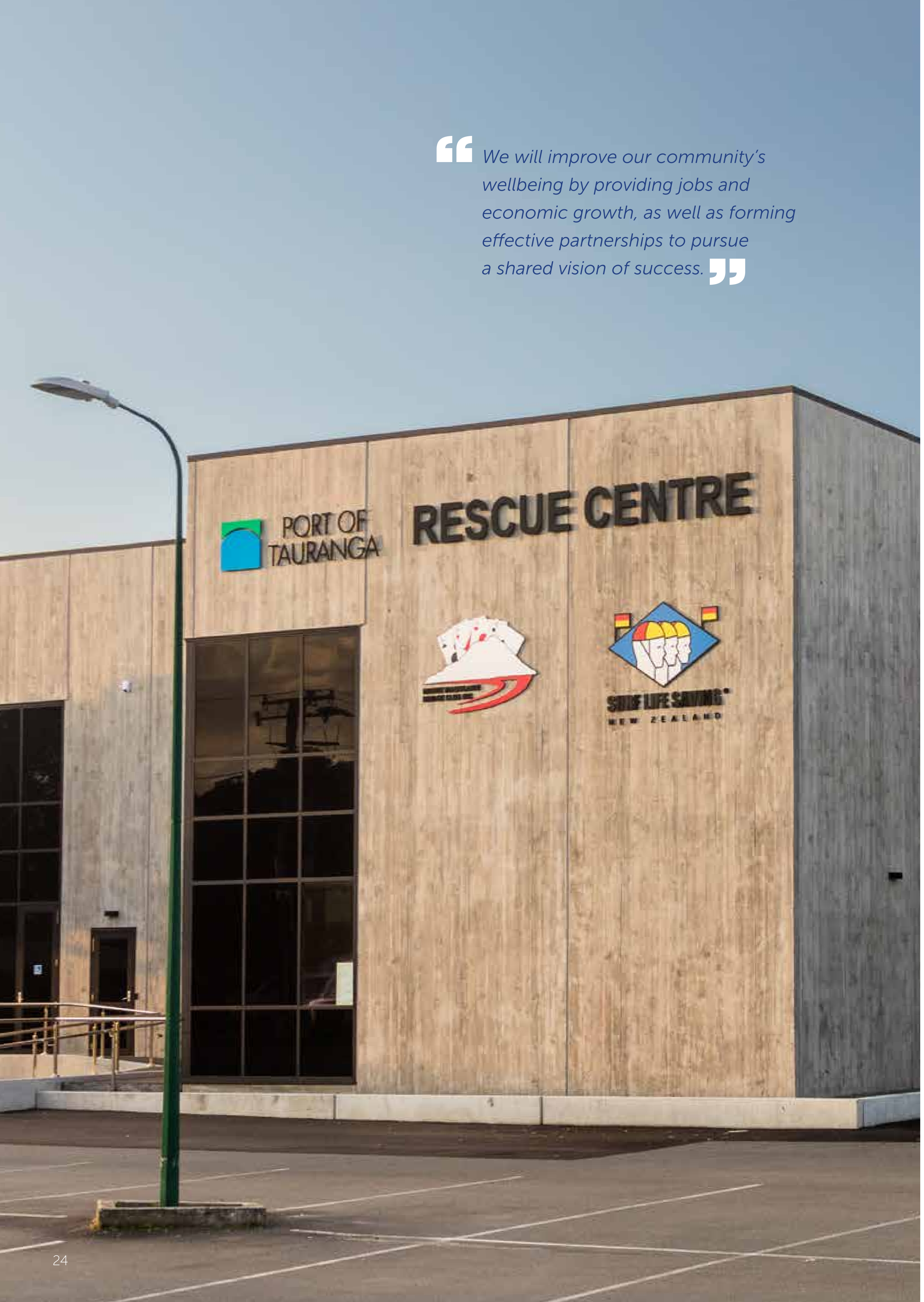
Preparations for 2024

In preparation to meet the upcoming regulatory requirements, we have several streams of work under way.

While we have already identified physical and transition risks, mitigations, controls and opportunities at a high level, we have engaged external expertise to develop this further in order to meet the reporting requirements of the new CRD regime. We have engaged specialist consultants OnePointFive and Tonkin & Taylor to assist in identifying and measuring both physical and transition risks, scenario planning and developing science-aligned targets.

We are confident we will be able to meet the new requirements and the expectations of our investors and other stakeholders.

We will improve our community's wellbeing by providing jobs and economic growth, as well as forming effective partnerships to pursue a shared vision of success.



Our relationships

Improving community wellbeing

Port of Tauranga has built long-term, mutually beneficial relationships with a diverse range of customers, communities and business partners. We share information in order to help us plan for the future in a way that best meets the needs of all our stakeholders.

In the following pages, we describe our progress in pursuing our relationship strategies. We have lent our support and name to the new Port of Tauranga Rescue Centre for surf lifesaving operations across the region. We have extended our long-term freight agreement with one of our biggest customers, Kotahi. And we have worked with iwi and hapū to improve the health of Te Awanui Tauranga Harbour.

Material issues addressed by our strategies

Iwi engagement

Community engagement

Community investment

Responsible supply chain

Economic contribution

Vision

We will improve our community's wellbeing by providing jobs and economic growth, as well as forming effective partnerships to pursue a shared vision of success. We will recognise and respect the mana whenua of the rohe and acknowledge the kaitiakitanga of iwi and hapū.

KPIs

- **Long-term freight agreements** in place with major shippers such as Kotahi, Oji Fibre Solutions and Zespri International
- **18 Tertiary scholarships** awarded to Māori students
- **Ruakura Inland Port joint venture** with Tainui Group Holdings, opened in August 2023
- **1,500+ people** hosted on port tours
- **Extension of Kotahi cargo volume** commitment through Timaru Container Terminal

Foodbank Christmas appeal gets Port boost

Port of Tauranga's $15,000 Christmas donation to the Tauranga Community Foodbank was enough to cover a month's worth of grocery costs for the charity.

Rising food prices have hit the foodbank hard, at the same time as increasing demand.

The Port's relationship with the foodbank has spanned 13 years. It's a cause that is strongly supported by team members, who also collect food and household items for the foodbank's Christmas appeal.

Port of Tauranga's tradition of Christmas giving began after one of the Port's customers suffered a factory fire. Instead of giving Christmas gifts to clients that year, the Port donated to a welfare fund for the factory workers.

In addition to the annual foodbank donation, team members can also nominate a local charity to receive a $5,000 Christmas donation from the Port.

Tauranga Community Foodbank chairwoman Barb Thompson with Leonard Sampson. Photo: Bay of Plenty Times

In 2023, the chosen cause was Homes of Hope, a Tauranga charity that provides foster care for local children who have experienced trauma, with a special emphasis on keeping siblings together.

Kotahi extends commitment to Timaru

Kotahi, New Zealand's largest containerised freight manager, has committed to a further export cargo volume agreement with Timaru Container Terminal to 2030.

Kotahi Chief Executive David Ross (left) and Port of Tauranga Chief Executive Leonard Sampson.

The agreement delivers confidence in stable ocean freight services for South Canterbury exporters and enables investment in maintenance and upgrades at the Port of Tauranga's South Island facility for the next eight years.

Timaru Container Terminal has played a key role in the resilience of the South Island's ocean freight network. Kotahi has committed to providing up to 180,000 TEU for the six year agreement, commencing 1 August 2024.

The agreement is an extension of a 10 year cargo volume deal that commenced in 2014. It is expected to avoid approximately 18,000 long-haul road and rail round trips annually.

Port of Tauranga has cargo volume agreements with key customers such as Kotahi, Zespri International and Oji Fibre Solutions.

Partnerships with Māori focus on education

Port of Tauranga is committed to improving the lives of young Māori through education and provides tertiary scholarships under two schemes.

In 2023, the Port provided 18 scholarships to first, second and third year students.

The Turirangi Te Kani Memorial Scheme has been going for more than three decades, since it was established in honour of a much-respected kaumatua with strong links to the Port.

The Port also provides scholarships through Ngā Mātarae Charitable Trust. The Trust was founded eight years ago to fund initiatives to improve harbour health (read more on page 44).

Port of Tauranga participates in the Toi Ki Tua summer internship programme facilitated by Toi Kai Rawa Trust. The summer 2023 programme saw 13 Māori tertiary students return home for the summer for jobs in the kiwifruit industry.

Port of Tauranga is also sponsoring Kia Maia Ellis in her PhD research on pēpi kōura (baby red rock lobster) and their resilience to climate change.

The project involves creating monitored settlement sites around the port for the red rock lobsters in their puerulus or post-larval stage.

Case study

Port of Tauranga Rescue Centre opens in Mount Maunganui

The then Prime Minister Jacinda Ardern officially opened the new Port of Tauranga Rescue Centre at Mount Maunganui in November 2022.

The new centre in Golf Road is an operations hub for the 19 surf life saving clubs of the eastern region of the North Island, from Hot Water Beach on the Coromandel Peninsula to Gisborne. It is also the new home of the Mount Maunganui Bridge Club, which has had clubrooms on the site since the 1970s.

The base has been purpose-built for the many volunteers and staff that do an extraordinary job in keeping people safe on the beach and in the surf. The centre will support first responders in any large-scale search and rescue, and is a storage facility for specialist rescue equipment.

Port of Tauranga Chief Executive, Leonard Sampson, says the 1,300 sqm building is a tangible way for the Port to deepen its connections to the communities living along the east coast.

"Many Port people volunteer for surf life saving clubs in the region, as well as for vital organisations such as Tauranga Volunteer Coastguard," he says.

Port of Tauranga is also a supporter of the Tauranga Volunteer Coastguard, including sponsoring its weather update broadcasts and contributing to a new 14-metre rescue vessel.

Port of Tauranga has a long history of helping to fund other community infrastructure in the Bay of Plenty.

Past examples include the Bay Oval cricket ground floodlights, walking tracks on Mauao (the mountain at the entrance to Tauranga Harbour) and the Pilot Bay boardwalk at Mount Maunganui. The Port also funded the purchase of a specialist rescue winch on board the Aerocool Rescue Helicopter.

Council and agency representatives at the official opening.

"We will foster a culture of empowerment, where health and safety is at the forefront of everything we do."

Our people

Nurturing our people

Port of Tauranga aims to recruit talented people, nurture them, retain them and recognise their achievements. Our positive health and safety culture proactively manages and mitigates risks. We deal with any challenges, emergencies or crises with thorough planning, preparation and practice.

Our wellbeing programme, ShipShape, promotes the physical, mental, emotional and financial wellbeing of our team members.

In the following pages, we describe our progress in pursuing our strategies around people, wellbeing and safety, including our support of tripartite industry initiatives.

Material issues addressed by our strategies

- Health, safety and wellbeing
- Employee engagement and capacity
- Governance, leadership and ethics
- Diversity and inclusion
- Border stewardship

Vision

We will be an attractive and accessible workplace where talent is nurtured. Our people will be proud to work here and know their contribution is valued. We will foster a culture of empowerment, where health and safety is at the forefront of everything we do.

KPIs

Social media audience

39%

increase

Staff turnover

7.0%

compared with 11.5% in 2022, and 9.6% in 2021

Job vacancies filled internally

26%

compared with 44% in 2022, and 57.8% in 2021

Total Recordable Injury Frequency Rate

20.7

per million hours worked (Port of Tauranga employees and contractors combined) compared with 26.7 in 2022, and 13.8 in 2021

Total Recordable Injury Frequency Rate

4.5

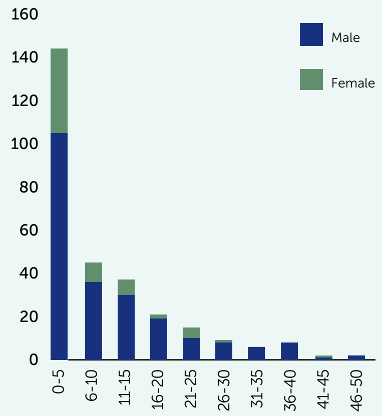
(Port of Tauranga employees) compared with 0 in both 2022 and 2021

Gender diversity

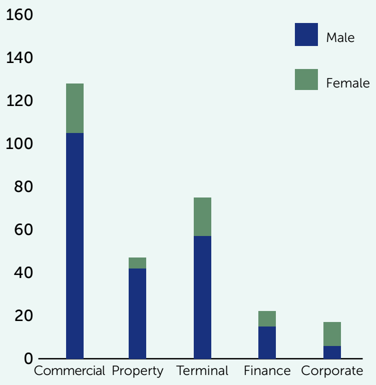
22%

percentage female compared with 22% in 2022, and 19% in 2021

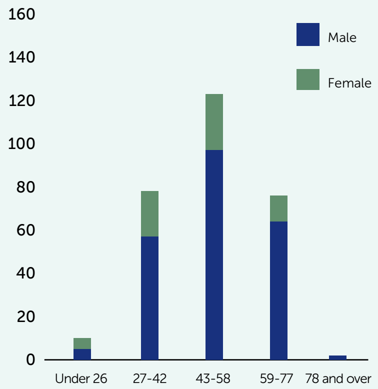
Gender diversity by years of service



Gender diversity by division



Gender diversity by age



Port of Tauranga signs up for SafePlus review

Port of Tauranga is utilising the SafePlus programme to independently assess health and safety practices on site as part of the Port's continuous improvement approach.

SafePlus is a new toolkit for businesses, jointly developed by WorkSafe New Zealand, ACC and the Ministry of Business, Innovation and Employment. It is made up of 10 fundamental performance requirements adapted from international best practice, covering leadership, worker engagement and risk management.

As part of our inaugural SafePlus assessment, all team members, the senior management team and Board Directors were surveyed in March. The survey found the organisation has effective safety governance and leadership, with senior leaders creating an environment of trust and continuous improvement. The survey also identified areas for improvement, including reviewing the processes used to assess risk management controls, ensuring operational workers are involved in decision-making and managing work-related stress and fatigue.

The independent reviewer is now examining indepth four focus areas. The audit will be repeated every two to three years.

Collaboration to improve industry safety performance

Port of Tauranga has taken a lead role in cross-industry collaboration to address safety issues at New Zealand ports.

The General Manager Health and Safety, Pat Kirk, chairs the Port Industry Association, which has been involved in tripartite work with unions and regulators on challenges such as fatigue management.

The Port Industry Association's role was recognised with the Leadership Award in the 2023 Safeguard New Zealand Workplace Health and Safety Awards.

Pat Kirk is also an industry representative on the Port Health and Safety Leadership Group, helping shape and implement a multi-year port sector insights and action plan.

Port of Tauranga is also working with Maritime NZ to ensure visiting international vessels meet our safety standards. One area of focus is the safety compliance of pilot ladders. Each ladder is inspected on arrival and departure, and our pilots and launch crews are empowered to prevent boarding or disembarking if they feel the ladder, or any other equipment, is unsafe.

ShipShape wellbeing programme reaches gold standard

Port of Tauranga's popular health and wellbeing programme, ShipShape, has been awarded gold accreditation five years after it was launched.

The programme operates under the Toi Te Ora Public Health unit's WorkWell accreditation scheme. A committee of team members from across the business runs events and shares information to boost physical, mental and financial wellbeing.

Recent initiatives include vegetable seedling giveaways, money management and nutrition seminars, skin checks, group bike rides, a beach clean up, free yoga classes, on site massages, free fruit and inspirational speakers.

ShipShape also funds sports teams, internal competitions and challenges, often in partnership with local and national charities.

Port of Tauranga provides a free, confidential employee assistance programme through Vitae. The Port team can access health insurance, free health assessments, annual flu vaccinations, free period products, financial advice and an exercise membership subsidy.

Employee feedback survey sees positive results

Port of Tauranga team members were asked for their feedback in March as part of our ongoing monitoring of employee experiences.

The survey was last undertaken in 2020. This year, internal facilitators hosted post-survey workshops to understand the data in more detail, and identify short- and long-term initiatives to address any concerns within teams and across the wider business.

Areas for follow-up include learning and development opportunities, increasing engagement and empowerment, and improving systems and processes.

Survey participants shared positive feedback about the Port's new Intranet, which has helped facilitate information sharing across the business.

In memoriam

The Port farewells a popular member of staff

Port of Tauranga's popular and dedicated container terminal operations manager, Grant Wilson, passed away suddenly in December after a medical event.

Grant was known to many in the industry after more than 18 years at Port of Tauranga, and before that five years as a shift manager at Ports of Auckland.

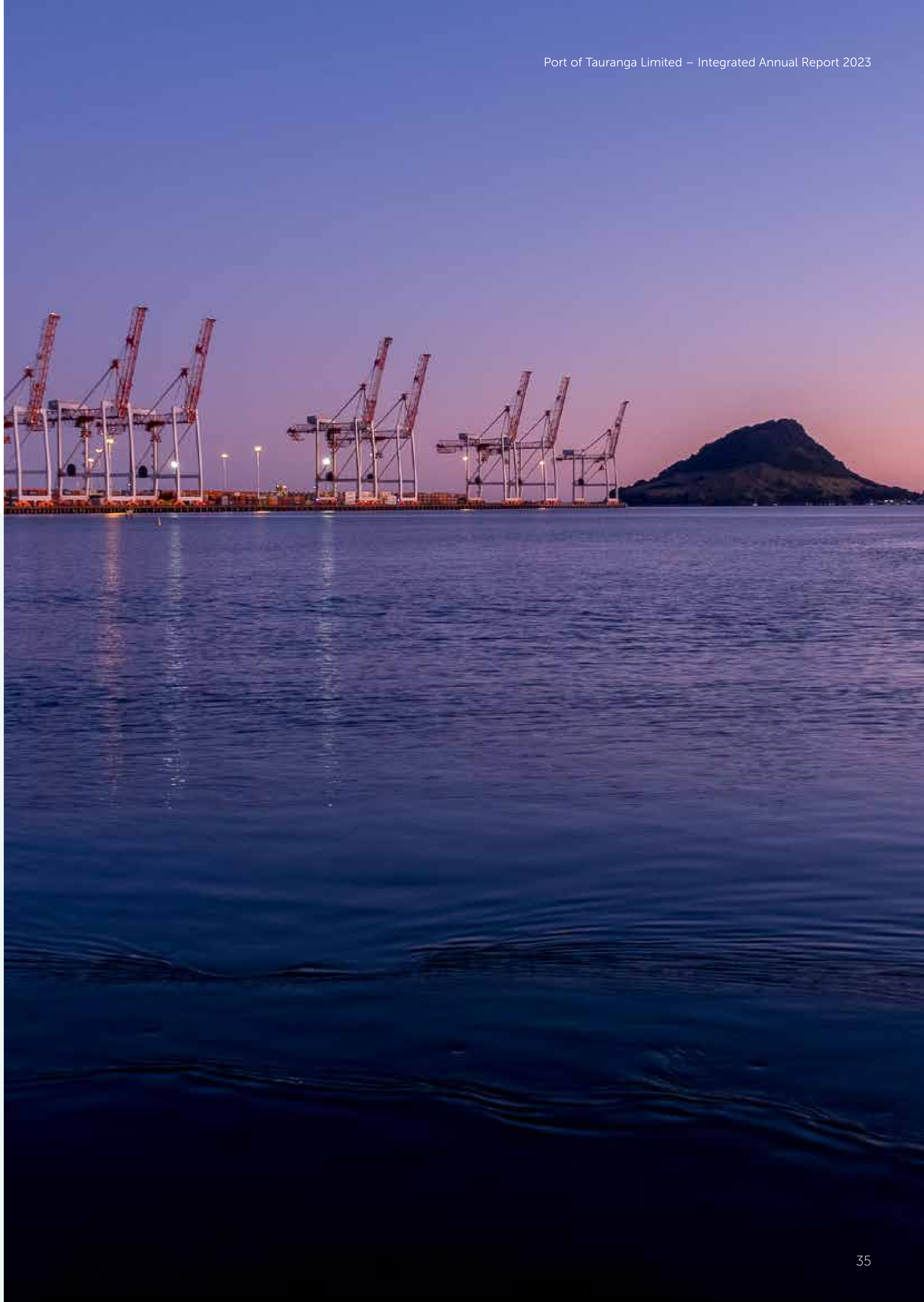
Port of Tauranga Chief Executive, Leonard Sampson, said Port customers truly appreciated Grant's willingness to go the extra mile and find solutions to the many challenges faced at the terminal in recent years.

"We greatly miss his positivity, sense of humour and good company, as well as his vast and invaluable experience in port operations."

The Port Industry Association (PIA) has launched an industry award in Grant's honour. The award, to an individual who has made an outstanding contribution to the port industry, was awarded for the first time at the PIA conference in August.

Nominees can be anyone currently or formerly employed by a PIA member, no matter their company, role or seniority.

The inaugural recipient was Adam Harvey, Chief Operating Officer at Napier Port. He was presented with the award by Grant's wife Lois and son Josh.



> Our aim is to reduce waste in the supply chain and offer our customers the most efficient and environmentally-sound option for their freight.

Our skills and knowledge

Providing superior customer service

Port of Tauranga's integrated view of the supply chain is reflected in our investments in other ports, inland freight hubs, cargo handling expertise, transport operations and logistics services. Our aim is to reduce waste in the supply chain and offer our customers the most efficient and environmentally-sound option for their freight.

In the following pages, we describe how we use our skills, knowledge and experience to set and pursue our strategies. In partnership with Tainui Group Holdings, we have developed the Ruakura Inland Port near Hamilton to enhance our service of the Upper North Island.

Material issues addressed by our strategies

Customer experience and trust

Resilient port capacity and expansion

Geographic reach

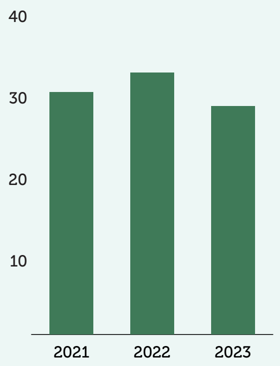
Supply chain efficiency

Vision

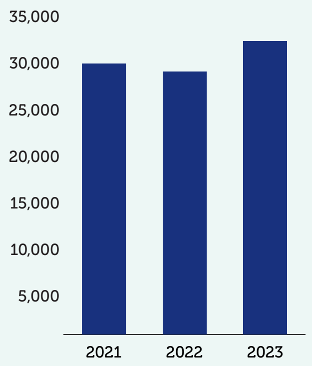
We will be driven by our customers' needs and create innovative supply chain solutions. We will deliver on our promises, provide superior service and grow together.

KPIs

Container crane rate (moves per hour)



Average cargo ship gross tonnage



Average turn-around time per cargo ship (days)

Ruakura Inland Port.

Productivity impacted by congestion

Port of Tauranga is looking forward to improved productivity following nearly three years of congestion and delays caused by disruption in the domestic and global supply chain.

From September 2020, operational problems at other ports and the Covid-19 pandemic resulted in ships arriving off schedule, often in bunches and forced to wait at anchor before berths became available at Tauranga.

Surges in container volumes put severe pressure on terminal capacity and efficiency, exacerbated by lack of available rail capacity and labour shortages.

The Port mitigated the impacts of congestion through surcharges to incentivise smooth cargo flows and avoid excess dwell time for containers in the terminal.

Late in 2022, all New Zealand ports agreed to reinstate berth schedules from March 2023. By reinstating adherence to proforma windows and cargo exchange volumes, Port of Tauranga has been able to accurately predict container volumes and match resources, including labour, rail and road transport.

Port of Tauranga is looking to improve future resilience in the supply chain through building capacity in the form of a berth extension at the container terminal, which is currently awaiting an Environment Court ruling on resource consent.

The Port's capacity will also be enhanced by plans to partially automate container storage at the terminal, and utilise the new inland port at Ruakura as a cargo aggregation point.

Coastal shipping is expected to have an increasing role in the national supply chain. Increased coastal shipping supports New Zealand's decarbonisation goals as it produces fewer greenhouse gas emissions than land-based transport, and allows shippers to access the more efficient, larger container vessels calling only at Tauranga.

Supply chain integration

Port of Tauranga has a strong and unique network of partnerships, collaborations and associate companies that make it ideally placed on the path to a more efficient and resilient national supply chain.

As 50% shareholders in Northport Limited, Port of Tauranga has already approved plans for growth and lobbied central Government in support of constructing the rail spur from the main trunk line to the port. Our co-shareholder, Marsden Maritime Holdings Limited, owns 180 hectares of industrial-zoned land available for development adjacent to Northport.

We provide links to international big ship services to South Island importers and exporters through our partnership at PrimePort Timaru. We own 50% of PrimePort with Timaru District Holdings, the local council's property investment arm, and operate the port's container terminal.

Port of Tauranga has a long-established and efficient inland port at Otahuhu in South Auckland, MetroPort Auckland, and has strong links to cargo handling and logistics expertise through our subsidiary and associate companies, Quality Marshalling and Coda Group.

The newly opened Ruakura Inland Port, developed in partnership with Tainui Group Holdings, serves to further enhance Port of Tauranga's national networks. Read more about this significant development on the following page.

Working with regulatory agencies

Port of Tauranga works closely with government agencies and regulators to ensure the port is a safe and secure workplace.

The Port team works with New Zealand Police and Customs to stop contraband entering New Zealand and detect potential criminal activity within the port gates.

Other agencies with a regulatory role in border protection and safety include the Ministry for Primary Industries, WorkSafe, Maritime NZ, the Tauranga Harbourmaster (employed by the Bay of Plenty Regional Council), the regional Public Health Unit, and the Transport Accident Investigation Commission.

From mid-2024, Maritime NZ's Health and Safety at Work Act designation will be extended to cover the land side of New Zealand's 13 commercial ports. Previously, Maritime NZ had jurisdiction on board ships, while WorkSafe had responsibility for land-based operations.

The change was one of the recommendations of the Port Health and Safety Leadership Group, in which Port of Tauranga is an active participant. It is hoped that having one primary regulator will provide clarity for the multiple organisations and workers operating in port environments.

The Leadership Group has developed a multi-year plan to improve safety following the deaths of two port workers in Auckland and Lyttelton early in 2022.

Case study

Ruakura Inland Port opens for business

> The $60 million facility has been more than 15 years in development by Tainui Group Holdings, the commercial entity of the Waikato-Tainui iwi.

Ruakura Inland Port has opened for business in the heart of the Waikato region in a game changer for the Upper North Island supply chain.

The nine hectare cargo facility on Hamilton's eastern boundary is linked by rail with Port of Tauranga and welcomed its first trains in early August. It will eventually grow to cover up to 30 hectares.

The $60 million facility has been more than 15 years in development by Tainui Group Holdings (TGH), the commercial entity of the Waikato-Tainui iwi, and will be operated for at least 50 years in a joint venture with Port of Tauranga.

Tainui Group Holdings Chief Executive, Chris Joblin, said the inland port's opening marked an exciting new opportunity for importers and exporters, especially in the Waikato and Bay of Plenty regions.

"This is a big step towards reducing greenhouse gas emissions from the Upper North Island supply chain. It gives importers and exporters the option to move away from the previously ubiquitous round-trip, road-based journeys, towards more rail-based one-way movements for cargoes," Mr Joblin said.

Recent modelling commissioned by the joint venture from independent supply chain experts has confirmed potential cost savings of up to 30% for cargo owners using rail from Ruakura Inland Port – compared to the round-trip, road-served transport model from Hamilton to Tauranga and Auckland.

Initially, two trains a week, each capable of carrying around 90 containers will call at Ruakura Inland Port. Train calls will then be increased to match demand, as businesses move into the adjacent Ruakura Superhub.

These include the 40,000 sqm Kmart Distribution Centre due to open in September, and new cold storage facilities operated by shipping line Maersk (16,000 sqm) and Big Chill (13,000 sqm).

Port of Tauranga Chief Executive, Leonard Sampson, says partnering with TGH to operate the inland port has delivered strategic infrastructure which will amplify the connectivity of the Port's existing facilities.

"By combining Port of Tauranga's expertise in developing and operating ports, with the deep regional connections of TGH and the scale and efficiency of the Ruakura location, we can deliver more value for our regions and customers," he says.

Quality Marshalling Ltd (a 100% owned subsidiary of Port of Tauranga) will manage physical operations at the inland port. The joint venture expects to handle around 40,000 TEU through the inland port in the first year of operations.

> *We choose energy efficient equipment where possible, eliminate waste through recycling, and seek to reduce our greenhouse gas emissions across all areas of our business.*

Our environment

Protecting our natural environment

Port of Tauranga protects air and water quality through dust suppression, stormwater management and spill prevention. We support industry efforts to reduce fumigant use, while ensuring the port community is vigilant for biosecurity incursions. We choose energy efficient equipment where possible, eliminate waste through recycling, and seek to reduce our greenhouse gas emissions across all areas of our business.

In the following pages, we describe our progress in pursuing our environmental and climate change strategies. We have reduced greenhouse gas emissions, improved air quality and invested in the biodiversity of the harbour.

Material issues addressed by our strategies

Biodiversity protection

Biosecurity

Air and water quality management

Managing greenhouse gas emissions

Local impacts

Climate action

Vision

We will protect and enhance our natural environment. We will invest in technology and embed sustainable practices throughout our business.

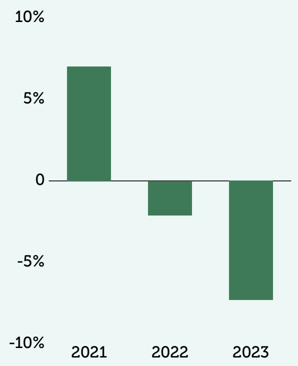
KPIs

16.1%
reduction in downwind measured dust (PM_{10}) adjacent to the port boundary from 2020 to 2022

100%
compliance with all stormwater quality standards

5.8%
reduction in greenhouse gas emission intensity since 2017

Total greenhouse gas emissions



Greenhouse gas emission intensity (emissions per cargo tonne)

Port-funded trust invests in harbour health

The Ngā Mātarae Charitable Trust brings together iwi organisations and Port of Tauranga to invest in the health of Te Awanui Tauranga Harbour.

The Trust was established eight years ago to balance the impact on the cultural and spiritual values of local iwi and hapū from the harbour capital dredging project completed in 2016. The Trust brings together Ngāi Te Rangi, Ngāti Ranginui and Ngāti Pūkenga iwi, the Port, the Mauao Trust and the Tauranga Moana Iwi Customary Fisheries Trust.

The Trust is funded through an annual grant from the Port, with the money used to sponsor organisations and projects that improve harbour health.

Projects funded by the Trust so far include:

- A pipi research project undertaken by Manaaki Te Awanui Charitable Trust, to restore and enhance coastal ecosystems

- Purchase of a research and monitoring vessel for Manaaki *Te Awanui*
- Restoration of wetlands adjacent to the Whetu-O-Te-Rangi marae of local iwi Ngāti Pūkenga, in Welcome Bay, to provide a habitat for native flora and fauna
- Restoration of wetlands adjacent to the Judea Rugby Club, which have historically been used as an informal dump.

The Trust is also helping to fund a major wetland restoration project being undertaken by Tauranga City Council, Bay of Plenty Regional Council and Ngai Tamarawaho hapū.

The Kopurererua Stream Fish Habitat Project will re-establish habitats in the lower stream and adjacent Koromiko wetland, which flows into Tauranga Harbour through the Waikareao Estuary. The project is expected to improve flood and erosion control, improve water quality and protect biodiversity, especially of fish and bird species.

Port of Tauranga, through Ngā Mātarae Trust, has provided nearly $100,000 to the Kopurererua Stream project.

The Trust also funds a number of tertiary scholarships for Māori students.

Minimising dust to improve air quality

Pollution monitors on the port boundary show a dramatic improvement in air quality since 2019.

This improvement includes reductions in sulphur dioxide and dust. Port of Tauranga has undertaken a range of initiatives to reduce airborne dust. Vacuum sweeper trucks collect dust and debris from the wharves, and concrete barriers have been installed to keep traffic and heavy equipment on more frequently swept roadways.

Collected dust and debris is recycled, with bark from export logs composted into garden products.

Close to two kilometres of wind fences encourage any airborne dust to settle on the ground, where it can be swept up. The Port also enforces wind limits on handling potentially dusty cargoes.

A recent report for the Toi Te Ora Public Health unit identified air quality improvements since 2019, just before Mount Maunganui industrial zone was designated a 'polluted air shed'. The study showed a reduction in fine dust (PM_{10}), with annual PM_{10} concentrations on a port boundary reducing by 15% since 2019, and annual levels of $PM_{2.5}$ reducing 35% in the three years to 2022.

In addition, the introduction of mandatory low sulphur shipping fuels in early 2020 has had a major impact on improving air quality by reducing sulphur dioxide.

Port of Tauranga has recently agreed to help fund some of the air quality monitoring in the industrial area to enable Bay of Plenty Regional Council to introduce supplementary air sensors into nearby residential areas.

The Council is posting real-time air quality indicators on its website[3]. The 12 new sensors, while not as accurate as the monitors in the industrial area, are designed to detect particulate matter, including salt-laden air, as well as NO_2 (nitrogen dioxide), which is also generated from petrol and diesel vehicles.

[3] *https://www.boprc.govt.nz/environment/air/mount-maunganui-residential-air-quality*

Endangered birds find refuge at port

Threatened shore bird species have found refuge at Port of Tauranga.

Adjacent to the container terminal, the Port's sand pile – material dredged during maintenance of shipping channels – attracts New Zealand dotterels and variable oystercatchers to nest.

It has also become a resting place for bar-tailed godwits, who fly every year non-stop from their breeding grounds in Alaska, a trip that takes approximately a week.

The dredged sand is usually used to replenish local beaches or recycled into roading projects but is now left undisturbed between the months of September to April when the birds are in residence or nesting.

Greenhouse gas emissions reduction continues

Port of Tauranga's total greenhouse gas emissions (CO_2e) reduced 7.3% for the year ended 30 June 2023.

The decrease was primarily due to a reduction in the emissions associated with the MetroPort rail service as freight volumes decreased. Other reductions include waste disposed to landfill and increased recycling.

Emissions associated with diesel consumption, primarily in the straddle carrier and marine fleets, remained steady.

The Port's emission intensity metric (tonnes of CO_2e per cargo tonne) has also reduced, by 3.8% compared with the previous financial year. Emissions intensity has reduced by 5.8% compared with the 2016-2017 base year.

Further decarbonisation opportunities being pursued include the introduction of automation in the Tauranga Container Terminal and the purchase of additional hybrid straddle carriers. Opportunities for alternative fuel use are also being investigated.

Protecting water quality

Port of Tauranga has a range of defences to prevent pollutants being washed into Te Awanui Tauranga Harbour.

The Port has installed multiple screen chambers on stormwater drains on both sides of the harbour, and remote activated shut off valves can be deployed to contain accidental spills in key high risk areas. Stormwater treatment infrastructure has been upgraded and fine tuned.

Port of Tauranga regularly monitors water and sediment quality, testing for contaminants such as heavy metals, petroleum hydrocarbons and suspended solids.

Preventing biosecurity failures

Fumigation is an important tool to protect New Zealand's biodiversity and its safe use is a big concern for Tauranga residents.

More than 80% of all the logs exported through Port of Tauranga are required to be fumigated, either in the ship's hold or on the wharf just prior to loading, in order to meet the phytosanitary requirements of New Zealand's trading partners.

The fumigant used on the wharf is methyl bromide, an ozone-depleting chemical, while phosphine is used in ships' holds.

Port of Tauranga insists that recapture technology is utilised on 100% of methyl bromide fumigations and the Environmental Protection Agency has recently introduced stricter rules around concentration levels and exclusion zones.

In recent years, methyl bromide use has also been drastically reduced by the use of de-barking. De-barking logs off site greatly reduces the amount of pre-shipment fumigation required, as well as reducing log debris being deposited on the wharves and potentially impacting air or stormwater quality.

Forestry exporters have invested heavily in de-barking technology in recent years. Approximately 20% of all logs are now de-barked before arriving at Port of Tauranga.

Partners in biosecurity excellence

Port of Tauranga is part of an award-winning biosecurity excellence partnership with the Ministry for Primary Industries, Kiwifruit Vine Health, primary produce organisations, scientists and local government.

The partnership aims to build a port community prepared to prevent any pest incursions through the port. Port users are educated on what to look for and how to respond if they see evidence of bugs.

The partnership publishes an annual calendar and other educational material featuring the top 12 unwanted pests, and runs an annual Biosecurity Week to raise awareness.

Port of Tauranga also supports the Tauranga Moana Biosecurity Capital initiative, which seeks to raise pest awareness throughout the wider western Bay of Plenty community.

The Port is a signatory to the Bioscurity Business Pledge, which now has more than 350 New Zealand businesses in its network. Members share knowledge and collaborate on proactive biosecurity management.

> We are planning a berth extension and automation project, taken delivery of a new pilot boat, and await the delivery of our next tranche of hybrid straddle carriers.

Our assets and infrastructure

Driving national prosperity

Port of Tauranga has invested in capacity to accommodate bigger ships and cater for New Zealand cargo growth. In the six years to 2016, we spent more than $350 million to prepare for larger vessels, including dredging, wharf extensions and new ship-to-shore cranes.

In the following pages, we describe the next stage of growth and capacity-building. We are planning a berth extension and automation project, have taken delivery of a new pilot boat, and await the arrival of our next tranche of hybrid straddle carriers.

Material issues addressed by our strategies

Resilient port capacity and expansion

Geographic reach

Cyber and data security

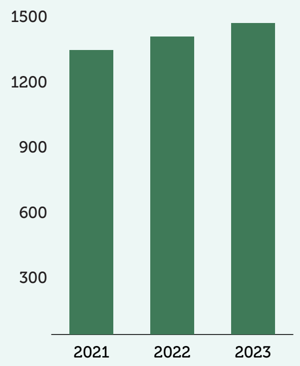
Vision

New Zealanders will value the port as an asset that drives our nation's prosperity by providing the most efficient access to global trade.

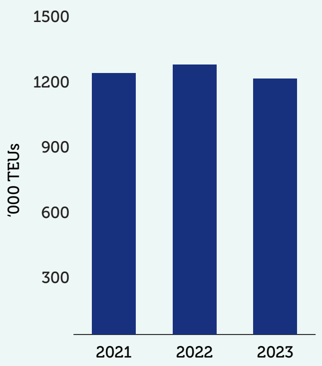
KPIs

- New pilot launch, the *Troy Evans*, delivered via sea from Melbourne
- Four new hybrid straddle carriers on order

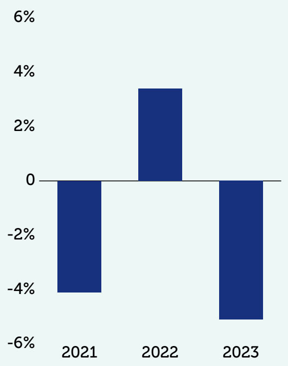
Ship visits



Total TEUs



Increase in total TEUs



Lower carbon supply chain utilising bigger ships

Port of Tauranga offers shippers a lower carbon supply chain through its ability to accommodate the largest container vessels to visit New Zealand.

In the six years to 2016, Port of Tauranga invested heavily in capacity expansion for larger vessels, including deepening and widening shipping channels and expanding cargo storage and handling facilities.

Bigger ships have better fuel efficiency and produce fewer emissions per container and, especially when combined with rail, offer a significantly lower carbon supply chain over a typical container journey.

As average ship sizes continue to grow, Port of Tauranga has expansion plans under way that will allow it to accommodate more vessels at once.

The Port intends to extend its container wharves by converting existing cargo storage land into an additional berth and enable three large vessels to be serviced at once.

The container terminal's oldest ship-to-shore crane has recently been dismantled to make way for a new, larger crane due for delivery in January 2024.

As part of its decarbonisation strategy, Port of Tauranga also plans to introduce fully electric automated stacking cranes inside the terminal, to increase the number of containers that can be stored and handled on site.

The automated container stacks will be served by hybrid straddle carriers.

The Tauranga Container Terminal is linked by rail to the Port's newly opened inland port near central Hamilton, developed in partnership with Tainui Group Holdings.

The inland port is part of the new Ruakura Superhub freight and logistics complex.

More hybrid straddles to join fleet

Port of Tauranga has ordered four new hybrid straddle carriers as part of its ongoing investment in a more fuel-efficient equipment fleet.

The new Kalmar straddles will be delivered later this year and will join the existing three hybrid models purchased in 2020, which have proved to be around 25% more fuel efficient than the Port's other, diesel-electric models and 40% more efficient than the oldest models in the fleet.

The container terminal has also taken possession of eight second-hand straddles from Lyttelton Port. They are being used to replace some of the oldest, less efficient models and for spare parts.

One of the main sources of the company's greenhouse gas emissions is diesel use by straddle carriers, so fuel consumption is a constant target for reduction.

Port of Tauranga's container terminal is the largest in the country and has more than 50 straddle carriers.

Forum addresses infrastructure deficit

A new business forum aims to address the significant infrastructure deficit in Tauranga and the Bay of Plenty.

The Western Bay of Plenty Infrastructure Forum was officially launched at Port of Tauranga in April in the presence of the Minister of Finance, Grant Robertson. The forum brings together the Port, economic development organisations, business associations, property developers, transport operators and other businesses.

The forum has proposed a ten-point action plan[4] for housing, transport, port capacity, decarbonisation and attracting talent. The plan includes infrastructure development at the port and seeks long-term funding agreements for regional roading.

Tauranga has seen a 72% population increase since 2000 and regional GDP growth is one of the fastest in the country.

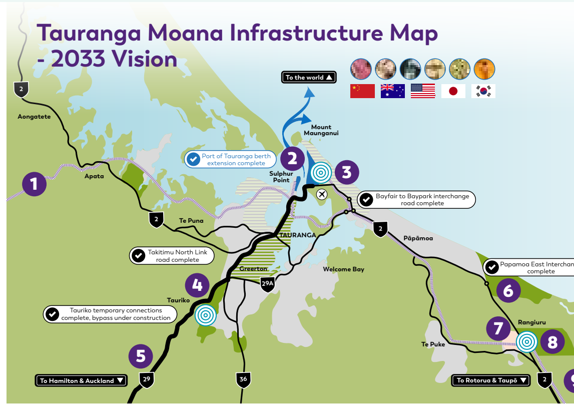
The launch follows last year's release of the Waikato and Bay of Plenty Freight Action Plan involving partners including the Port, the economic development agencies for both regions, transport companies and shippers. The report predicted freight growth of between 45 and 65% between 2020 and 2030.

The report recommended increasing the capacity of the freight network, including links to Auckland, and a separate study to assess the resilience of the existing critical networks, including the Kaimai Tunnel.

The case for State Highway 29

A key initiative being championed by the Western Bay of Plenty Infrastructure Forum is to prioritise investment in the State Highway 29 Tauriko bypass.

The forum chair, Nigel Tutt of the economic development agency Priority One, says the development is needed urgently to unlock housing, transport and economic development in New Zealand's fastest-growing city.



"State Highway 29 is a chokepoint," he says. "It is stopping the full potential of housing, manufacturing, transport, decarbonisation and exporting from being realised. It is also a vital piece of infrastructure investment in regional and national resilience for our economy and supply chains."

The current proposed timeline for the project is 27 years, which the forum says is untenable. The route is a key road transport corridor for the Port, connecting it to the Waikato region.

4 *https://www.priorityone.co.nz/wp-content/uploads/Infrastructure-Action-Plan.pdf*

Case study

New pilot launch arrives at Port of Tauranga

Port of Tauranga has taken delivery of a state-of-the-art new pilot launch, the *Troy Evans*.

The 17.55 metre vessel has a top speed of around 30 knots, is self-righting and able to handle all weather conditions. It has a raft of other safety features, including a hydraulic person overboard platform.

The *Troy Evans* has a beak bow, which cuts through waves rather than riding over them, improving fuel efficiency. It is powered by Volvo D16 750hp engines, with two 17" Doen water jets.

It has a composite hull and was built by Hart Marine in Melbourne.

The *Troy Evans* has been named after the late Port of Tauranga pilot and tug master. Troy passed away in late 2021 after a long battle with Parkinson's.

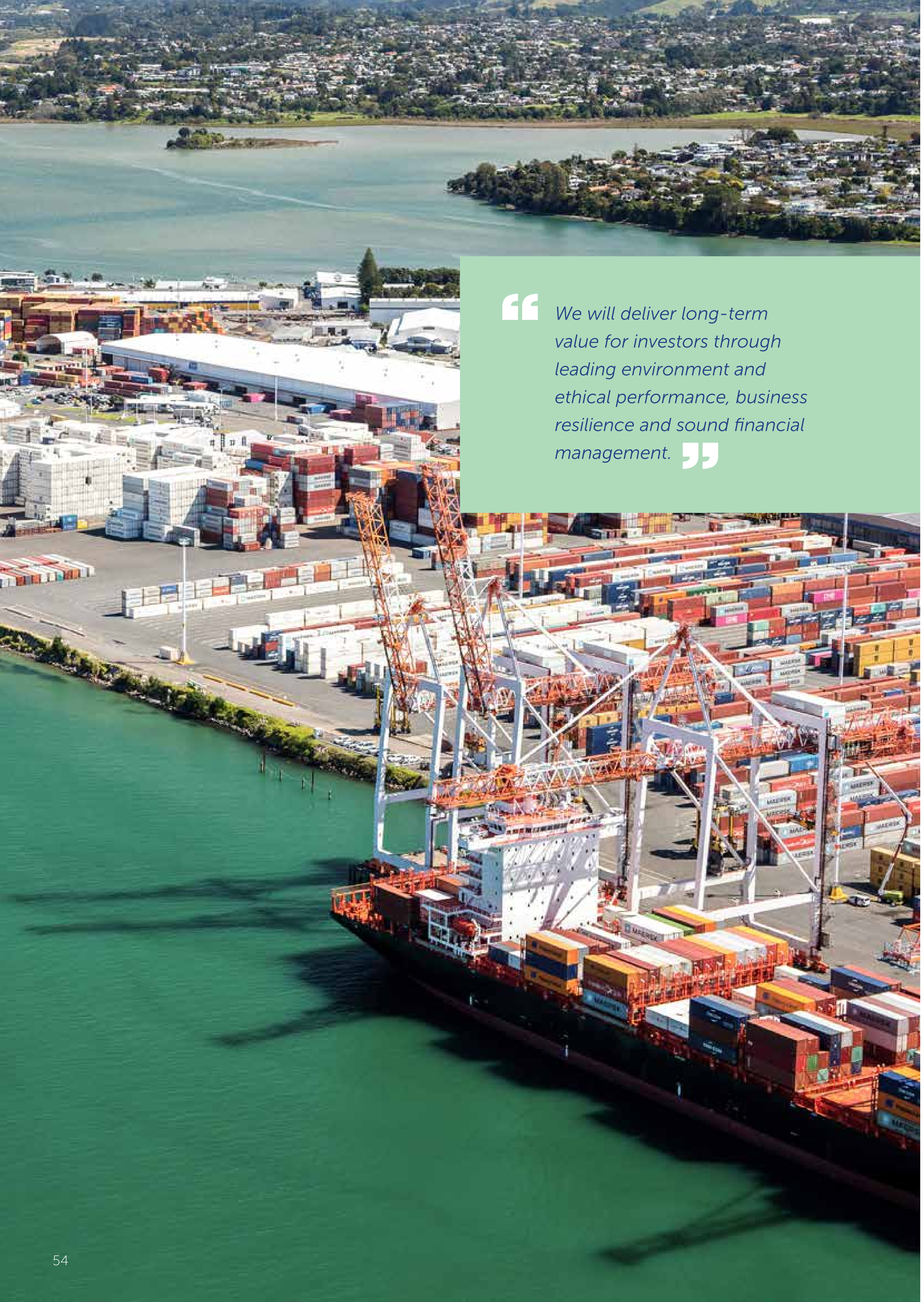
Troy was part of the team at Port of Tauranga for 10 years and worked on many special projects, including the purchase of our two tugs, *Tai Pari* and *Tai Timu*. He gained international attention and accolades in his quest for safer piloting, including widespread adoption of his industry-first

drawings of compliant trapdoor pilot ladder arrangements.

One of the last projects that Troy worked on was scoping the purchase of the new pilot launch now named in his honour.

Troy's family, including his wife and two daughters, joined Troy's colleagues to welcome the new vessel in May. The Port's entire marine fleet, plus the Port's very first pilot launch *Tauranga*, escorted the *Troy Evans* into the harbour with a water cannon salute.

The Port's 13-year-old and 16.5 metre *Arataki* pilot launch will be retained as a back-up and *Te Awanui*, at 24 years old, will be used for survey work.



> We will deliver long-term value for investors through leading environment and ethical performance, business resilience and sound financial management.

Our finances

Delivering long-term value

Port of Tauranga provides sustainable shareholder returns through revenue growth from diverse income streams and we are always seeing new customers and cargoes. Through our cornerstone shareholder Quayside Holdings, we share the financial benefits of the Port's success with the residents and ratepayers of the Bay of Plenty.

In the following pages, we outline our progress in pursuing our economic strategies, as well as sharing our financial statements of performance. We welcomed the return of cruise ships to the Bay of Plenty following the Covid-19 pandemic, and helped lower regional rates bills.

Material issues addressed by our strategies

Financial performance

Capital base

Shareholder returns

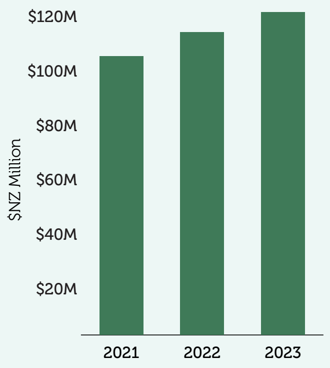
Supply chain efficiency

Vision

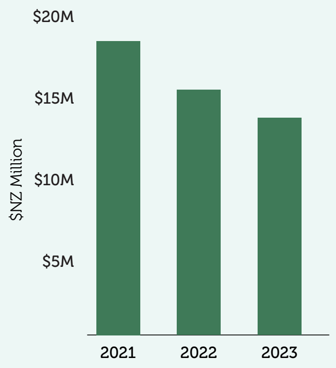
We will deliver long-term value for investors through leading environment and ethical performance, business resilience and sound financial management.

KPIs

Group Net Profit After Tax ($)

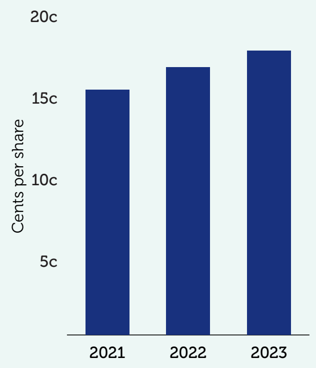


Subsidiary and Associate Earnings ($)

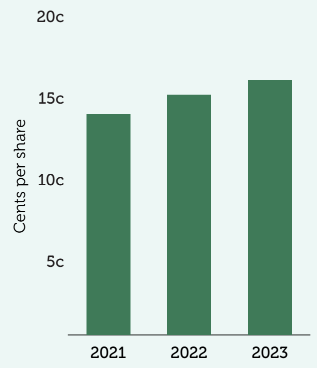


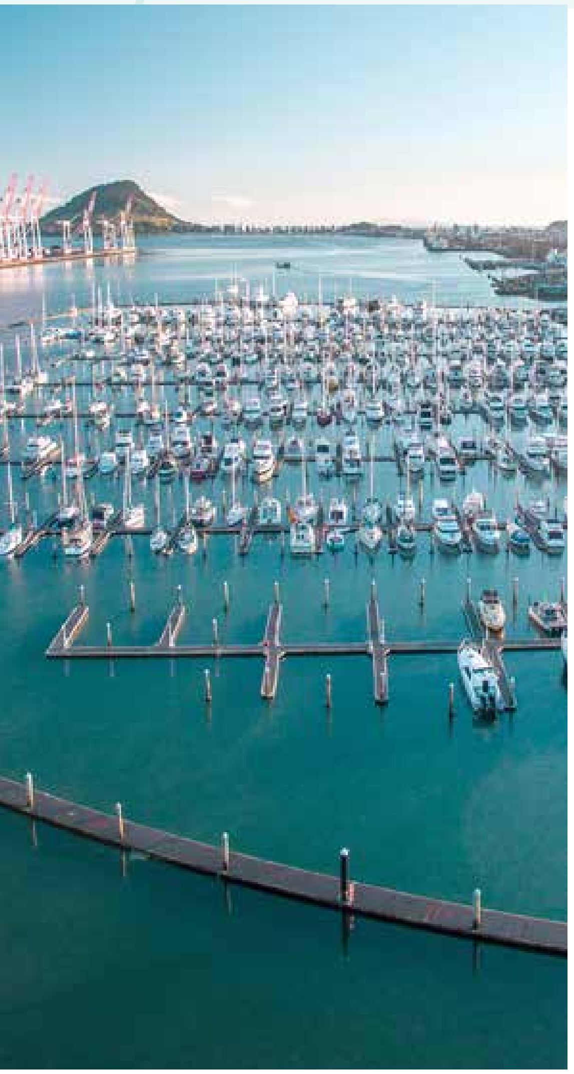
Group revenue ($)

Earnings per share



Dividends (cents per share)





Port's presence boosts regional economy

Port of Tauranga is a key driver of the economies of Tauranga, the wider Bay of Plenty and New Zealand as a whole, providing hundreds of thousands of jobs and business opportunities.

The port's presence has helped boost regional GDP growth well above the national average in recent years. Since 2000, the population has grown 72%, compared with the national increase of 32%. Tauranga's GDP has increased by 142%, while New Zealand's GDP has increased 82%.

The latest economic report by the region's economic development agency, Priority One, shows that the Bay of Plenty economy has remained relatively resilient amid the slowing domestic and global economy, although there has been a slight decrease in average heavy traffic movements in the April to June quarter compared with previous years.

The Port is banking on more businesses moving to the Waikato and Bay of Plenty regions as land shortages and costs in South Auckland continue to bite.

This year, Winstone Wallboards is relocating its manufacturing from Auckland to a purpose-built factory at Tauriko in Tauranga. Imports of gypsum for manufacture into plasterboard began in December 2022.

Port profits subsidise rates bills

Port of Tauranga is listed on the New Zealand Stock Exchange, with just over 54% of shares owned by the region's ratepayers through Bay of Plenty Regional Council's investment arm, Quayside Holdings.

In the past decade, Port of Tauranga has returned to Quayside around $720 million in dividends from port profits. The council uses its dividends to subsidise rates bills, at the current rate of around $350 per household per year.

Port of Tauranga also directly sponsors a number of community-based projects and events across the region's arts, sports, education and business sectors.

They include the newly-opened Port of Tauranga Rescue Centre, a regional hub for surf live saving activities.

The company also sponsors the Port of Tauranga National Jazz festival, held every Easter for the past 60 years, and is a founding gold sponsor of the long-running Tauranga Arts Festival.

Case study

Cruise ships return to Bay of Plenty after hiatus

The first cruise ship of the 2022-2023 summer season made its first call in New Zealand at Port of Tauranga in October.

The *Majestic Princess* arrived from Tahiti at 5.30am and her pre-dawn arrival did not deter a number of locals from witnessing it.

The *Majestic Princess*, with more than 3,500 guests on board, was the first passenger vessel to visit Port of Tauranga since all cruise ships were banned from New Zealand waters in March 2020, as the Covid-19 pandemic escalated.

That summer, the Port had seen 106 visits and was on track to match the previous record summer of 116 visits in 2018/2019. However, the closure of New Zealand borders to international visitors cut the season short and no cruise ships called in the subsequent two and a half years.

Port of Tauranga Chief Executive, Leonard Sampson, said on the eve of the *Majestic Princess'* arrival that he was delighted to welcome cruise ships again.

"Cruise ship passengers are an important source of revenue for the Bay of Plenty and Waikato tourism industries, which really suffered during the pandemic," he said.

"They are also a spectacular sight for locals as they enter and depart Te Awanui Tauranga Harbour."

Tauranga residents can often be seen picnicking on Pilot Bay beach or occupying a vantage point on Mauao to watch arriving and departing vessels.

According to Tourism Bay of Plenty, the coastal Bay of Plenty has typically enjoyed the country's second-highest share of cruise passenger spending, behind Auckland. It's estimated that the last full summer cruise season in 2018–2019 contributed $89 million to the region's economy.

The largest cruise ships to regularly call at Tauranga can carry up to 4,900 passengers, plus around 1,300 crew.

Port of Tauranga hosted 88 cruise ships over the 2022–2023 summer, with at least 110 passenger vessels already booked to visit in the coming season, commencing in October.

Board of Directors

J C Hoare
BCom, FCA, CMInstD
CHAIR, INDEPENDENT DIRECTOR

Julia Hoare joined the Board in August 2015 and took over the Chair in August 2022. She has a wide range of commercial, financial, tax, regulatory and sustainability expertise developed from both her extensive governance roles and over the course of two decades as a partner with PwC.

Julia is Deputy Chair of The a2 Milk Company Limited*, and a Director of Auckland International Airport Limited, Comvita Limited and Meridian Energy Limited. She is also a Director of Port of Tauranga Trustee Company Limited, Northport Limited and PrimePort Limited. Julia is a Member of the Chapter Zero New Zealand Steering Committee.

Retired 30 June 2023.

J B Stevens
LLB, FCILT (Fellow Chartered Institute of Logistics and Transport)
INDEPENDENT DIRECTOR

Brodie Stevens is the former Swire Shipping/China Navigation Company Country Manager. A trained lawyer, he joined Freightways Group as a management trainee in 1982 and was National Marketing Manager for Post Haste before joining Owens Group. He was Divisional General Manager of Seatrans New Zealand and Owens Shipping Services before joining China Navigation Company (trading as Swire Shipping) in 2004. During his tenure, the company expanded into freight forwarding, shipping agency and stevedoring. Brodie is currently a Director of Chatham Island Shipping Limited. He joined the Board in August 2022.

Sir Robert A McLeod KNZM
LLB, BCom, FCA, CFInstD

Sir Robert McLeod joined the Board of Quayside Holdings Limited in November 2016 of which he is Chair. Sir Robert is also Chair of Quayside Securities Limited, Quayside Properties Limited, NZX listed Sanford Group and Ngati Porou Holding Company Limited. He is a Director of AZSTA NZ Limited, China Construction Bank (New Zealand) Limited, MSJS NZ Limited, Point 76 Limited, Point Guard Limited, Point Seventy Limited, Real Fresh Limited, Singita Holdings Limited, Singita Investments Limited and VCFA NZ Limited.

Sir Robert has been a past Board Member at ANZ National Bank, Tainui Group Holdings, Sky City Entertainment Group and Telecom, and he was Oceania (Australia, New Zealand and Pacific Islands) CEO/Managing Partner for the international accounting practice of Ernst & Young and more latterly as Ernst & Young New Zealand Chair, a position from which he retired on 31 December 2015. In 2019 Sir Robert was appointed Knight Companion of the NZ Order of Merit.

Sir Robert joined the Board in October 2017.

D J Bracewell
INDEPENDENT DIRECTOR

Dean Bracewell has deep transport and logistics industry experience. He was a former Managing Director for Freightways, one of New Zealand's largest transport and logistics companies for more than 18 years before embarking on a governance career in 2018.

Currently Dean is a Director of Air New Zealand Limited, Property for Industry Limited, the Halberg Trust and Tainui Group Holdings Limited. He joined the Board in December 2021.

A R Lawrence
BCA (Business Admin)
INDEPENDENT DIRECTOR

Alastair Lawrence joined the Board in February 2014 and took over the Chair of the Audit Committee in August 2022. Alastair is a very experienced corporate advisor specialising in commercial evaluation and strategy development. He was a Director of private investment bank Antipodes from 1998 to 2014. Governance roles have included the Takeovers Panel, Landcare Research Limited, Coda GP and a number of mid-market private companies.

A M Andrew
BE Chemical & Materials (1st Class Honours), MBA (Distinction), FEngNZ, CMInstD
INDEPENDENT DIRECTOR

Alison Andrew is currently Chief Executive of Transpower New Zealand, having joined in 2014. She has held a number of senior executive roles across various industry sectors, most recently as Global Head of Chemicals for Orica PLC. She has also been a Director for Genesis Energy. Prior to those roles, she held a number of senior roles at Fonterra Cooperative Group and across the Fletcher Challenge Group in Energy, Forests and Paper. Alison has a MBA from Warwick University, and studied Engineering (Chemicals and Materials) at Auckland University. Alison joined the Board in April 2018 and was recently appointed Chair of the People and Remuneration Committee in October 2022.

D W Leeder

Doug Leeder is Chair of Bay of Plenty Regional Council. He is a dairy farmer, and has considerable experience in governance and management. Doug has held positions of governance in Federated Farmers, was a Director and Chair of Bay Milk Products, Director of the East Bay Health Board, Chair of Subsidiary East Bay Energy Trust, Chair of NZ Dairy Group and Dairy Insight, and Director of DEXCEL. Doug joined the Board in October 2015.

Senior management team

Leonard Sampson
Chief Executive

Leonard took over as Chief Executive in July 2021 following the retirement of Mark Cairns.

He was Port of Tauranga's Commercial Manager from 2013 to 2019, when he was appointed Chief Operating Officer. Leonard joined the company from KiwiRail, where he was General Manager – Sales. He also held senior roles at Carter Holt Harvey and Mainfreight.

Pat Kirk
GM Health and Safety

Pat joined the company in 2013 and the senior management team in March 2020, reflecting the importance of health and safety to our ongoing success.

He has three decades of extensive strategic and applied industry health and safety experience across a wide range of sectors. Pat is Chair of the Port Industry Association and a member of various national health and safety organisations, including the WorkSafe/ACC National Industry Prevention Working Group, the WorkSafe/Maritime NZ Industry Advisory Group (Port Sector) and the Business Leaders' Health & Safety Forum.

Blair Hamill
GM Commercial

Blair oversees port operations, customer services and new business opportunities.

He joined the company in July 2020 after 20 years at Zespri International, the world's largest kiwifruit marketer. Blair held a variety of senior roles at Zespri, including Global Commercial Manager and Chief Global Supply Officer.

Blair is a former chartered accountant.

Rochelle Lockley
GM Communications

Rochelle joined the Port of Tauranga senior management team in September 2020.

Rochelle, a former journalist, held senior communications roles in tourism and telecommunications in New Zealand and overseas before establishing a communications consultancy in 2005.

Simon Kebbell
Chief Financial Officer and Company Secretary

Simon was appointed Chief Financial Officer of Port of Tauranga in 2020. He has been with the company since 2003 and was previously IT/Finance Manager. He is a Chartered Accountant and has a First Class Honours Degree in a Bachelor of Management Studies.

Prior to joining Port of Tauranga, Simon was Manager – Internal Audit for PricewaterhouseCoopers in Singapore. He also held senior positions at Ernst & Young in Singapore and Auckland.

Dan Kneebone
GM Property and Infrastructure

Dan has overall responsibility for both the property portfolio and engineering interests of the Port.

He joined the Port of Tauranga senior management team in January 2013. He was previously National Property and Development Manager for Bunnings Limited and held senior roles at Trans Tasman Properties Limited, Fletcher Property Limited and Simes Limited.

Melanie Dyer
GM Corporate Services

Melanie joined Port of Tauranga's senior management team in August 2020 from Trustpower Limited, where she was General Manager, People and Culture.

Prior to joining Trustpower in 2014, Melanie spent 11 years at Hydro Tasmania.

Melanie has a Master's Degree in Organisational Development and Leadership Studies.

Consolidated Financial Statements

For the year ended 30 June 2023
Port of Tauranga Limited and Subsidiaries

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Directors' Responsibility Statement

For the year ended 30 June 2023

The Directors are responsible for ensuring that the financial statements give a true and fair view of Port of Tauranga Limited (the Group) as at 30 June 2023.

The Directors consider that the financial statements of the Group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates, and that all relevant financial reporting and accounting standards have been followed.

The Directors are pleased to present the financial statements of the Group for the year ended 30 June 2023.

The financial statements were authorised for issue for and on behalf of the Directors on 24 August 2023.

Chair

Director

Independent Auditor's Report

KPMG

To the Shareholders of Port of Tauranga Limited

The Auditor-General is the auditor of Port of Tauranga Limited and its subsidiaries (the 'Group'). The Auditor-General has appointed me, Brent Manning, using the staff and resources KPMG, to carry out the audit of the consolidated financial statements of the Group on his behalf.

Opinion

We have audited the consolidated financial statements of the Group on pages 69 to 105, that comprise the consolidated statement of financial position as at 30 June 2023, the consolidated income statement, the consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Basis for our opinion

We conducted 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 Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Auditor-General's Auditing Standards, which incorporate Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In addition to the audit we have carried out engagements in the area of Agreed Upon Procedures, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Group or any of its subsidiaries.

Key audit matters

Key audit matters are those matters, that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the financial statements.

The key audit matter	How the matter was addressed in our audit
Value of property, plant and equipment	
Refer note 10 of the financial statements. The Group has property, plant and equipment ("PP&E") of $2,607 million. The Group has a policy of valuing land, buildings, wharves, hardstanding and harbour improvements ("Revalued PP&E") at fair value. Full Independent valuations are obtained at least every 3 years (by an independent valuer) over these asset classes. In the current year, the fair value of land was revalued by an independent valuer. Buildings, wharves and hardstandings and harbour Improvements were assessed for material movements in their fair values. The Revalued PP&E is considered a key audit matter due to the judgement involved in the assessment of the fair value and the material value of PP&E on the balance sheet.	Our procedures focused on the appropriateness of the Group's assessment as to whether the carrying values of Revalued PP&E materially represent their fair values, and if a revaluation of a class of asset was required, that the revalued assets have been accurately reflected in the financial statements. For land we have: – Assessed the competence and objectivity of the valuer used; – Assessed the methodology applied by the valuer and assessed whether the valuation approach was in accordance with professional valuation standards and suitable for determining the fair value of identified assets; – Compared the asset holdings in the fixed asset register to those valued to ensure all relevant property was captured; – Compared the key assumptions within each assessment to market evidence; – Assessed the reasonableness of valuation movements between financial years with consideration to broader sector/local market evidence (where available); and – Assessed whether the increase in valuation was correctly accounted for within the Revaluation Reserve and Statement of Comprehensive Income.

KPMG

The key audit matter	How the matter was addressed in our audit
Value of property, plant and equipment (continued)	
	For buildings, wharves, hardstandings and harbour improvements we have: – Assessed the competence and objectivity of the valuers or experts used by the Group; – Compared and recalculated the valuer's fair value assessment against publicly available data (including relevant price indices); and As a result of the above procedures, we are satisfied the carrying value of property, plant and equipment is reasonable and supportable. We are also satisfied with the adequacy of disclosures.
Impairment of investment in Equity Accounted Investees	
Refer note 14 of the financial statements. The Group has a 50 percent investment in Coda Group Limited Partnership which is accounted for as an equity accounted investee. The investment in Coda Group Limited Partnership was tested for impairment at 30 June 2023 which involved determining the recoverable amount of the investment, being the higher of fair value and value in use. An impairment of $7.9 million was recognised. This is considered to be a key audit matter due to the judgement involved, including: – forecasting future performance; and – selecting relevant assumptions such as EBITDA multiples and the weighted average cost of capital (WACC)	Our audit procedures included: – Assessing whether the methodology for impairment testing adopted by the Group is inline with the applicable financial reporting standards. – Engaging our internal valuation specialists to review the approach to determining the recoverable amount and challenge the assumptions adopted by the Group, including but not limited to the WACC rate and EBITDA multiple. – Performing retrospective analysis over the accuracy of previous forecasts prepared by the Group. – Preparing alternative scenarios for assumptions and comparing these to the Group's adopted assumptions. – Assessing the adequacy and accuracy of the disclosures made by the Group. As a result of the above procedures, we are satisfied the impairment recognised is reasonable and supportable. We are also satisfied with the adequacy and accuracy of disclosures.

Other information

The Directors are responsible on behalf of the Group for the other information. The other information comprises the information included on pages 1 to 65 and pages 106 to 121 of the Integrated Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

Directors' responsibilities for the consolidated financial statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors' responsibilities arise from the Financial Markets Conduct Act 2013.

Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the consolidated financial statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of shareholders taken on the basis of these consolidated 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. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the 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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information 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.

We communicate with the 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.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Our responsibilities arise from the Public Audit Act 2001.

Brent Manning
KPMG

On behalf of the Auditor-General
Wellington, New Zealand

24 August 2023

Port of Tauranga Limited and subsidiaries

Consolidated Income Statement

For the year ended 30 June 2023

	Note	2023 NZ$000	2022 NZ$000
Total operating revenue	4	**420,929**	375,288
Contracted services for port operations		**(98,975)**	(84,796)
Employee benefit expenses	5	**(51,334)**	(46,790)
Direct fuel and power expenses		**(18,822)**	(14,494)
Maintenance of property, plant and equipment		**(15,497)**	(12,895)
Other expenses		**(25,960)**	(23,236)
Operating expenses		**(210,588)**	(182,211)
Results from operating activities		**210,341**	193,077
Depreciation and amortisation	10, 11, 12	**(40,423)**	(36,657)
Impairment of property, plant and equipment on revaluation		**0**	(1,445)
		(40,423)	(38,102)
Operating profit before finance costs, share of profit from Equity Accounted Investees and taxation		**169,918**	154,975
Finance income	7	**1,161**	287
Finance expenses	7	**(20,522)**	(16,452)
Net finance costs	7	**(19,361)**	(16,165)
Share of profit from Equity Accounted Investees	14(c)	**16,611**	11,586
Impairment of investment in Equity Accounted Investees	14(b)	**(7,871)**	0
		8,740	11,586
Profit before income tax		**159,297**	150,396
Income tax expense	8	**(42,161)**	(39,079)
Profit for the period		**117,136**	111,317
Basic earnings per share (cents)	17	**17.4**	16.5
Diluted earnings per share (cents)	17	**17.2**	16.4

These statements are to be read in conjunction with the notes on pages 75 to 105.

Port of Tauranga Limited and subsidiaries

Consolidated Statement of Other Comprehensive Income

For the year ended 30 June 2023

	2023 NZ$000	2022 NZ$000
Profit for the period	**117,136**	111,317
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Cash flow hedge – changes in fair value*	**2,293**	15,165
Cash flow hedge – reclassified to profit or loss*	**(44)**	4,382
Share of net change in cash flow hedge reserves of Equity Accounted Investees	**209**	862
Items that will never be reclassified to profit or loss:		
Asset revaluation*	**23,530**	625,137
Share of net change in revaluation reserve of Equity Accounted Investees	**16,817**	13,865
Total other comprehensive income	**42,805**	659,411
Total comprehensive income	**159,941**	770,728

**Net of tax effect as disclosed in notes 8 and 9.*

These statements are to be read in conjunction with the notes on pages 75 to 105.

Port of Tauranga Limited and subsidiaries

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

	Note	Share Capital NZ$000	Share-based Payment Reserve NZ$000	Hedging Reserve NZ$000	Revaluation Reserve NZ$000	Retained Earnings NZ$000	Total Equity NZ$000
Balance at 30 June 2021		**74,920**	**2,412**	**(11,358)**	**1,253,107**	**77,887**	**1,396,968**
Profit for the period		0	0	0	0	111,317	111,317
Other comprehensive income		0	0	20,409	639,002	0	659,411
Total comprehensive income		**0**	**0**	**20,409**	**639,002**	**111,317**	**770,728**
Decrease in share capital		(37)	0	0	0	0	(37)
Dividends paid during the period	16	0	0	0	0	(95,242)	(95,242)
Equity settled share-based payment accrual	16	0	2,021	0	0	0	2,021
Shares issued upon vesting of Management Long Term Incentive Plan		271	(229)	0	0	(42)	0
Total transactions with owners in their capacity as owners		**234**	**1,792**	**0**	**0**	**(95,284)**	**(93,258)**
Balance at 30 June 2022		**75,154**	**4,204**	**9,051**	**1,892,109**	**93,920**	**2,074,438**
Profit for the period		0	0	0	0	117,136	117,136
Other comprehensive income		0	0	2,458	40,347	0	42,805
Total comprehensive income		**0**	**0**	**2,458**	**40,347**	**117,136**	**159,941**
Decrease in share capital		(72)	0	0	0	0	(72)
Dividends paid during the period	16	0	0	0	0	(102,054)	(102,054)
Equity settled share-based payment accrual	16	0	1,463	0	0	0	1,463
Shares issued upon vesting of Management Long Term Incentive Plan		278	(280)	0	0	2	0
Total transactions with owners in their capacity as owners		**206**	**1,183**	**0**	**0**	**(102,052)**	**(100,663)**
Balance at 30 June 2023		**75,360**	**5,387**	**11,509**	**1,932,456**	**109,004**	**2,133,716**

These statements are to be read in conjunction with the notes on pages 75 to 105.

Port of Tauranga Limited and subsidiaries

Consolidated Statement of Financial Position

As at 30 June 2023

	Note	2023 NZ$000	2022 NZ$000
Assets			
Property, plant and equipment	10	**2,424,090**	2,392,996
Right-of-use assets	11	**50,045**	39,367
Intangible assets	12	**22,305**	23,008
Investments in Equity Accounted Investees	14	**213,746**	186,050
Receivables and prepayments	15	**18,890**	18,612
Derivative financial instruments	19	**15,514**	11,957
Total non-current assets		**2,744,590**	2,671,990
Cash and cash equivalents		**8,506**	7,272
Receivables and prepayments	15	**69,152**	61,901
Inventories		**1,986**	2,013
Derivative financial instruments	19	**35**	350
Total current assets		**79,679**	71,536
Total assets		**2,824,269**	2,743,526
Equity	16		
Share capital		**75,360**	75,154
Share-based payment reserve		**5,387**	4,204
Hedging reserve		**11,509**	9,051
Revaluation reserve		**1,932,456**	1,892,109
Retained earnings		**109,004**	93,920
Total equity		**2,133,716**	2,074,438
Liabilities			
Loans and borrowings	18	**290,775**	317,472
Lease liabilities	11	**51,957**	40,611
Derivative financial instruments	19	**9,242**	7,403
Employee benefits	5	**1,524**	1,627
Deferred tax liabilities	9	**116,388**	115,948
Contingent consideration		**30**	2,688
Total non-current liabilities		**469,916**	485,749
Loans and borrowings	18	**160,000**	125,000
Lease liabilities	11	**955**	776
Derivative financial instruments	19	**7**	67
Trade and other payables	20	**38,412**	38,979
Revenue received in advance		**2,951**	1,039
Employee benefits	5	**4,371**	3,350
Income tax payable		**13,582**	13,760
Contingent consideration		**359**	368
Total current liabilities		**220,637**	183,339
Total liabilities		**690,553**	669,088
Total equity and liabilities		**2,824,269**	2,743,526
Net tangible assets per share (dollars per share)		**3.14**	3.05

For and on behalf of the Board of Directors who authorised these financial statements for issue on 24 August 2023.

Chair

Director

These statements are to be read in conjunction with the notes on pages 75 to 105.

Port of Tauranga Limited and subsidiaries

Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 NZ$000	2022 NZ$000
Cash flows from operating activities			
Receipts from customers		**412,568**	389,632
Interest received		**1,028**	156
Payments to suppliers and employees		**(205,027)**	(191,893)
Taxes paid		**(42,776)**	(35,526)
Interest paid		**(21,221)**	(17,120)
Net cash inflow from operating activities		**144,572**	145,249
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**109**	33
Dividends from Equity Accounted Investees	14	**19,520**	10,763
Purchase of property, plant and equipment		**(44,840)**	(21,345)
Purchase of intangible assets		**(582)**	(135)
Interest capitalised on property, plant and equipment		**(335)**	(102)
Investment in Equity Accounted Investees		**(21,450)**	(2,850)
Payment of contingent consideration		**(3,136)**	(488)
Total net cash used in investing activities		**(50,714)**	(14,124)
Cash flows from financing activities			
Proceeds from borrowings		**35,339**	100,308
Dividends paid	16	**(102,054)**	(95,242)
Repurchase of shares		**0**	(931)
Repayment of borrowings		**(25,000)**	(135,000)
Repayment of lease liabilities		**(909)**	(874)
Net cash used in financing activities		**(92,624)**	(131,739)
Net Increase/(decrease) in cash held		**1,234**	(614)
Add opening cash brought forward		**7,272**	7,886
Ending cash and cash equivalents		**8,506**	7,272

These statements are to be read in conjunction with the notes on pages 75 to 105.

Port of Tauranga Limited and subsidiaries

Reconciliation of Profit for the Period to Cash Flows from Operating Activities

For the year ended 30 June 2023

	Note	2023 NZ$000	2022 NZ$000
Profit for the period		**117,136**	111,317
Items classified as investing/financing activities:			
Loss on sale of property, plant and equipment		**10**	38
		10	38
Add/(less) non-cash items and non-operating items:			
Depreciation	10, 11	**39,137**	35,330
Amortisation expense	12	**1,286**	1,327
Impairment of property, plant and equipment on revaluation		**0**	1,445
Decrease in deferred taxation expense	9	**(434)**	(193)
Movement in derivative financial instruments taken to the income statement		**(38)**	(51)
Share of net profit after tax retained by Equity Accounted Investees	14(c)	**(16,611)**	(11,586)
Impairment of Investment in Equity Accounted Investees	14(b)	**7,871**	0
Change in the fair value of contingent consideration		**550**	117
Increase in equity settled share-based payment accrual		**1,463**	2,021
		33,224	28,410
Add/(less) movements in working capital:			
Change in trade receivables and prepayments		**(8,112)**	1,483
Change in inventories		**27**	(1,004)
Change in income tax payable		**(178)**	3,748
Change in trade, other payables and revenue received in advance		**2,465**	1,257
		(5,798)	5,484
Net cash flows from operating activities		**144,572**	145,249

These statements are to be read in conjunction with the notes on pages 75 to 105.

Port of Tauranga Limited and subsidiaries

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

1 Company information

Reporting entity

Port of Tauranga Limited (referred to as the Parent Company), is a port company. The Parent Company carries out business through the provision of wharf facilities, land and buildings, for the storage and transit of import and export cargo, berthage, cranes, tugs and pilot services for customers.

Port of Tauranga Limited holds investments in other New Zealand ports and logistic companies.

The Parent Company is a company domiciled in New Zealand, and registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange (NZX). The Parent Company is a Financial Markets Conduct (FMC) reporting entity for the purposes of the Financial Reporting Act 2013 and Financial Markets Conduct Act 2013. The financial statements comply with these Acts.

The financial statements of the Group for the year ended 30 June 2023 comprise the Parent Company and its Subsidiaries (together referred to as the Group) and the Group's interest in Equity Accounted Investees.

In accordance with the Financial Markets Conduct Act 2013, where a reporting entity prepares consolidated financial statements, parent company disclosures are not required.

2 Basis of preparation

Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (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 are prepared on the historical cost basis except for the following assets and liabilities which are stated at their fair value: derivative financial instruments, land, buildings, harbour improvements, and wharves and hardstanding.

These financial statements are presented in New Zealand Dollars (NZ$), which is the Group's functional currency. All financial information presented in New Zealand Dollars has been rounded to the nearest thousand.

Significant accounting policies that are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

Accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amount recognised in the financial statements, are detailed below:

- valuation of land, buildings, harbour improvements, and wharves and hardstanding (refer to note 10);
- valuation of derivative financial instruments (refer to note 19);
- impairment assessment of intangible assets (refer to note 12); and
- impairment assessment of investments in Equity Accounted Investees (refer to note 14).

Fair value hierarchy

Assets and liabilities measured at fair value are classified according to the following levels:

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments

Financial assets – classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value Through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value Through Profit and Loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

2 Basis of preparation (continued)

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

New and amended accounting standards adopted

There are no new or amended accounting standards and interpretations that are issued but not yet adopted that are expected to have a material impact on the Group.

3 Segmental reporting

Operating segments

The Group determines and presents operating segments based on the information that is internally provided to the Chief Executive, who is the Group's Chief Operating Decision Maker (CODM).

The Group operates in three primary reportable segments, being:

- *Port operations:* this consists of providing and managing port services, and cargo handling facilities through the Port of Tauranga, MetroPort and Timaru Container Terminal. The Port's terminal and bulk operations have been aggregated together within the Port Operations segment, due to the similarities in economic characteristics, customers, nature of products and processes, and risks.
- *Property services:* this consists of managing and maintaining the Port's property assets.
- *Terminal services:* this consists of the contracted terminal operations, general container marshalling and ancillary services of Quality Marshalling (Mount Maunganui) Limited (Quality Marshalling).

The three primary business segments are managed separately as they provide different services to customers and have their own operational and marketing requirements.

The remaining activities of the Group are not allocated to individual business segments. Due to the significant shared cost base of the Port, operating costs, measures of profitability, assets and liabilities are aggregated and are not reported to the CODM at a segmental level, but rather at a port level, as all business decisions are made at a "whole port level".

The Group operates in one geographical area, that being New Zealand. During the year the Group received revenue from two external customers which individually comprised more than 10% of total revenue. Revenue from these two customers is included in Port Operations and accounts for 31% and 13% (2022: 29% and 13%) of total revenue.

The Group segment results are as follows:

2023	Port Operations Group NZ$000	Property Services Group NZ$000	Terminal Services Group NZ$000	Unallocated* Group NZ$000	Inter Segment Group NZ$000	Group NZ$000
Revenue (external)	381,138	37,311	1,438	0	0	419,887
Inter segment revenue	3	256	20,495	0	(20,754)	0
Total segment revenue	**381,141**	**37,567**	**21,933**	**0**	**(20,754)**	**419,887**
Other income and expenditure:						
Share of profit from Equity Accounted Investees	0	0	0	16,611	0	16,611
Impairment of investment in Equity Accounted Investees	0	0	0	(7,871)	0	(7,871)
Interest income	0	0	0	1,161	0	1,161
Other income	0	0	0	1,492	(450)	1,042
Interest expense	0	0	0	(20,522)	0	(20,522)
Depreciation and amortisation expense	0	0	(1,050)	(40,423)	0	(41,473)
Other expenditure	0	0	(16,831)	(213,911)	21,204	(209,538)
Income tax expense	0	0	(1,133)	(41,028)	0	(42,161)
Total other income and expenditure	0	0	(19,014)	(304,491)	20,754	(302,751)
Total segment result	**381,141**	**37,567**	**2,919**	**(304,491)**	**0**	**117,136**

**Operating costs are not allocated to individual business segments within the Parent Company.*

3 Segmental reporting (continued)

2022	Port Operations Group NZ$000	Property Services Group NZ$000	Terminal Services Group NZ$000	Unallocated* Group NZ$000	Inter Segment Group NZ$000	Group NZ$000
Revenue (external)	339,383	32,959	2,543	0	0	374,885
Inter segment revenue	1	310	18,786	0	(19,097)	0
Total segment revenue	**339,384**	**33,269**	**21,329**	**0**	**(19,097)**	**374,885**
Other income and expenditure:						
Share of profit from Equity Accounted Investees	0	0	0	11,586	0	11,586
Interest income	0	0	0	287	0	287
Other income	0	0	0	853	(450)	403
Interest expense	0	0	0	(16,452)	0	(16,452)
Depreciation and amortisation expense	0	0	(929)	(36,657)	0	(37,586)
Other expenditure	0	0	(15,909)	(186,365)	19,547	(182,727)
Income tax expense	0	0	(1,259)	(37,820)	0	(39,079)
Total other income and expenditure	**0**	**0**	**(18,097)**	**(264,568)**	**19,097**	**(263,568)**
Total segment result	**339,384**	**33,269**	**3,232**	**(264,568)**	**0**	**111,317**

**Operating costs are not allocated to individual business segments within the Parent Company.*

4 Operating revenue

	2023 NZ$000	2022 NZ$000
Revenue from contracts with customers		
Container terminal revenue	**268,951**	239,333
Multi cargo revenue	**65,043**	63,445
Marine services revenue	**48,582**	39,148
	382,576	341,926
Other revenue		
Rental revenue	**37,311**	32,959
Other income	**1,042**	403
Total operating revenue	**420,929**	375,288

Policies

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Standard credit terms are a month following invoice with any rebate variable component calculated at the customers financial year end. Rebateable sales are eligible for sales volume rebates. When the rebate is accrued, it is accrued as a current liability (rebate payable) based on contracted rates and estimated volumes. For financial reporting purposes rebates are treated as a reduction in profit or loss. Revenue is shown, net of GST, rebates and discounts. Revenue is recognised as follows:

- *Container terminal revenue:* relates to the handling, processing, storage and rail of containers. Contracts are entered into with shipping lines and cargo owners. The primary performance obligations identified include the load and discharge of containers (which include the services provided to support the handling of containers). Container terminal revenue is recognised over time based on the number of containers exchanged (an output method). This method is considered appropriate as it allows revenue to be recognised based on the Group's effort to satisfy the performance obligation. The transaction price is determined by the contract and adjusted by variable consideration (rebates). Rebates are based on container volume and the Group accounts for the variable consideration using the expected value method. The expected value is the sum of probability weighted amounts in a range of possible consideration amounts. The Group estimates container volumes based on market knowledge and historical data.

4 Operating revenue (continued)

Policies (continued)

- *Multi cargo revenue:* relates to the wharfage and storage of bulk goods. Contracts are entered into with cargo owners. The stevedoring services are provided by a third party. Multi cargo revenue is recognised over time, from the point that cargo transferred from vessel to land (or vice versa), being an output method. The transaction price for multi cargo services is determined by the contract.
- *Marine services revenue:* relates directly to the visit of a vessel to the port and includes fees for pilotage, towage and mooring. Contracts are entered into with vessel operators. The performance obligations identified include vessel arrival, departure and berthage. Revenue is recognised over time, based on time elapsed (berthage), being an input method. The transaction price for marine services is determined by the contract.
- *Rental revenue:* from property leased under operating leases is recognised in the income statement on a straight line basis over the term of the lease. Lease incentives provided are recognised as an integral part of the total lease income, over the term of the lease.
- *Other income:* is recognised when the right to receive payment is established.

5 Employee benefits

Employee benefit expenses

	2023 NZ$000	2022 NZ$000
Wages and salaries	48,780	44,551
ACC levy	257	269
KiwiSaver contribution	1,896	1,663
Medical subsidy	401	307
Total employee benefit expenses	**51,334**	46,790

Employee benefit provisions

	Long Service Leave NZ$000	Profit Sharing and Bonuses NZ$000	Total NZ$000
Balance at 30 June 2022	1,489	3,488	4,977
Additional provision	247	4,002	4,249
Unused amounts reversed	(120)	0	(120)
Utilised during the period	(139)	(3,072)	(3,211)
Balance at 30 June 2023	**1,477**	**4,418**	**5,895**
Total current provisions	**96**	**4,275**	**4,371**
Total non-current provisions	**1,381**	**143**	**1,524**

Employee benefits – long service leave	Underlying assumptions for provisions relate to the probabilities of employees reaching the required vesting period to qualify for long service leave. Probability factors for reaching long service leave entitlements are based on historic employee retention information.
Employee benefits – profit sharing and bonuses	The Profit Sharing and Bonus Scheme rewards eligible employees based on a combination of Company performance against budget and personal performance.

6 Audit fees

Included in other expenses are fees paid to the auditors:

	2023 NZ$000	2022 NZ$000
Audit and review of financial statements	357	234
Other assurance services - long term incentive vesting calculation	10	5
Total audit and other services fees	**367**	239

7 Financial income and expense

	2023 NZ$000	2022 NZ$000
Interest income on bank deposits	625	100
Interest on advances to Equity Accounted Investees	87	56
Change in value of fair value hedges	0	125
Ineffective portion of changes in fair value of cash flow hedges	133	6
Proceeds received from currency option	316	0
Finance income	**1,161**	287
Interest expense on borrowings	(18,163)	(14,392)
Less:		
Interest capitalised to property, plant and equipment	335	102
	(17,828)	(14,290)
Interest expense on lease liabilities (refer to note 11)	(2,519)	(2,082)
Currency option premiums	(134)	0
Amortisation of interest rate collar premium	(22)	(80)
Change in value of fair value hedges	(19)	0
Finance expenses	**(20,522)**	(16,452)
Total net finance costs	**(19,361)**	(16,165)

Policies	Finance income comprises interest income on bank deposits, finance lease interest and gains on hedging instruments that are recognised in the income statement. Interest income on financial assets carried at amortised cost is calculated using the effective interest method. Finance lease interest is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Finance expenses comprise interest expense on borrowings, finance lease interest expense, unwinding of the discount of provisions and losses on hedging instruments that are recognised in the income statement. Except for interest capitalised directly attributable to the purchase or construction of qualifying assets, all borrowing costs are measured at amortised cost and recognised in the income statement, using the effective interest method.
Capitalised interest	The average weighted interest rate for interest capitalised to property, plant and equipment, was 3.52% for the current period (2022: 2.60%). Total interest capitalised to property, plant and equipment, was $0.335 million for the current period (2022: $0.102 million).

8 Income tax

Components of tax expense

	2023 NZ$000	2022 NZ$000
Profit before income tax for the period	**159,297**	150,396
Income tax on the surplus for the period at 28.0 cents	**44,603**	42,111
Tax effect of amounts which are non-deductible/(taxable) in calculating taxable income:		
Share of Equity Accounted Investees after tax income, excluding Coda Group Limited Partnership	**(2,558)**	(2,785)
Impairment of Equity Accounted Investees	**2,204**	0
Other	**(2,088)**	(247)
Total income tax expense	**42,161**	39,079
The income tax expense is represented by:		
Current tax expense		
Tax payable in respect of the current period	**42,802**	39,613
Adjustment for prior period	**(207)**	(341)
Total current tax expense	**42,595**	39,272
Deferred tax expense		
Adjustment for prior period	**(386)**	161
Origination/reversal of temporary differences	**(48)**	(354)
Total deferred tax expense (refer to note 9)	**(434)**	(193)
Total income tax expense	**42,161**	39,079

Income tax recognised in other comprehensive income:

	2023 NZ$000	2022 NZ$000
Revaluation of property, plant and equipment	**0**	22,912
Cash flow hedges	**874**	7,602
Total income tax recognised in other comprehensive income (refer to note 9)	**874**	30,514

Policies	Income tax expense comprises current and deferred tax, calculated using the rate enacted or substantively enacted at balance date and any adjustments to tax payable in respect to prior years. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or equity.
Imputation credits	Total imputation credits available for use in subsequent reporting periods are $51.052 million at 30 June 2023 (2022: $47.256 million).

9 Deferred taxation

	Assets		Liabilities		Net	
	2023 NZ$000	2022 NZ$000	2023 NZ$000	2022 NZ$000	2023 NZ$000	2022 NZ$000
Deferred tax (asset)/liability						
Property, plant and equipment	**0**	0	**115,266**	115,795	**115,266**	115,795
Intangible assets	**0**	0	**541**	823	**541**	823
Derivatives	**0**	0	**4,294**	3,420	**4,294**	3,420
Provisions and accruals	**(2,728)**	(3,037)	**0**	0	**(2,728)**	(3,037)
Equity Accounted Investees	**(834)**	(788)	**0**	0	**(834)**	(788)
Contingent consideration	**(151)**	(265)	**0**	0	**(151)**	(265)
Total	**(3,713)**	(4,090)	**120,101**	120,038	**116,388**	115,948

	Recognised in the Income Statement		Recognised in Other Comprehensive Income	
	2023 NZ$000	2022 NZ$000	2023 NZ$000	2022 NZ$000
Deferred tax (asset)/liability				
Property, plant and equipment	**(551)**	(320)	**0**	22,912
Intangible assets	**(282)**	(237)	**0**	0
Derivatives	**0**	0	**874**	7,602
Provisions and accruals	**331**	431	**0**	0
Equity Accounted Investees	**(46)**	(150)	**0**	0
Contingent consideration	**114**	83	**0**	0
Total	**(434)**	(193)	**874**	30,514

Policies	Deferred tax is recognised on temporary differences that arise between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse. A deferred tax asset is recognised only to the extent it is probable it will be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of buildings classified as property, plant and equipment carried at cost is presumed to be recovered through use.
Unrecognised tax losses or temporary differences	There are no material unrecognised income tax losses or temporary differences carried forward. There are no material unrecognised temporary differences associated with the Group's investments in Subsidiaries or Equity Accounted Investees.

10 Property, plant and equipment

	Freehold Land NZ$000	Freehold Buildings NZ$000	Wharves and Hardstanding NZ$000	Harbour Improvements NZ$000	Plant and Equipment NZ$000	Work in Progress NZ$000	**Total NZ$000**
Gross carrying amount:							
Balance at 1 July 2021	931,054	148,642	360,431	178,962	257,339	6,244	**1,882,672**
Additions	0	1,083	11,290	1,320	4,283	4,114	**22,090**
Disposals	0	0	0	0	(137)	0	**(137)**
Transfers between asset classes	0	(904)	904	0	0	0	**0**
Revaluation	537,841	(6,713)	75,313	28,697	0	0	**635,138**
Balance at 30 June 2022	**1,468,895**	**142,108**	**447,938**	**208,979**	**261,485**	**10,358**	**2,539,763**
Balance at 1 July 2022	1,468,895	142,108	447,938	208,979	261,485	10,358	**2,539,763**
Additions	0	231	19,598	846	6,000	18,384	**45,059**
Disposals	0	0	0	0	(3,546)	0	**(3,546)**
Revaluation	23,530	0	0	0	0	0	**23,530**
Balance at 30 June 2023	**1,492,425**	**142,339**	**467,536**	**209,825**	**263,939**	**28,742**	**2,604,806**
Accumulated depreciation and impairment:							
Balance at 1 July 2021	0	(5,697)	(6)	0	(118,860)	0	**(124,563)**
Depreciation expense	0	(5,898)	(14,583)	(1,250)	(12,006)	0	**(33,737)**
Disposals	0	0	0	0	67	0	**67**
Transfers between asset classes	0	23	(23)	0	0	0	**0**
Revaluation	0	11,466	0	0	0	0	**11,466**
Balance at 30 June 2022	**0**	**(106)**	**(14,612)**	**(1,250)**	**(130,799)**	**0**	**(146,767)**
Balance at 1 July 2022	0	(106)	(14,612)	(1,250)	(130,799)	0	**(146,767)**
Depreciation expense	0	(4,774)	(18,923)	(1,838)	(11,845)	0	**(37,380)**
Disposals	0	0	0	0	3,431	0	**3,431**
Balance at 30 June 2023	**0**	**(4,880)**	**(33,535)**	**(3,088)**	**(139,213)**	**0**	**(180,716)**
Carrying amounts:							
Total net book value as at 30 June 2022	**1,468,895**	**142,002**	**433,326**	**207,729**	**130,686**	**10,358**	**2,392,996**
Total net book value as at 30 June 2023	**1,492,425**	**137,459**	**434,001**	**206,737**	**124,726**	**28,742**	**2,424,090**

For each revalued class of property, plant and equipment, the notional carrying amount that would have been recognised, had the assets been carried under the cost model, would be:

	2023 Notional Carrying Amount NZ$000	2022 Notional Carrying Amount NZ$000
Freehold land	**119,203**	119,203
Freehold buildings	**81,285**	85,235
Wharves and hardstanding	**123,819**	112,239
Harbour improvements	**60,899**	61,788
Total notional carrying amount	**385,206**	378,465

Policies

Property, plant and equipment is initially measured at cost, and subsequently stated at either fair value or cost, less depreciation and any impairment losses.

Subsequent expenditure that increases the economic benefits derived from the asset is capitalised.

10 Property, plant and equipment (continued)

Policies (continued)

Land, buildings, harbour improvements, and wharves and hardstanding are measured at fair value, based upon periodic valuations by external independent valuers. The Group undertakes an annual revaluation of land and a three yearly revaluation cycle is applied to all other asset classes to ensure the carrying value of these assets does not differ materially from their fair value. If during the three-year revaluation cycle there are indicators that the fair value of a particular asset class may differ materially from its carrying value, an interim revaluation of that asset class is undertaken.

Depreciation of property, plant and equipment, other than freehold land and capital dredging (included within harbour improvements), is calculated on a straight line basis and expensed over their estimated useful lives.

Major useful lives are:

Freehold buildings	33 to 85 years
Maintenance dredging	3 years
Wharves	44 to 70 years
Basecourse	50 years
Asphalt	15 years
Gantry cranes	10 to 40 years
Floating plant	10 to 25 years
Other plant and equipment	5 to 25 years
Electronic equipment	3 to 5 years

Capital and maintenance dredging are held as harbour improvements. Capital dredging has an indefinite useful life and is not depreciated as the channel is maintained via maintenance dredging to its original depth and contours. Maintenance dredging is depreciated over three years.

Work in progress relates to self-constructed assets or assets that are being acquired which are under construction at balance date. Once the asset is fit for intended service, it is transferred to the appropriate asset class and depreciation commences. Software developed undertaken as part of a project is transferred to intangibles on completion.

An item of property, plant and equipment is derecognised when it is sold or otherwise disposed of, or when its use is expected to bring no future economic benefit. Upon disposal or derecognition, any revaluation reserve relating to the particular asset being disposed or derecognised is transferred to retained earnings.

Security

Certain items of property, plant and equipment have been pledged as security against certain loans and borrowings of the Group (refer to note 18).

Occupation of foreshore

The Parent Company holds consent to occupy areas of the Coastal Marine Area to enable the management and operation of port related commercial undertakings that it acquired under the Port Companies Act 1988. The consented area includes a 10-metre radius around navigation aids and a strip from 30 to 60 metres wide along the extent of the wharf areas at both Sulphur Point and Mount Maunganui.

Capital commitments

The estimated capital expenditure for property, plant and equipment contracted for at balance date but not provided for is $38.288 million.

Judgements

Fair Values

This fair value measurement has been categorised as a Level 3 fair value based on the inputs for the assets which are not based on observable market data (unobservable inputs), (refer to note 2 for fair value measurement hierarchy).

Judgement is required to determine whether the fair value of land, buildings, wharves and hardstanding, and harbour improvements assets have changed materially since the last revaluation. The determination of fair value at the time of the revaluation requires estimates and assumptions based on market conditions at that time. Changes to estimates, assumptions or market conditions subsequent to a revaluation will result in changes to the fair value of property, plant and equipment.

Remaining useful lives and residual values are estimated based on Management's judgement, previous experience and guidance from registered valuers. Changes in those estimates affect the carrying value and the depreciation expense in the income statement.

At the end of each reporting period, the Group makes an assessment on whether the carrying amounts differ materially from the fair value and whether a revaluation is required (excepting land, which is revalued annually). The assessment considers movements in the capital goods price indices and other market indicators since the previous valuations.

As at 30 June 2023, the Group revalued land in line with policy. For the remaining asset classes, the Group has assessed that there has been no material change in the fair value of each asset class since the last revaluation.

Land Valuation

The valuation of land assets was carried out by Colliers International New Zealand Limited. The valuation increased the carrying amount of land by $23.530 million.

Land assets are valued using the direct sales comparison approach which analyses direct sales of comparable properties on the basis of the sale price per square metre which are then adjusted to reflect stronger and weaker fundamentals relative to the subject properties.

10 Property, plant and equipment (continued)

Judgements (continued)

The significant assumptions applied in the valuation of these assets are:

Asset Valuation Method	Key Valuation Assumptions	Hectares	2023 Range of Significant Assumptions $	2023 Weighted Average $	2022 Range of Significant Assumptions $	2022 Weighted Average $
Direct sales comparison	Tauranga (Sulphur Point) /Mount Maunganui – wharf and industrial land per square metre	182.2	**470-1,650**	**766**	450-1,650	755
	Auckland land – land adjacent to MetroPort Auckland per square metre	6.8	**1,050**	**1,050**	1,000-1,067	1,050
	Rolleston land – MetroPort Christchurch per square metre	15.0	**160**	**160**	140	140

- *Waterfront access premium:* a premium of approximately 25% has been applied to the main wharf land areas reflecting the locational benefits this land asset gains from direct waterfront access.
- *No restriction of Title:* valuation is made on the assumption that having no legal title to the Tauranga harbour foreshore will not detrimentally influence the value of land assets.
- *Highest and best use of land:* subject to relevant local authority's zoning regulations.
  - *Tauranga and Mount Maunganui:* the majority of land is zoned "Port Industry" under the Tauranga City Plan and a small portion of land at both Sulphur Point and Mount Maunganui has "Industry" zoning.
  - *Auckland:* the land is zoned "Heavy Industry Zone" under the Auckland Unitary Plan.
  - *Rolleston:* the land is zoned "Business 2A" under the Selwyn District Plan.

Building valuations

The valuation of buildings was last carried out on 30 June 2022 by Colliers International New Zealand Limited.

The majority of assets are valued on a combined land and building basis using a Capitalised Income Model with either contract income or market income. A small number of specialised assets, such as gatehouses and toilet blocks, are valued on a Depreciated Replacement Cost basis due to their specialised nature and the lack of existing market.

The Capitalised Income Model uses either the contracted rental income or an assessed market rental income of a property and then capitalises the valuation of the property using an appropriate yield. Contracted rental income is used when the contracted income is receivable for a reasonable term from secured tenants. Market income is used when the current contract rent varies from the assessed market rent due to over or under renting, vacant space and a number of other factors.

The value of land is deducted from the overall property valuation to give rise to a building valuation.

The significant assumptions applied in the valuation of these building assets are:

Asset Valuation Method	Key Valuation Assumptions	2023 Range of Significant Assumptions %	2023 Weighted Average %	2022 Range of Significant Assumptions %	2022 Weighted Average %
Capitalised income model	Market capitalisation rate	**1.75-9.50**	**3.71**	1.75-9.50	3.71

Wharves and hardstanding, and harbour improvements

Wharves, hardstanding and harbour improvements assets are classified as specialised assets and have accordingly been valued on a Depreciated Replacement Cost basis, adjusted for a cost inflation index provided by WSP New Zealand Limited. The last revaluation was carried out on 30 June 2021, with a cost inflation adjustment recorded on 30 June 2022.

To calculate the cost inflation adjustment, WSP New Zealand Limited use publicly available price indices from Statistics New Zealand and Waka Kotahi NZ Transport Agency to assist in informing their assessment of unit rate increases since the last valuation at 30 June 2021. A different combination of indices has been used for each asset class. The price indices used for each asset component of wharves are as follows:

Index	Description	Weighting %
Capital Expenditure Price Index – structural metal products and parts thereof (CEPQ.S2421)	Used to represent the cost of reinforcing and structural steel	39
Labour Cost Index – construction industry (LCIQ.SG53E9)	Used to represent the cost of labour	40
Capital Expenditure Price Index – civil construction (CEPQ.S2GC)	Used to represent the cost of other materials	21

The cost inflation adjustment also includes an allowance for on-costs which allow for those costs directly attributable to the construction of an asset. On-costs include professional fees (which include activities such as design, traffic management and quality monitoring), administration costs and finance charges.

10 Property, plant and equipment (continued)

Judgements (continued)

The significant assumptions applied in the Depreciated Replacement Cost estimate of these assets are:

- *Replacement unit costs of construction rates – cost rates are calculated taking into account:*
  - The Parent Company's historic cost data, including any recent competitively tendered construction works.
  - Published cost information.
  - The WSP New Zealand Limited construction cost database.
  - Long run price trends.
  - Historic costs adjusted for changes in price levels.
  - An allowance is included for costs directly attributable to bringing assets into working condition, management costs and the financing cost of capital held over construction period.
- *Depreciation – the calculated remaining lives of assets are reviewed, taking into account:*
  - Observed and reported condition, performance and utilisation of the asset.
  - Expected changes in technology.
  - Consideration of current use, age and operational demand.
  - Discussions with the Parent Company's operational officers.
  - WSP New Zealand Limited Consultants' in-house experience from other infrastructure valuations.
  - Residual values.

The significant assumptions applied in the valuation of these wharves and hardstanding, and harbour improvements assets are:

Asset Valuation Method	Key Valuation Assumptions	2023 Range of Significant Assumptions $	2023 Weighted Average $	2022 Range of Significant Assumptions $	2022 Weighted Average $
Depreciated replacement cost basis	Wharf construction replacement unit cost rates per lineal metre – high performance wharves	**137,300-282,000**	**232,500**	137,300-282,000	232,500
	Earthworks construction replacement unit cost rates per square metre	**8.09**	**8.09**	8.09	8.09
	Basecourse construction replacement unit cost rates per cubic metre	**23-45**	**37**	23-45	37
	Asphalt construction replacement unit cost rates per square metre	**29-59**	**47**	29-59	47
	Capital dredging replacement unit cost rates per square metre	**5-89**	*****	5-89	*
	Depreciation method	**Straight line basis**	**Not applicable**	Straight line basis	Not applicable
	Channel assets (capital dredging) useful life	**Indefinite**	**Not applicable**	Indefinite	Not applicable
	Pavement remaining useful lives (years)	**1-37**	**14**	1-37	14
	Wharves remaining useful lives (years)	**0-61**	**20**	0-61	20

**Weighted average unit cost rates are not presented due to the complexity in measuring the types and locations of removed quantities.*

Sensitivities to changes in key valuation assumptions for land, buildings, wharves and hardstanding, and harbour improvements

The following table shows the impact on the fair value due to a change in significant unobservable input:

		Impact of Change in Assumption NZ$000
Unobservable inputs within the direct sales comparison approach for land and the income capitalisation approach for buildings		
Rate per square metre	10% decrease/increase	-149,243/+149,243
Unobservable inputs within the income capitalisation approach for buildings		
Market rent	10% decrease/increase	-25,500/+92,200
Market capitalisation rate	0.5% decrease/increase	+105,300/-24,500
Unobservable inputs within depreciated replacement cost analysis for buildings, wharves and hardstanding, and harbour improvements		
Unit costs of construction	The greatest uncertainty is the level of the unit rates. We have used a 90% confidence interval in these unit rates to be between -15% to 18%.	-24,344/+61,500

11 Leases

The Group as the lessee has various non-cancellable leases predominantly for the lease of land and buildings. The leases have varying term and renewal rights.

Information about leases for which the Group is a lessee is presented below:

	2023 NZ$000	2022 NZ$000
Right-of-use assets		
Opening balance	39,367	40,577
Depreciation	(1,757)	(1,593)
Additions to right-of-use assets	75	383
Adjustments to existing right-of-use assets*	12,360	0
Closing balance	50,045	39,367
Lease liabilities		
Opening balance	41,387	41,878
Additions	74	384
Adjustments to existing lease liabilities*	12,360	0
Interest	2,519	2,082
Repayments	(3,428)	(2,957)
Closing balance	52,912	41,387

Adjustments to existing right-of-use assets and lease liabilities relate to increases in lease payments following rent reviews completed during the period.

	2023 NZ$000	2022 NZ$000
Lease liabilities maturity analysis		
Between zero to one year	955	776
Between one to five years	4,157	3,380
More than five years	47,800	37,231
Total lease liabilities	52,912	41,387

Future minimum lease receivables from non-cancellable operating leases where the Group is the lessor are:

	2023 NZ$000	2022 NZ$000
Within one year	24,371	23,363
One to two years	14,517	18,635
Two to three years	11,672	12,675
Three to four years	10,984	10,108
Four to five years	10,043	9,474
More than five years	23,082	28,454
Total	94,669	102,709

Included in the financial statements are land and buildings, leased to customers under operating leases.

	2023 Valuation NZ$000	2023 Accumulated Depreciation NZ$000	2022 Valuation NZ$000	2022 Accumulated Depreciation NZ$000
Land	773,077	0	760,498	0
Buildings	103,521	0	97,392	0
Total	876,598	0	857,890	0

11 Leases (continued)

Policies

Where the Group is the Lessor, assets leased under operating leases are included in property, plant and equipment, in the statements of financial position, as appropriate.

Payments and receivables made under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

Lease incentives are recognised as an integral part of the total lease expense/revenue, over the term of the lease.

Where the Group is a lessee, a right-of-use asset and a lease liability are recognised at the lease commencement date.

The right-of-use asset is initially measured at a cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial indirect costs. The right-of-use asset is subsequently depreciated using the straight-line method over the life of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments or if the Group changes its assessment of whether it will exercise a right of renewal.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

12 Intangible assets

	Goodwill NZ$000	Computer Software NZ$000	Consents and Contracts NZ$000	Total NZ$000
Cost:				
Balance at 1 July 2021	18,420	5,281	4,171	27,872
Additions	0	135	0	135
Balance at 30 June 2022	18,420	5,416	4,171	28,007
Balance at 1 July 2022	18,420	5,416	4,171	28,007
Additions	0	740	0	740
Adjustments	0	0	(157)	(157)
Balance at 30 June 2023	18,420	6,156	4,014	28,590
Accumulated amortisation:				
Balance at 1 July 2021	0	(3,144)	(528)	(3,672)
Amortisation expense	0	(562)	(765)	(1,327)
Balance at 30 June 2022	0	(3,706)	(1,293)	(4,999)
Balance at 1 July 2022	0	(3,706)	(1,293)	(4,999)
Amortisation expense	0	(526)	(760)	(1,286)
Balance at 30 June 2023	0	(4,232)	(2,053)	(6,285)
Carrying amounts:				
Total net book value 30 June 2022	18,420	1,710	2,878	23,008
Total net book value 30 June 2023	18,420	1,924	1,961	22,305

Policies

Goodwill that arises upon the acquisition of Subsidiaries is included in intangible assets. The Group measures goodwill as the fair value of consideration transferred, less the fair value of the net identifiable assets and liabilities assumed at acquisition date.

Goodwill is measured at cost less accumulated impairment losses.

Other intangible assets acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

The estimated useful lives for the current and comparative periods are:

Consents and contracts	4 to 35 years
Computer software	1 to 10 years

The carrying amounts of the Group's intangibles other than goodwill are reviewed at each reporting date to determine whether there is any objective evidence of impairment.

Goodwill is tested for impairment annually, based upon the value-in-use of the cash generating unit to which the goodwill relates. The cash flow projections include specific estimates for five years and a terminal growth rate thereafter.

12 Intangible assets (continued)

Judgements

Goodwill relates to goodwill arising on the acquisition of Quality Marshalling (Mount Maunganui) Limited and Timaru Container Terminal Limited.

Goodwill was tested for impairment at 30 June 2023 and confirmed that no adjustment was required.

For impairment testing on the goodwill in Quality Marshalling (Mount Maunganui) Limited, the calculation of value-in-use was based upon the following key assumptions:

- Cash flows were projected using management forecasts over the five-year period. Average EBITDA growth for this period is 7%.
- Terminal cash flows were estimated using a constant growth rate of 2% after year five.
- A pre-tax discount rate of 13% was used.

13 Investments in subsidiaries

Investments in subsidiaries comprises:

Name of Entity	Place of Business	Principal Activity	2023 %	2022 %	Balance Date
Port of Tauranga Trustee Company Limited	New Zealand	Holding company for employee share scheme	**100.00**	100.00	30 June
Quality Marshalling (Mount Maunganui) Limited	New Zealand	Marshalling and terminal operations services	**100.00**	100.00	30 June
Timaru Container Terminal Limited	New Zealand	Sea port	**100.00**	100.00	30 June

Policies

Subsidiaries are entities controlled by the Parent Company. Control exists when the Parent Company 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. In assessing control, potential voting rights that presently are exercisable, are taken into account. The financial statements of Subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

14 Investments in Equity Accounted Investees

(a) Investments in Equity Accounted Investees comprise

Name of Entity	Principal Activity	2023 %	2022 %	Balance Date
Coda Group Limited Partnership	Freight logistics and warehousing	**50.00**	50.00	30 June
Northport Limited	Sea port	**50.00**	50.00	30 June
PortConnect Limited	Online cargo management	**50.00**	50.00	30 June
PrimePort Timaru Limited	Sea port	**50.00**	50.00	30 June
Ruakura Inland Port LP	Inland port	**50.00**	50.00	30 June

(b) Carrying Value of Investments in Equity Accounted Investees

	2023 NZ$000	2022 NZ$000
Balance as at 1 July	**186,050**	167,650
Group's share of net profit after tax	**16,611**	11,586
Group's share of hedging reserve	**209**	862
Group's share of revaluation reserve	**16,817**	13,865
Group's share of total comprehensive income	**33,637**	26,313
Investment in Equity Accounted Investees	**21,450**	2,850
Impairment of investment in Equity Accounted Investees	**(7,871)**	0
Dividends received	**(19,520)**	(10,763)
Balance as at 30 June	**213,746**	186,050

14 Investments in Equity Accounted Investees (continued)

(c) Summarised financial information of Equity Accounted Investees

The following table summarises the financial information of individually material Equity Accounted Investees, Northport Limited, PrimePort Timaru Limited and Coda Group Limited Partnership, and the combined value of individually immaterial Equity Accounted Investees as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies to align with Group accounting policies.

2023	Northport Limited NZ$000	Coda Group Limited Partnership NZ$000	PrimePort Timaru Limited NZ$000	Individually Immaterial Equity Accounted Investees NZ$000	Total NZ$000
Cash and cash equivalents	523	19,958	509	1,987	**22,977**
Total current assets	**4,989**	**46,762**	**3,693**	**2,420**	**57,864**
Total non-current assets	**231,417**	**66,275**	**176,869**	**50,282**	**524,843**
Total assets	**236,406**	**113,037**	**180,562**	**52,702**	**582,707**
Current financial liabilities excluding trade and other payables and provisions	0	(8,936)	0	(2,831)	**(11,767)**
Total current liabilities	**(3,998)**	**(30,185)**	**(4,369)**	**(3,746)**	**(42,298)**
Non-current financial liabilities excluding trade and other payables and provisions	(48,519)	(44,384)	(49,101)	(30)	**(142,034)**
Total non-current liabilities	**(48,519)**	**(44,384)**	**(49,101)**	**(30)**	**(142,034)**
Total liabilities	**(52,517)**	**(74,569)**	**(53,470)**	**(3,776)**	**(184,332)**
Net assets	**183,889**	**38,468**	**127,092**	**48,926**	**398,375**
Group's share of net assets	**91,946**	**19,234**	**63,546**	**24,463**	**199,189**
Goodwill acquired on acquisition of Equity Accounted Investees, less impairment losses	**0**	**14,557**	**0**	**0**	**14,557**
Carrying amount of Equity Accounted Investees	**91,946**	**33,791**	**63,546**	**24,463**	**213,746**
Revenues	40,576	272,100	28,399	2,632	**343,707**
Depreciation and amortisation	(5,504)	(14,003)	(3,386)	(269)	**(23,612)**
Interest expense	(2,647)	(2,256)	(2,429)	(120)	**(7,452)**
Net profit before tax	**19,051**	**14,950**	**5,766**	**423**	**40,190**
Tax expense	(4,859)	0	(1,968)	(141)	**(6,968)**
Net profit after tax	**14,192**	**14,950**	**3,798**	**282**	**33,222**
Other comprehensive income	6,322	0	27,730	0	**34,052**
Total comprehensive income	**20,514**	**14,950**	**31,528**	**282**	**67,274**
Group's share of net profit after tax	**7,096**	**7,475**	**1,899**	**141**	**16,611**
Group's share of total comprehensive income	**10,257**	**7,475**	**15,764**	**141**	**33,633**
Group's share of dividends/distributions	**8,420**	**10,000**	**1,100**	**0**	**19,520**

14 Investments in Equity Accounted Investees (continued)

2022	Northport Limited NZ$000	Coda Group Limited Partnership NZ$000	PrimePort Timaru Limited NZ$000	Individually Immaterial Equity Accounted Investees NZ$000	Total NZ$000
Cash and cash equivalents	299	9,842	1,671	1,530	**13,342**
Total current assets	**5,834**	**38,021**	**5,214**	**1,859**	**50,928**
Total non-current assets	**225,781**	**78,537**	**140,878**	**11,107**	**456,303**
Total assets	**231,615**	**116,558**	**146,092**	**12,966**	**507,231**
Current financial liabilities excluding trade and other payables and provisions	0	(10,774)	(408)	(2,890)	**(14,072)**
Total current liabilities	**(5,942)**	**(32,618)**	**(5,258)**	**(7,223)**	**(51,041)**
Non-current financial liabilities excluding trade and other payables and provisions	(45,457)	(40,421)	(43,071)	0	**(128,949)**
Total non-current liabilities	**(45,457)**	**(40,421)**	**(43,071)**	**0**	**(128,949)**
Total liabilities	**(51,399)**	**(73,039)**	**(48,329)**	**(7,223)**	**(179,990)**
Net assets	**180,216**	**43,519**	**97,763**	**5,743**	**327,241**
Group's share of net assets	**90,108**	**21,760**	**48,882**	**2,872**	**163,622**
Goodwill acquired on acquisition of Equity Accounted Investees, less impairment losses	**0**	**22,428**	**0**	**0**	**22,428**
Carrying amount of Equity Accounted Investees	**90,108**	**44,188**	**48,882**	**2,872**	**186,050**
Revenues	42,574	245,666	27,515	2,374	**318,129**
Depreciation and amortisation	(5,330)	(13,951)	(3,573)	(285)	**(23,139)**
Interest expense	(1,928)	(2,623)	(1,457)	(108)	**(6,116)**
Net profit before tax	**20,746**	**3,282**	**7,020**	**451**	**31,499**
Tax expense	(5,692)	0	(2,506)	(130)	**(8,328)**
Net profit after tax	**15,054**	**3,282**	**4,514**	**321**	**23,171**
Other comprehensive income	25,570	0	3,884	0	**29,454**
Total comprehensive income	**40,624**	**3,282**	**8,398**	**321**	**52,625**
Group's share of net profit after tax	**7,527**	**1,641**	**2,257**	**161**	**11,586**
Group's share of total comprehensive income	**20,312**	**1,641**	**4,199**	**161**	**26,313**
Group's share of dividends/distributions	**9,513**	**0**	**1,250**	**0**	**10,763**

Policies	The Parent Company's interests in Equity Accounted Investees comprise interests in Joint Ventures. A Joint Venture is an arrangement in which the Parent Company has joint control, whereby the Parent Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Equity Accounted Investees are accounted for using the equity method. In respect of Equity Accounted Investees, the carrying amount of goodwill is included in the carrying amount of the investment and not tested for impairment separately.
Tax treatment of limited partnerships	Coda Group Limited Partnership and Ruakura Inland Port Limited Partnership are treated as partnerships for tax purposes and are not taxed at the partnership level. Fifty percent of the income and expense flow through the limited partnership to the Parent Company who is then taxed.
Judgements	It has been determined that the Parent Company has joint control over its investees, due to the existence of contractual agreements which require the unanimous consent of the parties sharing control over relevant business activities. The investment in Coda Group Limited Partnership was tested for impairment at 30 June 2023, based upon the higher of fair value and value-in-use. Fair value represents an amount obtainable in an arm's length transaction, less cost of disposal. Fair value has been calculated by multiplying an EV/EBITDA multiple of 6.65 with a maintainable EBITDA of $6.962 million. The multiple has been determined based on listed and transaction multiples of comparable entities and a maintainable EBITDA has been determined using management forecasts. Value-in-use is determined by discounting five-year future cash flows and is based upon the following key assumptions: • Cash flow projections for the years 2024 to 2026 were projected using management forecasts. • An annual growth rate of 5% for 2027 and 2028. • Terminal cash flows were estimated using a constant growth rate of 2% after year five. • An after-tax discount rate of 9.72% was applied in determining the recoverable amount of the investment. As a result of the impairment testing performed, the value-in-use resulted in a higher valuation than fair value, upon which the group has impaired its investment in Coda Group Limited partnership by $7.871 million.

15 Receivables and prepayments

	2023 NZ$000	2022 NZ$000
Non-current		
Prepayments and sundry receivables	**18,890**	18,612
Total non-current	**18,890**	18,612
Current		
Trade receivables	**63,136**	54,222
Provision for expected credit losses – trade receivables (refer to note 19(a))	**(70)**	0
Trade receivables from Equity Accounted Investees and related parties	**147**	326
	63,213	54,548
Advances to Equity Accounted Investees (refer to note 21)	**1,400**	1,400
Provision for expected credit losses – advances to Equity Accounted Investees (refer to note 19(a))	**(158)**	(211)
Prepayments and sundry receivables	**4,697**	6,164
Total current	**69,152**	61,901
Total	**88,042**	80,513

The ageing of trade receivables at reporting date was:

	2023 NZ$000	2022 NZ$000
Not past due	**45,581**	43,092
Past due 0-30 days	**14,421**	9,811
Past due 30-60 days	**694**	956
Past due 60-90 days	**983**	167
More than 90 days	**1,534**	196
Total of ageing of trade receivables	**63,213**	54,222

Polices	Receivables and prepayments are initially recognised at transaction price. They are subsequently measured at amortised cost and adjusted for impairment losses. Receivables with a short duration are not discounted.
Fair values	The nominal value less impairment provision of trade receivables are assumed to approximate their fair values due to their short term nature.
Judgements	A provision for expected credit losses is established when the assessment under NZ IFRS 9 deems a provision is required (refer to note 19(a)).
Advances to Equity Accounted Investees	The Parent Company makes advances to Equity Accounted Investees for short term funding purposes. These advances are repayable on demand and interest rates charged on these advances are varied.
Prepayments	Prepayments is predominantly made up of a $22.5 million payment made to KiwiRail Limited in consideration for the extension of the rail agreement at MetroPort. The payment is amortised over 20 years.

16 Equity

Share capital

	2023	2022
Number of ordinary shares issued		
Balance as at 1 July	**680,300,197**	680,256,809
Shares issued during year	**49,338**	55,851
Shares repurchased by the Group during the year	**(13,141)**	(12,463)
Balance as at 30 June	**680,336,394**	680,300,197

Dividends

The following dividends were declared and paid during the period:

	2023 NZ$000	2022 NZ$000
Final 2022 dividend paid 8.2 cents per share (2021: 7.5 cps)	**55,789**	51,024
Interim 2023 dividend paid 6.8 cents per share (2022: 6.5 cps)	**46,265**	44,218
Total dividends	**102,054**	95,242

Policies	*Capital Management* The Parent Company's policy is to maintain a strong capital base, which the Group defines as total shareholders' equity, so as to maintain investor, creditor and market confidence, and to sustain the future business development of the Group. The Group has established policies in capital management, including the specific requirements that interest cover is to be maintained at a minimum of three times and that the debt/(debt + equity) ratio is to be maintained at a 40% maximum. It is also Group policy that the ordinary dividend payout is maintained between a level of between 70% and 100% of net profit after tax for the period. The Group has complied with all capital management policies during the reporting periods.
Share capital	All shares are fully paid and have no par value. All shares rank equally with one vote attached to each fully paid ordinary share. Where the Group purchases its own share capital (treasury shares), the consideration paid, including any directly attributable incremental costs are deducted from share capital until the shares are cancelled or reissued. Where such shares are reissued, any consideration received, net of any directly attributable transaction costs, are included in share capital.
Dividends	The dividends are fully imputed. Supplementary dividends of $0.478 million (2022: $0.419 million) were paid to shareholders that are not tax residents in New Zealand, for which the Group received a foreign tax credit entitlement.
Share-based payment reserve – Container Volume Commitment Agreement	On 1 August 2014 the Parent Company issued 2,000,000 shares as a volume rebate to Kotahi as part of a 10-year freight alliance. Due to the Parent Company completing a 5:1 share split on 17 October 2016, the number of shares originally issued to Kotahi increased to 10,000,000. Of these shares, 7,000,000 are subject to a call option allowing the Parent Company to "call" shares back at zero cost if Kotahi fails to meet the volume commitments. The increase in the reserve of $1.228 million (2022: $1.469 million) recognises the shares earned based on containers delivered during the period. The grant-date fair value of equity settled share-based payments is recognised as a rebate against revenue, with a corresponding increase in equity, over the vesting period. The amount recognised as a rebate is adjusted to reflect the number of awards for which the related service is expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.
Share-based payments reserve – management long term incentive	Share rights are granted to employees in accordance with the Parent Company's Management Long Term Incentive Plan. The fair value of share rights granted under the plan are measured at grant date and recognised as an employee expense over the vesting period with a corresponding increase in equity. The fair value at grant date of the share rights are independently determined using an appropriate valuation model that takes into account the terms and conditions upon which they were granted (refer to note 22). This reserve is used to record the accumulated value of the unvested shares rights, which have been recognised as an expense in the income statement. Upon the vesting of share rights, the balance of the reserve relating to the share rights is offset against the cost of treasury stock allotted to settle the obligation, with any difference in the cost of settling the commitment transferred to retained earnings.
Hedging reserve	The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments, related to hedged transactions that have not yet occurred.
Revaluation eeserve	The revaluation reserve relates to the revaluation of land, buildings, wharves and hardstanding, and harbour improvements.

17 Earnings per share

	2023	2022
Earnings per share		
Net profit attributable to ordinary shareholders (NZ$000)	**117,136**	111,317
Weighted average number of ordinary shares (net of treasury stock) for basic earnings per share	**673,355,669**	673,306,550
Basic earnings per share (cents)	**17.4**	16.5
Weighted average number of ordinary shares (net of treasury stock) for diluted earnings per share	**680,844,739**	680,787,899
Diluted earnings per share (cents)	**17.2**	16.4

Policies	The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding for the Parent Company during the period. Diluted EPS adjusts for any commitments the Parent Company has to issue shares in the future that would decrease the basic EPS. The Parent Company has two types of dilutive potential ordinary shares, Management Long Term Incentive Plan share rights (refer to note 22) and Container Volume Commitment Agreement share rights (refer to note 16). Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of the share rights.

18 Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings.

2023	Maturity	Coupon	Committed Facilities NZ$000	Undrawn Facilities NZ$000	Fair Value Adjustments NZ$000	Carrying Value NZ$000
Non-current						
Fixed rate bond	2028	3.552%	100,000	0	(9,225)	90,775
Standby revolving cash advance facility	2026	Floating	130,000	130,000	0	0
Fixed rate bond	2025	1.020%	100,000	0	0	100,000
Standby revolving cash advance facility	2025	Floating	100,000	100,000	0	0
Standby revolving cash advance facility	2024	Floating	100,000	0	0	100,000
Total non-current			**530,000**	**230,000**	**(9,225)**	**290,775**
Current						
Multi option facility	2023	Floating	5,000	5,000	0	0
Standby revolving cash advance facility	2023	Floating	50,000	50,000	0	0
Commercial papers	<3 months	Floating	0	0	0	160,000
Total current			**55,000**	**55,000**	**0**	**160,000**
Total			**585,000**	**285,000**	**(9,225)**	**450,775**

2022	Maturity	Coupon	Committed Facilities NZ$000	Undrawn Facilities NZ$000	Undrawn Facilities NZ$000	Carrying Value NZ$000
Non-current						
Fixed rate bond	2028	3.552%	100,000	0	(7,528)	92,472
Standby revolving cash advance facility	2026	Floating	130,000	130,000	0	0
Fixed rate bond	2025	1.020%	100,000	0	0	100,000
Standby revolving cash advance facility	2025	Floating	100,000	75,000	0	25,000
Standby revolving cash advance facility	2024	Floating	100,000	0	0	100,000
Standby revolving cash advance facility	2023	Floating	50,000	50,000	0	0
Total non-current			**580,000**	**255,000**	**(7,528)**	**317,472**
Current						
Multi option facility	2022	Floating	5,000	5,000	0	0
Commercial papers	<3 months	Floating	0	0	0	125,000
Total current			**5,000**	**5,000**	**0**	**125,000**
Total			**585,000**	**260,000**	**(7,528)**	**442,472**

18 Loans and borrowings (continued)

Policies	Loans and borrowings are recognised initially at fair value, plus any directly attributable transaction costs, if the Group becomes a party to the contractual provisions of the instrument. Loans and borrowings are derecognised if the Group's obligations as specified in the contract expire or are discharged or cancelled. Subsequent to initial recognition, loans and borrowings are measured at amortised cost using the effective interest method, less any impairment losses, with the hedged risks on certain debt instruments measured at fair value.
Fixed rate bonds	The Parent Company has issued two $100 million fixed rate bonds, a five-year bond with a final maturity on 29 September 2025, and a seven-year bond with a final maturity on 24 November 2028.
Commercial papers	Commercial papers are secured, short term discounted debt instruments issued by the Parent Company for funding requirements as a component of its banking arrangements. The commercial paper programme is fully backed by committed term bank facilities. At 30 June 2023 the Group had $160 million of commercial paper debt that is classified within current liabilities (2022: $125 million). Due to this classification, the Group's current liabilities exceed the Group's current assets. Despite this fact, the Group does not have any liquidity or working capital concerns as a result of the commercial paper debt being interchangeable with direct borrowings within the standby revolving cash advance facility which is a term facility.
Standby Revolving Cash Advance Facility Agreement	The Parent Company has a $380 million financing arrangement with ANZ Bank New Zealand Limited, Bank of New Zealand Limited, Commonwealth Bank of Australia, New Zealand Branch and MUFG Bank, Ltd, Auckland Branch (2022: $380 million). The facility, which is secured, provides for both direct borrowings and support for issuance of commercial papers.
Multi option facility	The Parent Company has a $5 million multi option facility with Bank of New Zealand Limited, used for short term working capital requirements (2022: $5 million).
Security	Bank facilities and fixed rate bonds are secured by way of a security interest over certain floating plant assets ($14.623 million, 2022: $15.289 million), mortgages over the land and building assets ($1,629.359 million, 2022: $1,610.341 million), and by a general security agreement over the assets of the Parent Company ($2,671.831 million, 2022: $2,600.187 million).
Covenants	The Parent Company borrows under a negative pledge arrangement, which with limited circumstances does not permit the Parent Company to grant any security interest over its assets. The negative pledge deed requires the Parent Company to maintain certain levels of shareholders' funds and operate within defined performance and debt gearing ratios. The Parent Company has complied with all covenants during the reporting periods.
Fair values	The fair value of fixed rate loans and borrowings is calculated by discounting the future contractual cash flows at current market interest rates that are available for similar financial instruments. The amortised cost of variable rate loans and borrowings is assumed to closely approximate fair value as debt facilities mature every 90 days.
Interest rates	The average weighted interest rate of interest-bearing loans was 4.28% at 30 June 2023 (2022: 2.94%).

19 Financial instruments

(a) Accounting classification and fair values

The following tables show the classification, fair value and carrying amount of financial instruments held by the Group at reporting date. The carrying amounts of the following financial instruments are reasonable approximations of their fair value:

- Cash and cash equivalents
- Receivables
- Trade and other payables.

19 Financial instruments (continued)

2023	Fair Value Through Profit and Loss NZ$000	Amortised Cost NZ$000	Total Carrying Amount NZ$000	Fair Value NZ$000
Derivative financial instruments	15,514	0	15,514	15,514
Total non-current assets	**15,514**	**0**	**15,514**	**15,514**
Cash and cash equivalents	0	8,506	8,506	8,506
Receivables	0	64,455	64,455	64,455
Derivative financial instruments	35	0	35	35
Total current assets	**35**	**72,961**	**72,996**	**72,996**
Total assets	**15,549**	**72,961**	**88,510**	**88,510**
Liabilities				
Lease liabilities	0	51,957	51,957	39,851
Loans and borrowings	0	290,775	290,775	280,250
Derivative financial instruments	9,242	0	9,242	9,242
Contingent consideration	30	0	30	30
Total non-current liabilities	**9,272**	**342,732**	**352,004**	**329,373**
Lease liabilities	0	955	955	732
Loans and borrowings	0	160,000	160,000	160,000
Trade and other payables	0	7,475	7,475	7,475
Derivative financial instruments	7	0	7	7
Contingent consideration	359	0	359	359
Total current liabilities	**366**	**168,430**	**168,796**	**168,573**
Total liabilities	**9,638**	**511,162**	**520,800**	**497,946**

2022	Fair Value Through Profit and Loss NZ$000	Amortised Cost NZ$000	Total Carrying Amount NZ$000	Fair Value NZ$000
Derivative financial instruments	11,957	0	11,957	11,957
Total non-current assets	**11,957**	**0**	**11,957**	**11,957**
Cash and cash equivalents	0	7,272	7,272	7,272
Receivables	0	55,737	55,737	55,737
Derivative financial instruments	350	0	350	350
Total current assets	**350**	**63,009**	**63,359**	**63,359**
Total assets	**12,307**	**63,009**	**75,316**	**75,316**
Liabilities				
Lease liabilities	0	40,611	40,611	40,611
Loans and borrowings	0	317,472	317,472	305,793
Derivative financial instruments	7,403	0	7,403	7,403
Contingent consideration	2,688	0	2,688	2,688
Total non-current liabilities	**10,091**	**358,083**	**368,174**	**356,495**
Lease liabilities	0	776	776	776
Loans and borrowings	0	125,000	125,000	125,000
Trade and other payables	0	10,956	10,956	10,956
Derivative financial instruments	67	0	67	67
Contingent consideration	368	0	368	368
Total current liabilities	**435**	**136,732**	**137,167**	**137,167**
Total liabilities	**10,526**	**494,815**	**505,341**	**493,662**

19 Financial instruments (continued)

(b) Financial risk management

The Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's financial risk management framework. The Audit Committee is responsible for developing and monitoring the Group's financial risk management policies, and reports to the Board of Directors on its activities.

The Group's financial risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Financial risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors oversees how management monitors compliance with the Group's financial risk management policies and procedures and reviews the adequacy of the financial risk management framework in relation to the risks faced by the Group.

The Group has exposure to the following risks arising from financial instruments:

- Credit risk (refer (b)(ii))
- Liquidity risk (refer (b)(iii))
- Market risk (refer (b)(iv)).

Refer (b)(i) for the derivative financial instruments used by the Group to manage its financial risks.

(i) Derivative financial instruments

The Group has the following derivative financial instruments in the following line items in the Statement of Financial Position:

	2023 NZ$000	2022 NZ$000
Current assets		
Foreign exchange derivatives	35	350
Total current derivative financial instrument assets	35	350
Non-current assets		
Interest rate derivatives	15,497	11,957
Foreign exchange derivatives	17	0
Total non-current derivative financial instrument assets	15,514	11,957
Current liabilities		
Interest rate derivatives	0	67
Foreign exchange derivatives	7	0
Total current derivative financial instrument liabilities	7	67
Non-current liabilities		
Interest rate derivatives	9,242	7,403
Total non-current derivative financial instrument liabilities	9,242	7,403

Policies	The Group uses derivative financial instruments to hedge its exposure to foreign exchange, commodity and interest rate risks arising from operational, financing and investment activities. In accordance with its Treasury Policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Derivative financial instruments qualifying for hedge accounting are classified as non-current if the maturity of the instrument is greater than 12 months from reporting date and current if the instrument matures within 12 months from reporting date. Derivatives accounted for as trading instruments are classified as current. Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging relationship.
Fair values	The fair value of derivatives traded in active markets is based on quoted market prices at the reporting date. The fair value of derivatives that are not traded in active markets (for example over-the-counter derivatives), are determined by using market accepted valuation techniques incorporating observable market data about conditions existing at each reporting date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable forward price curves. The fair value of forward exchange contracts is calculated as the present value of future cash flows based on quoted forward exchange rates at the reporting date. All financial instruments held by the Group and measured at fair value are classified as level 2 under the fair value measurement hierarchy (refer to note 2).

19 Financial instruments (continued)

(ii) Credit risk

The Group recognises an allowance for expected credit losses (ECLs) for all financial assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For advances to Equity Accounted Investees, which have not had a significant increase in credit risk since initial recognition, ECLs are calculated based on the probability of a default event occurring within the next 12 months. An industry-accepted probability of default is obtained annually from the Standard & Poor's Global Corporate Default Study for use in this calculation.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for any significant known amounts that are not receivable.

On that basis, the following table details loss allowance for trade receivables:

2023	Not Past Due	Past Due 0-30 Days	Past Due 30-60 Days	More Than 60 Days	Total
Expected loss rate (%)	0	0	0	2.78	**0.11**
Gross carrying amount – trade receivables (NZ$000)	45,581	14,421	694	2,517	**63,213**
Loss allowance on trade receivables (NZ$000)	**0**	**0**	**0**	**70**	**70**

Movements in the provision for impairment of financial assets are:

	2023 NZ$000	2022 NZ$000
Opening balance	211	265
Provision for trade receivables	70	0
Provision for advances to Equity Accounted Investees	(53)	(54)
Closing balance	228	211

Credit risk management policies	Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty failing to meet its contractual obligations. Financial instruments which potentially subject the Group to credit risk, principally consist of bank balances, trade receivables, advances to Equity Accounted Investees and derivative financial instruments. The Group only transacts in treasury activity (including investment, borrowing and derivative transactions) with Board approved counterparties. Unless otherwise approved by the Board, counterparties are required to be New Zealand registered banks with a Standard & Poor's credit rating of A or above. The Group continuously monitors the credit quality of the financial institutions that are counterparties and does not anticipate any non-performance. The Group adheres to a credit policy that requires each new customer to be analysed individually for creditworthiness before the Group's standard payment terms and conditions are offered. Customer payment performance is constantly monitored with customers not meeting creditworthiness being required to transact with the Group on cash terms. The Group generally does not require collateral.
Default	The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as security (if any is held).
Write-off	The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.
Concentration of credit risk	The only significant concentration of credit risk at reporting date relates to bank balances and advances to Equity Accounted Investees. The nature of the Group's business means that the top ten customers account for 63.6% of total Group revenue (2022: 59.9%). The Group is satisfied with the credit quality of these debtors and does not anticipate any non-performance.

19 Financial instruments (continued)

(iii) Liquidity risk

The following table sets out the contractual cash outflows for all financial liabilities (including estimated interest payments) and derivatives:

2023	Statement of Financial Position NZ$000	Contractual Cash Flows NZ$000	6 Months or Less NZ$000	6–12 Months NZ$000	1–2 Years NZ$000	2–5 Years NZ$000	More Than 5 Years NZ$000
Non-derivative financial liabilities							
Loans and borrowings	(450,775)	(486,815)	(264,520)	(2,886)	(5,592)	(112,041)	(101,776)
Lease liabilities	(52,912)	(72,035)	(1,071)	(1,060)	(2,114)	(6,279)	(61,511)
Trade and other payables	(7,475)	(7,475)	(7,475)	0	0	0	0
Contingent consideration	(389)	(579)	0	(579)	0	0	0
Total non-derivative financial liabilities	**(511,551)**	**(566,904)**	**(273,066)**	**(4,525)**	**(7,706)**	**(118,320)**	**(163,287)**
Derivatives							
Interest rate derivatives							
Cash flow hedges – outflow	0	(179)	0	0	0	(168)	(11)
Cash flow hedges – inflow	15,373	18,394	2,511	2,653	3,974	7,486	1,770
Fair value hedges – outflow	(9,118)	(10,678)	(1,619)	(1,554)	(2,527)	(4,260)	(718)
Foreign currency derivatives							
Cash flow hedges – outflow	0	(20,246)	(11,225)	(5,492)	(3,529)	0	0
Cash flow hedges – inflow	45	20,294	11,229	5,518	3,547	0	0
Total derivatives	**6,300**	**7,585**	**896**	**1,125**	**1,465**	**3,058**	**1,041**
Total	**(505,251)**	**(559,319)**	**(272,170)**	**(3,400)**	**(6,241)**	**(115,262)**	**(162,246)**

2022	Statement of Financial Position NZ$000	Contractual Cash Flows NZ$000	6 Months or Less NZ$000	6–12 Months NZ$000	1–2 Years NZ$000	2–5 Years NZ$000	More Than 5 Years NZ$000
Non-derivative financial liabilities							
Loans and borrowings	(442,472)	(482,040)	(253,787)	(2,979)	(5,865)	(114,081)	(105,328)
Lease liabilities	(41,387)	(83,097)	(1,411)	(1,405)	(2,813)	(8,947)	(68,521)
Trade and other payables	(10,956)	(10,956)	(10,956)	0	0	0	0
Contingent consideration	(3,056)	(3,439)	0	(511)	(2,928)	0	0
Total non-derivative financial liabilities	**(497,871)**	**(579,532)**	**(266,154)**	**(4,895)**	**(11,606)**	**(123,028)**	**(173,849)**
Derivatives							
Interest rate derivatives							
Cash flow hedges – outflow	0	(1,227)	(1,131)	(37)	(34)	(25)	0
Cash flow hedges – inflow	11,990	14,576	344	1,191	2,385	7,198	3,458
Fair value hedges – outflow	(7,503)	(8,605)	(52)	(818)	(1,623)	(4,007)	(2,105)
Foreign currency derivatives							
Cash flow hedges – outflow	0	(3,641)	(3,641)	0	0	0	0
Cash flow hedges – inflow	350	3,993	3,993	0	0	0	0
Total derivatives	**4,837**	**5,096**	**(487)**	**336**	**728**	**3,166**	**1,353**
Total	**(493,034)**	**(574,436)**	**(266,641)**	**(4,559)**	**(10,878)**	**(119,862)**	**(172,496)**

19 Financial instruments (continued)

Liquidity and funding risk management policies

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient cash and borrowing facilities available to meet its liabilities when due, under both normal and adverse conditions. The Group's cash flow requirements and the utilisation of borrowing facilities are continuously monitored, and it is required that committed bank facilities are maintained at a minimum of 10% above maximum forecast usage.

Funding risk is the risk that arises when either the size of borrowing facilities or the pricing thereof is not able to be replaced on similar terms, at the time of review with the Group's banks. To minimise funding risk, it is Board policy to spread the facilities' renewal dates and the maturity of individual loans. Where this is not possible, extensions to, or the replacement of, borrowing facilities are required to be arranged at least six months prior to each facility's expiry.

The inflows/outlfows disclosed in the above tables represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

(iv) Market risk

Interest rate risk

At reporting date, the interest rate profile of the Group's interest-bearing financial assets/(liabilities) were:

	Carrying Amount	
	2023 NZ$000	2022 NZ$000
Fixed rate instruments		
Lease liabilities	**(52,912)**	(41,387)
Fixed rate bonds	**(190,775)**	(192,472)
Total	**(243,687)**	(233,859)
Variable rate instruments		
Commercial papers	**(160,000)**	(125,000)
Standby revolving cash advance facility	**(100,000)**	(125,000)
Interest rate derivatives	**6,255**	4,487
Cash balances	**8,506**	7,272
Total	**(245,239)**	(238,241)

Sensitivity analysis

Interest rate movements have been applied to the Group's variable rate debt to demonstrate the sensitivity to interest rate risk.

If, at reporting date, bank interest rates had been 100 basis points higher/lower, with all other variables held constant, the result would increase/(decrease) post tax profit or loss and the hedging reserve by the amounts shown below.

The effect on equity is the movement in the valuation of derivatives that are designated as cash flow hedges due to an increase or decrease in interest rates. All derivatives that are effective as at 30 June 2023 are assumed to remain effective until maturity. Therefore, any movements in these derivative valuations are taken to the cash flow hedge reserve within equity and they will reverse entirely by maturity date.

The analysis was performed on the same basis for 2022.

	Profit or Loss		Cash Flow Hedge Reserve	
	100 bp Increase NZ$000	100 bp Decrease NZ$000	100 bp Increase NZ$000	100 bp Decrease NZ$000
Variable rate debt	(1,743)	1,762	0	0
Interest rate derivatives – paying fixed	1,404	(1,352)	5,143	(5,418)
Interest rate derivatives – paying floating	(722)	722	0	0
Total as at 30 June 2023	**(1,061)**	**1,132**	**5,143**	**(5,418)**
Variable rate debt	(1,750)	1,766	0	0
Interest rate derivatives – paying fixed	1,476	(1,476)	5,656	(5,995)
Interest rate derivatives – paying floating	(720)	720	0	0
Total as at 30 June 2022	**(994)**	**1,010**	**5,656**	**(5,995)**

19 Financial instruments (continued)

Foreign exchange risk

At reporting date, the Group's exposure to foreign exchange risk, expressed in NZD, was as follows:

	2023 USD NZ$000	**2023** EUR NZ$000	2022 USD NZ$000	2022 AUD NZ$000
Foreign currency forwards				
Buy foreign currency (cash flow hedges)	2,285	17,961	1,947	1,694

Sensitivity analysis

As shown in the table above, the Group is primarily exposed to changes in USD/NZD, EUR/NZD and AUD/NZD exchange rates. The impact on equity arises from foreign forward exchange contracts designated as cash flow hedges.

If, at reporting date, foreign exchange rates had been 5% higher/lower, with all other variables held constant, the result would increase/(decrease) the hedging reserve by the amounts shown below. Based on historical movements, a 5% increase or decrease in the NZD exchange rate is considered to be a reasonable estimate.

The analysis was performed on the same basis for 2022.

	Cash Flow Hedge Reserve **2023** NZ$000	Cash Flow Hedge Reserve 2022 NZ$000
EUR/NZD exchange rate – increase 5% (2022: 5%)	**(596)**	0
EUR/NZD exchange rate – decrease 5% (2022: 5%)	**659**	0
USD/NZD exchange rate – increase 5% (2022: 5%)	**(78)**	(107)
USD/NZD exchange rate – decrease 5% (2022: 5%)	**86**	118
AUD/NZD exchange rate – increase 5% (2022: 5%)	**0**	(82)
AUD/NZD exchange rate – decrease 5% (2022: 5%)	**0**	91

Market risk management policies	Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The Group uses derivative financial instruments such as interest rate swaps and foreign currency options to hedge certain risk exposures. All derivative transactions are carried out within the guidelines set out in the Group's Treasury Policy which has been approved by the Board of Directors. Generally, the Group seeks to apply hedge accounting in order to manage volatility in the income statement.
Interest rate risk	Interest rate risk is the risk of financial loss, or impairment to cash flows in current or future periods, due to adverse movements in interest rates on borrowings or investments. The Group uses interest rate derivatives to manage its exposure to variable interest rate risk by converting variable rate debt to fixed rate debt. The Group's policy is to keep its exposure to borrowings at fixed rates of interest between parameters as set out in the Group's treasury policy.
Foreign exchange risk	Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. The risk is measured through a forecast of highly probable foreign currency expenditures. The risk is hedged with the objective of minimising the volatility of the NZD cost of highly probable forecast property, plant and equipment purchases. The Group's policy is to hedge between 0% and 50% of foreign exchange exposures for property, plant and equipment purchases following approval from the Board for the capital expenditure, and a minimum of 75% hedging is required at the time a supply contract is signed. The above limits apply to foreign currency imports of capital items exceeding NZD500,000.

19 Financial instruments (continued)

(v) Hedging activity

Cash flow hedges

The details of hedging instruments and hedged items for cash flow hedges are as follows:

2023	Hedging Instrument	Hedged Item	Carrying Amount of Hedging Instrument Assets NZ$000	Carrying Amount of Hedging Instrument (Liabilities) NZ$000	Carrying Amount of Hedged Item Assets NZ$000	Carrying Amount of Hedged Item (Liabilities) NZ$000	Change in Fair Value of Outstanding Hedging Instruments NZ$000	Change in Fair Value of Hedged Item Used to Determine Hedge Ineffectiveness NZ$000	Hedge Ineffectiveness Recognised in Profit or Loss NZ$000	Line Item in Profit or Loss that Includes Hedge Ineffectiveness
Cash flow hedge	Interest rate derivatives	Loans and borrowings	15,497	(124)	0	(195,000)	3,483	(4,617)	78	Finance income
Cash flow hedge	Foreign exchange derivatives	Property, plant and equipment	52	(7)	0	0	(304)	304	55	Finance income
Total			**15,549**	**(131)**	**0**	**(195,000)**	**3,179**	**(4,313)**	**133**	

2022	Hedging Instrument	Hedged Item	Carrying Amount of Hedging Instrument Assets NZ$000	Carrying Amount of Hedging Instrument (Liabilities) NZ$000	Carrying Amount of Hedged Item Assets NZ$000	Carrying Amount of Hedged Item (Liabilities) NZ$000	Change in Fair Value of Outstanding Hedging Instruments NZ$000	Change in Fair Value of Hedged Item Used to Determine Hedge Ineffectiveness NZ$000	Hedge Ineffectiveness Recognised in Profit or Loss NZ$000	Line Item in Profit or Loss that Includes Hedge Ineffectiveness
Cash flow hedge	Interest rate derivatives	Loans and borrowings	11,957	(67)	0	(205,000)	26,803	(27,655)	6	Finance income
Cash flow hedge	Foreign exchange derivatives	Property, plant and equipment	350	0	0	0	272	(272)	0	–
Total			**12,306**	**(67)**	**0**	**(205,000)**	**27,075**	**(27,927)**	**6**	

Fair value hedges

The details of hedging instruments and hedged items for fair value hedges are as follows:

2023	Hedging Instrument	Hedged Item	Carrying Amount of Hedging Instrument Assets NZ$000	Carrying Amount of Hedging Instrument (Liabilities) NZ$000	Carrying Amount of Hedged Item Assets NZ$000	Carrying Amount of Hedged Item (Liabilities) NZ$000	Accumulated Amount of Fair Value Hedge Adjustments on the Hedged Item Included in the Carrying Amount of the Hedged Item Assets NZ$000	Accumulated Amount of Fair Value Hedge Adjustments on the Hedged Item Included in the Carrying Amount of the Hedged Item (Liabilities) NZ$000	Change in Fair Value of Outstanding Hedging Instruments NZ$000	Change in Fair Value of Hedged Item Used to Determine Hedge Ineffective-ness NZ$000	Hedge Ineffective-ness Recognised in Profit or Loss NZ$000	Line Item in Profit or Loss that Includes Hedge Ineffective-ness
Fair value hedge	Interest rate derivatives	Loans and borrowings	0	(9,118)	0	(90,775)	9,224	0	(1,715)	1,696	(19)	Finance expense

2022	Hedging Instrument	Hedged Item	Carrying Amount of Hedging Instrument Assets NZ$000	Carrying Amount of Hedging Instrument (Liabilities) NZ$000	Carrying Amount of Hedged Item Assets NZ$000	Carrying Amount of Hedged Item (Liabilities) NZ$000	Accumulated Amount of Fair Value Hedge Adjustments on the Hedged Item Included in the Carrying Amount of the Hedged Item Assets NZ$000	Accumulated Amount of Fair Value Hedge Adjustments on the Hedged Item Included in the Carrying Amount of the Hedged Item (Liabilities) NZ$000	Change in Fair Value of Outstanding Hedging Instruments NZ$000	Change in Fair Value of Hedged Item Used to Determine Hedge Ineffective-ness NZ$000	Hedge Ineffective-ness Recognised in Profit or Loss NZ$000	Line Item in Profit or Loss that Includes Hedge Ineffective-ness
Fair value hedge	Interest rate derivatives	Loans and borrowings	0	(7,403)	0	(92,954)	7,528	0	(7,403)	1,696	125	Finance expense

The accumulated amount of fair value hedge adjustments remaining in the balance sheet for any hedged items that have ceased to be adjusted for hedging gains and losses is $nil (30 June 2022: $nil).

19 Financial instruments (continued)

Profile of timing

The following table sets out the profile of timing of the notional amount of the hedging instrument:

2023	Maturity: Less Than 12 Months	1–4 Years	4–7 Years	More Than 7 Years	Total
Interest rate derivatives					
Notional amount – fixed (NZ$000)	0	155,000	160,000	0	**315,000**
Average fixed rate (%)	3.09	2.62	2.47	0	**2.69**
Notional amount – variable (NZ$000)	0	0	100,000	0	**100,000**
Average variable rate (%)	6.72	5.39	5.26	0	**5.60**
Foreign exchange derivatives					
Notional amount (US$000)	1,410	0	0	0	**1,410**
Notional amount (EUR000)	8,074	1,957	0	0	**10,031**
Average USD:NZD forward contract rate	0.62	0	0	0	**0.62**
Average EUR:NZD forward contract rate	0.56	0.55	0	0	**0.56**

2022	Maturity: Less Than 12 Months	1–4 Years	4–7 Years	More Than 7 Years	Total
Interest rate derivatives					
Notional amount – fixed (NZ$000)	30,000	135,000	95,000	40,000	**300,000**
Average fixed rate (%)	3.13	2.75	1.93	1.41	**2.59**
Notional amount – variable (NZ$000)	0	0	100,000	0	**100,000**
Average variable rate (%)	4.42	5.03	5.06	0	**4.95**
Foreign exchange derivatives					
Notional amount (US$000)	1,410	0	0	0	**0**
Notional amount (AU$000)	1,568	0	0	0	**0**
Average USD:NZD forward contract rate	0.72	0	0	0	**0.72**
Average AUD:NZD forward contract rate	0.93	0	0	0	**0.93**

Hedging reserves

The details of movements within the hedging reserve are as follows:

	2023 NZ$000	2022 NZ$000
Opening balance	**9,051**	(11,358)
Fair value gains included in OCI	**3,438**	21,063
Reclassified to income statement – included in finance expenses	**(82)**	6,006
Reclassified to the cost of property, plant and equipment – not included in OCI	**(255)**	0
Amortisation of interest rate collar premium	**22**	80
Movement in hedging reserve of Equity Accounted Investees	**209**	862
Tax impact (refer to note 8)	**(874)**	(7,602)
Closing balance	**11,509**	9,051

19 Financial instruments (continued)

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the Group or the derivative counterparty.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, there is an economic relationship.

Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to:

- the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan;
- differences in critical terms between the interest rate swaps and loans; and
- drawn liabilities that fall below the hedging amount, causing the hedge ratio to exceed 100%.

Cash flow hedges

The Group manages its interest rate risk and foreign exchange risk by designating cash flow hedges.

The Group's policy of ensuring a certain level of its interest rate risk exposure is at a fixed rate, is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates.

The Group uses foreign exchange forwards to hedge its foreign exchange risk exposure in respect of highly probable forecast transactions. The Group designates the forward rates of foreign currency forwards in hedge relationships.

The Group applies a hedge ratio of 1:1.

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in the cash flow hedge reserve to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the income statement. The effective portion of changes in fair value of hedging instruments is accumulated in the cash flow hedge reserve as a separate component of equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as property, plant and equipment), the deferred hedging gains and losses, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (e.g. through depreciation).
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

If the hedging instrument no longer meets the criteria for hedge accounting, expires, or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in the hedging reserve remains there until the highly probable forecast transaction, upon which the hedging was based, occurs. When the hedged item is a non-financial asset, the amount recognised in the hedging reserve is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in the hedging reserve is transferred to the income statement in the same period that the hedged item affects the income statement.

Fair value hedges

The Group designates as fair value hedges derivative financial instruments on fixed rate debt where the fair value of the debt changes as a result of changes in interest rates. The carrying amount of the hedged items are adjusted for gains and losses attributable to the risk being hedged. The hedging instruments are also measured to fair value. The Group applies a hedge ratio of 1:1.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance expenses, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

20 Trade and other payables

	2023 NZ$000	2022 NZ$000
Accounts payable	**7,262**	10,727
Accrued employee benefit liabilities	**6,596**	6,115
Accruals	**24,341**	21,908
Payables due to Equity Accounted Investees and related parties	**213**	229
Total trade and other payables	**38,412**	38,979

Policies	Trade and other payables are initially measured at fair value and subsequently measured at amortised cost.
Fair values	The nominal value of trade and other payables are assumed to approximate their fair values due to their short-term nature.

21 Related party transactions

Related party transactions with related parties:

	2023 NZ$000	2022 NZ$000
Transactions with Equity Accounted Investees		
Services provided to Port of Tauranga Limited	**774**	521
Services provided by Port of Tauranga Limited	**5,184**	4,071
Accounts receivable by Port of Tauranga Limited	**160**	165
Accounts payable by Port of Tauranga Limited	**51**	49
Advances by Port of Tauranga Limited	**1,400**	1,400
Services provided to Quality Marshalling (Mount Maunganui) Limited	**2**	1
Services provided by Quality Marshalling (Mount Maunganui) Limited	**319**	703
Accounts receivable by Quality Marshalling (Mount Maunganui) Limited	**27**	21
Accounts payable by Quality Marshalling (Mount Maunganui) Limited	**0**	0
Services provided to Timaru Container Terminal Limited	**3,046**	3,050
Services provided by Timaru Container Terminal Limited	**156**	337
Accounts receivable by Timaru Container Terminal Limited	**0**	140
Accounts payable by Timaru Container Terminal Limited	**202**	180
Transactions with key management personnel		
Directors' fees recognised during the period	**862**	862
Executive officers' salaries and other employee benefits (cash settled) recognised during the period	**4,083**	3,907
Executive officers' share-based payments (equity settled) recognised during the period	**397**	305
Post-employment executive officers' employee benefits recognised during the period	**27**	117

Related parties	Related parties of the Group include the Joint Ventures disclosed in note 14 and the Controlling Entity (Quayside Securities Limited) or Ultimate Controlling Party (Bay of Plenty Regional Council). Quayside Securities Limited owns 54.14% (2022: 54.14%) of the ordinary shares in Port of Tauranga Limited. Quayside Securities Limited is beneficially owned by Bay of Plenty Regional Council. Transactions with the Ultimate Controlling Party during the period include services provided to Port of Tauranga Limited, $0.212 million (2022: $0.055 million). In March 2013, the Ultimate Controlling Party granted Port of Tauranga Limited a resource consent to widen and deepen the shipping channels. As a condition of this consent, an environmental bond to the value of $1.000 million is to be held in escrow in favour of the Ultimate Controlling Party. The bond is to ensure the remedy of any unforeseen adverse effects on the environment arising from the dredging. The resource consent expires on 6 June 2027. No related party debts have been written off, forgiven or provided for as doubtful during the year.
Transactions with Directors and members of the Executive Leadership Team	During the year, the Group entered into transactions with companies in which Group Directors hold directorships. These directorships have not resulted in Directors and members of the Executive Leadership Team having a significant influence over the operations, policies, or key decisions of these companies. The Group does not provide any non-cash benefits to Directors in addition to their Directors' fees. All members of the Parent Company's Executive Management Team participate in Management Long Term Incentive Plans and may receive cash or non-cash benefits as a result of these plans (refer to note 22).

22 Management long term incentive plan

Policy

The Group provides benefits to the Parent Company's Executive Management Team in the form of share-based payment transactions, whereby executives render services in exchange for rights over shares (equity settled transactions) or cash settlements based on the price of the Parent Company's shares (cash settled transactions). The cost of the transactions is spread over the period in which the employees provide services and become entitled to the awards.

Equity Settled Transactions

The cost of the equity settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The cost of equity settled transactions is recognised in the income statement, together with a corresponding increase in the share-based payment reserve in equity.

Management long term incentive plan – equity settled

Members of the Parent Company's executive management team participate in an equity settled long term incentive (LTI) plan. Under this LTI plan, share rights are issued and have a three-year vesting period.

The vesting of share rights, which entitles the executive to the receipt of one Port of Tauranga Limited ordinary share at nil cost, is subject to the executive remaining employed by Port of Tauranga Limited during the vesting period and the achievement of certain earnings per share (EPS) and total shareholder return (TSR) targets.

For EPS share rights granted, the proportion of share rights that vests depend on the Group achieving EPS growth targets.

For TSR share rights granted, the proportion of share rights that vests depend on the Groups TSR performance ranking relative to the NZX50 index less Australian listed stocks.

To the extent that performance hurdles are not met or executives leave Port of Tauranga Limited prior to vesting, the share rights are forfeited.

The share-based payment expense relating to the LTI plan for the year ended 30 June 2023 is $0.234 million (2022: $0.552 million) with a corresponding increase in the share-based payments reserve (refer to note 16).

Number of share rights issued to executives:

Grant Date	Scheme End Date	Right Type	Balance at 30 June 2022	Granted During the Year	Vested During the Year	Forfeited During the Year	Balance at 30 June 2023
1 July 2019	30 June 2022	EPS	90,058	0	(36,624)	(53,434)	0
1 July 2019	30 June 2022	TSR	75,050	0	(42,160)	(32,890)	0
1 July 2020	30 June 2023	EPS	88,409	0	0	0	88,409
1 July 2020	30 June 2023	TSR	73,674	0	0	0	73,674
1 July 2021	30 June 2024	EPS	79,203	0	0	0	79,203
1 July 2021	30 June 2024	TSR	66,003	0	0	0	66,003
1 July 2022	30 June 2025	EPS	0	100,972	0	0	100,972
1 July 2022	30 June 2025	TSR	0	84,143	0	0	84,143
Total LTI Plan			472,397	185,115	(78,784)	(86,324)	492,404

Fair value of share rights granted

Share rights are valued as zero cost in-substance options at the day at which they are granted, using the Black-Scholes-Merton model. The following table lists the key inputs into the valuation:

Grant Date	Scheme End Date	Right Type	Grant Date Share Price $	Risk Free Interest Rate %	Expected Volatility of Share Price %	Valuation per Share Right $
1 July 2020	30 June 2023	EPS	7.59	0.00	25.0	7.03
1 July 2020	30 June 2023	TSR	7.59	0.00	25.0	3.01
1 July 2021	30 June 2024	EPS	7.00	1.38	25.9	6.88
1 July 2021	30 June 2024	TSR	7.00	1.38	25.9	4.19
1 July 2022	30 June 2025	EPS	6.17	4.24	27.2	6.09
1 July 2022	30 June 2025	TSR	6.17	4.24	27.2	2.92

PAYE liability

Upon vesting of share rights, the Parent Company funds the PAYE liability and issues the net amount of shares to executives.

23 Subsequent events

Approval of financial statements	The financial statements were approved by the Board of Directors on 24 August 2023.
Final and special dividend	A final dividend of 8.8 cents per share to a total of $59,872,023 has been approved subsequent to reporting date. The final dividend was not approved until after year end, therefore it has not been accrued in the current year financial statements.

Corporate Governance Statement summary

For the year ended 30 June 2023

Committed to effective governance

This statement is a summary of the Corporate Governance Statement approved by the Board of Directors of Port of Tauranga Limited on 24 August 2023. The full statement is available at: http://www.port-tauranga.co.nz/investors/governance.

The Board of Directors (the Board) and the senior management team of Port of Tauranga Limited believe good corporate governance is essential to the creation, protection and enhancement of shareholder value.

The Board is committed to ensuring the company meets best practice governance principles and maintains the highest ethical standards in serving the interests of Port of Tauranga stakeholders, including shareholders, employees, customers and the wider community.

The Board is responsible for setting the company's strategic direction, providing oversight of its management and directing business strategy, with the aim of increasing shareholder value. A planned programme of meetings and strategy days gives the Board the opportunity to share thoughts and challenge the management team on business direction and strategy execution. The Board examines how long-term value drivers are being managed, including investment in assets, building engagement with employees, iwi and the community, satisfying customers, enhancing environmental performance, and protecting and building the company's reputation.

The company's corporate governance practices adhere to the NZX Main Board Listing Rules (NZX Rules) and guidance, including the NZX Corporate Governance Code (updated April 2023). The Board regularly reviews and assesses the company's governance structures, processes and policies to ensure they are consistent with best practice.

The Board's policies and charters are available on the governance page of the investors section of the company's website: www.port-tauranga.co.nz/investors/governance

This statement was approved by the Board on 24 August 2023.

Board composition, performance and committees

The Board has the ultimate responsibility for all decision making within the company. The roles and responsibilities are set out in the Board Charter, which is available on the company website: www.port-tauranga.co.nz/investors/governance.

The Board meets its responsibilities by meeting regularly to receive reports and plans from management and through its annual work programme. The Board undertakes "deep dives" into key issues and uses committees to address those areas that require detailed consideration by Directors with specialist knowledge and experience. The Board retains ultimate responsibility for the functions of its committees and determines their responsibilities.

Delegated authorities establish the responsibilities devolved to management and those retained by the Board. The delegated authorities are subject to review and approval by the Board annually. The Chief Executive has responsibility for the proper exercise of and compliance with the delegation policies.

Director nominations and appointments

The Board seeks to appoint Directors with a range of skills, perspectives, knowledge, competencies and experiences.

The Nomination Committee assists the Board to review Board composition, performance and succession planning by identifying, evaluating and recommending candidates.

When considering an appointment, the committee undertakes a thorough check of the candidate and their background. Shareholders are notified and provided with all material information that is relevant to the decision on whether to elect or re-elect a Director.

A Director Tenure and Reappointment Policy applies to Board Directors other than those appointed by Quayside Holdings. The Chair facilitates a formal process to determine the support or otherwise for Directors who offer themselves for re-election.

The policy establishes a nine-year or three-term tenure for non-executive Directors, unless the Board and shareholders support a further term.

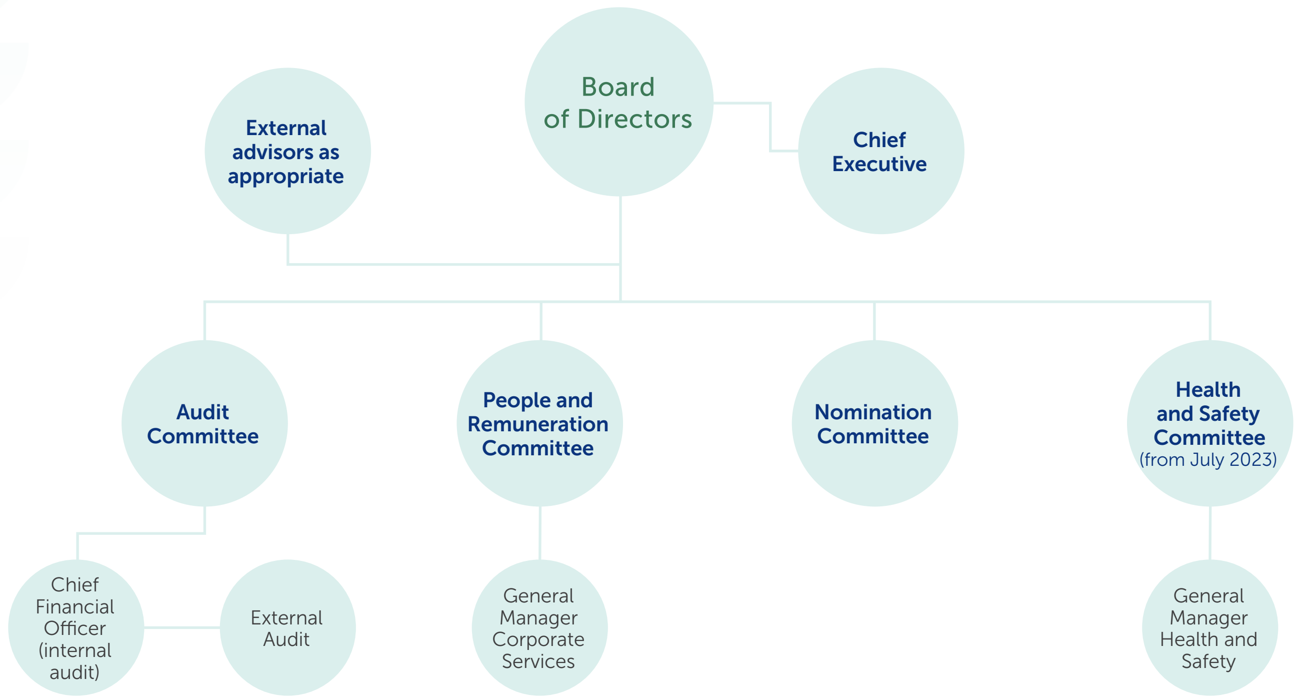
Composition/independence

The Board comprises seven Directors, five of whom are independent including the Board Chair. Due to managing Director succession, there may be periods when the Board comprises eight members as a transitional arrangement. Director profiles are provided in the 2023 Integrated Annual Report and on the company website: www.port-tauranga.co.nz/about-port-of-tauranga/board-of-directors/. The profiles list the year of appointment, skills, experience and background of each Director, as well as their current Board appointments.

The positions of Chair of the Board and Chair of the Audit Committee are held by independent Directors. These two roles, and the role of Chief Executive, are all held by different individuals. The Chair has been assessed as independent by the Board.

Directors' current length of tenure is:

	0-3 years	4-6 years	7-9 years	9+ years
Number of Directors	2	2	2	1



Corporate Governance Statement summary (continued)

For the year ended 30 June 2023

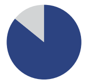
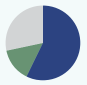
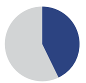
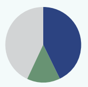
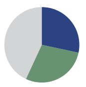
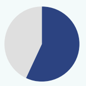
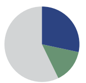
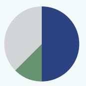
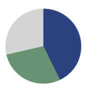
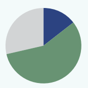
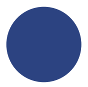
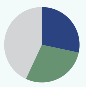
Skills and experience

Our Board is diverse and Directors bring a wide range of skills and experience to the table to the benefit of the company.

The Board has determined that, to operate effectively and meet its responsibilities, it requires competencies in disciplines including governance, executive leadership, financial, sector experience, customer management, regulatory compliance, large capital project investment, risk management, iwi, government and stakeholder relations, technology and digital, broad commercial acumen and sustainability.

The Board comprises five independent and two non-independent Directors (appointed by Quayside Holdings). While the Board has no direct control over the appointments of the non-independent Directors, it provides the skills matrix to the shareholder, and highlights the preferred skill sets.

The Board regularly reviews the Board's skills matrix. The most recent review was in June 2023.

Skill	Combined Board
Governance – experience including publicly listed companies	
Executive leadership – proven operating experience as a CEO or member of senior leadership team of a large and complex relevant business	
Financial – accountancy/finance qualification or similar experience	
Sector experience – in port/shipping/supply chain/transport	
Customer management – understanding of global importing/exporting dynamics	
Regulatory compliance – including experience with H&S, RMA and FMA requirements	
Large capital project investment – understanding of contract management	
Risk management – ability to identify business risks and risk mitigation strategies	
Iwi, government and stakeholder liaison – ability to assist the CEO engaging with stakeholders and government officials (including key politicians)	
Technology and digital	
Broad commercial acumen	
Sustainability	

Substantial experience — Moderate experience — Some experience

Diversity

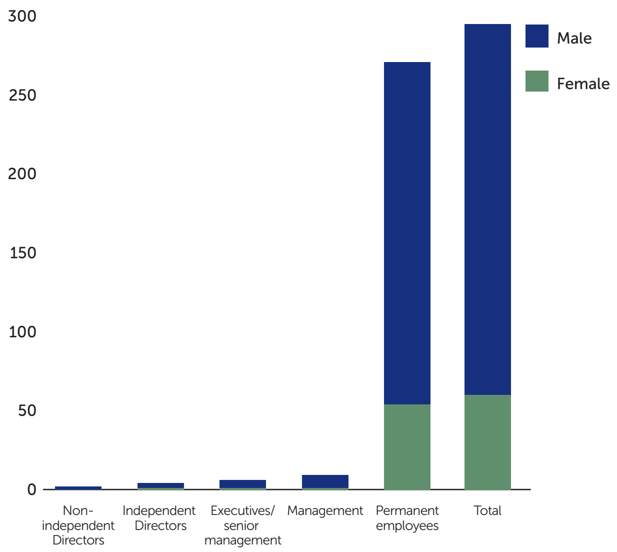
The Board is committed to providing a workplace that recognises and values different skills, abilities, genders, ages, beliefs, ethnicities, and experiences. The Board is committed to creating an inclusive workplace where all employees feel included and valued, and to providing equal employment opportunities, with all appointments merit-based.

Port of Tauranga's Diversity and Inclusion Policy applies to the Board, management and all employees and sets out the philosophy, roles, processes, and initiatives for measuring progress towards achieving the objectives of the policy. The People and Remuneration Committee oversees diversity and inclusion at Port of Tauranga.

Port of Tauranga is yet to reach the gender diversity targets set by the Board. The organisation's progress is set out in the table below. The numbers related to Port of Tauranga's permanent employees, and does not include casual employees, contractors or consultants.

The company's objective is to target a minimum of 40% females and 40% males holding Director, senior management and manager level positions. In 2023, the company had 25% females and 75% males holding these positions. The Board and management are actively working towards closing any gaps in skills and diversity objectives.

Diversity by gender as at 30 June 2023



	As at 30 June 2023		As at 30 June 2022	
	Female %	Male %	Female %	Male %
Non-independent Directors*	0	100	0	100
Independent Directors	40	60	40	60
Executives/senior management	29	71	29	71
Management	18	82	18	82
Permanent employees	20	80	21	79
Total	22	78	21	79

**Directors appointed by Quayside Holdings.*

Director training

Port of Tauranga supports the ongoing development of the Board. Copies of all relevant company documents are provided to Directors and new Directors are familiarised with the industry and company operations.

Directors visit Port operations and make safety-related inspections, and work in conjunction with the Port of Tauranga health and safety team to align these assessments with critical risks, and ensure engagement with employees.

Performance

The Board monitors its effectiveness in carrying out its functions and responsibilities and uses external facilitators to review knowledge and performance.

Committees

Committees support the Board by providing input and detail on specific matters and by having subject matter experts provide specialist advice.

As at 30 June 2023, there were three committees – Audit, People and Remuneration, and Nomination. Committees operate under respective charters approved by the Board, and each Committee's proceedings are reported back to the Board.

In May 2023, the Board resolved to establish a Health and Safety Committee to deepen its understanding and assurance of critical risk areas. The committee held its first meeting in July.

The Chief Executive, Chief Financial Officer and other senior managers regularly attend Board meetings, as well as committee meetings by invitation.

Details of the committees, their membership and their responsibilities are outlined in the Corporate Governance Statement published on the Port of Tauranga website: www.port-tauranga.co.nz/investors/governance.

Meetings attendance

Director	Board	Audit	People and Remuneration	Nomination
Ms A M Andrew	7	2	4	3
Mr D J Bracewell	6		3	3
Mr K R Ellis*	2	1	2	
Ms J C Hoare	7	2	4	3
Mr A R Lawrence	7	2		3
Mr D W Leeder	6		3	3
Sir Robert McLeod KNZM	6	2		2
Mr D A Pilkington†	1		1	1
Mr J B Stevens[ß]	6	2		2
Total meetings held	**7**	**2**	**4**	**3**

**Mr Ellis retired on 28 October 2022.*

† Mr Pilkington retired on 29 July 2022.

ßMr Stevens was appointed on 1 August 2022.

Note: the above table covers the period of the financial year from 1 July 2022 through to 30 June 2023.

Ethical behaviour

Code of Ethics

The Code of Ethics outlines the ethical and behavioural standards expected of Directors, senior management and employees in relation to conduct, conflicts, proper use of assets and information.

The Code of Ethics is included in the Director induction and Directors are required to confirm that it has been read and understood.

The Whistleblowing Policy sets out the procedure for reporting concerns regarding a breach of the Code of Ethics, or any other serious wrongdoing within the company.

Both the Code of Ethics and Whistleblowing Policy are available on the company website: www.port-tauranga.co.nz/investors/governance.

The Board has an Insider Trading Policy which sets out the procedures that must be followed by Directors, executives and any other employees with inside information when purchasing or selling company securities. The fundamental rule is that insider trading is prohibited at all times. The requirements of the policy are separate from, and in addition to, the legal prohibitions on insider trading in New Zealand.

It is not a requirement of appointment that Directors own shares in the company. However, Directors are encouraged to do so. Directors' and executives' ownership interests are disclosed on the next page.

Corporate Governance Statement summary (continued)

For the year ended 30 June 2023

Interests register

The matters set out below were recorded in the interests register of the company during the financial year.

General notice of interest by Directors

As at 30 June 2023:

Director	Interest	Entity
Alison Moira Andrew	Chief Executive Officer	Transpower New Zealand Limited
Dean John Bracewell	Director	Air NZ Limited
	Director	Halberg Trust
	Director	Property for Industry Limited
	Director	Tainui Group Holdings Limited
	Director/Shareholder	Ara Street Investments Limited
	Director/Shareholder	Dean Bracewell Limited
	Shareholder	Freightways Limited
Kimmitt Rowland Ellis (retired 28 October 2022)	Chair	Green Cross Health
	Chair	NZ Social Infrastructure Fund Limited
	Director	Fonterra Shareholders Fund (FSF) Management Company
Julia Cecile Hoare	Deputy Chair (to 30 June 2023)	The a2 Milk Company Limited
	Director	Auckland International Airport Limited
	Director (from 1 March 2023)	Comvita Limited
	Director	Meridian Energy Limited
	Director (from 1 August 2023)	Port of Tauranga Trustee Company Limited
	Director	Northport Limited
	Director	PrimePort Timaru Limited
	President and Chair (to 21 June 2023)	Institute of Directors New Zealand
	Member	Chapter Zero New Zealand Steering Committee
Alastair Roderick Lawrence	Chair	Brittain Wynyard Limited
	Director/Shareholder	Antipodes Properties Limited and subsidiaries
	Director/Shareholder	CBS Advisory Limited
	Director/Shareholder	Olrig Limited
	Director/Shareholder	Retail Dimension Limited
	Trustee	JAB Hellaby Trust
Douglas William Leeder	Chair	Bay of Plenty Regional Council
Sir Robert Arnold McLeod KNZM	Chair	Ngāti Porou Holding Company Limited
	Chair	Quayside Holdings Limited (and Quayside Properties Limited and Quayside Securities Limited)
	Chair	Sanford Group
	Director	AZSTA NZ Limited
	Director	China Construction Bank (New Zealand) Limited
	Director	MSJS NZ Limited
	Director	Point 76 Limited
	Director	Point Guard Limited
	Director	Point Seventy Limited
	Director (from 4 April 2023)	Real Fresh Limited
	Director (from 28 March 2023)	Singita Holdings Limited
	Director (from 27 March 2023)	Singita Investments Limited
	Director	VCFA NZ Limited
David Alan Pilkington (retired 29 July 2022)	Chair	Douglas Pharmaceuticals Limited
	Chair	Rangatira Limited
	Director/Shareholder	Excelsa Associates Limited
	Trustee	New Zealand Community Trust
John Brodie Stevens (appointed 1 August 2022)	Trustee	Maritime KiwiSaver Scheme
	Trustee	Maritime Retirement Scheme
	Director (from 28 June 2023)	Chatham Island Shipping Limited

Directors' loans

There were no loans by the company to Directors.

Directors' insurance

The company has arranged policies of Directors' liability insurance which, together with a Deed of Indemnity, ensures that generally Directors will incur no monetary loss as a result of actions undertaken by them as Directors. Certain actions are specifically excluded, such as the incurring of penalties imposed as a result of breaches of the law.

Supplier Code of Conduct

Companies operating at Port of Tauranga are expected to abide by all relevant legislation and regulations, including the Health and Safety at Work Act. Policies, procedures and operating rules are listed on the company website.

In addition, suppliers and subcontractors are required to meet the expectations outlined in the Supplier Code of Conduct regarding their social, environmental and ethical business practices. The Code addresses business integrity, health and safety, labour and human rights, protection of the environment and sustainability.

Reporting and disclosure

Port of Tauranga is committed to promoting investor confidence and trust by providing robust, accurate and complete information in a timely and open manner, in accordance with NZX Rules. This commitment is supported by a Continuous Disclosure and Communications Policy, available on the company website: www.port-tauranga.co.nz/investors/governance.

The company's Chief Financial Officer and Company Secretary is responsible for ensuring the timely release of information to the market. Port of Tauranga Limited undertakes to notify the market immediately through the NZX of any material information and abide by any NZX guidance as to whether a trading halt may be required.

Directors formally consider at each Board meeting whether there is relevant material information that should be disclosed to the market. All employees of Port of Tauranga Limited are responsible for reporting immediately, to the Chief Executive and Chief Financial Officer, any information that is, or is likely to be, material.

Any announcements are published on Port of Tauranga's website (www.port-tauranga.co.nz) and disseminated through broadcast emails and media releases.

Port of Tauranga has a proactive investor relations programme involving twice-yearly briefing sessions for analysts and investors to provide background to previously disclosed information. Investors are also able to tour the port following the Annual Meeting each year, or during the public port tours held in January and July.

Comprehensive financial and non-financial disclosures are published in the company's Integrated Annual Report, including Port of Tauranga's material exposure to environmental, economic, and social sustainability risks and other key risks. Shareholders can elect to receive an electronic or hard copy of Port of Tauranga's Integrated Annual Report. However, the company encourages investors to support its commitment to the environment by opting for electronic communications.

The company describes its carbon emissions profile in a greenhouse gas inventory report that is audited by Toitū Envirocare. Highlights from this report are disclosed in the company's Integrated Annual Report and will be incorporated into its reporting on the new Climate-Related Disclosure standards prescribed by the New Zealand External Reporting Board and due to be implemented in FY2024.

Risk management

Effective risk management is an inherent part of actively developing the business. Effective risk management anticipates risk, develops strategies and enables the company to capitalise on opportunities in order to increase value to shareholders. Risk management is a high priority in order to protect the company's employees, the environment, company assets and its reputation.

The company's comprehensive risk management programme comprises a series of processes and guidelines that enable it to identify, assess, monitor and manage business risk. The programme is overseen by the Board and includes monitoring the company's compliance with laws and regulations. The risk management programme is supported by:

- A robust risk governance framework
- A strong and experienced management team
- A risk identification framework and tools, including a company risk register
- An annual external specialist risk advisor review and support
- Adequate external insurance cover, reviewed annually
- Internal audit practices.

The Board considers the identification, understanding and control of core risks to be a whole-of-Board function. As such, it is not delegated to the Audit Committee but regularly reviewed by all Directors.

Regular reviews are designed to establish an integrated and forward-looking perspective of the company's risk landscape including the internal and external environment, changes in likelihood and consequence ratings, and the business unit risk profiles. Both specific risks and any broader linkages are considered.

The Chief Executive is responsible for promoting proactive risk management, reporting to the Board, and managing any changes to the rating of the enterprise risk. The General Manager Corporate Services is responsible for providing and management of the risk framework.

Health and safety

The progressive improvement of health and safety performance is a key Board and management objective, to ensure the company conducts its operations in such a way as to protect the health and safety of all employees of the company and its subsidiaries, contractors, the public and visitors in its work environment.

While the Board has delegated day-to-day responsibility for the implementation of health and safety standards and practices to management, the Board provides oversight and direction while ensuring appropriate resources are available to employees to conduct their work safely. The Board has recently established a Health and Safety Committee to enhance its governance of the health and safety function of the Port. The Board is committed to ensuring the company provides sufficient, competent resources and effective systems at all levels of the organisation to enable it to fulfil its commitment to employees, customers, shareholders and stakeholders.

Further information is included in the Our People section on pages 30 to 33 of this report.

Corporate Governance Statement summary (continued)

For the year ended 30 June 2023

Remuneration

Directors' remuneration

Non-executive Directors' remuneration is paid in the form of Directors' fees as determined by the Board. Setting of fees is subject to periodic review and independent expert advice against comparable size and performing companies. The Director Fee Policy is to set Director fees to the median of this market. The Remuneration Committee considers Directors' fees annually and recommends adjustments to the Board. The last external review was undertaken in 2023 and reviews are planned to be undertaken biennially.

The aggregate pool of fees able to be paid to Directors is subject to shareholder approval and is currently $880,000.

Port of Tauranga meets Directors' reasonable travel and other costs associated with the business.

Port of Tauranga Directors' fees are:

Designation	Directors' Fees $
Chair	180,000
Directors	92,000
Audit Committee Chair	20,000
Audit Committee member	11,750
People and Remuneration Committee Chair	15,000
People and Remuneration Committee member	7,625

No fees are paid to the Nomination Committee.

Directors' fees received during the 2023 year were:

Director	Board $	Audit $	People and Remuneration $	Total 2023 $
Ms A M Andrew	92,000	11,750	13,141	116,891
Mr D J Bracewell	92,000		7,625	99,625
Mr K R Ellis*	31,002	3,959	3,780	38,741
Ms J C Hoare	172,526	1,698^	7,625	181,849
Mr A R Lawrence	92,000	19,299		111,299
Mr D W Leeder	92,000		7,625	99,625
Sir Robert McLeod KNZM	92,000	11,750		103,750
Mr D A Pilkington†	15,287			15,287
Mr J B Stevensß	84,816	10,752		95,568
Total	**763,631**	**59,208**	**39,796**	**862,635**

** Mr Ellis retired on 28 October 2022.*

† Mr Pilkington retired on 29 July 2022.

ß Mr Stevens was appointed on 1 August 2022.

^ Fees paid as Chair of committee to 29 July 2022, now ex-officio member.

Due to Director succession management, there are periods when the Board has comprised eight members as a transitional arrangement and the fees pool cap has temporarily increased slightly to accommodate this.

Remuneration paid to Directors in their capacity as Directors of Port of Tauranga Limited Subsidiaries during the year are:

Director	Subsidiary	Fees $
Ms J C Hoare	Northport Limited (Director)	32,084
Ms J C Hoare	PrimePort Timaru Limited (Director)	35,284
Total		**67,368**

Any fees paid to Port of Tauranga permanent employees appointed as Directors of subsidiaries are paid to the company, not the individual.

Non-executive Directors have no entitlement to any performance-based remuneration and they do not participate in any share-based incentive schemes. A non-executive Director is not entitled to receive a retirement payment.

Non-executive Directors are encouraged to be shareholders but are not required to hold company shares. Details of Directors' shareholdings are listed on page 117.

Executive remuneration

Port of Tauranga provides a remuneration framework that promotes a high-performance culture and aligns rewards to the creation of sustainable value for shareholders.

Port of Tauranga's remuneration philosophy is aimed at attracting, retaining, and motivating employees of the highest quality at all levels of the organisation. It is based on practical guiding principles and a framework that provides consistency, fairness, and transparency. The guiding principles include:

- Providing clear alignment with company values, culture, and strategy
- Supporting the attraction, retention, and motivation of employees
- Being clear, fair, equitable and flexible
- Reflecting market conditions
- Recognising individual competence and performance
- Recognising team and company performance and the creation of shareholder value.

All remuneration packages are reviewed annually in the context of individual and company performance, market movements and expert advice, and are benchmarked externally biennially.

Through the People and Remuneration Committee, the Board establishes the policies and practices for executive remuneration. Port of Tauranga's remuneration for the Chief Executive and nominated executives provides the opportunity to receive, where performance merits, a total remuneration package in the mid to upper quartile for equivalent market-matched positions.

Total remuneration is made up of three components: fixed remuneration, a short-term incentive (STI) and a long-term incentive (LTI). Both incentives are at-risk, with the outcome determined by performance against a combination of agreed financial and non-financial objectives.

Fixed remuneration

Fixed remuneration is determined in relation to the market for comparable sized and performing companies. It includes all benefits, allowances, and deductions. Port of Tauranga's policy to pay fixed remuneration at the median of its peer group. Adjustments are not automatic and are determined based on performance.

Short term incentives

STIs are at-risk payments linked to the achievement of annual financial, safety and strategic targets, individualised to each role. They are designed to motivate and reward for performance in that financial year. The target value of the STI is set as a percentage of the fixed remuneration. For the 2023 financial year, the Chief Executive's STI was set at 50% and for all nominated executives it was set at 40%.

For the 2023 financial year, there were seven nominated executives included in the STI scheme, the same as the previous year.

For the Chief Executive, 60% of the STI is linked to the company's financial performance, with the actual opportunity in the range of 0-110% (i.e. 0-66% of fixed remuneration). The remaining 40% comprised agreed safety and strategic objectives. Annual objectives are set by the People and Remuneration Committee (and approved by the Board) and closely align to the company's strategic aspirations.

The financial objective is to meet or exceed the normalised net profit after tax target. A threshold of 90% of target is required before any of the financial component is paid.

The Board retains complete discretion in paying an STI and may determine, despite the actual performance against objectives, that a reduced bonus or no bonus will be paid in a given year.

Long term incentives

The LTI is an at-risk payment designed to align executives' rewards with the growth in shareholder value over a three-year period.

The LTI is a Performance Share Rights Plan (PSR), where payments are made in shares rather than cash. The maximum number of shares an executive may receive as an allocation is determined by dividing the value of the grant less tax by the face value of a Port of Tauranga share at the grant date.

The 2021 LTI (allocated on 1 July 2020), which vested at the end of the 2023 financial year, was set at 55% of fixed remuneration for the Chief Executive and up to 33% of fixed remuneration for the nominated executives. The value of each allocation is set at the date of the grant. The plan's performance hurdles are based on two metrics. The first 50% is Port of Tauranga's three-year Total Shareholder Return (TSR), relative to the performance of the NZX50 (less Australian companies listed in New Zealand). The second 50% is measured by achieving target compound earnings per share (EPS) growth.

TSR percentile ranking %	Earned %
Below 40	0
Above 40 to below 50	40-50
Above 50 to below 75	50-99
At 75 or above	100

EPS three year compound annual growth rate %	Earned %	
0	0	
3.5	50	With straight line progression between 0% and 3.5%
7.0	100	With straight line progression between 3.5% and 7%
8.0	110	With straight line progression between 7% and 8%
9.0	120	With straight line progression between 8% and 9%

As with the STI, the Board retains absolute discretion over the payment of the LTI to participants.

Chief Executive remuneration

Year	Fixed remuneration* $	Performance pay† STI $	Performance pay† LTI $	Subtotal $	Total remunerationß $
FY2023	900,000	333,750	74,458	1,308,208	1,350,971
FY2022	750,000	237,875	83,973	1,071,848	1,082,144

** Fixed remuneration includes the value of any benefits (health care, superannuation or vehicle) taken. The Chief Executive participates in the company's health insurance scheme.*

† Performance pay was earned over previous periods but paid in the current financial year.

ß Total remuneration includes payments that arise from calculating actual holiday pay according to New Zealand legislation.

Total remuneration paid includes fixed remuneration and the short and long-term performance payments paid or vested during the year. Performance payments are actually those earned in prior periods.

Chief Executive performance pay elements

An explanation of the Chief Executive's performance pay outcomes for financial year 2023 is shown in the following tables:

Short term incentive

Description	Performance measures*	Weight %	Outcome %
Set at 50% of fixed remuneration. Based on: • 60% on achieving normalised NPAT target. The range for the financial performance is 0-110%.	NPAT/financial performance	60	54
• 40% on key strategic measures and safety. The range is 0-100%.	Safety/people	10	5
	Community and stakeholder/sustainability	10	9
	Process improvement/innovation/environment	10	9
	Cost control/service delivery	5	4
	Customer experience and growth	5	5

** Payment of short term incentive will be made in financial year 2024.*

Corporate Governance Statement summary (continued)

For the year ended 30 June 2023

Long term incentive

Description	Performance measures*	Weight %	Outcome %
Set at 50% of fixed remuneration based on: • 50% on TSR performance relative to the NZX50 less Australian companies listed in NZ. The range is 0-100%.	TSR	50	49
• 50% based on EPS CAGR. The range is 0-120%.	EPS	50	56

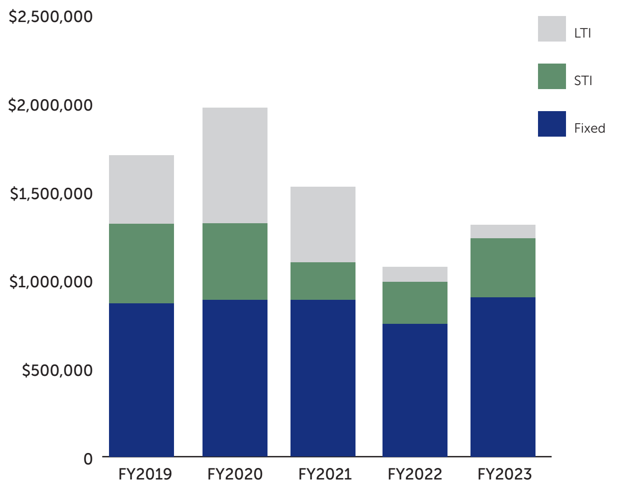
**This performance outcome is for the allocation period 2020–2022 and awarded in financial year 2023.*

The five year summary – Chief Executive remuneration

Year	Total remuneration $	STI against maximum %	LTI against maximum %	Span of LTI performance period
FY2023	**1,350,971**	**86**	**48**	**FY2020-2022**
FY2022	1,082,144	87	40	FY2019-2021
FY2021*	1,553,455	19	54	FY2018-2020
FY2020*	2,022,501	78	97	FY2017-2019
FY2019*	1,773,259	82	97	FY2016-2018

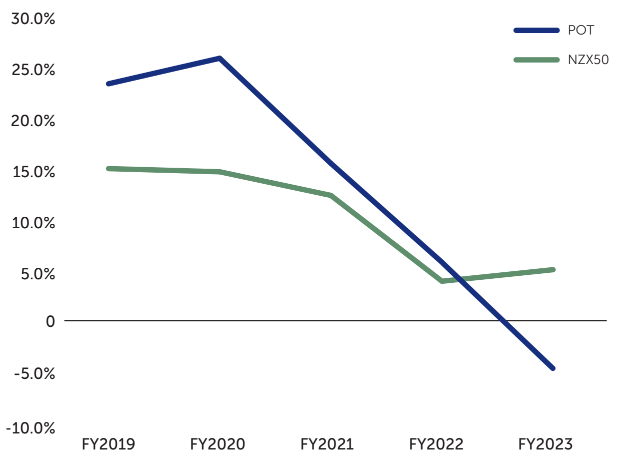
**Previous Chief Executive, Mark Cairns.*

The five year summary graph – Chief Executive remuneration*



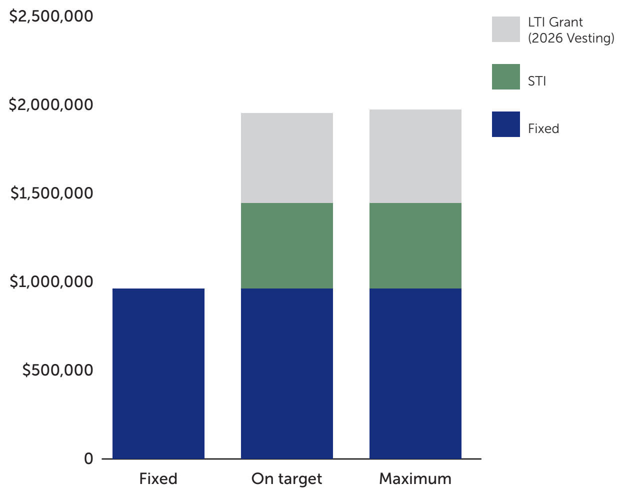
**Fixed remuneration and performance pay paid/vested in financial year 2023.*

Total Shareholder Return (TSR) performance (three year return)



Chief Executive remuneration for FY2024

The Chief Executive's potential remuneration package for the year ending June 2024 is shown in the following chart:



Fixed remuneration reflects base salary and benefits. For performance that meets expectations, the STI would pay out at 50% of fixed remuneration and the LTI at 50% of fixed remuneration. For performance that exceeds expectations, the STI would pay out a maximum 106% of available STI and the LTI at 110% of available LTI.

An explanation of the Chief Executive's performance pay in financial year 2024 is shown in the following table:

	Description	Performance measures	Weight %
STI	Set at 50% of fixed remuneration. Based on: • 60% on achieving normalised NPAT target. The range for the financial performance is 0-110%.	NPAT/financial performance	60
	• 40% on key strategic measures and safety. The range is 0-100%.	Safety/people	10
		Community and stakeholder/sustainability	10
		Process improvement/innovation/environment	10
		Cost control/service delivery	5
		Customer experience and growth	5
LTI	Set at 50% of fixed remuneration based on: • 50% on TSR performance relative to the NZX50 less Australian companies listed in NZ. The range is 0-100%.	TSR	50
	• 50% based on EPS CAGR. The range is 0-120%.	EPS	50

The Chief Executive has a standard employment contract with no retention-specific contractual termination payments offered.

Employee remuneration

The number of employees and former employees of Port of Tauranga who, during the year, received cash remuneration and benefits (including at-risk performance incentives) exceeding $100,000 are:

	Parent company	
Remuneration range $000	Number of employees 2023	Number of employees 2022
100-109	22	19
110-119	32	35
120-129	30	20
130-139	20	21
140-149	13	10
150-159	8	6
160-169	14	12
170-179	7	11
180-189	1	6
190-199	2	5
200-209	1	2
210-219	1	2
220-229	3	1
230-239	1*	0
240-249	1	3
250-259	3	1
260-269	1	1
270-279	1	2
280-289	0	2
290-299	3	2
300-309	2*	0
310-319	0	1
320-329	1*	1
330-339	0	1
370-379	0	1
420-429	1*	1
550-559	0	1*
570-579	1*	1*
650-659	1*	0
680-689	0	1
700-709	1*	0
890-899	0	1*
1,000-1,100	0	1*
1,350-1,360	1*	0
Total	**172**	**171**

** Includes vesting of long term incentive scheme and payment of short term incentive.*

Employee share ownership

Permanent employees can choose to join Port of Tauranga's Employee Share Ownership Plan (ESOP). The ESOP gives employees the opportunity to buy shares in the company via weekly pay deductions. The shares are offered every three years and paid off over the intervening three-year period. In FY2022 an offer of up to $5,000 worth of shares was made to employees at a 10% discount to the market price. On the day of allocation, the price was $6.09 per share and participating individuals received up to 821 shares. More than 87% of Port of Tauranga employees are shareholders.

Audit

The Audit Committee is responsible for overseeing the external audit to ensure the integrity of the company's financial reporting.

Under section 19 of the Port Companies Act 1988, the Audit Office is the Auditor of Port of Tauranga Limited. The Auditor-General has appointed, pursuant to section 32 of the Public Audit Act 2001, the firm of KPMG to undertake the audit on their behalf. Port of Tauranga Limited has no control over the appointment of the Auditor, nor the tenure of the Lead Audit Partner. The current Lead Audit Partner, Brent Manning, was appointed in 2020.

The Board has received written confirmation from KPMG regarding its independence.

Any non-audit work undertaken by KPMG must be approved by the Auditor-General. Fees paid to KPMG for audit and non-audit services are included in note 6 to the financial statements in the 2023 Integrated Annual Report.

The Audit Committee also oversees an active internal audit programme where risks are identified and external expertise is engaged to review them when required. The committee will oversee the company's compliance with the new Climate Related Disclosures reporting regime.

Corporate Governance Statement summary (continued)

For the year ended 30 June 2023

Shareholder relations

The Board is committed to engaging with shareholders and market participants so that timely and accurate information is provided and feedback is facilitated.

Port of Tauranga's website (www.port-tauranga.co.nz) has the company's Integrated Annual Reports, Mid-Year Market Updates and announcements to the NZX and the public.

The Annual Meeting of Shareholders is held in Tauranga, near the location of the company's head office and to encourage local shareholders to attend in person. The company's website lists the dates of upcoming meetings. The 2023 Annual Meeting will be held on Friday, 27 October 2023 at Mercury Baypark and will also be webcast.

Shareholders can receive electronic communications from the Share Registry. Contact details are available on the company website and in the 2023 Integrated Annual Report (page 120–inside back cover).

Directors' commitment to timely and balanced disclosure is set out in its Continuous Disclosure and Communication Policy. The commitments include advising shareholders of any major decisions.

When voting on a matter is required, the Board encourages shareholders to attend the Annual Meeting or send in a proxy vote. Voting is conducted by way of poll.

The Notice of Annual Meeting will be available at least 20 business days prior to the meeting and will be available in the Investors section of the company website.

Shareholder information

The ordinary shares of Port of Tauranga Limited are listed on NZX. The information in the disclosures below has been taken from the company's registers as at 30 June 2023:

Twenty largest ordinary equity holders

Holder	Number of shares held	Issued equity %
Quayside Securities Limited	368,437,680	54.14
Custodial Services Limited	59,818,904	8.79
Accident Compensation Corporation	14,044,076	2.06
Tea Custodians Limited	13,753,206	2.02
BNP Paribas Nominees NZ Limited	13,619,000	2.00
FNZ Custodians Limited	12,587,994	1.85
Kotahi Logistics LP	8,500,000	1.25
JBWere (NZ) Nominees Limited	7,712,878	1.13
New Zealand Depository Nominee	6,434,450	0.95
Forsyth Barr Custodians Limited	6,203,908	0.91
New Zealand Superannuation Fund Nominees Limited	4,322,202	0.64
HSBC Nominees (New Zealand) Limited	3,859,754	0.57
Citibank Nominees (NZ) Limited	3,679,694	0.54
Private Nominees Limited	3,030,554	0.45
Public Trust	2,733,886	0.40
Masfen Securities Limited	2,708,395	0.40
Premier Nominees Limited	2,525,527	0.37
PT Booster Investments Nominees Limited	2,354,267	0.35
JPMorgan Chase Bank	2,330,925	0.34
HSBC Nominees (New Zealand) Limited	1,937,094	0.28
Total	**540,594,394**	**79.44**

Distribution of equity securities

Range of equity holdings	Number of holders	Number of shares held	Issued equity %
1-5,000	8,621	17,343,656	2.55
5,001-10,000	2,286	17,499,986	2.57
10,001-50,000	2,371	50,836,798	7.47
50,001-100,000	241	16,999,304	2.50
100,001 and over	119	577,901,486	84.91
Total	**13,638**	**680,581,230**	**100.00**

Substantial security holders

According to company records and notices given under the Financial Markets Conduct Act 2013, the substantial security holders in ordinary shares (being the only class of quoted voting securities) of the company as at 30 June 2023, were:

Holder	Number of Shares Held	%
Quayside Securities Limited	368,437,680	54.14

The total number of issued voting securities of the company as at 30 June 2023 was 680,581,230.

Directors' equity holdings

As at 30 June 2023, Port of Tauranga Limited Directors had the following relevant interests in Port of Tauranga Limited equity securities.

	Held beneficially		Held by associated persons	
Director	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Ms A M Andrew	0	0	82,500	82,500
Mr D J Bracewell	0	0	15,000	15,000
Mr K R Ellis*		0		62,750
Ms J C Hoare	6,500	2,500	0	0
Mr A R Lawrence	0	0	0	0
Mr D W Leeder	0	0	0	0
Sir Robert McLeod KNZM	0	0	0	0
Mr D A Pilkington†		0		15,000
Mr J B Stevensß	16,750	0	0	0

**Mr Ellis retired on 28 October 2022.*
† Mr Pilkington retired 29 July 2022.
ßMr Stevens was appointed on 1 August 2022.

Senior managers' equity holdings

As at 20 June 2023, Port of Tauranga Limited senior managers had the following relevant interests in Port of Tauranga Limited equity securities:

	Held beneficially		Held by associated persons	
Senior manager	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Ms M J Dyer	0	0	0	0
Mr B J Hamill	0	0	821	821
Mr S R Kebbell	7,330	7,330	821	821
Mr P M Kirk	1,730	1,730	821	821
Mr D A Kneebone	93,555	88,070	84,921	84,921
Ms R A Lockley	0	0	821	821
Mr L E Sampson	78,841	71,821	821	821

Other information

Donations

Donations of $75,401.77 were made during the year ended 30 June 2023 (2022: $25,934). One-off donations were made to Cyclone Gabrielle mayoral relief funds. No donations were made to any political parties.

Stock Exchange listing

The company's shares are listed on the New Zealand Stock Exchange (NZX). The company currently has no NZX waivers.

Credit rating

During the year ended 30 June 2023, the company had an S&P Global (Standard & Poor's) rating of A-/Stable/A-2.

Annual Meeting

The Annual Meeting of Shareholders will be held on Friday, 27 October 2023 at 1pm at Mercury Baypark, 81 Truman Lane, Mount Maunganui. The meeting will be livestreamed by Link Market Services.

Mr Doug Leeder is retiring by rotation and seeking re-election at the Annual Meeting.

Further information

Additional information on Port of Tauranga Limited can be found on the company's website at www.port-tauranga.co.nz

Financial and operational five year summary

As at 30 June 2023

Financial	2023 $000	2022 $000	2021 $000	2020 $000	2019 $000
Operating income	**420,929**	375,288	338,281	301,985	313,263
EBITDA*	**219,081**	204,663	189,917	165,198	181,270
Surplus after taxation – reported	**117,136**	111,317	102,375	88,679	100,577
Dividends paid related to earnings	**102,054**	95,242	84,353	124,486	122,440
Total equity	**2,133,716**	2,074,438	1,396,968	1,195,184	1,165,885
Net interest bearing debt	**442,269**	435,200	477,114	479,435	442,097
Total assets	**2,824,269**	2,743,526	2,081,270	1,848,790	1,748,861
Interest cover (times)	**9.2**	10.3	9.3	7.3	8.4
Gearing ratio (%)†	**17.2**	17.3	25.5	28.6	27.5
Return on average equity (%)	**5.6**	6.4	7.9	7.4	8.9
Share price ($)	**6.24**	6.22	7.03	7.70	6.34
Market capitalisation ($)	**4,201,739**	4,231,557	4,782,274	5,237,414	4,312,098
Net asset backing per share ($)	**3.14**	3.05	2.04	1.75	1.71

**EBITDA is a non-GAAP financial measure but is commonly used as a measure of performance as it shows the level of earnings before the impact of gearing levels and non-cash charges such as depreciation and amortisation. Market analysts use the measure as an input into company valuation and other valuation metrics.*

	2023 $000	*2022 $000*	*2021 $000*	*2020 $000*	*2019 $000*
Profit before taxation	***159,297***	*150,396*	*137,009*	*117,097*	*135,009*
Net finance costs	***19,361***	*16,165*	*16,572*	*18,530*	*18,177*
Depreciation and amortisation	***40,423***	*36,657*	*33,998*	*29,746*	*27,585*
Asset impairment	***0***	*0*	*12*	*0*	*499*
Asset impairment on revaluation	***0***	*1,445*	*2,326*	*0*	*0*
Reversal of previous revaluation deficit	***0***	*0*	*0*	*(175)*	*0*
Total	***59,784***	*54,267*	*52,908*	*48,101*	*46,261*
EBITDA	***219,081***	*204,663*	*189,917*	*165,198*	*181,270*

† Net interest bearing debt to net interest bearing debt + equity.

The Board approved a final dividend of 8.8 cents per share after year end, payable on 6 October 2023.

Operational	2023	2022	2021	2020	2019
Cargo throughput (000 tonnes)	**24,698**	25,615	25,738	24,808	26,946
Containers (TEU)*	**1,177,350**	1,241,061	1,200,831	1,251,741	1,233,177
Net crane rate (container moves per hour)†	**27.92**	32.1	29.7	35.8	32.9
Ship departures	**1,432**	1,369	1,307	1,515	1,678
Berth occupancy (%)ß	**61**	56	53	45	50
Total cargo ship days in port	**3,112**	3,078	3,072	2,441	2,769
Turn-around time per cargo ship (days)	**2.17**	2.26	2.05	1.61	1.65
Cargo tonnes per ship	**17,247**	18,711	19,693	16,291	16,058
Average cargo ship gross tonnage (GT)	**31,480**	28,172	29,036	33,408	33,920
Average cargo ship length overall (metres)	**201**	197	201	207	207
Number of employees – Port of Tauranga Limited	**289**	257	243	238	230
Parent lost time injuries (LTI – frequency)^	**2.2**	0	0	2.5	2.5
Parent total injury (frequency rate)^	**4.5**	0	0	2.5	2.5
Parent plus contractors lost time injuries (LTI – frequency)^	**16.0**	19.8	8.7	2.7	4.2
Parent plus contractors total injury (frequency rate)^	**20.7**	26.6	13.0	4.5	5.9

** TEU = Twenty Foot Equivalent Unit.*
† As measured by the Australian Productivity Commission.
ßThe ratio of time a berth is occupied by a vessel in the total time available in that period.
^ Number of lost time claims per million hours worked.

Operational data relates to the Parent Company as opposed to the Group.

Company directory

Directors

Chair
J C Hoare *(appointed Chair 1 August 2022)*

A M Andrew

D J Bracewell *(appointed 17 December 2021)*

K R Ellis *(resigned 28 October 2022)*

A R Lawrence

D W Leeder

Sir Robert McLeod KNZM

J B Stevens *(appointed 1 August 2022)*

Executive

L E Sampson
Chief Executive

M J Dyer
GM Corporate Services

B J Hamill
GM Commercial

S R Kebbell
Chief Financial Officer & Company Secretary

P M Kirk
GM Group Health & Safety

D A Kneebone
GM Property & Infrastructure

R A Lockley
GM Communications

Registered office

Salisbury Avenue
Mount Maunganui

Private Bag 12504
Tauranga Mail Centre
Tauranga 3143
New Zealand

Telephone 07 572 8899
Email marketing@port-tauranga.co.nz
Website www.port-tauranga.co.nz

Auditors

KPMG
Tauranga
(On behalf of the Auditor-General)

Solicitors

Holland Beckett Law
Tauranga

Bankers

ANZ Bank New Zealand Limited

Bank of New Zealand

Commonwealth Bank of Australia

MUFG Bank, Limited

Credit rating agency

S&P Global (Standard & Poor's)
Australia

Port of Tauranga Limited's rating: A-/Stable/A-2

Share registry

For enquiries about share transactions, change of address or dividend payments contact:

Link Market Services Limited
PO Box 91976
Victoria Street West
Auckland 1142
New Zealand

Telephone 09 375 5998
Facsimile 09 375 5990
Email enquiries@linkmarketservices.co.nz
Website www.linkmarketservices.co.nz

Copies of the Integrated Annual Report and Market Update (which replaces the Interim Report) are available from our website.

Financial calendar

6 October 2023	Final dividend payment
27 October 2023	Annual Meeting
23 February 2024	Interim results announcement
March 2024	Interim Accounts and Market Update produced
22 March 2024	Interim dividend payment
30 June 2024	Financial year end
23 August 2024	Annual results announcement

International Standard Serial Numbers

ISSN 2744-6530 (Print)
ISSN 2744-6549 (Online)

www.port-tauranga.co.nz