PORTS OF AUCKLAND

TĀMAKI HERENGA WAKA

ANNUAL REPORT 2022

We are proud to be Auckland's port. The city of Auckland and the port of Auckland have grown together on the Waitematā Harbour for more than 175 years. Ports of Auckland is part of the special character of our city and plays a vital role in our economy, delivering the things we need and enjoy to support our way of life.

Nearly three-quarters of the port's inbound cargo is for Auckland. Our location on Auckland's doorstep means the delivery of goods is quick, cost efficient and the carbon footprint is minimised. We also have a network of freight hubs throughout the North Island to support our country's importers and exporters.

Contents

38/45

CHASNZ recommendations completed: Remaining recommendations covering fatigue management and training to be completed this financial year

811,565

Total containers moved (TEU**)

240,544

Cars handled

7,293,000

Total tonnes breakbulk

100,117

Containers moved by rail (TEU**)

$14.2m

Dividend

$27.4m

Profit before impairments, revaluations and share in investments

17 STAFF SPONSORSHIPS GRANTED

to support their sporting and cultural activities in the community

** TEU (one TEU = one standard 20-foot container)

CHAIR AND CHIEF EXECUTIVE'S REVIEW

Jan Dawson CNZM
Chair

Roger Gray
Chief Executive

RECOVERY AND FOUNDATIONS

We are pleased to present our Annual Report for financial year 2022.

This has been a year in which we have commenced the rebuild of the foundations for Ports of Auckland's future as a safe and profitable customer-focused organisation.

The external challenges we have faced over the past few years of COVID-19 and global supply chain disruptions continue to impact the performance of the port.

Ports of Auckland has been affected by COVID-19 lockdowns more than any other New Zealand port. It remained a significant challenge this year, but one that our staff have handled with professionalism and pride. They have worked through weeks of lockdowns, carefully following safety protocols, and undertaking regular – and uncomfortable – testing as required by government health orders.

When Omicron started spreading in the community, we quickly set up rapid antigen testing for staff and visitors, and our people kept working in operational bubbles to limit the spread of COVID-19.

It is a credit to the hard work of our pandemic management team and of our staff that none of our people contracted COVID-19 from international vessels, and we were able to limit its spread in the business even when there has been widespread community transmission.

Ports of Auckland and its people have risen to the challenges and have performed well.

Our financial results reflect the challenges of FY22 and the decisions by the Board to refocus the business. The net loss after tax of $10.275m (2021 - profit $45.574m) reflects the impact of the cancellation of the project to partially automate the Fergusson Container Terminal which resulted in a write off of $63.074 million. The profit before impairments, revaluations and share in investments is $27.4m (2021 $20.7m), which reflects the results from the Group's operations during the year. This improvement was due to a combination of improved productivity, strong cost control and increased pricing as we work on generating a fair return from investment in our infrastructure.

The Directors have declared a final dividend of 8.25 cents per share (unimputed), to give a total dividend to Auckland Council of $14.2m for the year, $10.4 million above the previous year's dividend and $12.1 million above our SCI targeted dividend.

Freight volumes held up well this year.

Despite the extremely challenging container supply chain volumes showed only a slight decline overall, with total TEUs down 0.8% to 811,565 compared to 818,238 last year.

Multi-Cargo business unit has continued to perform well, and volumes have increased. The car trade has proven resilient, with volumes up 1.8% to 240,544 units, compared to 236,260 units last year.

Total breakbulk volume (including cars) increased by 9.4% this year to 7.293 million tonnes, compared to 6.666 million tonnes last year.

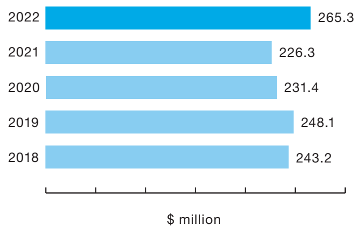
With a renewed focus on our core cargo-handling business, we expect the coming year to see a further lift in performance and profitability, and we are targeting $35 million in NPAT, excluding property revaluations for FY23.

In the current year, we have addressed a number of internal issues that were affecting our ability to deliver to our customers, our people and our shareholder.

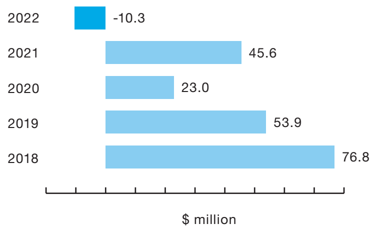
We have reset our strategic direction and are very clear on our focus on core business and delivery. Our new strategy, Regaining our Mana, and the key pillars of Customers at the Core, Executing the Plan, Fighting Fit and Whanaungatanga, are designed to lift our performance significantly, deliver a reasonable return to our owner, Auckland Council, and rebuild trust with Aucklanders. We will execute Regaining our Mana over the next three years. Read more about our strategy on page 6.

The first and most important issue we needed to address this financial year was safety. The CHASNZ report released in March 2021 made 45 recommendations for improvement, and we accepted the urgency to implement the changes.

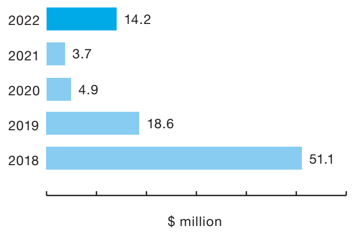
Revenue



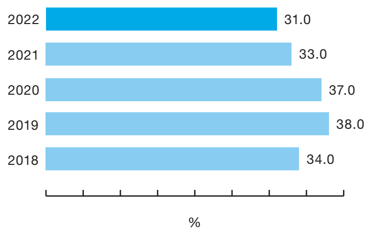
Net profit after tax



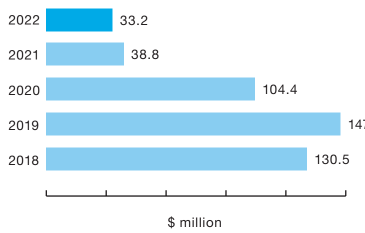
Ordinary dividends declared for the year



Interest-bearing debt to debt + equity

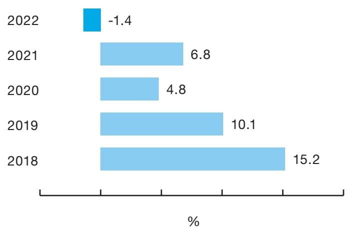


Capital expenditure

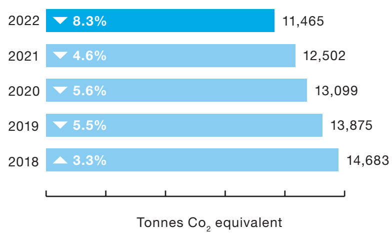


Capital expenditure is lower this period, because spending on major projects like automation is largely complete and other major projects, like channel deepening, have been deferred or delayed.

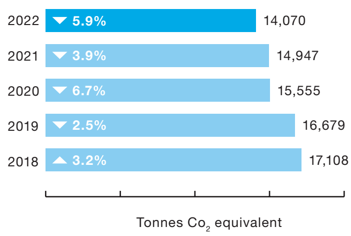
Return on equity
(excluding revaluations)



Total gross controlled emissions - scope 1 & 2



Total gross controlled emissions - scope 1, 2 & 3



The recommendations are either completed or underway with recommendations in two areas, fatigue management and training, requiring longer to implement. These two areas are much more complex, and we need to work on them in partnership with our people and unions. We will complete these actions by the end of FY23.

Importantly we are seeing a positive change in our safety culture. 'Safety First' is a message repeatedly given by our Board and Management and staff are empowered to speak up if they see something that's unsafe. Our people are telling us, informally and in a recent safety culture survey, that they feel more comfortable raising safety concerns and they are doing so.

Whilst this is a positive, we know that safety work is never finished and we must always be vigilant, look after ourselves and others, and take care at work.

We are contributing to port safety on a national basis. Ports, unions, and regulators Worksafe and Maritime New Zealand, have formed a tripartite group to work on improving port safety nationwide.

At Ports of Auckland, we are continuously working collaboratively with other PCBUs to agree minimum safety standards for working on our port. This includes working with independent stevedores, Maritime Union of New Zealand and other parties to develop a stevedoring code of practice that we hope will be adopted by all New Zealand ports.

"

We are working more collaboratively with our unions, recognising that we will do better, faster, if we all work together.

You can read more about our efforts to improve safety on page 9.

The second significant issue we needed to deal with was our container terminal productivity. Our core job is handling cargo – moving freight on and off ships and on and off the port.

In the summer of 2020/21, we suffered serious congestion at the terminal as a result of external factors (COVID-19 and disruption to the global supply chain) and shortcomings in our own operations.

We have taken several actions that have helped us address container terminal productivity.

Our first task was to address our staffing and training issues.

We are working more collaboratively with our unions, recognising that we will do better, faster, if we all work together. We have restructured our stevedoring leadership, creating new roles and training to better support our people. One of these new roles, the Kaiārahi, provides more direct interaction with our operational teams, and we are already seeing the benefit of this change. We have continued to hire and train more people, improving the way we train people to increase their career paths within the business.

The Board reviewed the status of the multi year project for the partial automation of Fergusson Terminal. While automation has been implemented at many ports around the world, our automation project had not delivered a consistent, efficient or reliable solution. The focus on automation and the segregation of part of the terminal for ongoing testing of the project contributed to the impact on customers and our financial performance. The review identified that there was no clear date to complete the project so the Board determined that the project would cease, and the container terminal would revert to manual operation.

As a result, we are focussed on turning ships safely on time and we plan to restore container shipping berth windows in the second half of this financial year.

This financial year will see the return of the cruise industry to Auckland and New Zealand. The global pandemic severely dented the industry worldwide, but it has bounced back strongly overseas and we expect the same to happen here. The first cruise ship for the season arrived in August and ships will return in numbers from October.

The return of cruise will be good for us and importantly a boon for Auckland's tourism economy and the central city.

While the year ahead looks promising, external challenges remain. The world supply chain is still disrupted, and it is expected that disruption will be with us for some time.

While we are focussing on resetting the business, we are still committed to our sustainability strategy, aligning with Auckland Council's approach and ensuring the targets we have set are realistic and achievable. While we are no longer trialling hydrogen, we are continuing a strategy to reduce emissions.

In June we welcomed *Sparky,* the world's first battery-powered ship handling tug. *Sparky* completed testing, staff training is nearly complete, and she will soon be hard at work bringing ships safely – and cleanly – into port. We expect *Sparky* to save around 465 tCO2-e every year, a significant saving.

Our total emissions (Scope 1 & 2) fell 8.3% to 11,464.8 tC02-e this year (unaudited) from 12,502 tC02-e the previous year. This fall was due to slightly lower container throughput and our move to zero carbon certified electricity. Total emissions have fallen 19.3% since 2017, when we first started measuring them.

OUR STRATEGY

Restoring Our Mana

Vision

Ports of Auckland Limited will be a port that is sustainably profitable, delivering a fair return to Auckland Council, whilst remaining the preferred port of our customers and our people.

Purpose

Facilitate the sustainable growth of trade for Auckland & the upper North Island.

Focus Areas

CUSTOMER AT THE CORE

Only focus on what our customers value.

Optimise our revenue streams.

Deliver seamless customer experiences.

EXECUTE THE PLAN

Grow the right business areas.

Deliver the 10-year precinct plan.

Upgrade our core digital systems.

Build our reputation (social licence) with others.

Back to basics approach.

FIGHTING FIT

Operate safely and sustainably.

Fix container operations.

Maintain marine and operational integrity.

Simplify our business operations and structures.

Instituting strong capital discipline and fiscal prudence.

WHANAUNGATANGA

Develop a safe high-performance people focused culture.

Attract and retain great people.

Leverage the power of our people working together through HPHE.

Supporting Pillars

- CARING FOR AUCKLANDERS
- GENUINE HARBOUR HEALTH
- MEANINGFUL CLIMATE ACTION
- DRIVING TOWARDS A CIRCULAR ECONOMY
- SUSTAINABLE BUSINESS IN AUCKLAND

Financial Milestones

FY23	FY24	FY25
$35m NPAT	$42m NPAT	$50m NPAT

An integral part of the Regaining our Mana strategy is to concentrate on those areas naturally aligned to our position on the Waitematā. Improving Harbour Health is an important sustainability pillar in the strategy. You can read more about that on page 13.

We have seen several changes in our Board and Executive Leadership Team this year.

At the Board level, Chair Bill Osborne and directors Andrew Bonner and Pat Snedden retired. They have contributed positively to the port over many years and we recognise and appreciate their service to the company.

Four directors were appointed in the year – Jan Dawson who was subsequently appointed as Chair, Stephen Reindler, Geoff Plunket and Andrew Flavell. The Director appointments bring industry knowledge and skills in key risk areas for the company of safety and technology.

We have seen a number of changes in the Executive team.

Wayne Thompson, our Deputy CEO and CFO, retired this year after 18 years with the company. Wayne served as Interim CEO for most of this financial year, leading the company through a difficult time. We would like to express our appreciation to him for commencing the journey to rebuild the relationships that are essential for the company's success.

In the second half of the year the Board appointed Roger Gray as CEO for Ports of Auckland. Roger was previously CEO for Lyttleton Port Company and brings deep experience in supply chain and operational excellence. He will deliver growth, sustained safety and profitability and genuine change through a collaborative leadership approach and a sharp operating discipline.

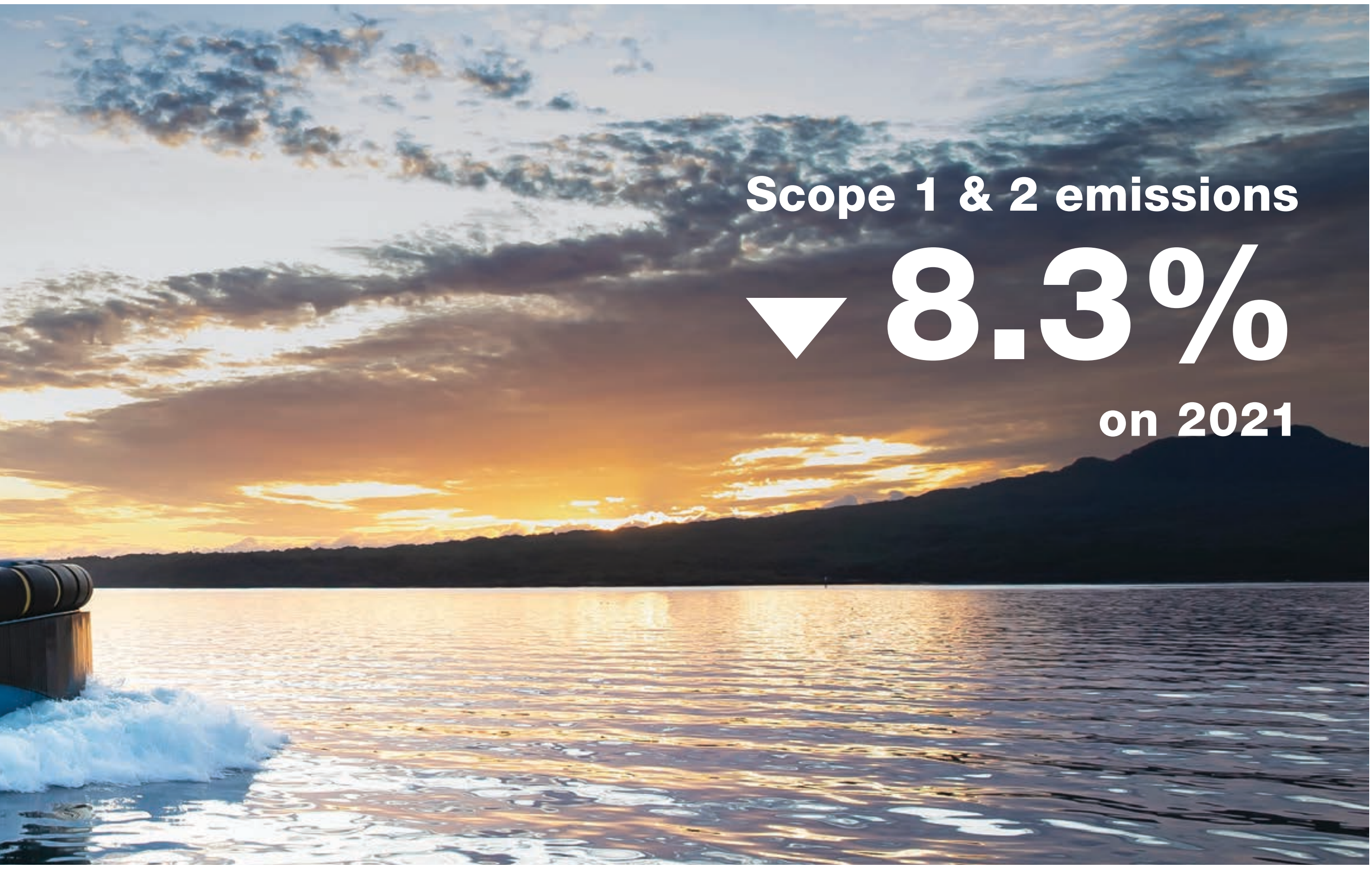
You can read more about other changes to the Executive Leadership Team on page 8.

We acknowledge our staff at Ports of Auckland, who have worked tirelessly and with pride to keep freight moving for Auckland and New Zealand businesses through the challenges of the global pandemic over the past year.

We have commenced the turnaround of performance and while some external challenges continue, we are committed to lift levels of service and performance of the port for our customers, our people and Auckland.

Jan Dawson CNZM
Chair

Roger Gray
Chief Executive



Changes to our Executive Leadership Team

Vanessa Matakatea was promoted to GM Safety and Wellbeing in November 2021 when the position was added to the Executive Leadership Team. This not only demonstrates the port's commitment to safety but the exceptional contribution Vanessa has made.

Rosie Mercer, GM Sustainability, resigned following her appointment as CEO of Marsden Maritime Holdings.

Stephen Kraemer, our CTO, left us to return to his native United States. Stephen led a huge amount of work to modernise our technology and cybersecurity.

Gary Elmes has been promoted following Stephen's departure and will join the Executive Leadership Team as GM Digital.

COO Mike Lightfoot left Ports of Auckland at the end of July 2022. Mike moved into the COO role in April 2021 and successfully brought positive change to the business. He was instrumental in turning around our relationship with the Maritime Union of New Zealand and lifting our safety culture.

In October we will welcome new CFO Andrew Clark. Andrew comes to us from Lyttelton Port Company and before that King Salmon, where he was CFO for a decade.

Chris Mills joined Ports of Auckland in April as GM People and Culture from WestJet in Canada with over twenty years of experience in a range of senior human resource and operational leadership roles. He leads the People and Culture team, which is focused on ensuring our people are at the forefront of our success.

GM Communications Matt Ball will step down from his role on August 31. After 10 years leading the port's communications function and being the face of Ports of Auckland, Matt is looking forward to some well-deserved time off before taking on a new challenge.

New Head of Communications Julie Wagener will take the lead on all communications activities.

SAFETY - PEOPLE FIRST, SAFETY ALWAYS

Over the last year, Ports of Auckland has seen a significant increase in engagement with safety and wellbeing across all levels of the business. We have been actively engaging with our people in collaborative ways, consulting those on the front line in operational areas and inviting them to have direct input into the way we manage and support health and safety at the port. Our Safety and Wellbeing Business Partners and Representatives have their boots on the ground around the clock, so there is always someone accessible and available to chat with our people about any issues.

CHASNZ audit

Construction Health and Safety NZ (CHASNZ) undertook an independent audit in October 2020 and in March 2021, submitted 45 recommendations to improve the health and safety systems and culture at the port. Ports of Auckland has done a lot of work to improve our safety culture and we have seen a significant shift in the way health and safety is viewed at the port. We expect to complete the two remaining areas covering fatigue management and training by the end of FY23.

Critical Risks & Life Savers

At Ports of Auckland our jobs are not just a walk in the park. We do the hard stuff. We work at height, we lift heavy equipment, we use tools and machinery, we work with hazardous chemicals, and we work in noisy environments. The dynamic environment we work in means we work with several Critical Risks. Over a period of four months, we engaged with our people to confirm our top Critical Risks. We held a number of road shows across day and night shifts and in different areas of the business to discuss the top 10 Critical Risks and the controls to reduce the potential for harm from those risks. We came up with a set of Life Savers for each Critical Risk and related training has been completed across the port. Verification processes have been established and are working.

Safety Leadership Programme

In January, we launched our Safety Leadership Programme. This is a 12-module training programme for leaders across the business to ensure they understand their role and responsibilities for leading a strong safety culture. Every month, workshops are held for all people leaders, and special focus is given to a different element of the Health & Safety Management System each session. The Safety Leadership Programme is designed to ensure we are all using the same safety language.

But we don't just *talk* about safety – we turn it into action. Every leader must demonstrate an understanding of these modules and is required to carry out safety assessments, safety talks with their teams, and to conduct port walks every month. We have also introduced classroom-based learning for all operational staff.

Following feedback, we have recently made a number of improvements to PortSafe, our hazard and incident reporting tool, making it simpler and more user-friendly. People and individuals are now reporting hazards and incidents more often, with the input of data tripling from past years. This data allows us to identify where the problems are and allocate our resources accordingly.

PortSay

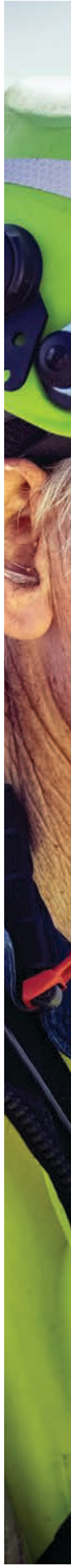
So how do we know we're making progress? We asked our people. Our staff engagement survey in early 2022 was created with targeted questions around safety – we wanted to know how safe our people feel at work, how comfortable they feel in raising a safety issue with a manager, and the level of confidence they have that management will follow up these issues. The results from our staff engagement survey indicate the biggest improvement in health and safety. While we saw improvements across all areas in the business, the biggest improvement from the 2020 survey was 'The safety of our people is given the highest priority in our organisation', which increased by 19 points from an average score of 55% in 2020 to 74% in 2022.

Moving forward

In FY23 we will complete the final CHASNZ recommendations and complete the first of the Safety Leadership Programmes. These recommendations specifically relate to roster schedules and fatigue management.

We have begun working with our union partners and independent stevedores on a Stevedoring Code of Practice, which will ensure all stevedoring operations at the port have consistent and safe practices.

The FY23 strategic plan has a continued focus on our health and safety systems by building the safety leadership capability of our people, maintaining strong relationships with our stakeholders, and monitoring and achieving safety compliance and assurance, all of which align with our new port strategy of Regaining our Mana.



HIGHLIGHTS

- We ran a targeted education programme on the importance and benefits of hydration, especially through the summer.
- We provided new electrical arc protective overalls for those working with high voltages.
- We introduced a new QR code that leads directly to PortSafe for quick and easy reporting.
- We supported our people during COVID-19 lockdowns by creating an outdoor gym facility.
- We updated our drug and alcohol testing processes.
- We recently completed our ACC audit and have retained our tertiary status.

38/45

CHASNZ recommendations completed

Remaining recommendations covering fatigue management and training to be completed this financial year.

Lost Time Injuries

	Lost Time Injuries
2022	15
2021	16
2020	11
2019	6
2018	5

Medical Treatment Injuries

	Medical Treatment Injuries
2022	46
2021	59
2020	34
2019	32
2018	37

Health and safety metric is for the Waitematā seaport only.

CUSTOMERS AT THE CORE - WINNING SERVICES

We are proud to keep our customers at the core of everything we do, focussing on what our customers value and delivering seamless customer experiences. One of our many valued customers is Winning Services, who became a customer of Ports of Auckland in early 2021.

Winning Services is a third-party warehousing and logistics provider, and is a subsidiary of Winning Group, a fourth-generation Australian family-owned business. When Winning Services was looking to enter the New Zealand market, Shed 2, one of our facilities in our Multi-Cargo operations became available and has since proven to be a prime location for Winning Services to establish their business, with 20 people currently working in the New Zealand operation.

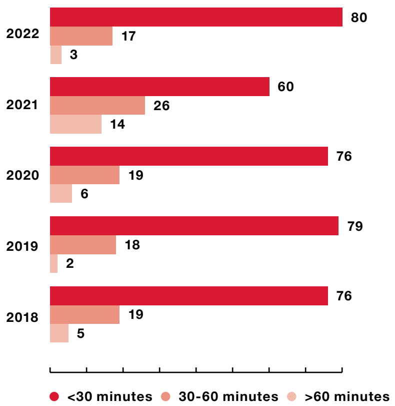
Given that Ports of Auckland operates 24/7, Winning Services has the ability and flexibility to receive containers to Shed 2 for unpacking and cross-docking. This allows products to be dispatched direct to the consumer from Shed 2 for many of New Zealand's leading suppliers and retailers of mattresses, furniture, and appliances, within 24 hours of a ship docking in Auckland.

We take pride in helping Winning Services provide their trademark Legendary Care to their customers. Direct-to-consumer partners of Winning Services like Andoo, Bauhaus, and Dawson & Co. experience faster and more efficient deliveries of their products through Winning Services' proximity to Ports of Auckland and their delivery network.

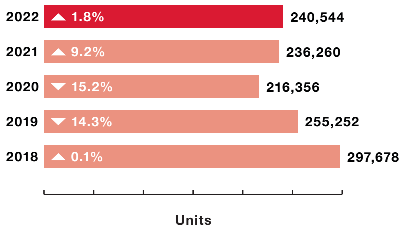
Winning Services General Manager – New Zealand Troy Tindill says operating out of Shed 2 is a "massive benefit as we provide next-day delivery for our customers, a large component of our mission statement – *to provide the best shopping experience in the world for the world.*"

Being located within the port precinct allows Winning Services to remove a step in the logistics process of moving a container from port to warehouse by truck. This reduces Winning Services' carbon footprint, supply chain lead time, and overall logistics costs – a strategic advantage that we at Ports of Auckland are proud to facilitate.

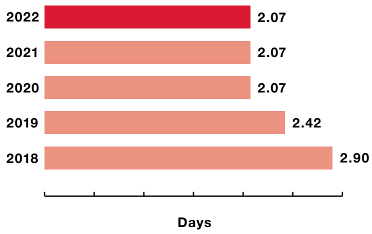
Truck turnaround



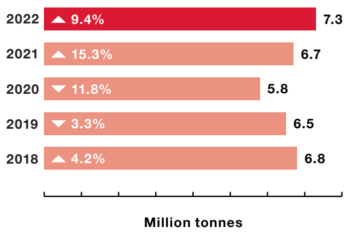
Cars handled



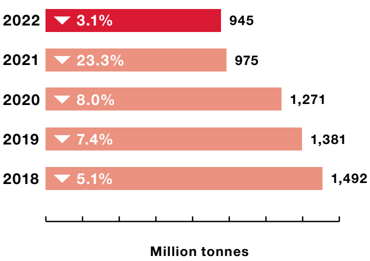
Cars dwell time



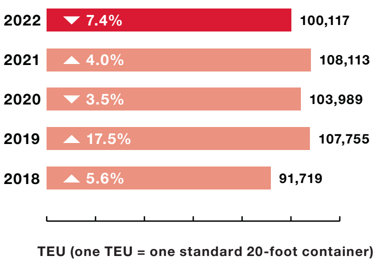
Total bulk & breakbulk



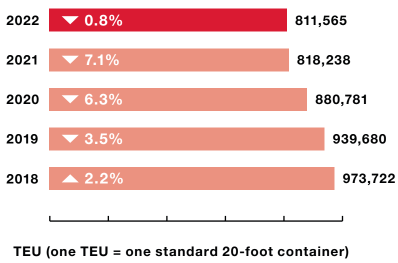
Ship Calls



Containers moved by rail



Container throughput



[Operating out of Shed 2 is a] massive benefit as we provide next-day delivery for our customers, a large component of our mission statement – to provide the best shopping experience in the world for the world.

Troy Tindill, Wining Services General Manager - New Zealand

GENUINE HARBOUR HEALTH - SUSTAINABILITY PILLARS

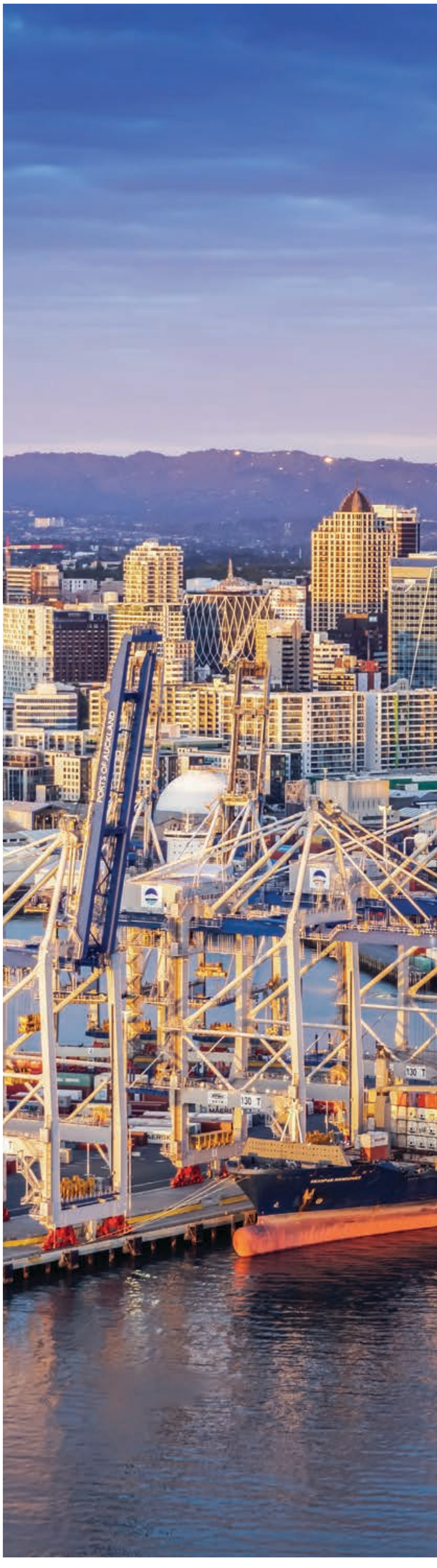
Ports of Auckland acknowledges the importance of demonstrating kaitiakitanga (guardianship and protection) of the land that we operate on and the Waitematā Harbour – stewarding this space with great care and consideration for the larger ecosystem that we inhabit.

In recognition of that need, we have established five sustainability pillars that will help shape our approach to protecting and preserving the environment in which we operate – one of the central themes is to leave the marine environment better for future generations. We can do this through our commitment to establishing genuine harbour health in the Waitematā Harbour.

We know that the Waitematā Harbour was once abundant with shellfish and fish, as there are deposits of shell hash along the ocean floor. Over the years, the mussel beds were harvested by humans, leaving only the shells as evidence of the bustling marine life that used to thrive beneath the water. As part of our commitment to the health of the harbour, this financial year we were able to supply dredged shell material to Ngāti Whātua Ōrākei, who, in collaboration with Revive our Gulf, are working to restore Ōkahu Bay by re-seeding the kūtai (mussel) beds. Two barge-loads (60 tonnes) of shell hash from our maintenance dredging in the Rangitoto Channel were transferred to Ōkahu Bay and deposited just inside the breakwater piles. The shell material was spread out on the seabed to provide a suitable habitat on the sea floor for the re-seeded mussels to grow.

The marine spatial plan for the Hauraki Gulf, Sea Change – Tai Timu Tai Pari, highlights that the Rangitoto Channel was traditionally dominated by extensive biogenic shellfish beds, filled with tuangi (dog cockle) and hururoa (horse mussel). These benthic communities, which form the basis of a healthy and thriving ecology, largely disappeared in the 1950s and 1960s.

Given this, in our future marine restoration efforts we are looking to partner with a range of stakeholders, using mātauranga Māori, modern scientific knowledge and engagement with tangata whenua, to entice koura (lobster) and other species back to the channel, and improve the health of the Waitematā Harbour.



“We have established five sustainability pillars that will help shape our approach to protecting and preserving the environment in which we operate.

STAFF ENGAGEMENT

Our people are our greatest asset. They are the heartbeat that keeps the port running day in, day out, steady and consistent. Over the last year we have been putting a concerted effort into building our team, developing our people and creating a clear strategic plan for moving Ports of Auckland forward.

Encouraging results from our recent staff engagement survey show an improvement from our 2020 results, with major improvements in the crucial areas of leadership and culture. We had a 70% participation rate in our 2022 survey, which was a strong indicator that people are motivated to have their say – allowing us to continue to make improvements into the future. Our people spoke up, and we listened. Based on employee feedback from our last two engagement surveys, we identified three key areas to focus on: improving leadership capabilities, talent and succession management, and building a high-performance culture.

Leadership

In order to be Fighting Fit we have committed to improving leadership effectiveness and visibility across the entire port – on the frontline, among leaders of leaders, and in emerging leaders. Our leadership culture includes core elements that outline the port's approach to leadership, both formally and informally. It is the foundation for how decisions are made, communicated, and carried out. It builds trust and collaboration based on our vision, values and strategic direction.

It looks to empower and enable our people to enhance their leadership skills and build high-performing teams.

Our leadership anchors underpin our approach to leadership; these are

- delivering on purpose
- doing things better
- working together
- caring for our people – manaaki tangata.

These leadership anchors build trust, confidence and loyalty. All of these are also rooted in kaitiakitanga, as we are all guardians of this place.

Developing our people

There are ample opportunities for growth and development within the port – but working at Ports of Auckland is not just a job. We want to empower our people to become passionate about what they do, and to take the next steps in their career. We are creating a culture of effective talent and succession management, focussing on all port leaders, those with critical skills, and those in critical roles. Developing a stronger performance management framework with a focus on cyclical objective setting and performance reviews will allow us to incorporate the 'what' and the 'how' into each role. Knowing how individual roles fit into the strategic plan will impart purpose and direction and empower our people to take ownership of their role and pride in the work they do.

High performance, high engagement

Results from our staff engagement survey (of our 708 employees) show engagement is currently sitting at 68% – our goal is to achieve 75% engagement, thereby being in the top quartile. To achieve our goal, we want to implement a high-performance, high-engagement culture across the port. This is intended to foster and define a collaborative culture, create a platform of inclusive change management, bring strategic focus to the business, promote constructive and consistent leadership, identify talent and foster career development, nurture strategic working relationships between the company and management, and promote cultural respect and tikanga.

We are engaging with our union partners to create a dynamic rostering system which will bring a significant improvement to shift rosters. Maritime Union of New Zealand Assistant Secretary Grant Williams says, "We've seen a great increase in engagement over the past 12 months between the union and the port, and look forward to seeing this continue with dynamic rostering. What is important for my members is to have a better work–life balance, a shift pattern that focuses on fatigue management, and an even safer way of working that will reduce workplace incidents while meeting the needs of Ports of Auckland customers".

We want to implement a high-performance, high-engagement culture across the port.

70%
Participation in 2022 Staff Survey

68%
Staff Engagement in 2022 Staff Survey

BOARD OF DIRECTORS

JAN DAWSON CNZM BCOM FCA (ICANZ) CFInstD, Chair

Jan Dawson was appointed as Ports of Auckland's new Chair in August 2021. Ports of Auckland elected Jan as its new Chair, following the retirement of previous chair Bill Osborne. Jan was appointed to the board on 31 August 2021. Jan is a highly experienced director and chair, whose previous roles include being Chair of Westpac New Zealand Limited and Deputy Chair of Air New Zealand Limited. She is currently a director of Meridian Energy Limited and Serko Limited.

Jan is on the Council for the University of Auckland and the Capital Investment Committee of the Ministry of Health. Jan chairs the Audit Committee and Risk Committee and Remuneration Committee for a number of these entities. She was the Chair and Chief Executive for KPMG New Zealand for five years until 2011, following a career spanning 30 years specialising in audit and accounting services in the United Kingdom, Canada and New Zealand.

Her previous board appointments include AIG Insurance New Zealand Limited, Beca Limited and Goodman Fielder Ltd. She was elected as a Vice President of World Sailing President for the four years ending in November 2020 and was the President and Board Chair of Yachting New Zealand for six years to October 2013.

SARAH HAYDON BSC FCA CFInstD, Director

Sarah was appointed a Director in August 2016. She is currently Chair of The Co-operative Bank Limited.

She is a Chartered Accountant and a Chartered Member of the Institute of Directors.

Sarah has previously been Chair of Cavalier Corporation Limited, Deputy Chair of the Institute of Geological and Nuclear Sciences Limited and a Director of AsureQuality Limited. Her previous executive roles were Chief Financial Officer of OfficeMax New Zealand Limited and with British Petroleum plc.

PETER CHRISP, Director

Peter Chrisp is currently the Chief Executive of New Zealand Trade and Enterprise, New Zealand's international business development agency. Prior to this, Peter spent 20 years in the engineering, manufacturing, and pulp and paper industries. Previous roles have included human resources, operations, logistics and supply chain, and General Manager of the Tasman paper mills in Kawerau. Peter has international experience as Senior Vice President Norske Skog Global, based in Norway, and Australasian Regional President based in Sydney. Peter has a BA/MA in Social Sciences with additional postgraduate studies in business. Peter is the current Chair of NZ G2G Partnerships Ltd (trading as G2G Know-How, the Govt to Govt commercialisation partnership), a member of the New Zealand China Council and a member of the Institute of Directors. He was the previous Chair of the NZ Government Investment Taskforce.

HAZEL ARMSTRONG , Director

Hazel Armstrong was appointed a Director of POAL on 1 February 2021. She is a partner in Armstrong Thompson which is a law firm specialising in ACC, employment, and health and safety, where she works on behalf of workers and ACC claimants. She was appointed as a Director on the KiwiRail Board in 2018. She has acted as an expert witness in health and safety matters and been involved in inquiries into health and safety.

STEPHEN REINDLER, Director

Stephen is an Auckland based, professional director and mechanical engineer with extensive experience in heavy industry, large infrastructure, and workplace health and safety.

He holds several directorships, including Z Energy, Steel and Tube Holdings, Christchurch Multi Use Arena Project Delivery, Broome International Airport Group, and is chair of Waste Disposal Services, Clearwater Construction and D&H Steel Construction. He also provides advisory services to AgResearch, Air New Zealand and Lincoln University on infrastructure builds. He was previously on the boards of Port of Napier (for 8 years), Meridian Energy (10 years), Naylor Love (5 years), the advisory boards of Transfield Services and Glidepath, and is a past President of the Institution of Professional Engineers NZ.

GEOFF PLUNKET, Director

Geoff is a Professional Director and is a Fellow of Chartered Accountants Australia and New Zealand and a Member of the Institute of Directors.

Geoff worked for Coopers & Lybrand (now PWC) and KPMG, in Dunedin and Birmingham, UK through the 1980's before joining Port Otago Ltd in 1988, as Chief Financial Officer. Geoff spent the following 29 years with the Port Otago Group, working across the business in a variety of roles, culminating in appointment as CEO in 2004. He is currently Chair of Blis Technologies Ltd.

ANDREW FLAVELL, Director

Andrew Flavell was appointed a Director of Ports of Auckland effective 1 June 2022. He is currently an Independent Director of Steel and Tube.

Andrew has extensive international experience in Information Technology, having worked at Nike and Microsoft Studios in the IT space, and as Chief Technology Officer at Laybuy and Plexure. He has a portfolio in leading large teams, driving digital transformations, delivering compelling consumer experiences, personalisation and loyalty, privacy and security, AI and machine learning, and has contributed significantly to risk management and governance in the application of digital technologies in his career.

CORPORATE GOVERNANCE

We believe that effective corporate governance is the foundation for a sustainable business. We are committed to ensuring that we apply and adhere to good governance practices by monitoring our performance and reviewing it against best practice codes. Our Board regularly reviews and assesses our governance policies, procedures and practices to ensure they are appropriate and effective.

This section of our Annual Report provides an overview of our corporate governance for the year, including any key developments, based on the 8 Principles in the NZX Corporate Governance Code 2020. For more information about Corporate Governance refer to the Corporate Governance Statement on our website.

Principle 1
Code of Ethical Behaviour

Our Board has adopted a Code of Ethics which documents the standards of ethical behaviour to which its directors and employees must adhere and is available on our website. In addition, we have policies for managing conflicts of interest, accepting gifts and hospitality, approving sponsorship and donations, managing fraud risk and for whistle blowing.

During the year our Board received no requests from Directors to use company information received in their capacity as Directors which would not otherwise have been available to them.

Principle 2
Board composition and performance

Our Board of Directors has responsibility for our strategic direction and performance, ensuring that shareholder value is protected and enhanced, and stakeholder interests are taken into account.

Our Board currently has seven Directors, all of whom are independent professional directors, and none perform any management function. During the year three Directors resigned and four new Directors were appointed.

Our Board considers that individually and collectively, the Directors have an appropriate mix of skills, qualifications, and experience to enable them to discharge their duties effectively. Directors are encouraged to keep up to date on governance matters and trends, and those that impact our business or industry. All Directors have access to Executive members and Executive members frequently present to the Board. Biographies of our Directors are provided on our website.

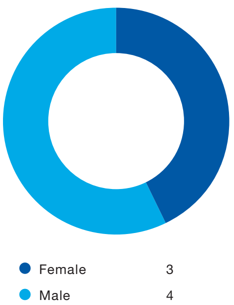
We believe diversity and inclusivity are essential to driving sustainable commercial success and creating a high performing, values driven, culture. Our Board and Executive aim to have a diversity of skills, experience, knowledge, length of service, and gender. We recognise the benefits of bringing greater diversity to the boardroom and throughout the organisation. Our Diversity and Inclusion Policy helps us drive these practices throughout the business and is available on our website. For more information on our diversity, please see charts below.

Principle 3
Board Committees

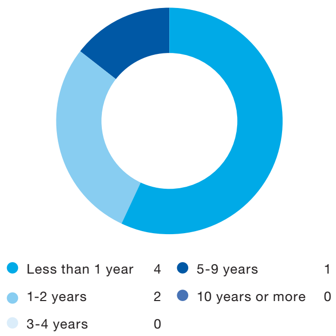
Our Board is supported by three standing Committees:

- The Audit and Risk Committee supports our Board in fulfilling its responsibilities with respect to financial reporting, external audit, and internal audit.
- The Safety and Wellbeing Committee provides leadership and policy in discharging its health and

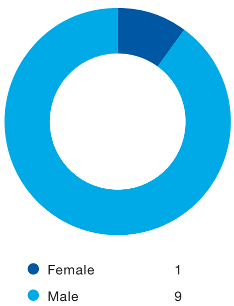
Board Gender



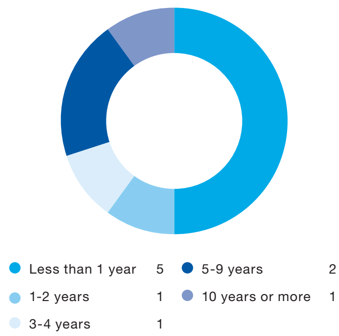
Board Length of Service



Executive Team Gender



Executive Team Length of Service



safety management responsibilities within the organisation.

- The People, Remuneration and Culture Committee supports our Board in fulfilling its responsibilities with respect to all matters related to human resources, culture and remuneration.

Our Board and its standing Committees have charters that set out their authorities, responsibilities, and processes and these are available on our website.

Principle 4
Reporting & Disclosure

Under Auckland Council's Disclosure Policy, we are required to formally report to the Council any material information, or information of an exceptional or extraordinary nature. Our Board considers this requirement during a standing board agenda item.

We maintain www.poal.co.nz, a website where stakeholders can access financial and operational information, media announcements, customer communications and key corporate governance information.

We ensure our half yearly and annual reports contain a balanced, transparent public disclosure of our financial, social, and environmental performance.

Principle 5
Remuneration,

Our Board's total remuneration is set by our shareholder, Auckland Council, under the Council's Board Appointment and Remuneration Policy. Changes to remuneration are recommended by our Board, based on advice from a remuneration benchmarking exercise undertaken by an external consultancy. In accordance with our Constitution, the Board will then determine the amount of remuneration payable to each Director.

Total remuneration paid to our Directors for the year was $563,250. Our Directors undertake site visits and meet with management for briefings as well as attending formal Directors' meetings.

Director remuneration and attendance at the formal Directors' meetings for the year ending 30 June 2022 is set out in the table below. During the year the Board undertook 20 meetings which included 11 normal meetings and 9 special meetings.

Members of our executive team are appointed as Directors to our subsidiaries, associates, and joint ventures. This is considered as part of their role and they do not receive director fees for these appointments.

Director	Attendance at Board meetings	Attendance at Audit & Risk Committee meetings	Attendance at People, Remuneration & Culture Committee meetings	Attendance at Safety & Wellbeing Committee meetings	Total remuneration paid for the year	Comments
Jan Dawson	14/14	4/4	2/2	6/6	$104,500	Appointed 1 September 2021 Board Chair Audit & Risk Committee Member People, Remuneration & Culture Committee Member Safety & Wellbeing Committee Member
Sarah Haydon	20/20	6/6	2/2		$81,000	Appointed 1 August 2016 Audit & Risk Committee Chair People, Remuneration & Culture Committee Member
Peter Chrisp	18/20		2/2	8/8	$71,000	Appointed 1 December 2020 People, Remuneration & Culture Committee Chair Safety & Wellbeing Committee Member
Stephen Reindler	11/11	4/4		4/4	$52,750	Appointed 1 November 2021 Safety & Wellbeing Committee Chair Audit & Risk Committee Member
Hazel Armstrong	20/20	5/6		8/8	$66,000	Appointed 1 February 2021 People, Remuneration & Culture Committee Member Safety & Wellbeing Committee Member
Geoff Plunket	10/11	4/4		4/4	$44,000	Appointed 1 November 2021 Audit & Risk Committee Member Safety & Wellbeing Committee Member
Andrew Flavell	2/2				$5,500	Appointed 1 June 2022 Audit & Risk Committee Member
Pat Snedden	17/18		2/3	7/7	$60,500	Appointed 2 May 2012 Retired 31 May 2022
Andrew Bonner	13/13		1/1	5/5	$45,000	Appointed 14 December 2009 Retired 24 December 2021
Bill Osborne	7/7	2/2	1/1		$33,000	Appointed 1 May 2017 Retired 30 September 2021

We have granted indemnities, as permitted by the Companies Act 1993, in favour of each of our Directors and Officers. Directors' and Officers' liability insurance is also maintained.

Principle 6
Risk Management

We have a Risk Management Policy which describes our risk management framework, assigns accountability for managing risk, requires risks to be managed and mitigated, and outlines risk reporting. This approach enables us to pursue business opportunities and grow shareholder value; as well as developing and protecting our people, assets, reputation, and the environment.

Our risk management framework ensures a comprehensive approach across our business with oversight by management and our Board. Risk assessments are ongoing within each area of our business to identify, evaluate and manage risks. Significant risks are reported to the Executive team who maintain and regularly review the Key Risk Register. This register is subject to a formal annual review by our Board.

Directors, individually and collectively, regularly visit sites to view our operations and meet with managers and workers to ensure familiarity with all aspects of the business; including how we meet stakeholder expectations and mitigate risk.

Principle 7
Auditors

Our external auditor is the Auditor-General, who appointed Brett Tomkins, a partner at Deloitte, to carry out the audit of our financial statements. We also contracted Deloitte to carry out a review of our half year financial statements. Total fees paid to Deloitte in its capacity as auditor for the financial year were $449,587, although only $369,085 related to this financial year. There were no other fees paid.

Principle 8
Shareholder Rights and Relations

On 2 July 2018 Auckland Council Investments Limited transferred 100% of Ports of Auckland Limited shares to Auckland Council.

At the time of the transfer a Memorandum of Understanding (MOU) was entered into between us and Auckland Council for our new Shareholder relationship. The MOU:

- reaffirms that our principle objective is to operate as a successful business and that our Shareholder must support that objective;
- requires that both parties respect the role and responsibilities of the other party and work constructively with each other;
- acknowledges that all decisions relating to our business are made by our Board of Directors in accordance with our Statement of Corporate Intent; and
- sets out processes for Board appointments, Director remuneration, Board reviews, dispute resolution, and the monitoring, reporting and disclosure of information.

The MOU is a public document and is available on our website.

Representatives from our Board and Executive regularly meets with Council representatives to discuss strategic issues and business performance.

Salary Band	Current	Redundancy/ Severance	Resigned	Current & Terminated
$100K > $110K	66		7	73
$110K > $120K	75		4	79
$120K > $130K	61		1	62
$130K > $140K	43		1	44
$140K > $150K	22		2	24
$150K > $160K	16			16
$160K > $170K	11	1		12
$170K > $180K	4		1	5
$180K > $190K	6			6
$190K > $200K	5			5
$200K > $210K	3		2	5
$210K > $220K	3			3
$220K > $230K	1			1
$230K > $240K	4		1	5
$240K > $250K	1			1
$250K > $260K	4			4
$270K > $280K	2			2
$280K > $290K	1			1
$290K > $300K	3			3
$300K > $310K	1			1
$320K > $330K	1			1
$340K > $350K	1	1	1	3
$380K > $390K	1			1
$470K > $480K	1			1
$500K > $510K	1			1
Total	337	2	20	359

Deloitte.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF PORTS OF AUCKLAND LIMITED GROUP'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The Auditor-General is the auditor of Ports of Auckland Limited and its New Zealand domiciled subsidiaries and other controlled entities (collectively referred to as 'the Group'). The Auditor-General has appointed me, Brett Tomkins using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements of the Group on his behalf.

Opinion

We have audited the financial statements of the Group on pages 25 to 76, that comprise the statement of financial position as at 30 June 2022, income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the Group:

- present fairly, in all material respects:
  - its financial position as at 30 June 2022; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Our audit was completed on 29 August 2022. This is the date at which our opinion is expressed.

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

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Board of Directors for the financial statements

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

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

In preparing the financial statements, the Board of Directors is responsible on behalf of the Group for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

Responsibilities of the Auditor for the audit of the financial statements

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

Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements

Deloitte.

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

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 21, but does not include the financial statements, and our auditor's report thereon.

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

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

Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Group.

Brett Tomkins
Deloitte Limited
On behalf of the Auditor-General
Auckland, New Zealand


SINGLE
TWIN20
35

GROUP FINANCIAL STATEMENTS

Income statement

For the year ended 30 June 2022

	NOTES	2022 $'000	2021 $'000
Revenue	A1	265,254	226,279
Expenses			
Operating expenses	A2	(178,408)	(158,057)
Depreciation and amortisation	B1, B4, B5	(39,239)	(30,571)
Finance costs	A2	(20,163)	(16,984)
Total expenses		(237,810)	(205,612)
Revenue less total expenses		27,444	20,667
Net (impairment) / reversal of impairment of assets	B1, B4	(1,436)	(573)
Fair value change to investment property	B3	14,351	27,627
Net impairment of automation project	A3	(63,074)	-
Net (impairment) / reversal of impairment of investments	F1, G1	(879)	(100)
Share of profit from equity accounted investments	F1	2,203	2,117
Profit/(loss) before income tax		(21,391)	49,738
Income tax expense	A4	11,116	(4,164)
Profit/(loss) for the period attributable to the owners of the Parent		(10,275)	45,574

Statement of comprehensive income

For the year ended 30 June 2022

	NOTES	2022 $'000	2021 $'000
Profit/(loss) for the period		(10,275)	45,574
Other comprehensive income **Items that will not be reclassified to the income statement:**			
Net change in fair value of land, buildings and wharves, net of tax	E1	49,107	99,111
Net change in fair value of equity securities (at fair value through other comprehensive income)	F3, E1	(3,287)	(3,123)
Items that will not be reclassified to the income statement		45,820	95,988
Items that may be reclassified subsequently to the income statement:			
Cash flow hedges, net of tax	E1	4,140	3,969
Items that may be reclassified subsequently to the income statement		4,140	3,969
Other comprehensive income net of income tax		49,960	99,957
Total comprehensive income for the period net of tax attributable to the owners of the Parent		39,685	145,531

The notes and accounting policies form part of and are to be read in conjunction with these financial statements.

Statement of financial position

As at 30 June 2022

	NOTES	2022 $'000	2021 $'000
Current assets			
Cash and cash equivalents	D1	7,449	1,429
Trade and other receivables	D2	43,901	34,122
Inventories	D3	5,858	7,016
Tax receivable		2,328	4,141
Derivative financial instruments	G2	162	-
Non-current assets held for sale	H1	-	2,300
Total current assets		59,698	49,008
Non-current assets			
Property, plant and equipment	B1	1,294,062	1,243,606
Intangible assets	B4	25,827	74,178
Investment properties	B3	154,064	158,282
Right of use assets	B5	11,952	13,519
Equity securities	F3	47,012	50,299
Finance lease receivables	D4	1,553	-
Investments in other entities	F1	1,878	2,268
Derivative financial instruments	G2	1,078	-
Total non-current assets		1,537,426	1,542,152
Total assets		1,597,124	1,591,160
Current liabilities			
Bank Overdraft	E3	2,935	5,539
Trade and other payables	D5	28,249	23,140
Provisions	D6	21,876	16,559
Lease liabilities	E4	1,725	1,976
Derivative financial instruments	G2	-	1,088
Deferred income		22	156
Other current liabilities		747	380
Total current liabilities		55,554	48,838
Non-current liabilities			
Borrowings	E3	454,406	475,874
Derivative financial instruments	G2	-	3,424
Provisions	D6	1,178	1,252
Lease liabilities	E4	10,915	12,056
Deferred income		492	4,518
Deferred tax liabilities	A4	76,774	81,588
Total non-current liabilities		543,765	578,712
Total liabilities		599,319	627,550
Net assets		997,805	963,610
Equity			
Share capital		146,005	146,005
Reserves		403,103	353,143
Retained earnings		448,697	464,462
Total equity	E1	997,805	963,610

These financial statements were approved by the Board on 29 August 2022.
Signed on behalf of the Board by:

J. Dawson
Chair

S. Haydon
Chair – Audit and Risk Committee

The notes and accounting policies form part of and are to be read in conjunction with these financial statements.

Statement of changes in equity

For the year ended 30 June 2022

	NOTES	ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP			
		SHARE CAPITAL $'000	OTHER RESERVES $'000	RETAINED EARNINGS $'000	TOTAL EQUITY $'000
Balance at 1 July 2020		**146,005**	**253,728**	**421,487**	**821,220**
Profit/(loss) for the period		-	-	45,574	45,574
Other comprehensive income	E1	-	99,957	-	99,957
Total comprehensive income		-	99,957	45,574	145,531
Transactions with owners in their capacity as owners					
Dividends paid	E2	-	-	(4,914)	(4,914)
Tax benefit of losses received from owner	E1	-	-	1,771	1,771
Other movements					
Revaluation reserve reclassified to retained earnings on disposal of assets		-	(542)	542	-
Other movements		-	-	2	2
Total other movements		-	(542)	(2,599)	(3,141)
Balance at 30 June 2021	E1	**146,005**	**353,143**	**464,462**	**963,610**
Profit/(loss) for the period		-	-	(10,275)	**(10,275)**
Other comprehensive income	E1	-	49,960	-	**49,960**
Total comprehensive income		-	49,960	(10,275)	**39,685**
Transactions with owners in their capacity as owners					
Dividends paid	E2	-	-	(5,838)	**(5,838)**
Tax benefit of losses received from owner	E1	-	-	341	**341**
Other movements					
Other movements		-	-	7	**7**
Total other movements		-	-	(5,490)	**(5,490)**
Balance at 30 June 2022	E1	**146,005**	**403,103**	**448,697**	**997,805**

The notes and accounting policies form part of and are to be read in conjunction with these financial statements.

Statement of cash flows

For the year ended 30 June 2022

	NOTES	2022 $'000	2021 $'000
Cash flows from operating activities			
Receipts from customers		293,192	248,027
Payments to suppliers and employees		(207,286)	(178,314)
Dividends received		3,138	3,561
Interest received		70	16
Interest paid		(18,678)	(16,859)
Income taxes received		2,442	-
Net cash flows from operating activities		72,878	56,431
Cash flows from investing activities			
Payments for investment property		(1,923)	(3,164)
Payments for intangible assets		(9,549)	(11,791)
Payments for property, plant and equipment		(23,791)	(23,983)
Interest paid - capitalised		-	(3,226)
Advances to related parties		-	(77)
Proceeds from sale of property, plant and equipment		152	499
Proceeds from sale of investment properties		2,487	-
Net cash flows from investing activities		(32,624)	(41,742)
Cash flows from financing activities			
Proceeds from borrowings		742,000	492,000
Repayment of borrowings		(763,500)	(503,000)
Repayment of lease principal		(2,020)	(1,786)
Dividends paid	E2	(5,838)	(4,914)
Net finance lease cashflows		(2,272)	-
Net cash flows from financing activities		(31,630)	(17,700)
Net cash flows		8,624	(3,011)
Cash at the beginning of the year		(4,110)	(1,099)
Cash at the end of the year	D1	4,514	(4,110)

The notes and accounting policies form part of and are to be read in conjunction with these financial statements.

Statement of cash flows (continued)

For the year ended 30 June 2022

Reconciliation of profit after income tax to net cash flows from operating activities

	2022 $'000	2021 $'000
Profit for the period	**(10,275)**	45,574
Adjusted for:		
Depreciation and amortisation	**39,239**	30,571
Movements in borrowings allocated to interest paid	**32**	(182)
Tax benefit of losses received from owner	**1,241**	3,294
Movement in deferred revenue	**74**	(1,582)
Net loss / (gain) on sale of other non-current assets	**(125)**	1,087
Fair value movements in land, buildings and wharves	**7,905**	573
Fair value adjustment to investment property	**(14,351)**	(27,627)
Impairment of investments	**879**	100
Net (reversal) / impairment of other intangible assets	**56,607**	-
Change in operating assets and liabilities:		
Trade and other receivables	**(8,542)**	(130)
Trade and other payables	**2,279**	1,866
Income tax receivable	**1,814**	-
Deferred tax liability	**(11,458)**	(2,393)
Other provisions	**5,575**	2,254
Other operating assets	**1,876**	524
Movement in associates and joint ventures	**(486)**	(126)
Capital items included in working capital movements	**594**	2,628
Net cash flows from operating activities	**72,878**	56,431

Reconciliation of liabilities arising from financing activities to cash flows

	2022 $'000	2021 $'000
Interest bearing liabilities		
Opening interest bearing liabilities (excluding overdraft)	**489,906**	504,428
Lease additions	**-**	520
Other non-cash movements	**628**	(2,441)
less/addback: establishment fees (classified as interest paid under operating activities)	**32**	182
Cash movements		
Repayment of bank debt	**(763,500)**	(503,000)
Proceeds from borrowing	**742,000**	492,000
Repayment of lease principal	**(2,020)**	(1,783)
Closing interest bearing liabilities (excluding overdraft)	**467,046**	489,906

The notes and accounting policies form part of and are to be read in conjunction with these financial statements.

Notes to the financial statements

Reporting entity and nature of operations

The financial statements presented are those of Ports of Auckland Limited (the Company), its subsidiaries and the Groups interest in associates and joint ventures (Ports of Auckland Group, or the Group).

The Company operates Auckland's main seaport on the Waitematā harbour. The Group operates regional freight hubs in South Auckland and the Waikato, and has joint interests in a Manawatu freight hub, marine towage at Northport, and an online cargo management system.

Statutory base

Ports of Auckland Group is a designated for-profit entity.

Ports of Auckland Limited is a company domiciled in New Zealand, is a Port Company under the Port Companies Act 1988 and registered under the Companies Act 1993.

All subsidiaries are incorporated in New Zealand.

These Group financial statements have been prepared in accordance with the Financial Reporting Act 2013 and Companies Act 1993.

The address of its registered office is Ports of Auckland Building, Sunderland Street, Mechanics Bay, Auckland 1010.

Basis of preparation

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

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice. They comply with New Zealand equivalents to International Financial Reporting Standards and other applicable Financial Reporting Standards, as applicable for for-profit entities, and also comply with International Financial Reporting Standards.

The Group financial statements were approved by the Board of Directors on 29 August 2022.

Basis of measurement

The Group financial statements have been prepared on the historical cost basis, modified by the revaluation of property, plant and equipment, financial assets measured at fair value through other comprehensive income, derivative financial instruments and investment properties and are presented in New Zealand dollars which is the Company's functional currency. All values are rounded to the nearest thousand dollars ($'000).

Accounting policies

Accounting policies that summarise the measurement basis and are relevant to the understanding of the financial statements are included in the accompanying notes. Certain comparative information has been reclassified to conform with the current year's presentation.

Basis of consolidation

The Group financial statements incorporate the assets, liabilities, and results of the subsidiaries, accounted for using the acquisition method, and the results of its associates and joint ventures, accounted for using the equity method.

All material intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Unrealised gains on transactions between the Group, associates and joint ventures are eliminated to the extent of the interest in the associates and joint ventures.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

Foreign currency transactions are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges.

Goods and services tax (GST)

The income statement has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities is classified as part of operating activities.

New and amended international financial reporting standards

The following came into effect from 1 April 2021.

Amendment to NZ IFRS 16 'Leases' which extended COVID-19-Related Rent Concessions beyond 30 June 2022.

SECTION A
OUR PERFORMANCE

This section explains the financial performance of the Group by:

a) displaying additional information about individual items in the Income statement;

b) providing analysis of the components of the Group's tax balances and the imputation credit account.

A1. Revenue

	2022 $'000	2021 $'000
Revenue		
Revenue from contracts with customers	**250,135**	212,773
Rental income	**11,778**	10,942
Gain on disposal of property, plant and equipment	**302**	370
Dividend income	**1,421**	1,318
Interest income	**70**	16
Other income	**1,548**	860
Total revenue	**265,254**	226,279

Recognition and measurement

Revenue from contracts with customers

A summary of the Group's performance obligations are outlined below. The Group has not disclosed the aggregate amount of the transaction price allocated to the performance obligations that are partially satisfied at year-end as they relate to contractual obligations of an expected duration of less than a year, and thus meet the practical expedient requirement within the standard. Payment terms for all revenue from contracts with customers are typically the 20th of the following month.

The determination of the transaction price, including the estimation of variable consideration, where applicable, is calculated in line with contractual arrangements.

Marine services revenue

Contracts are entered into with vessel operators for the provision of marine services and berthage. The performance obligations identified include vessel arrival, departure and berthage. The identified performance obligations are satisfied over time, and revenue is recognised based on labour hours expended (vessel arrival and departure), and time elapsed (berthage). Consequently, the methods used to record this revenue are based on inputs. The transaction price is determined by the contract, and typically is an all-inclusive rate which is apportioned across each performance obligation based on these input methods.

Container terminal revenue

The performance obligations identified for shipping lines which berth at the Fergusson container terminal include marine services (as identified above), and the ship exchange (load and/or discharge of containers, which include the services required to support the handling of containers). Container terminal revenue is recognised over time based on the number of containers loaded or discharged (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 adjusted by variable consideration (i.e. customer rebates), and revenue is only recognised on the basis that it is highly probable that a significant reversal will not occur.

Multi-cargo revenue

Contracts are entered into with vessel operators for the provision of marine services and berthage (as identified above) and goods wharfage. The stevedoring services are provided by third-party operators. Goods wharfage (being the provision of space) is satisfied over time, and therefore revenue is recognised based on time elapsed, from the point that cargo is transferred from vessel to land (or vice versa), being an output method. The transaction price for goods wharfage is determined by the contract.

Container transportation revenue

Contracts are entered into with cargo owners or freight forwarders to collect and transport containers to or from the port. There are predictable legs for each container which have the same pattern of transfer (typically 3-4 legs in each containers life-cycle), and as such meet the criteria for revenue recognition over time as the obligation to provide transportation services is satisfied. As such, each contract is accounted for as a single performance obligation, and the transaction price is determined by the contract.

Disaggregation of revenue from contracts with customers

	2022 $'000	2021 $'000
Container terminal	123,976	113,073
Multi-cargo	65,971	51,732
Marine services	24,662	25,449
Container transportation	35,526	22,519
Total revenue from contracts with customers	**250,135**	212,773

The categories of disaggregated revenue above represent the segments where the financial performance of the Group is evaluated. These revenue items are of a similar nature and timing.

Rental income

Rental income is recognised on a straight line basis over the lease term.

Dividend and other income

Dividend and other income is recognised when the right to receive payment is established.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

Government Grant income

The Group recognised a credit for research and development tax incentives relating to the Automation Project in the current year. As the project was abandoned in June 2022, any incentives received and accrued as at balance date were offset against Automation impairment expense - refer to note A3.

A2. Expenses

Operating Expenses

	2022 $'000	2021 $'000
Employee benefit expenses		
Salaries and wages	86,380	78,209
Restructuring costs	1,862	1,067
Pension costs	3,231	2,731
Other	4,164	4,778
Total employee benefit expenses	95,637	86,785
Other operating expenses		
Contracted services	31,074	27,371
Repairs and maintenance	16,654	13,136
Fuel and power	7,357	5,243
Loss on disposal of property, plant and equipment	177	1,457
Other expenses	27,059	23,777
Auditor's fees		
Current year audit and review of statutory financial statements	369	288
Additional fees relating to the prior year	81	-
Total other operating expenses	82,771	71,272
Total operating expenses	178,408	158,057

Finance costs

	2022 $'000	2021 $'000
Interest on bank overdraft and bank loans	9,812	10,416
Establishment & line fees	229	245
Interest on fixed rate notes	8,775	8,774
Interest on lease liabilities	628	775
Capitalised interest	-	(3,226)
Other finance costs	719	-
Total finance costs	20,163	16,984

The following disclosures have been amended following reclassifications. The changes made relate to the following:

- Directors fees moved from salaries and wages to other expenses
- Contractor costs moved from contracted services to employee benefit expense

Operating Expenses

	2022 $'000	2021 $'000
Employee benefit expenses		
Salaries and wages	86,998	78,848
Reclassification - directors fees	(618)	(639)
Salaries and wages - amended	86,380	78,209
Other	-	-
Reclassification - contractor costs	4,164	4,778
Other - amended	4,164	4,778
Total employee benefit expenses	92,091	82,646
Reclassification	3,546	4,139
Total employee benefit expenses - amended	95,637	86,785
Other operating expenses		
Contracted services	35,238	32,149
Reclassification - contractor costs	(4,164)	(4,778)
Contracted services - amended	31,074	27,371
Other expenses	26,327	23,072
Reclassification - directors fees	618	639
Other expenses - amended	26,945	23,711
Total other operating expenses	86,317	75,411
Reclassification	(3,546)	(4,139)
Total other operating expenses - amended	82,771	71,272

Donation expenses are $11,267 (2021: $10,400) and are recognised within other expenses.

Recognition and measurement

Employee expenses

Provision is made for benefits owing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when earned by employees at rates expected to be incurred when the benefit is utilised.

Provisions for long service leave and sick leave entitlements that are expected to be paid in future periods, but have not yet vested, are recognised reflecting the probability that benefits will vest.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to contributions.

Bonus plans are recognised as a liability and an expense based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The provision is recognised where contractually obliged or where there is a past practice that has created a constructive obligation.

Finance costs

Finance costs include bank interest, amortisation of costs incurred in connection with borrowings facilities, and interest on lease liabilities and time value adjustments to Finance Lease receivables (refer to note D4). Finance costs are expensed immediately as incurred unless they relate to acquisition and development of qualifying assets, in which case the finance cost is capitalised.

A3. Automation impairment

In June 2022 the Company decided to end the partial automation of the Fergusson Container Terminal. The decision was made after careful consideration of the status of the project, advice from independent experts, and the potential extent of work required to achieve full terminal automation. Key considerations included:

- The project was experiencing continuing delays to full terminal roll out;
- The system was not performing to expectations; and
- There was no confidence in the projected timeline or cost to completion.

Automation Assets

During the projects tenure, equipment and infrastructure to support the overall Port strategy, had been capitalised. This equipment and infrastructure remains in use at the Port. Elements of the automation project relating to certain items of property, plant and equipment as we as software, remained in capital work in progress whilst being tested and refined.

An assessment was undertaken across all automation related assets and work in progress. Where investment has led to new infrastructure and equipment which remains in-use regardless of the projects cancellation, there has been no impairment. However, where capital spend has been incurred to which there is no enduring benefit, an impairment has been recognised.

Automation impairment expense

		2022 $'000
Property, plant and equipment	B1	5,803
Intangible assets	B4	58,563
Inventory impairment		989
Contractual provisions		2,200
Project expenditure following termination		290
Research and development tax credit		(4,771)
Total automation impairment expense		**63,074**

A4. Taxation

	2022 $'000	2021 $'000
Income statement		
Current income tax		
Current year	-	1,845
Adjustment for prior years	313	(72)
Deferred income tax		
Temporary differences	(2,389)	2,503
Tax losses recognised through deferred tax	(8,736)	-
Adjustment for prior years	(304)	(112)
Income tax expense	(11,116)	4,164
Other comprehensive income		
Cash flow hedges and property, plant and equipment	6,643	11,826
Income tax reported in equity	6,643	11,826

Reconciliation of effective tax rate

	2022 $'000	2021 $'000
Profit before income tax	(21,391)	49,738
Tax at 28%	(5,989)	13,927
Adjustments		
Non-taxable income	(3,953)	(9,614)
Non-deductible expenses	(296)	502
Adjustment for prior years	9	(183)
Dividend imputation credits	(1,219)	(1,384)
Sundry items	332	916
Income tax expense	(11,116)	4,164

The Group has tax losses in the current year which have been recognised as a reduction in deferred tax liability.

Imputation credits

	2022 $'000	2021 $'000
Imputation credits available for subsequent reporting periods	72,761	73,501

A4. Taxation (continued)

Movement in deferred tax balance

	CASH FLOW HEDGES $'000	PROPERTY, PLANT AND EQUIPMENT $'000	INVESTMENT PROPERTY $'000	INTANGIBLE ASSETS $'000	PROVISIONS $'000	DEFERRED REVENUE $'000	OTHER $'000	TOTAL $'000
Balance at 30 June 2020	(2,807)	68,239	1,343	3,359	(4,987)	2,091	132	**67,370**
Recognised in income statement	-	2,622	304	150	(237)	(28)	(419)	2,392
Recognised in other comprehensive income	1,544	10,282	-	-	-	-	-	11,826
Balance at 30 June 2021	**(1,263)**	**81,143**	**1,647**	**3,509**	**(5,224)**	**2,063**	**(287)**	**81,588**
Recognised in income statement	-	(830)	151	150	(1,362)	(27)	(803)	**(2,721)**
Tax losses recognised through deferred tax	-	-	-	-	-	-	(8,736)	**(8,736)**
Recognised in other comprehensive income	1,610	5,033	-	-	-	-	-	**6,643**
Balance at 30 June 2022	**347**	**85,346**	**1,798**	**3,659**	**(6,586)**	**2,036**	**(9,826)**	**76,774**

Recognition and measurement

Income tax

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

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

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

Tax receivable is recognised for the research and development tax incentive claim relating to the automation project. For the profit or loss treatment of this tax credit refer to note A3.

The purchase of losses from related parties under commercial arrangements is debited to income tax in the income statement.

Tax losses received from entities within the Auckland Council tax group flow through equity as a contribution by the shareholder.

Imputation credits

The amounts represent the balance of the imputation account as at the end of the reporting period, adjusted for:

a) Imputation credits that will arise from the payment of the amount of the provision for income tax;

b) Imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date; and

c) Imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

SECTION B

CAPITAL ASSETS USED TO OPERATE OUR BUSINESS

This section explains the capital assets such as property, plant and equipment that the Group use to operate the business. It also includes detail on the revaluation methodologies used to value different types of capital assets.

B1. Property, plant and equipment

	FREEHOLD LAND $'000	WHARVES $'000	FREEHOLD BUILDINGS $'000	PLANT AND EQUIPMENT $'000	PAVEMENT $'000	OTHER $'000	TOTAL $'000
Net book value at 1 July 2020	**380,613**	**309,253**	**81,179**	**219,920**	**99,039**	**23,452**	**1,113,456**
Movement							
Work in progress additions	-	302	3,120	17,805	1,628	2,622	25,477
Disposals	-	-	(1,304)	(656)	-	(68)	(2,028)
Revaluations - Reserves	72,672	29,676	7,045	-	-	-	109,393
Revaluations - Income Statement	518	574	(419)	-	-	-	673
Impairment	-	-	-	-	-	(1,246)	(1,246)
Reclassifications / Transfers	-	-	1,950	5,173	9,875	4,350	21,348
Depreciation charge	-	(4,696)	(2,160)	(11,094)	(2,354)	(3,163)	(23,467)
Movement to 30 June 2021	73,190	25,856	8,232	11,228	9,149	2,495	130,150
Balances							
Cost and/or fair value	451,197	333,754	89,507	340,737	130,013	66,391	1,411,599
Work in progress at cost	2,606	1,986	614	36,528	45	3,319	45,098
Accumulated depreciation	-	(631)	(710)	(146,117)	(21,870)	(43,763)	(213,091)
Net book value at 30 June 2021	**453,803**	**335,109**	**89,411**	**231,148**	**108,188**	**25,947**	**1,243,606**
Movement							
Work in progress additions	-	876	3,760	11,988	1,454	4,702	**22,780**
Disposals	-	-	-	-	-	(8)	**(8)**
Revaluations - Reserves	36,166	15,274	2,699	-	-	-	**54,139**
Revaluations - Income Statement	118	345	522	-	-	-	**985**
Automation Impairment	-	-	-	(5,803)	-	-	**(5,803)**
Impairment	-	-	-	(1,504)	-	(761)	**(2,265)**
Reclassifications / Transfers	6,848		9,167	(7,391)	3,510	(1,139)	**10,995**
Depreciation charge	-	(4,910)	(3,494)	(13,238)	(3,821)	(4,904)	**(30,367)**
Movement to 30 June 2022	43,132	11,585	12,654	(15,948)	1,143	(2,110)	**50,456**
Balances							
Cost and/or fair value	496,935	344,612	101,047	341,140	135,022	65,688	**1,484,444**
Work in progress at cost	-	2,861	2,404	25,943	-	4,060	**35,268**
Accumulated depreciation	-	(779)	(1,386)	(151,883)	(25,691)	(45,911)	**(225,650)**
Net book value at 30 June 2022	**496,935**	**346,694**	**102,065**	**215,200**	**109,331**	**23,837**	**1,294,062**

Property, plant and equipment additions include capitalised finance costs of $nil (2021: $3,226,213). Prior year average effective interest rate used was 3.1%.

Equipment and infrastructure assets to support automation have been impaired during the year (refer to note A3).

B1. Property, plant and equipment (continued)

Recognition and measurement

Property, plant and equipment

Properties held for use in the supply of services for port operation purposes are classified as property plant and equipment.

Property, plant and equipment are initially recognised at cost. The cost of property plant and equipment includes expenditure that is directly attributable to bring the item to working condition for its intended use.

Costs may include materials used in construction, direct labour, transfers from equity of gains / losses on qualifying cash flow hedge reserves of foreign currency purchases and associated borrowing costs.

Borrowing costs may be capitalised where they are directly attributable to the acquisition or construction of a qualifying asset. A qualifying asset is deemed as having significant expenditure and takes more than six months to bring the item to working condition for its intended use. The capitalisation rate used to determine the amount of borrowings to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year.

Expenditure on an asset is recognised as an asset if it is probable that the future economic benefits will flow to the entity, and if the cost of the asset can be measured reliably. This principle applies for both initial and subsequent expenditure. All other repairs and maintenance are charged to the income statement during the period in which they are incurred.

Plant and equipment, pavement and other assets are carried at cost less accumulated depreciation and impairment losses.

Revaluations

Land, buildings and wharves are carried at fair value as determined by an independent registered valuer, less accumulated depreciation and any impairment losses recognised after the date of any revaluation.

Land, buildings and wharves acquired or constructed after the latest revaluation are carried at cost, which approximates fair value. Revaluations are carried out with sufficient regularity, at least triennial, to ensure that the carrying amount does not differ materially from fair value at balance date.

Revaluation increments are recognised in other comprehensive income and accumulated as a separate component of equity in the property, plant and equipment revaluation reserve, except to the extent that they reverse a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement.

Revaluation decreases are recognised in the income statement, except to the extent that they offset a previous revaluation increase for the same asset, in which case the decrease is recognised in other comprehensive income and accumulated as a separate component of equity in the property, plant and equipment revaluation reserve.

Accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the assets and the net amounts are restated to the revalued amounts of the assets.

Depreciation

Depreciation is calculated on a straight line basis to allocate the cost or revalued amount of an asset, less any residual value, over its estimated useful life. Land is not depreciated.

The estimated useful lives of property, plant and equipment are as follows:

Buildings	20 - 50 years
Wharves	50 - 100 years
Plant and equipment	5 - 20 years
Pavement	25 - 85 years
Other assets	3 - 20 years

Straddle Carriers and Northern Berth Cranes capitalised in the prior financial year against plant and equipment are depreciated using the units of production method which best reflects the use or consumption of the service potential implicit in their operation.

Disposals

An item of property, plant and equipment is derecognised upon disposal or when no further future benefits are expected from its use.

Gains or losses arising on derecognition of an asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, are included in the income statement in the year the asset is derecognised.

Any revaluation reserve relating to the particular asset being disposed or derecognised is transferred to retained earnings.

B2. Property, plant and equipment valuation

Valuation approach

At the end of each reporting period the Group makes an assessment of whether the carrying amounts differ materially from fair value and whether a revaluation is required. For the year ended 30 June 2022, all freehold land was revalued as at 30 June 2022 in accordance with the New Zealand Institute of Valuers asset valuation standards.

Freehold land is the land used as part of the core port operations (Port Operations Land) or is required to be held for other operational purposes (Other Operations Land).The valuation of Port Operations Land was undertaken by CBRE, registered valuers. The Other Operations Land valuation was undertaken by Colliers International, registered valuers.

Port Operations Land has been valued using the income approach by way of a discounted cash flow model, as the primary basis. Other Operations Land is valued with a combination of the market approach using a comparable sales model and the income approach using a capitalised market income model.

The valuations of the independent valuers are reviewed by management and adopted as the carrying value in the financial statements. Management verifies all major inputs to the valuation, assesses valuation movements when compared to the prior year and holds discussions with the independent valuers as part of the process.

This valuation approach has been undertaken in order to provide an independent assessment of the current value of the assets. The market value is based on events and evidence up to valuation date and the current economic conditions and latent potential volatility should be factored into future considerations when referring to this valuation.

The valuations have proceeded on the basis that where contamination is known, allowance has been made for contamination remediation using high level estimates. There remains uncertainty as to the extent of any contamination which has not been noted by Valuers to date in estimates to date. The valuation has been prepared on the best estimate of studies to date. There is a possibility that further contamination may exist.

The Group's land, buildings and wharves are all categorised as Level 3 in the fair value hierarchy as described in the note G1 financial risk management - fair value note.

During the financial year there were no transfers between the levels of the fair value hierarchy.

Port Operations Land Valuation

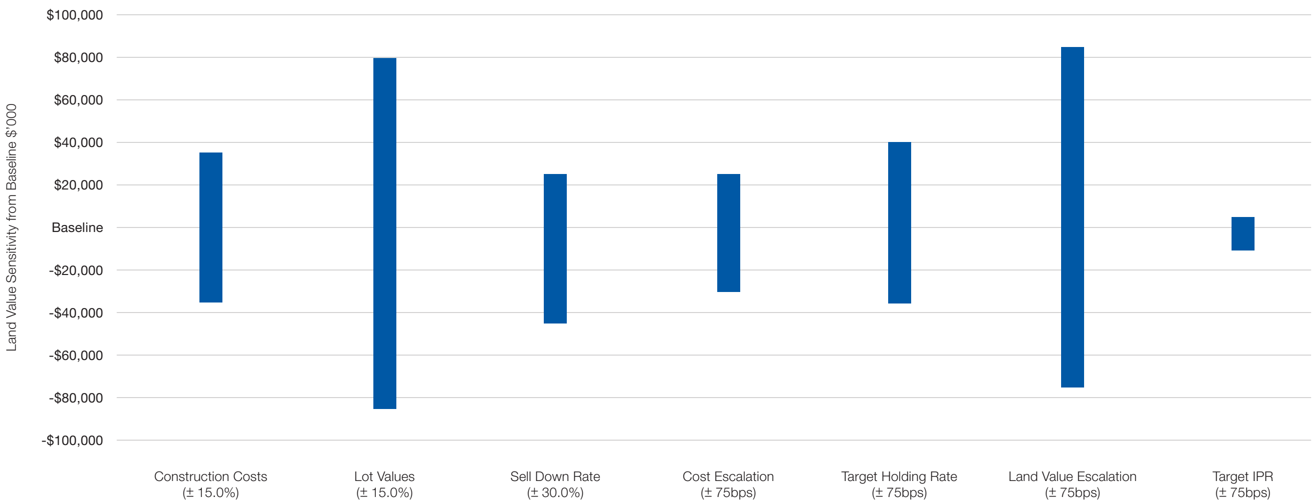
The following table summarises the valuation techniques and key assumptions used by the valuers to arrive at fair value for Port Operations Land:

		2022	2021
ASSET VALUATION TECHNIQUE	INPUTS USED TO MEASURE FAIR VALUE	RANGE OF SIGNIFICANT UNOBSERVED INPUTS	RANGE OF SIGNIFICANT UNOBSERVED INPUTS
Discounted Cash Flow model Given the size and location of the land, the discounted cash flows are based on the assumption that the land will be developed and sold in 5 stages. Each stage will consist of 16 superlots with an average lot size of 5,000 sqm, with consenting to take 12 years and the sell down over 19 years (31 year period).	Land sales price The rate is based on site intensity and height being lower than that in the CBD because of the zoning of the port precinct	$6,600 per sqm, for a 5,000 sqm allotment	$6,200 per sqm, for a 5,000 sqm allotment
	Site development costs have been estimated based on work undertaken by Beca Group, engineering consultants	Beca Group development costs updated in March 2022	Beca Group development costs updated from 2019 rates
	Discount rate	10.61%	10.58%
	Sales price escalation	0% - 3.0% over the term	0% - 3.0% over the term
	Cost escalation	2.50% over the term	3.00% over the term
	Occupancy rate for holding income	50%	50%

B2. Property, plant and equipment valuation (continued)

Port Operations Land value discounted cash flow sensitivity

The chart below highlights the extent to which the valuation of the Port Operations Land varies relative to changes in key variables. Each variable is flexed by an amount not considered unreasonable in a market context and the resulting swing in value relative to this flex is presented in isolation of changes to the other variables. To accumulate the impact of these independent sensitivities would typically not be appropriate, as changes in one will commonly be offset by changes in another.



The baseline assumption on Port Operations Land value, for the planning and consenting period, is 12 years. The table below indicates the sensitivity on land value, given different timeframes.

Value sensitivity to planning timeframes	INDICATED VALUE INCREASE / (DECREASE) $'000
15 year planning & consenting period	(31,000)
18 year planning & consenting period	(59,000)

Other Operations Land Valuation

The following table summarises the valuation techniques and key assumptions used by the valuers to arrive at fair value for significant Other Operations Land:

		2022	2021
ASSET VALUATION TECHNIQUE	INPUTS USED TO MEASURE FAIR VALUE	RANGE OF SIGNIFICANT UNOBSERVED INPUTS	RANGE OF SIGNIFICANT UNOBSERVED INPUTS
Comparable sales model	Land sales price CBD	$5,161 per sqm to $9,109 per sqm	$5,161 per sqm to $9,109 per sqm
	Land sales price non CBD	$275 per sqm to $446 per sqm	$220 per sqm to $350 per sqm

Port operations wharves and freehold buildings valuation

Port operations wharves and buildings are valued at least every three years and were revalued at 30 June 2022 by John Foord (International), industrial valuers and Ortus International, registered Quantity Surveyors, to fair value.

The fair value for the wharves, buildings, structures, civil works and support assets was derived using the Depreciated Replacement Cost (DRC) methodology. The calculation of fair value has been prepared using straight line depreciation.

In preparing the financial values for wharves, buildings, structures, civil works and support assets, the valuers have researched estimated Gross Current Replacement Costs (GCRC), these are required in order to calculate the depreciation amounts to arrive at the Depreciated Replacement costs (DRC).

The following table summarises the valuation technique and key assumptions used by the valuers to arrive at fair value:

		2022	2021
ASSET VALUATION TECHNIQUE	INPUTS USED TO MEASURE FAIR VALUE	RANGE OF SIGNIFICANT UNOBSERVED INPUTS	RANGE OF SIGNIFICANT UNOBSERVED INPUTS
Depreciated replacement cost derived from modern equivalent asset rate	Wharves economic life	100 years	100 years
	Wharf buildings economic life	50 years	50 years
	Residual value at the end of economic life	15%	15%
	Depreciation	Straight line	Straight line
	Piles unit cost of construction per sqm	$1,179 - $2,453	$1,097 - $2,282
	Wharf Platform unit cost of construction per sqm	$1,859 - $3,883	$1,729 - $3,612
	Fenders unit cost of construction per sqm	$97 - $204	$90 - $190
	Services unit cost of construction per sqm	$132 - $272	$123 - $253
	Total unit cost of construction per sqm	$3,267 - $6,812	$3,038 - $6,337

The following table shows the impact on the fair value due to a change in significant unobservable inputs for Land, Buildings and Wharves:

		FAIR VALUE MEASUREMENT SENSITIVITY TO SIGNIFICANT:	
		INCREASE IN INPUT	DECREASE IN INPUT
Land			
Land sales price	The rate per square metre of recently sold properties of a similar nature.	Increase	Decrease
Discount rate	The rate, determined through analysis of comparable market-related sales transactions, which is applied to a property's future net cash flows to convert those cash flows into a present value.	Decrease	Increase
Sale price escalation	The annual escalation rate applied to property sales prices over an assumed holding period.	Increase	Decrease
Site development costs escalation	The annual escalation rate applied to site development costs over an assumed holding period.	Decrease	Increase
Market capitalisation rate	The rate used to calculate market value from the property's deemed annual market rental.	Decrease	Increase
Buildings and Wharves			
Unit cost of construction	The costs of constructing various asset types based on a variety of sources including recent local competitive tendered construction works, published cost information, the valuer's database of costing information and experience of typical industry rates and indexed historical cost information.	Increase	Decrease

B3. Investment properties

	2022 $'000	2021 $'000
At fair value		
Balance at 1 July	**158,282**	130,249
Capitalised subsequent expenditure	**1,430**	2,706
Reclassifications / Transfers (refer note B1)	**(19,999)**	(2,300)
Net gain / (loss) from fair value adjustment	**14,351**	27,627
Balance at 30 June	**154,064**	158,282

Lease income from investment properties amounted to $4,525,693 (2021: $4,420,691) and operating expenses amounted to $512,195 (2021: $80,087).

The Group's investment properties are all categorised as Level 3 in the fair value hierarchy as described in the financial risk management - fair value note G1. At the end of the reporting period there were no transfers of investment properties between the levels in the fair value hierarchy.

Recognition and measurement

Investment properties

Investment properties includes properties which are not intended for port operation purposes and are held with the principal objective to earn rental and/or capital appreciation or both (including property being constructed or developed for future use as investment property). Investment properties are carried at fair value, representing open market value determined annually by an independent registered valuer. Changes in fair values are recorded in the income statement in the year in which they arise. Investment properties are not depreciated for financial accounting purposes.

Transfers are made to or from investment properties when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of a change in use.

A transfer to investment properties may be evidenced by ending owner occupation, commencement of an operating lease to another party or commencement of construction or development for future use as investment property. This includes commencement of owner occupation, or of development with a view to owner occupy.

A transfer from investment properties may be evidenced by the commencement of a contractual arrangement which allows the property to offer more to the Group than solely rental returns and/or capital appreciation. This includes commencement of owner occupation, or of development with a view to owner occupy.

Investment properties will be measured at cost until a fair value can be reliably determined.

Investment properties are derecognised when they have been disposed of. The net gain or loss on disposal is calculated as the difference between the carrying amount of the investment property at the time of the disposal and the proceeds on disposal and is included in the income statement in the reporting period in which the disposal settled.

Valuation approach

The Group's accounting policy is for investment properties to be measured at fair value, which reflects market conditions at the balance date. To determine fair value, the Group obtain an investment properties valuation annually by an independent registered valuer.

The valuations as at 30 June 2022 and 30 June 2021 were performed by Colliers International. The valuers are registered valuers and have experience in the location and category of the investment properties being valued.

The valuations of the independent valuers are reviewed by management and adopted as the carrying value in the financial statements subject to any specific adjustments required. Management verifies all major inputs to the valuation, assesses valuation movements when compared to the prior year and holds discussions with the independent valuers as part of the process.

The Group's investment property portfolio comprises a mixture of lessor's interest in both terminating and perpetual ground leases together with freehold land.

The value of the lessor's interest in the land is essentially only the right to receive the rental income and the right to review the income periodically when scheduled reviews and renewals occur.

The valuation is based on market evidence at the date of valuation. The valuation methodologies used were based on direct sales comparison, or a direct capitalisation of rental income using market comparisons of capitalisation rates, supported by a discounted cash flow approach.

The following table summarises the valuation techniques and the key assumptions relating to the major inputs used in establishing the fair values of significant properties:

		2022	2021
ASSET VALUATION TECHNIQUE	INPUTS USED TO MEASURE FAIR VALUE	RANGE OF SIGNIFICANT UNOBSERVED INPUTS	RANGE OF SIGNIFICANT UNOBSERVED INPUTS
Market capitalization A valuation technique which determines fair value by capitalising a property's sustainable net income at an appropriate, market derived rate of return with subsequent capital adjustments for near-term events, typically including letting up allowances, capital expenditure and the difference between contract and market rentals.	Market capitalisation rate – rental income	2.38% to 5.38%	3.50% to 6.50%
Direct sales comparison A valuation technique whereby the subject property is compared to recently sold properties of a similar nature with fair value determined through the application of positive and negative adjustments for their differing attributes.	Industrial land sales per sqm	$275 to $1,000 per sqm	$220 to $895 per sqm

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

		FAIR VALUE MEASUREMENT SENSITIVITY TO SIGNIFICANT:	
		INCREASE IN INPUT	DECREASE IN INPUT
Unobservable inputs within the market capitalisation valuation approach			
Gross market rent or licence fee	The annual amount for which a tenancy or licence within a property is expected to achieve under a new arm's length leasing or licensing transaction, including a fair share of property operating expenses.	Increase	Decrease
Market capitalisation rate	The rate of return, determined through analysis of comparable, market-related sales transactions, which is applied to a property's sustainable net income to derive value.	Decrease	Increase
Unobservable inputs within direct sales comparison valuation approach			
Rate per sqm	The rate per square metre of recently sold properties of a similar nature.	Increase	Decrease

B4. Intangible assets

	COMPUTER SOFTWARE $'000
Net book value at 1 July 2020	**88,768**
Movement	
Work in progress additions	10,591
Reclassifications / Transfers	(20,037)
Amortisation charge	(5,144)
Movement to 30 June 2021	(14,590)
Balances	
Cost	60,493
Work in progress at cost	46,418
Accumulated amortisation and impairment	(32,733)
Net book value at 30 June 2021	**74,178**
Movement	
Work in progress additions	9,169
Reclassifications / Transfers	8,673
Automation Impairment	(58,563)
Impairment	(325)
Amortisation charge	(7,305)
Movement to 30 June 2022	(48,351)
Balances	
Cost	61,205
Work in progress at cost	3,247
Accumulated amortisation and impairment	(38,625)
Net book value at 30 June 2022	**25,827**

Impairment of intangible assets includes the write-off of automation related assets. For further information refer to note A3.

Recognition and measurement

Computer software

Computer software licences are capitalised and are recognised as intangible assets. The internal costs directly attributable to the development of business software are only recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits.

These assets have a finite life and are amortised on a straight line basis over their estimated useful lives of three to ten years.

Where estimated useful lives have diminished due to technology change, amortisation is accelerated.

Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (refer to note C2).

B5. Right of use assets

	LEASED LAND $'000	LEASED EQUIPMENT $'000	LEASED BUILDINGS $'000	LEASED OTHER $'000	TOTAL $'000
Net book value at 1 July 2020	**12,839**	**3,405**	**1,149**	**7**	**17,400**
Additions	-	-	520	-	520
Lease payment adjustments	-	(32)	(1,071)	-	(1,103)
Modification to lease term	(1,339)	-	-	-	(1,339)
Depreciation charge	(722)	(1,129)	(101)	(7)	(1,959)
Movement to 30 June 2021	(2,061)	(1,161)	(652)	(7)	(3,881)
Balances					
Cost	12,180	4,416	704	14	17,314
Accumulated depreciation	(1,402)	(2,172)	(207)	(14)	(3,795)
Net book value at 30 June 2021	**10,778**	**2,244**	**497**	**-**	**13,519**
Movement					
Depreciation charge	(503)	(977)	(87)	-	**(1,567)**
Movement to 30 June 2022	(503)	(977)	(87)	-	**(1,567)**
Balances					
Cost	11,595	4,416	704	14	**16,729**
Accumulated depreciation	(1,320)	(3,149)	(294)	(14)	**(4,777)**
Net book value at 30 June 2022	**10,275**	**1,267**	**410**	**-**	**11,952**

Recognition and measurement

Right of use assets

Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement of the lease. The Group applies NZ IAS 36 to determine whether a right of use asset is impaired and accounts for any identified impairment loss as described in the property, plant and equipment policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the right of use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in operating expenses in profit or loss.

SECTION C

KEY JUDGEMENTS MADE

This section includes the critical judgments, estimates and assumptions made by the Group about the carrying amounts of certain assets and liabilities.

C1. Critical accounting estimates and assumptions

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, and are reviewed on an on-going basis. Actual results may differ from those estimates.

The following are the critical estimates and judgements management has made in the process of applying the Group's accounting policies and that have the most significant impact on the amounts recognised in the financial statements.

Useful lives of property, plant and equipment

The Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. The determination of the estimated useful lives has a significant impact on the timing of recognition of depreciation expense (refer to note B1).

Fair value of property, plant and equipment and investment property

The Group revalues investment property annually and property, plant and equipment (specifically land, buildings and wharves) at least every three years or when the fair value of a revalued asset differs materially from its carrying amount. The valuation is performed by independent registered valuers. The revaluation requires judgement around the highest and best use of the property, plant and equipment, and an estimation of the amounts for which these assets could be sold in an orderly transaction between market participants at the measurement date (refer to note B2 and B3). The determination of value for these assets has a significant impact on the total asset value reported and in the case of property, plant and equipment the depreciation expense recognised (refer to note B1).

Classification of investment properties

The Group classifies assets as investment property if they are not intended for port operation purposes, and are held with the principal objective to earn rental and/or capital appreciation. At times, the distinction can be subjective and dependent on the particular facts and circumstances of the property in question.

The Group reviews leases entered into, including any related contractual service agreements to determine the nature, if any, of contractual ancillary services provided in helping determine this classification.

Investment properties are held at fair value with revaluations recognised in the income statement, therefore, the determination of whether assets are investment property or property, plant and equipment can have a material effect on both profit or loss, and on the carrying value of the asset (if the alternative classification is not required to be held at fair value).

Fair value of derivative financial instruments

The fair value of derivative financial instruments is determined by valuation experts using various valuation techniques. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward foreign exchange market rates at the balance date (refer to note G2).

Income tax

The Group has historically utilised tax losses from the Auckland Council Group of companies for nil consideration. The Group has tax losses in the current year which have been recognised as a reduction in deferred tax liability (refer to note A4).

C2. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever there is an indication of impairment. At each balance date, the Group reviews the carrying amounts of its other tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable value. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

SECTION D

OPERATING ASSETS AND LIABILITIES USED TO OPERATE OUR BUSINESS

This section provides further analysis of the operating assets and liabilities of the Group. These comprise the significant working capital balances used by the Group to run its day to day operating activities.

The following balance sheet disclosures have been amended following reclassifications. The changes made relate to the following:

- Fringe benefit tax provision from trade and other payables to provisions
- Insurance recoveries provision from trade and other payables to provisions

	2022 $'000	2021 $'000
Trade and other payables	28,985	23,666
Reclassification	(736)	(526)
Trade and other payables - amended	**28,249**	**23,140**
Provisions	22,319	17,285
Reclassification	736	526
Provisions - amended	**23,055**	**17,811**

D1. Cash and cash equivalents

	2022 $'000	2021 $'000
Cash and cash equivalents		
Cash on hand	-	1
Bank balances	**7,449**	1,428
Total cash and cash equivalents	**7,449**	1,429
Interest Bearing Liabilities		
Bank overdrafts - refer to note E3	**(2,935)**	(5,539)
Total cash as per statement of cash flows	**4,514**	(4,110)

Recognition and measurement

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

The carrying amount for cash and cash equivalents equals the fair value.

Bank overdraft

Bank overdrafts are shown within interest bearing liabilities in current liabilities on the statement of financial position.

The bank overdraft facility limit and maximum amount of credit to be made available to the Group is $10,000,000, which is primarily used for short term working capital requirements. The interest rate is based upon the Reserve Bank of New Zealand's "Official Cash Rate" plus a marginal rate of 1.0% (2021: 1.0%) and interest is calculated on the daily balance outstanding refer to note E3.

Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note G1 and note E3.

Fair value disclosures

Details of the fair value of interest bearing liabilities for the Group are set out in note E3.

Details of the security relating to each of the unsecured liabilities and further information on the bank overdrafts and bank loans are set out in note E3.

Statement of cash flows

The following explains the terms used in the statement of cash flows:

- Operating activities are the principal revenue producing activities of the Group and other activities that are not investing or financing activities.
- Investing activities are the acquisition and disposal of long term assets and other investments not included in cash equivalents.
- Financing activities are the activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

D2. Trade and other receivables

	2022 $'000	2021 $'000
Trade receivables		
Trade receivables	36,044	28,184
Related party receivables	121	109
Sundry receivables	3,088	1,105
Provision for impairment of trade receivables	(267)	(195)
Net trade receivables	38,986	29,203
Other receivables		
Other assets	1,040	1,582
Prepayments	3,875	3,337
Total trade and other receivables	43,901	34,122

The aging of trade receivables at reporting date was:

	2022 $'000	2021 $'000
Aged receivables		
Current	24,420	21,376
30 days	7,663	4,279
60 days	2,643	1,262
90 days	733	365
Over 90 days	706	1,011
Total aged receivables	36,165	28,293

As at 30 June 2022 current trade receivables of the Group with a value of $26,097 (2021: $16,370) were written off.

Trade receivables of $11,745,673 (2021: $6,916,431) were past due but not impaired as at 30 June 2022. These relate to a number of independent customers for whom there is no recent history of default, refer to note G1 for credit risk analysis.

Expected credit loss has been updated to take into account the expected recoverability as it relates to COVID-19. In making this assessment, current and prospective economic factors have been considered.

The average credit period for trade receivables at 30 June 2022 is 52.77 days (2021: 48.54 days).

Other assets in the previous year relate to contractual receivables for the creation of roading at the Waikato Freight Hub.

Recognition and measurement

Trade receivables

Trade receivables are recognised at fair value, less a loss allowance for expected credit losses.

Trade receivables are generally on terms of the 20th of the following month.

The carrying amount of trade receivables is reduced through the use of a loss allowance for trade receivables and the amount of the loss is recognised in the income statement within 'other expenses'. Subsequent recoveries of amounts previously written off are credited against 'other expenses' in the income statement.

The impairment policy for trade receivables (including the methods, assumptions and information used to measure expected credit losses) is outlined within the credit risk disclosure in note G1.

D3. Inventories

	2022 $'000	2021 $'000
Inventories		
Inventories at cost	7,438	7,918
Inventory provision	(1,580)	(902)
Total inventories	5,858	7,016

The cost of inventories recognised as an expense during the year was $8,767,334 (2021: $6,775,147).

There has been a presentation change from the comparative year. This change allows for the write-down to net realisable value to be disclosed.

Recognition and measurement

Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs.

D4. Finance lease receivables

	2022 $'000	2021 $'000
Finance lease arrangements		
Gross investment in the lease	2,272	-
less unearned finance income	(719)	-
Net investment in the lease	1,553	-
Present value of minimum lease payments receivable	1,553	-
Finance income on the net investment in the lease	719	-

The Company entered into a finance lease arrangement as a lessor of a residential property. In February 2022, the Company entered into a below market value rental agreement with the lessee which is administered by an independent trust.

The term of the finance lease entered into is 15 years. The lease contract does not include extension options.

D5. Trade and other payables

	2022 $'000	2021 $'000
Trade payables	**15,472**	13,241
Related party payables	**197**	89
Other payables	**1,592**	3,351
Accruals	**10,988**	6,459
Total trade and other payables	**28,249**	23,140

The following disclosures have been amended following reclassifications. The changes made better reflect the nature of the costs.

	2022 $'000	2021 $'000
Accruals	11,723	6,985
Reclassification	(736)	(526)
Accruals - amended	**10,987**	**6,459**
Total trade and other payables	28,985	23,666
Reclassification	(736)	(526)
Total trade and other payables - amended	**28,249**	**23,140**

Recognition and measurement

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

The fair value of trade and other payables approximates their carrying value.

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

D6. Provisions

	EMPLOYEE BENEFITS $'000	ACC PARTNERSHIP PROGRAMME $'000	OTHER PROVISIONS $'000	TOTAL $'000
Opening balance	11,888	265	1,487	13,640
Movement				
Additional provisions and increases to existing provisions	8,164	-	3,426	11,590
Amounts used	(7,419)	-	-	(7,419)
Movement to 30 June 2021	745	-	3,426	4,171
Balances				
Current	11,381	265	4,913	16,559
Non-current	1,252	-	-	1,252
Balance as at 30 June 2021	12,633	265	4,913	17,811
Movement				
Additional provisions and increases to existing provisions	**9,612**	**411**	**3,024**	**13,047**
Amounts used	**(7,637)**	**-**	**(167)**	**(7,804)**
Movement to 30 June 2022	**1,975**	**411**	**2,857**	**5,243**
Balances				
Current	**13,430**	**676**	**7,770**	**21,876**
Non-current	**1,178**	**-**	**-**	**1,178**
Balance as at 30 June 2022	**14,608**	**676**	**7,770**	**23,054**

The following disclosures have been amended following reclassifications between trade and other payables and provisions.

	ORIGINAL $'000	RECLASS $'000	AMENDED $'000
Opening balance	1,079	408	1,487
Movement			
Additional provisions and increases to existing provisions	3,308	118	3,426
Movement to 30 June 2021	3,308	118	3,426
Balances			
Current	4,387	526	4,913
Balance as at 30 June 2021	4,387	526	4,913
Movement			
Additional provisions and increases to existing provisions	**2,815**	**209**	**3,024**
Amounts used	**(167)**	**-**	**(167)**
Movement to 30 June 2022	**2,648**	**209**	**2,857**
Balances			
Current	**7,035**	**735**	**7,770**
Balance as at 30 June 2022	**7,035**	**735**	**7,770**

Recognition and measurement

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Following the fatality of an employee in August 2020, Maritime New Zealand has charged Ports of Auckland Limited under the Health and Safety at Work Act 2015. A best estimate of any potential obligation from this incident has been recognised within the financial statements, the timing of which is currently uncertain. Details of this remain confidential and are not disclosed to avoid any prejudice to the Company.

There remains a possibility that amounts exceeding the provision may be payable by the Company. The amount and the obligation remain uncertain at this time.

ACC Partnership Programme

The Group is a partner in the Accident Compensation Commission (ACC) Partnership Programme. Under the Partnership Programme the Group is liable for all its claim costs for a period of two years up to a specified maximum.

At the end of the two year period, the Group pays a premium to ACC for the value of residual claims, the liability for on-going claims from that point passes back to ACC.

The liability for ACC Partnership Programme is recognised in provisions and measured as the present value of expected future payments to be made in respect of the employee injuries and claims up to the reporting date using actuarial techniques.

ACC liability valuation

An independent actuarial valuer (AON New Zealand) has calculated the Group's liability, as at 30 June 2022. The valuer has attested satisfaction as to the nature, sufficiency and accuracy of the data used to determine the outstanding liability.

The valuation carried out as at 30 June 2022 produced a value for the ACC reserve of $675,900 (2021: $264,800). Pre valuation date claim inflation has been taken as 50% (2021: 50%) of movements in the CPI and 50% (2021: 50%) of the movements in the Average Weekly Earnings (AWE) Index. Post valuation date claim inflation rates and the discount rates used to value the liabilities are based on Treasury issued future rates and risk free rates as at 31 May 2022.

The Group is not exposed to any significant concentrations of insurance risks as work related injuries are generally the result of an isolated event to an individual employee.

SECTION E

HOW WE FUND OUR BUSINESS

This section explains how the Group funds its business and shows the source of other funding facilities that can be used to fund future operational or investing activities.

E1. Equity and reserves

Share capital

	2022 SHARES	2021 SHARES	2022 SHARES	2021 SHARES
Ordinary shares				
Balance at 1 July	**156,005,192**	156,005,192	**146,005**	146,005
Balance at 30 June	**156,005,192**	156,005,192	**146,005**	146,005

At 30 June 2022, there were 156,005,192 (2021: 156,005,192) ordinary shares issued, 146,005,192 ordinary shares are fully paid ($1.00 per share) and 10,000,000 ordinary shares remain unpaid at the end of the financial year.

Reserves

	CASH FLOW HEDGES $'000	PROPERTY, PLANT AND EQUIPMENT REVALUATION $'000	FAIR VALUE CHANGES OF EQUITY SECURITIES $'000	RETAINED EARNINGS $'000	TOTAL $'000
Balance at 1 July 2020	**(7,216)**	**224,946**	**35,998**	**421,487**	**675,215**
Profit / (loss) for the period	-	-	-	45,574	45,574
Dividends	-	-	-	(4,914)	(4,914)
Revaluations	-	109,393	-	-	109,393
Changes in fair value of cash flow hedges	1,355	-	-	-	1,355
Transfer to profit / (loss)	4,157	-	-	-	4,157
Changes in fair value of investments	-	-	(3,123)	-	(3,123)
Deferred tax	(1,544)	(10,281)	-	-	(11,825)
Tax benefit of losses received from owner	-	-	-	1,771	1,771
Revaluation reserve reclassified to retained earnings on disposal of assets	-	(542)	-	542	-
Other movements	-	-	-	2	2
Balance at 30 June 2021	**(3,248)**	**323,516**	**32,875**	**464,462**	**817,605**
Profit / (loss) for the period	-	-	-	(10,275)	**(10,275)**
Dividends	-	-	-	(5,838)	**(5,838)**
Revaluations	-	54,140	-	-	**54,140**
Changes in fair value of cash flow hedges	3,668	-	-	-	**3,668**
Transfer to profit / (loss)	2,082	-	-	-	**2,082**
Changes in fair value of investments	-	-	(3,287)	-	**(3,287)**
Deferred tax	(1,610)	(5,033)	-	-	**(6,643)**
Tax benefit of losses received from owner	-	-	-	341	**341**
Other movements	-	-	-	7	**7**
Balance at 30 June 2022	**892**	**372,623**	**29,588**	**448,697**	**851,800**

Recognition and measurement

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

All ordinary shares rank equally with one vote attached to each fully paid ordinary share; they carry a right to dividends and a share of net assets on a wind up.

Reserves

Hedging reserve - cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge. The amounts are recognised in the income statement when the associated hedged transactions affect profit or loss.

Property, plant and equipment revaluation reserve

The property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. The balance standing to the credit of the reserve may be used to satisfy the distribution of bonus shares to shareholders and is only available for the payment of cash dividends in limited circumstances as permitted by law.

Fair value changes of equity securities

The fair value of equity securities reserve is used to record the fair value changes on listed securities. The fair value movements are recognised in the statement of comprehensive income

E2. Dividends paid

	CENTS PER SHARE	2022 $'000	2021 $'000
2020 Final dividend	3.37	-	4,914
2021 Final dividend	2.55	3,724	-
2022 Interim dividend	1.45	2,114	-
Total dividends paid		5,838	4,914

Recognition and measurement

Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

E3. Borrowings

	2022		2021	
	AVAILABLE $'000	NET DRAWN $'000	AVAILABLE $'000	NET DRAWN $'000
Current				
Unsecured				
Bank overdraft - refer note D1	**10,000**	2,935	10,000	5,539
Total current borrowings	**10,000**	**2,935**	10,000	5,539
Non-Current				
Unsecured				
Other bank loans	**420,000**	284,742	420,000	306,258
Fixed rate notes	**170,000**	169,664	170,000	169,616
Total non-current borrowings	**590,000**	**454,406**	590,000	475,874
Total borrowings	**600,000**	**457,341**	600,000	481,413

Recognition and measurement

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Other bank loans

A revolving advances facility agreement was signed on 27 July 2015. Bilateral revolving advance facility agreements were signed with Westpac New Zealand Limited, ANZ Bank New Zealand Limited and MUFJ Limited. The duration period of the revolving advances facility range from two years to five years. The period until maturity has been renegotiated in the current year for additional three to five year periods with maturities now ranging between December 2023 and December 2024.

The revolving advances facility is subject to a negative pledge deed dated 29 October 2013. This deed is entered into in substitution and replacement of an existing negative pledge deed dated 17 July 1995 (as varied and restated by a deed dated 19 December 2005 and as varied by deeds dated 18 May 2007, 24 November 2009 and 29 October 2013). The deed is for the benefit of Westpac New Zealand Limited, ANZ Bank New Zealand Limited and MUFJ Limited.

The current and non-current borrowings are unsecured. The Group borrows under a negative pledge arrangement which requires certain certificates and covenants.

The negative pledge deed sets out a minimum interest cover requirement (1.5:1) and a maximum gearing ratio percentage requirement (65%). There have been no breaches of this negative pledge during the financial year. The Group's risk management policies are disclosed in note G1.

The interest rate is based on BKBM (bank bill bid settlement) rate plus a margin range of 0.81% to 0.93% per annum (2021: 0.81% to 0.93% per annum). The Group generally borrows funds on a 90 days term (2021: 90 days term).

Fixed rate notes

On 21 June 2018, Ports of Auckland Limited, received long term funding in the form of unsecured notes, via three fixed rate tranches with terms of 10, 12 and 15 years, with final maturities in 2028, 2030, and 2033 respectively.

Each tranche is shared evenly between two investors, Metlife Investments and Pricoa Capital Group.

Interest is paid semi-annually.

The fixed rate notes are subject to the same negative pledge deed as the other bank loans outlined above.

Fair value

The carrying amounts of the bank overdraft and other bank loans approximate their fair values as all debt amounts are based on either floating interest rates or short term (90 days or less) fixed rates.

The fair value of the fixed rate notes is calculated by discounting the future contractual cash flows at current market interest rates that are available for similar financial instruments. Refer to note G1.

E4. Lease liabilities

	2022 $'000	2021 $'000
Current lease liabilities	**1,725**	1,976
Non-current lease liabilities	**10,915**	12,056
Total lease liabilities	**12,640**	14,032

Significant judgement – lease term

The lease term has been determined as the non-cancellable period of the lease, together with options to extend the lease if the lessee is reasonably certain to exercise that option. Judgement has been exercised, to determine the likelihood to exercise any rights of renewal, on a lease by lease basis. The average lease term is six years (2021: five years).

	2022 $'000	2021 $'000
Amounts recognised in profit and loss		
Depreciation expense on right of use assets	**1,567**	1,960
Interest expense on lease liabilities	**628**	775
Expense relating to variable lease payments not included in the measurement of the lease liability	**-**	396

	2022 $'000
Maturity analysis - contractual undiscounted cash flows	
Within one year	**1,761**
Greater than one year but not more than five years	**4,015**
Greater than five years but not more than ten years	**3,881**
Greater than ten years	**9,765**
Total undiscounted lease liabilities	**19,422**

SECTION F
GROUP STRUCTURE

This section provides information on the legal structure of the Group including how it affects financial performance and the financial position of the Group. It also includes details of acquired businesses.

F1. Investments in other entities

	INVESTMENT IN JOINT VENTURES $'000	INVESTMENT IN ASSOCIATES $'000	TOTAL $'000
Carrying value of equity accounted investments			
Balance at 1 July 2020	**1,416**	**1,001**	**2,417**
Share of profit / (loss) after income tax	2,114	-	2,114
Dividends received	(2,243)	-	(2,243)
Reversal of impairment	98	-	98
Impairment	-	(198)	(198)
Movement in advances	-	80	80
Balance at 30 June 2021	**1,385**	**883**	**2,268**
Share of profit / (loss) after income tax	2,203	-	**2,203**
Dividends received	(1,714)	-	**(1,714)**
Impairment	-	(879)	**(879)**
Balance at 30 June 2022	**1,874**	**4**	**1,878**

The Group has shareholder advances with Longburn Intermodal Freight Hub Limited & Port Connect Limited. Both shareholder advances are repayable on demand, and interest may be charged at commercial rates.

Refer to note F2 - Related parties for disclosure on subsidiaries, investments in associates and joint ventures.

Recognition and measurement

Investments and advances

The investments in joint ventures and associates are equity accounted. Refer to F2, for the Group accounting policies.

Advances are held at amortised cost, less provision for impairment.

Note G1 sets out information about the impairment of financial assets and the Group's exposure to credit risk.

F2. Related Parties

Subsidiaries

	PLACE OF BUSINESS	CLASS OF SHARES	EQUITY HOLDING 2022 %	2021 %
Bunker Shipz Limited	New Zealand	Ordinary	**100**	100
Seafuels Limited	New Zealand	Ordinary	**100**	100
Waikato Freight Hub Limited	New Zealand	Ordinary	**100**	100
Nexus Logistics Limited	New Zealand	Ordinary	**100**	100
Conlinxx Limited	New Zealand	Ordinary	**100**	100

Associates and joint ventures

	PRINCIPAL ACTIVITY	PLACE OF BUSINESS	CLASS OF SHARES	EQUITY HOLDING 2022 %	2021 %
Associates					
Longburn Intermodal Freight Hub Limited	Container terminal operation - marine cargo	New Zealand	Ordinary	**33.3**	33.3
Joint Ventures					
North Tugz Limited	Marine towage	New Zealand	Ordinary	**50**	50
Port Connect Limited	Online cargo management system	New Zealand	Ordinary	**50**	50

Summary financial information of associates and joint ventures

	AGGREGATE BALANCE 2022 $'000	2021 $'000
Assets and liabilities		
Current assets	**5,965**	3,717
Non-current assets	**26,437**	27,317
Total assets	**32,402**	31,034
Current liabilities	**12,296**	10,647
Non-current liabilities	**7,376**	9,603
Total liabilities	**19,672**	20,250
Net assets	**12,730**	10,784
Results		
Revenue	**17,020**	15,674
Expenses	**(11,640)**	(11,321)
Net profit after tax	**5,380**	4,353
Total comprehensive income	**5,380**	4,353

The associates and joint ventures had contingent liabilities of $nil as at 30 June 2022 (2021: $nil). Capital commitments as at 30 June 2022 are $nil (2021: $nil).

F2. Related parties (continued)

Related party outstanding balances

	2022 $'000	2021 $'000
Current receivables		
Auckland Council Group	46	47
Associates and joint ventures	75	62
Total current receivables	121	109
Non-current receivables		
Associates and joint ventures	1,347	2,226
Total non-current receivables	1,347	2,226
Current payables		
Auckland Council Group	137	24
Associates and joint ventures	75	65
Subsidiaries	(15)	-
Total current payables	197	89

In the current year, non-current receivables was impaired by $879,000 (2021: $99,983). The impairment relates to the shareholder advances to equity accounted investees, refer to note G1.

Related party transactions

	2022 $'000	2021 $'000
Auckland Council Group		
Services provided by the Group	1,564	184
Services provided to the Group	2,070	2,197
Net dividend paid to Auckland Council	5,838	4,914
Tax losses gifted by Auckland Council to the Group	341	1,771
Associates and joint ventures		
Services provided by the Group	237	250
Services provided to the Group	912	622
Net dividends received	1,717	2,242
Advances	-	80

Key management personnel compensation

	2022 $'000	2021 $'000
Directors' fees	563	654
Salaries and other short term employee benefits	3,711	3,927
Termination costs	-	1,133
Total key management compensation	4,274	5,714

Recognition and measurement

Related parties

All subsidiaries, associates and joint ventures are related parties to the Group. Auckland Council wholly owns Ports of Auckland Limited. All council controlled organisations (CCOs) of Auckland Council are considered related parties to the Group.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

All intra group transactions, balances, income and expenses are eliminated in full on consolidation.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under NZ IFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

As a result of loss of control of a subsidiary when a joint venture is formed through the contribution of the subsidiary, the Group's Board and management have chosen to account for the loss of control under NZ IAS 28. NZ IAS 28 requires that when non-monetary contributions are made to a joint venture, a gain or loss is recognised only in relation to the portion no longer owned.

Associates and joint ventures

Associates are those entities over which the Group holds a significant but not controlling interest. Joint ventures are entities whose activities are jointly controlled by the Group and the Group has rights to the net assets of the entity. Investments in associates and joint ventures are accounted for using the equity method and are measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets. Goodwill relating to associates and joint ventures is included in the carrying amount of the investment. Dividends reduce the carrying value of the investment.

The amount recognised in the income statement and statement of comprehensive income reflects the Group's share of earnings of associates and joint ventures and its movement in reserves. Investments in associates and joint ventures are carried at the lower of the equity accounted amount and the recoverable amount. When the Group's share of accumulated losses in an associate or joint venture equals or exceeds its carrying value, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group has applied NZ IFRS 11 to all joint arrangements. Under NZ IFRS 11 Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

The interests in North Tugz Limited, PortConnect Limited and Longburn Intermodal Freight Hub Limited are accounted for in the Group financial statements using the equity method of accounting.

All joint ventures and associates have a 30 June year end.

Related Party Transactions

All services provided by and to Ports of Auckland Group entities are entered into in the normal course of business on standard commercial terms.

Auckland Council Group

Auckland Council Group entities include: Auckland Council (Parent), Watercare Services Limited, Eke Panuku Development Auckland, Auckland Transport and Tātaki Auckland Unlimited.

The services provided to Ports of Auckland Group entities from Auckland Council Group entities is made up of operating costs such as water and rates charged. The transactions between Ports of Auckland Limited and Auckland Council Group entities include dividends, tax loss offsets, management fees and port charges.

Associates and joint ventures

The services provided to Ports of Auckland Limited from associates and joint ventures are made up of port operating costs. The services provided by Ports of Auckland Limited to associates and joint ventures include lease arrangements for property, management fees and port charges.

Ports of Auckland Limited receives a dividend stream from North Tugz Limited.

Ports of Auckland Limited has advanced funds to PortConnect Limited and Longburn Intermodal Freight Hub Limited. Refer to note F1 for further information.

Directors

During the year, the Group entered into transactions with companies in which there are common directorships. These transactions have occurred on an arm's length commercial basis, without special privileges.

Key management personnel compensation

The key management personnel are all the directors of the company, the Chief Executive Officer and his direct reports who have the greatest authority for the strategic direction and management of the company.

The Group provides life insurance to some key management personnel. There are no other non-cash benefits provided to directors and other key management personnel in addition to their fees or salaries.

F3. Equity securities

	2022 $'000	2021 $'000
Balance at 1 July	50,299	53,422
Movements through reserves	(3,287)	(3,123)
Balance at 30 June	47,012	50,299

Equity securities represent an investment holding of 19.9% in Marsden Maritime Holdings Limited, that offer the Group the opportunity for returns through dividend income and fair value gains.

The fair value of these securities is based on quoted market prices. Fair value changes in the investment are recognised in other comprehensive income.

The Group's equity securities are all categorised as Level 1 as described in the financial risk management - fair value note G1.

Recognition and measurement

Equity securities

The Group has made an irrevocable election to classify the equity securities at fair value through other comprehensive income (FVOCI). Upon disposal, any related balance within the FVOCI reserve is reclassified to retained earnings.

The gains or losses on the equity securities are recognised in other comprehensive income, except for any impairment losses. Dividends on FVOCI equity instruments are recognised in profit or loss when the entity's right to receive payment is established.

The Group assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Equity instruments are deemed to be impaired when there is a significant or prolonged decline in fair value below the original purchase price.

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

The fair values of quoted investments are based on current bid prices.

SECTION G

HOW WE MANAGE FINANCIAL RISK

This section describes the financial risks that the Group have identified and how it manages these risks to protect its financial position and performance. Risk management includes the use of financial instruments to hedge against unfavourable interest rate and foreign currency movements.

G1. Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign currency risk, interest rate risk and equity price risk).

This note presents information about the Group's exposure to the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Group's overall 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 Group has a treasury policy which limits exposure to market risk for changes in interest rates and foreign currency, counter-party credit risk and liquidity risk.

The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures.

The Group does not hold derivative financial instruments for speculative purposes.

Credit risk

Credit risk is the potential loss from a transaction in the event of default by a counterparty on its contractual obligations.

Financial instruments which potentially subject the Group to credit risk, principally consist of bank balances, trade and other receivables, advances to equity accounted investees and derivative financial instruments.

Risk management

Credit risk is managed for cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to trade receivables transactions. Derivative counterparties and cash transactions are limited to high credit quality financial institutions who currently have a Standard & Poors long-term credit rating of AA- or better. Limits are placed on the exposure to any one financial institution and the usage of these limits is determined by assigning product weightings to the principal amount of the transaction. The Group minimises its credit risk by spreading such exposures across a number of counterparties.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

The Group's credit risk is also attributable to trade receivables which comprise a large number of customers, spread across diverse industries. The Group only extends credit after performing a credit assessment, which may include a review of their financial strengths, previous credit history with the Group, payment habits with other suppliers, bank references and credit rating agency reports.

Approximately 56% (2021: 57%) of trade receivables at balance date is reflected by the Group's ten largest customers. At balance date approximately 9% (2021: 15%) of the trade receivables related to one customer. The Group is satisfied with the credit quality of the customer and does not anticipate any non-performance.

Impairment of financial assets

The following financial assets are subject to the expected credit loss model:

- Cash and cash equivalents
- Trade receivables
- Advances to equity accounted investees

G1. Financial risk management (continued)

Trade receivables

The Group has applied the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. When a trade receivable is considered uncollectable, it is written off against the provision.

To measure the expected credit loss, the trade receivables have been grouped in accordance with their shared credit risk characteristics and the days past due. Historical loss rates are adjusted to reflect current and forward-looking information. The Group identified domestic GDP and the unemployment rate, alongside global macroeconomic factors such as global growth, and fuel prices, to be the most relevant credit risk factors. The loss rates are adjusted based on expected changes in these factors.

The trade receivables loss allowance as at 30 June 2022 was determined as follows:

$'000s	CURRENT	30 DAYS PAST DUE	60 DAYS PAST DUE	90 DAYS PAST DUE	120 DAYS PAST DUE	TOTAL
30 June 2021						
Expected loss rate	0.18%	0.35%	0.60%	1.60%	12.70%	
Gross carrying amount	21,377	4,279	1,262	365	1,010	28,293
Loss allowance	**38**	**15**	**8**	**6**	**128**	**195**
30 June 2022						
Expected loss rate	**0.25%**	**0.50%**	**1.19%**	**3.33%**	**15.75%**	
Gross carrying amount	**24,420**	**7,663**	**2,643**	**733**	**706**	**36,165**
Loss allowance	**62**	**38**	**31**	**24**	**112**	**267**

Advances to equity accounted investees

The advances to equity accounted investees are repayable on demand, and as such the expected credit losses are based on the assumption that repayment of the loan is demanded at reporting date.

The closing loss allowance for advances to equity accounted investees as at 30 June 2022 reconciles to the opening loss allowance as follows:

	$'000
Balance at 30 June 2021	604
Increase in loss allowance recognised in profit or loss during the year	879
Balance at 30 June 2022	**1,483**

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet obligations as they fall due. The Group manages the risk by targeting a minimum liquidity level by continuously forecasting cash flows and matching the maturity profiles of financial assets and liabilities.

The Group's exposure to liquidity risk based on undiscounted contractual cash flows relating to non-derivative financial liabilities is shown below:

	LESS THAN 6 MONTHS $'000	6-12 MONTHS $'000	1-2 YEARS $'000	2-5 YEARS $'000	5+ YEARS $'000	TOTAL CONTRACTUAL CASH FLOWS $'000	CARRYING AMOUNT LIABILITIES $'000
Balance at 30 June 2021							
Trade and other payables	28,053	-	-	-	-	28,053	28,053
Borrowings	37,853	6,237	126,294	210,905	207,588	588,877	481,413
Total non-derivative liabilities	65,906	6,237	126,294	210,905	207,588	616,930	509,466
Balance at 30 June 2022							
Trade and other payables	36,019	-	-	-	-	**36,019**	**36,019**
Borrowings	47,166	9,661	161,285	167,719	198,985	**584,816**	**457,341**
Total non-derivative liabilities	**83,185**	**9,661**	**161,285**	**167,719**	**198,985**	**620,835**	**493,360**

The Group's exposure to liquidity risk based on undiscounted contractual cash flows relating to derivative financial assets and liabilities is shown below:

	LESS THAN 6 MONTHS $'000	6-12 MONTHS $'000	1-2 YEARS $'000	2-5 YEARS $'000	5+ YEARS $'000	TOTAL CONTRACTUAL CASH FLOWS $'000	CARRYING AMOUNT LIABILITIES $'000
Balance at 30 June 2021							
Interest rate swaps (net settled)	1,404	857	1,058	1,091	-	4,410	4,352
Forward exchange contracts							
Inflows	(5,622)	-	-	-	-	(5,622)	
Outflows	5,781	-	-	-	-	5,781	
Net forward exchange contracts	159	-	-	-	-	159	159
Total derivative liabilities	1,563	857	1,058	1,091	-	4,569	4,511
Balance at 30 June 2022							
Interest rate swaps (net settled)	(570)	(488)	(744)	(346)	-	**(2,148)**	**(1,078)**
Forward exchange contracts							
Inflows	7,095	-	-	-	-	**7,095**	**-**
Outflows	(6,933)	-	-	-	-	**(6,933)**	**-**
Net forward exchange contracts	**162**	**-**	**-**	**-**	**-**	**162**	**(162)**
Total derivative assets	**(408)**	**(488)**	**(744)**	**(346)**	**-**	**(1,986)**	**(1,240)**

Market risk

Foreign currency risk

Foreign currency risk is the risk arising from the variability of the NZD currency values of the Group's assets, liabilities and operating cash flows, caused by changes to foreign exchange rates.

The Group does not have any material exposure to currency risk except for the one off purchases of assets (e.g. plant and equipment) denominated in foreign currencies. The main foreign currencies the Group transacts with are EUR and USD. The Group treasury policy requires that foreign exchange contracts must be entered into for the purchase of major items of plant and equipment and that the full amount of the purchase must be hedged.

Foreign exchange instruments approved under the treasury policy are forward exchange contracts and currency options.

Interest rate risk

Interest rate risk is the risk of loss to the Group arising from adverse fluctuation in interest rates.

The Group has exposure to interest rate risk as a result of long-term borrowings which are used to fund on-going activities. The Group aims to reduce uncertainty of changes in interest rates by entering into floating-to-fixed interest rate swaps to fix the effective rate of interest to minimise the impact of interest rate volatility on earnings.

By using floating-to-fixed interest rate swaps, the Group agrees with other parties, to exchange, at specific intervals (normally quarterly), the difference between the fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amount.

G1. Financial risk management (continued)

Effects of hedge accounting on the financial position and performance

Forward exchange contracts

The effects of the foreign currency related hedging instruments on the Group's financial position and financial performance are outlined in the table below. The maturity date for the outstanding forward exchange contracts range from August 2022 to November 2022 (PY: July 2021 to October 2021).

	2022 $'000	2021 $'000
EUR Forward Exchange Contracts		
Carrying amount - asset	**162**	-
Notional amount	**4,200**	-
Hedge ratio	**1:1**	1:1
Change in discounted spot value of outstanding hedging instruments during financial year	**216**	-
Change in value of hedged item used to determine hedge effectiveness	**(216)**	-
Weighted average hedged rate for the year	**EUR 0.6058:NZD 1**	-
Carrying amount - liability	**-**	(159)
Notional amount	**-**	5,781
Change in discounted spot value of outstanding hedging instruments during financial year	**-**	(175)
Change in value of hedged item used to determine hedge effectiveness	**-**	175
Weighted average hedged rate for the year	**-**	EUR 0.5717:NZD 1

Interest rate swaps

The effects of the interest rate swaps on the Group's financial position and financial performance are outlined in the table below. The maturity date for the outstanding interest rate swaps range from January 2024 to June 2026 (PY: December 2021 to June 2026).

	2022 $'000	2021 $'000
Interest rate swaps		
Carrying amount - asset	**1,078**	-
Notional amount	**50,000**	-
Hedge ratio	**1:1**	1:1
Change in fair value of outstanding hedging instruments during financial year	**3,311**	-
Change in value of hedged item used to determine hedge effectiveness	**(3,329)**	-
Weighted average hedged rate for the year	**3.13%**	0.00%
Carrying amount - liability	**-**	(4,352)
Notional amount	**-**	90,000
Change in fair value of outstanding hedging instruments during financial year	**-**	1,376
Change in value of hedged item used to determine hedge effectiveness	**-**	(1,466)
Weighted average hedged rate for the year	**0.00%**	3.48%

As at the reporting date, the Group had the following variable rate borrowings and interest rate swap contracts outstanding:

	30 JUNE 2022		30 JUNE 2021	
	WEIGHTED AVERAGE INTEREST RATE %	BALANCE $'000	WEIGHTED AVERAGE INTEREST RATE %	BALANCE $'000
Bank overdrafts and bank loans	**3.6%**	**287,936**	1.3%	312,039
Interest-rate swaps - notional value	**3.1%**	**50,000**	3.5%	90,000

An analysis by maturities of interest rate swaps is provided in note G2 and a summary of terms and conditions of bank overdrafts and bank loans in note E3.

Equity price risk

The Group is exposed to equity price risk because of equity securities held in Marsden Maritime Holdings Limited. The fair value of the equity securities is based on quoted market prices from NZX at the end of the financial period.

The Group is not exposed to commodity price risk.

Summarised sensitivity analysis

At balance date, the Group had the following mix of financial assets and liabilities exposed to interest rate risk, foreign exchange risk and equity price risk after considering hedging instruments.

	2022 $'000	2021 $'000
Financial assets		
Cash and cash equivalents	7,449	1,429
Equity securities	47,012	50,299
Total financial assets	54,461	51,728
Designated in hedge relationship		
Derivative financial assets		
Interest rate swaps	1,078	-
Forward exchange contracts	162	-
Derivative financial liabilities		
Interest rate swaps	-	4,352
Forward exchange contracts	-	159
Total designated in hedge relationship	(1,240)	4,511
Financial liabilities		
Interest bearing liabilities	457,341	481,413
Total financial liabilities	457,341	481,413

A change in the variables below with all other variables held constant, would increase/(decrease) the Group's net exposure by the amounts shown below:

	2022		2021	
	PROFIT BEFORE TAX $'000	EQUITY $'000	PROFIT BEFORE TAX $'000	EQUITY $'000
Interest rate risk				
25 basis point increase	(578)	250	(553)	453
25 basis point decrease	578	(270)	553	(465)
Foreign exchange risk				
10% increase in value of NZ dollar	(130)	(641)	(14)	(511)
10% decrease in value of NZ dollar	130	784	14	624
Equity price risk				
10% increase in equity prices	-	4,701	-	5,030
10% decrease in equity prices	-	(4,701)	-	(5,030)

Fair value

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the financial year end date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily NZX equity investments classified as at fair value through other comprehensive income (PY: available-for-sale).

G1. Financial risk management (continued)

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using the following valuation techniques:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the financial year end date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: The Group engages external, independent and qualified valuers to determine:

- The fair value of the Group's investment property at the end of every annual reporting period, and
- The fair value of the Group's land, buildings and wharves that are classified as property plant and equipment every three years.

Any transfers in the fair value hierarchy is disclosed in note B2, along with an analysis for the fair value approaches used.

The following table presents the Group's assets and liabilities measured and recognised at fair value on a recurring basis:

	LEVEL	2022 $'000	2021 $'000
Equity securities	1	**47,012**	50,299
Derivative financial assets			
Interest rate swaps	2	**1,078**	-
Foreign exchange contracts	2	**162**	-
Total derivative financial assets		**1,240**	-
Derivative financial liabilities			
Interest rate swaps	2	**-**	4,352
Foreign exchange contracts	2	**-**	159
Total derivative financial liabilities		**-**	4,511
Non-financial assets			
Investment properties	3	**154,064**	158,282
Land	3	**496,935**	453,803
Buildings	3	**102,065**	89,411
Wharves	3	**346,693**	335,108
Total non-financial assets		**1,099,757**	**1,036,604**

Financial instruments

The Group's financial instruments consist of cash and cash equivalents, trade and other receivables (excluding prepayments), advances to equity accounted investees, equity securities, trade and other payables, interest bearing liabilities and derivative financial instruments.

The total carrying amount of the Group's financial assets and liabilities are detailed below:

	CARRIED AT COST OR AMORTISED COST $'000	CARRIED AT FAIR VALUE $'000	FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME $'000
Balance at 30 June 2021			
Financial assets			
Cash and cash equivalents	1,429	-	-
Trade receivables	30,785	-	-
Joint venture and associate advances	2,226	-	-
Equity securities	-	-	50,299
Designated in a hedge relationship			
Derivative financial liabilities	-	(4,512)	-
Financial liabilities			
Trade and other payables	(19,789)	-	-
Interest bearing liabilities	(481,413)	-	-

	CARRIED AT COST OR AMORTISED COST $'000	CARRIED AT FAIR VALUE $'000	FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME $'000
Balance at 30 June 2022			
Financial assets			
Cash and cash equivalents	**7,449**	**-**	**-**
Trade receivables	**38,986**	**-**	**-**
Joint venture and associate advances	**1,347**	**-**	**-**
Equity securities	**-**	**-**	**47,012**
Designated in a hedge relationship			
Derivative financial assets	**-**	**1,240**	**-**
Financial liabilities			
Trade and other payables	**(26,657)**	**-**	**-**
Interest bearing liabilities	**(457,341)**	**-**	**-**

G1. Financial risk management (continued)

The fair value of financial liabilities held at amortised cost are detailed below. This excludes floating rate bank debt, and trade and other payables, as their carrying values approximate their fair values.

	TRANCHE 1 $'000	TRANCHE 2 $'000	TRANCHE 3 $'000	TOTAL $'000
Balance at 30 June 2021				
Interest bearing liabilities - fixed rate notes				
Final maturity date	21 June 2028	21 June 2030	21 June 2033	
Coupon	4.81%	5.06%	5.32%	
Carrying value - refer E3	57,880	55,873	55,863	169,616
Fair value	65,558	65,574	67,574	198,706
Balance at 30 June 2022				
Interest bearing liabilities - fixed rate notes				
Final maturity date	**21 June 2028**	**21 June 2030**	**21 June 2033**	
Coupon	**4.81%**	**5.06%**	**5.32%**	
Carrying value - refer E3	**57,900**	**55,889**	**55,875**	**169,664**
Fair value	**55,351**	**52,695**	**51,960**	**160,006**

The fair value of the fixed rate notes has been calculated as the present value of the future cash flows.

Capital risk management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors balance sheet strengths and flexibility using cash flow forecast analysis and detailed budgeting processes. In addition, consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Group's statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratio as at 2022 is 31% (2021: 33%).

G2. Derivative financial instruments

	2022 $'000	2021 $'000
Current assets		
Forward foreign exchange contracts	162	-
Total current derivative assets	162	-
Non-current assets		
Interest rate swaps	1,078	-
Total non-current derivative assets	1,078	-
Total derivative assets	1,240	-
Current liabilities		
Forward foreign exchange contracts	-	159
Interest rate swaps	-	928
Total current derivative liabilities	-	1,087
Non-current liabilities		
Interest rate swaps	-	3,424
Total non-current derivative liabilities	-	3,424
Total derivative liabilities	-	4,511

The notional principal amounts of the interest rate swap contracts are as follows:

	2022 $'000	2021 $'000
Less than 1 year	-	40,000
1 - 2 years	25,000	-
2 - 3 years	10,000	25,000
3 - 4 years	15,000	10,000
4 - 5 years	-	15,000
Total	50,000	90,000

Recognition and measurement

Derivatives

The Group uses derivative financial instruments to reduce exposure to fluctuations in interest rates and foreign currency exchange rates. The use of hedging instruments is governed by treasury policy approved by the Board.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured to fair value, at balance date, with an adjustment made for credit risk in accordance with NZ IFRS 13 'Fair Value Measurement'. The fair values are estimated on the basis of the quoted market prices for similar instruments in an active market or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument. Changes in the fair value of derivatives which have been successfully designated as part of a cash flow hedge relationship are recognised in the cash flow hedge reserve, to the extent they are effective. Any accounting ineffectiveness is recognised in the income statement. If the derivative is not designated as a hedged instrument, the resulting gain or loss is recognised immediately in the income statement.

Hedge accounting

The Group manages its exposure to fluctuations in interest rate and foreign currency exchange rates through the use of derivatives.

At the start of a hedge relationship, the Group formally designates and documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge) or hedges of exposure to variability in cash flows that is attributable to a particular risk associated with an asset or liability or to highly probable forecast transactions (cash flow hedges).

G2. Derivative financial instruments (continued)

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the cash flow hedge reserve, while the gain or loss relating to the ineffective portion is recognised in the income statement.

Amounts recognised in equity are recycled in the income statement in the period when the hedged item will affect profit or loss (for instance when the interest payment that is hedged takes place). The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings are recognised in the income statement within finance costs when the related interest is recognised. When the forecast transaction that is hedged results in the recognition of an item of property, plant and equipment, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the item of property, plant and equipment. The deferred amounts are ultimately recognised in the income statement when the item of property, plant and equipment is depreciated.

If a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any amounts previously recognised in equity at that time remains in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur amounts previously recognised in equity are transferred to the income statement.

Fair value

The Group's derivative financial assets and liabilities are all categorised in Level 2 in the fair value hierarchy as described in note G1 financial risk management – fair value.

Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates in accordance with the Group's financial risk management policies.

All derivatives are designated as hedging instruments.

Interest rate swap contracts - cash flow hedges

Bank loans of the Group currently bear a weighted average variable interest rate of 3.57% (2021: 1.27%). It is policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the Company has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Swaps currently in place cover approximately 11% (2021: 18%) of the loan principal outstanding and are timed to expire as interest and loan repayments fall due. The fixed interest rates range between 2.85% and 3.37% (2021: 2.85% and 3.97%) and the maturity dates range between 31-Jan-24 and 21-Jun-26.

During the current financial year no new interest rate swap contracts were put in place.

Interest rate swap contracts require settlement of net interest payable or receivable each quarter. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

Forward exchange contracts - cash flow hedges

The Group is party to forward exchange contracts in order to manage foreign exchange risk. The Group's risk management policy is to hedge purchases of major items of plant and equipment in foreign currencies only.

The cash flows are expected to occur at various dates between six months to one year from the balance date.

At 30 June 2022, the Group had outstanding forward exchange contracts equivalent to $6,932,827 (2021: $5,781,298) for an electric tug boat.

Hedging Reserves

The Group's hedging reserves disclosed in note E1 relate to the following hedging instruments:

	INTEREST RATE SWAPS $'000	FORWARD EXCHANGE CONTRACTS $'000	TOTAL HEDGE RESERVE $'000
Balance at 1 July 2020	**7,119**	**97**	**7,216**
Changes in fair value of hedging instrument recognised in OCI	(1,378)	23	**(1,355)**
Interest expense reclassified from OCI to profit or loss	(4,157)	-	**(4,157)**
Deferred tax	1,550	(6)	**1,544**
Balance at 30 June 2021	**3,134**	**114**	**3,248**
Changes in fair value of hedging instrument recognised in OCI	**(3,346)**	**(321)**	**(3,667)**
Interest expense reclassified from OCI to profit or loss	**(2,082)**	**-**	**(2,082)**
Deferred tax	**1,520**	**90**	**1,610**
Balance at 30 June 2022	**(774)**	**(117)**	**(891)**

Hedge ineffectiveness

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

For hedges of foreign currency purchases, the Group enters into hedge relationships where the critical terms of the hedging instrument match, and therefore it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rate. 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. Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to differences in critical terms between the interest rate swaps and loans.

SECTION H

OTHER DISCLOSURES

This section includes the remaining information for the Group that is required to be presented to comply with financial reporting requirements.

H1. Non-current assets held for sale

	2022 $'000	2021 $'000
Investment Property - Building	-	2,300
Balance at 30 June	-	2,300

A central city building held as investment property was deemed as held for sale in the prior year.

Recognition and measurement

Assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, except for investment properties which are measured at fair value.

H2. Capital commitments

	2022 $'000	2021 $'000
Property, plant and equipment		
Property, plant and equipment	7,589	7,607
Intangible assets	-	222
Investment properties	-	855
Total capital commitments	7,589	8,684

Capital commitments include spend related to the straddle replacement program, and investment in our supply chain network.

H3. Lease commitments

	2022 $'000	2021 $'000
Operating lease commitments: Group as lessor		
Within one year	**7,495**	9,020
Greater than one year but not more than five years	**22,020**	26,900
More than five years	**30,561**	35,918
Total operating lease commitments	**60,076**	71,838

The lease commitments of the Group relate to investment property owned by the Group with lease terms between 1 to 11 years and buildings within port operation boundaries included in property, plant and equipment also owned by the Group with a lease term between 1 to 23 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Recognition and measurement

Lease commitments
Assets leased to third parties under operating leases are included in investment property and property, plant and equipment in the statement of financial position. Rental income (net of any incentives given to lessees) is recognised on a straight line basis over the lease term.

H4. Contingencies

Contingent liabilities
The Group had $nil contingent liabilities at 30 June 2022 (2021: $nil).

Ports of Auckland Limited has a performance bond of $810,000 (2021: $810,000) with Auckland Council to ensure that the final finishing of the reclamation of the Fergusson Container terminal is undertaken and that an accessible esplanade reserve is provided. Ports of Auckland Limited pays Westpac a premium to take on the bond risk. No event has occurred that would cause this guarantee to be called upon.

Ports of Auckland Limited potentially has a liability for aspects of repairs and maintenance on Queens Wharf of up to $1.5 million. The expense is likely to be incurred within a ten to fifteen year time horizon.

H5. Events occurring after the reporting period

On 29 August 2022, subsequent to year end the Board of Directors resolved to pay an unimputed dividend of 8.25 cents per ordinary share, a total of $12,045,428. The dividend will be paid on 9 September 2022.

GET IN TOUCH

Physical Address

Level 1, Ports of Auckland Building
Sunderland Street, Mechanics Bay
Auckland 1010, New Zealand

Mailing Address

Ports of Auckland Limited
PO Box 1281, Auckland 1140
New Zealand
+64 9 348 5000

Email us

feedback@poal.co.nz

Website

www.poal.co.nz

To see our previous reports online:

www.poal.co.nz/media/reviews

PORTS OF AUCKLAND
TĀMAKI HERENGA WAKA

poal.co.nz