Port of Auckland
Tāmaki Herenga Waka

Annual Report 2024
Mahere ā-Tau

Strengthening our Mana
Toitū te Mana

PORT OF AUCKLAND
TĀMAKI HERENGA WAKA

Contents
Ko Ngā kaupapa whānui me Ngā kaupapa whāiti

Our Vision
Te Ara Ki Tua

From the construction of Queen Street wharf in the 1850s until now, Auckland's port has connected the world to Tāmaki Makaurau. As New Zealand's largest import port, Port of Auckland has developed hand in hand with Auckland, bringing in goods we've needed to thrive.

From Singapore and Rotterdam, through to Sydney and Shanghai, thriving global cities depend on reliable supply chains.

So, it's no coincidence these are just some of the powerhouse cities depending on port operations.

Island nations like New Zealand need comprehensive port strategies. Ports create jobs, they enable business, they reduce carbon emissions compared to other import options, and in the case of Auckland, the port provides a dividend to Auckland Council.

Most of the port's inbound cargo is for Auckland. We are proud of the role we play in Auckland's economy and how we support Aucklanders through our dividends.

We're proud to represent New Zealand and facilitate sustainable growth of trade across the upper North Island, and especially proud to be Auckland's port.

We are Port of Auckland.

Strengthening our Mana - Our Strategy
Toitū te Mana

Vision

Port 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 and the upper North Island.

Focus Areas

Customer at the Core

- Focus on what our customers value
- Broaden and grow our revenue streams
- Embed a customer centric culture
- Deliver consistent and reliable operations.

Infrastructure for the future

- Upgrade our core systems (digital and operational)
- Prepare us for future growth
- Build the right things in the right way
- Commercial model delivering a fair return
- Future appropriate business structure.

Whanaungatanga

- Operate safely and sustainably
- Invest in and retain our talent
- Celebrate our diversity
- Leverage the power of our people working together
- Make informed decisions.

Sustainability Pillars

- **Caring for Aucklanders**
- **Genuine harbour health**
- **Meaningful climate action**
- **Driving towards a circular economy**
- **Sustainable business in Auckland**

Financial

FY25	$65m NPAT	$45m Dividend
FY26	$85m NPAT	$52m Dividend
FY27	$100m NPAT	$60m Dividend

Chair and Chief Executive's Review
Te Arotake Matua a Te Tumuaki me te Manahautu

Tēnā koutou katoa,

Thank you to the whole Port of Auckland team, including everyone in the wider group, for delivering a strong year against the backdrop of tough economic conditions.

For the last two years the whole port team has been working to our Regaining our Mana strategy. We intended this to be a three-year programme, but at the end of FY24 we had largely achieved all our goals.

Reaching these goals a year earlier than expected is impressive and reflects the commitment and focus of the entire team. During FY24 Port of Auckland group exceeded its forecast underlying NPAT[1], growing it to $55.2 million from $45.2 million last year.

This enabled us to declare a $40m dividend to Auckland Council, which was a $10m increase compared to FY23 and $5m more than we committed to Council in the port's Statement of Corporate Intent (SCI).

On all fronts the team has continued to lift performance, in particular the strong cruise season and growth in container volumes.

In a time where container volumes across the sector have been significantly lower, these results highlight our growth in market share and commitment to improving operational efficiencies.

The lift in performance has been matched by an unrelenting focus on health, safety and wellbeing.

The speed at which we have turned the port's results around demonstrates the team's commitment to safety, lifting performance, delivering returns to our owner, Auckland Council, and rebuilding the trust of our people and Aucklanders.

Pleasingly, this was recognised through the year with the Deloitte Top 200 Most Improved Performance award and the HRNZ Future of Work award.

Strengthening our Mana

We have now activated the next phase of our strategy, Strengthening our Mana, which will continue to build on our progress.

This strategy builds on the vision for Port of Auckland to be safely and sustainably profitable, delivering a fair return to Auckland Council, and remaining the preferred port of our customers and our people.

The three main components of this strategy are:

- **Customer at the Core**
  Further improving commercial performance and embedding customer-centricity into our culture.
- **Infrastructure for the future**
  Completing a generational investment in infrastructure – wharves, core digital and operational systems, and buildings. This investment will provide operational capacity for the next 30 to 40 years.
- **Whanaungatanga**
  Investing in capability across the team, with a sharp focus on continuing to improve health and safety performance. We embrace the diversity of our employees.

The outcome is to provide a better return on equity for our owners and delivering our target of $65m underlying NPAT in FY25 and $100m underlying NPAT by FY27.

[1] Underlying NPAT excludes items such as revaluations, impairments, depreciation adjustments on buildings and one off non-operating items

Exceeding financial targets

Looking back on FY24, we bucked economic trends with strong container import volumes and revenue growth, which allowed the Group to deliver a higher dividend to our shareholder.

Our revenue increased to $339m, up from $320m in FY23. Operating costs grew modestly, reflecting inflation and increased wage costs including the lift in stevedore numbers to meet demand.

In April we advised Council of upgraded guidance on our underlying net profit expectations to between $52m and $55m in FY24. We are pleased to have exceeded this target, achieving an underlying net profit of $55.2m, a $10m increase.

Like many other entities, this year the removal of tax deductibility for commercial building depreciation means we have had to recognise an additional $13.4m of tax expense in FY24. In addition, the Group was required to vest certain infrastructure assets in Horotiu to Waikato District Council upon completion of initial development work, which resulted in a net $8.3m after tax write-down of the investment property.

These factors took net profit after tax for FY24 to $35.9m, compared with $40.5m in FY23.

Given the strong operational performance and cash flows, net debt levels were reduced to $375.8m, down from $407.5m in FY23.

The improvement in profitability led to significant increases in Return on Equity[2], up from 4.6% in FY23 to 5.6% in FY24, and Return on Assets[2] lifted from 2.9% in FY23 to 3.6% in FY24.

The Operational Improvement Team, co-led by port management and Maritime Union of NZ, has seen significant performance improvement in the container terminal. June 2024 was the strongest month in three years with more than 70,000 TEU[3] handled, and growth in laden imports and laden exports.

Our record cruise season with 133 ship calls also contributed to this year's financial results.

Prioritising safety at all times

The journey to improving health and safety is never complete, and we continue to emphasise the priority of keeping our people safe when implementing operational efficiencies.

We introduced a series of initiatives including on-site injury support and return to work process, which has helped to significantly decrease the number of days lost to injury. In the 12 months to June 2024, we lost 282 days to injury, compared to the 650 days lost during the previous 12 months – a 56% reduction.

There was no single initiative that helped us achieve these results, but rather a company-wide commitment to health and safety at every level.

We've seen particular success from our in-house physiotherapists, allowing us to provide support and assistance to our team when they need it.

Our focus on safety also goes beyond our core business.

Our subsidiary, Nexus Logistics, which provides complete container logistics solutions, won the EHS Compliance Digitisation Award at the 2024 Verdantix EHS Innovation Excellence Awards in Amsterdam for their work improving mobile handling equipment safety in their warehouses.

We have actively participated in the national Port Health and Safety Leadership Group during the year. Through this group we have completed the design, development, and approval of *Approved Code of Practice for Loading and Unloading Cargo at Ports and on Ships (ACOP)*, which is now being rolled out throughout the port sector.

Doubling down on customer centricity

Across all touch points in our business, we've focused on becoming more customer centric during the past year.

This year we started measuring our net promoter score (NPS) twice yearly. We have already made significant progress, evidenced by our 31-point increase from customers. We know there is more to do. Our NPS of +22 and feedback from customers shows us where we have opportunity to improve and where we should focus our efforts.

Understanding what our customers want and need, and what they're willing to pay for, enables us to design supply chain solutions that meet their needs, delivering value to them and to the Group.

This year's new Town Hall meetings for customers were well received and enabled us to update customers as well as hear about their business needs.

Our customers asked for a better indication of long-term pricing. So, at these Town Hall meetings we outlined our 12–18-month pricing forecast as well as outlining operational improvements underway. This ensures our customers can be confident in the reliability of the port as well as our pricing structure.

[2] Based on underlying NPAT
[3] TEU is equivalent to one twenty foot container

Caring for Auckland

Sustainability is fundamental to our strategy. We have assessed where we can have the most impact in the short term, centred on genuine harbour health, meaningful climate action, driving towards a circular economy, and being a sustainable business in Auckland.

We reduced our scope 1 and 2 emissions to 11,000 tCO_2e and remain on track to achieve net zero ahead of our 2050 target. We are especially proud of this as we had anticipated an increase in emissions due to increased volumes through the port.

Electrification is a core tenet of our environmental sustainability efforts. We will be installing solar panels on our car handling facility which will generate approximately 6% of our electricity usage. We are constrained on our ability to reduce the carbon footprint by the lack of low carbon cargo handling equipment. However, we have secured funding for our first electric empty container hoist, via a grant from Energy Efficiency and Conservation Authority.

Our harbour health initiatives are progressing well. Following the launch last year of Te Moananui o Toi Restoration Trust in partnership with Protect Aotea, the trust awarded its first eight PHD scholarships to support research into the invasive seaweed, Exotic Caulerpa, and its infestation on the seabed around Great Barrier.

The second phase of replanting 38-hectares of Āwhitu Peninsula with native flora was done in July with 50,000 natives planted. This replanting programme is helping to create an ecological corridor on the West Coast from the Waitākere Ranges.

Certainty of direction

The finalisation of the Auckland Council Long-term Plan secured clear direction and long-term certainty for the port team, our customers and the community, setting the stage for strong years ahead.

Of particular note from the process is the outcome of the Mayor's proposal to work with Port of Auckland and our unions and in May, we agreed to a tripartite agreement. We have committed to continue lifting the port's future profitability and as part of the Long-term Plan Auckland Council is determined to retain ownership of the port.

The agreement is an example of our high performance, high engagement approach and our commitment to continue improving relationships with stakeholder groups, including our owner Auckland Council, unions, iwi, customers, our employees, and the community.

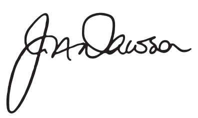
Summary

Looking ahead, focusing on our people, the planet, and profitability remains key to our success.

We expect to see solid trading results throughout FY25 and in line with the agreement with the Mayor and Council, we're committed to further improving the return on equity and the profitability of the port.

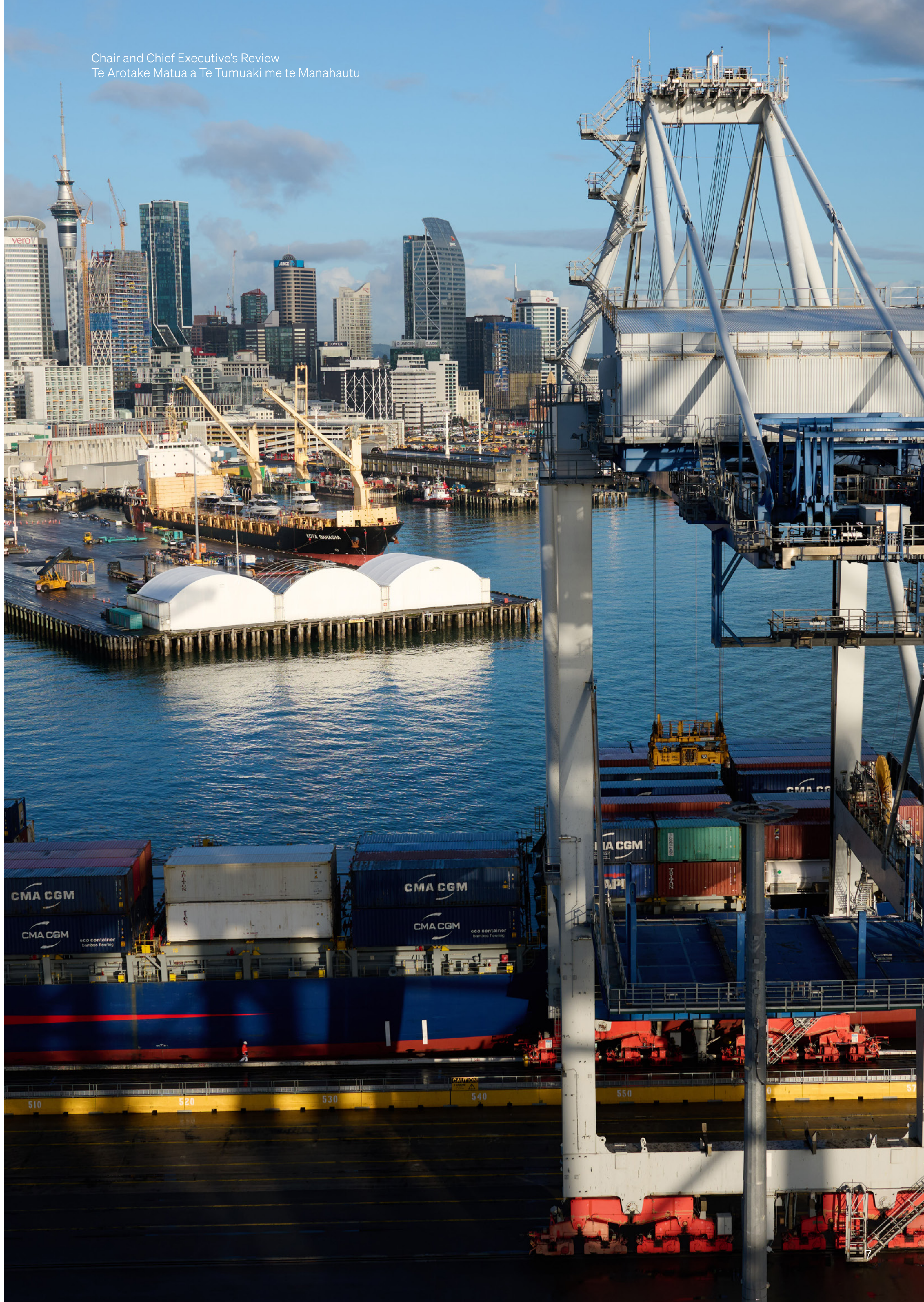
As our operations continue to improve, we expect to see further decisions by cargo owners to recognise the advantage of our proximity to the market, low carbon entry footprint, and safe, efficient, and reliable operation.

All of this is only possible thanks to our team who continue to work exceptionally hard for Auckland, for our customers, and for each other.



Jan Dawson
Chair

Roger Gray
Chief Executive



Results at a Glance
Ko Ngā Puawaitanga

$35.9m
NPAT for FY24

$55.2m
Underlying NPAT for FY24 compared to $45.2m in FY23*

$40m
Dividend

3.1m
Tonnes breakbulk excluding cars

844,994
Containers**

$31.7m
Reduced net debt levels to $375.8m in FY24, from $407.5m in FY23

83,510
Containers** moved by rail

* Underlying NPAT excludes items such as revaluations and impairments
** TEU (one TEU = one standard 20-foot container)

Won
Deloitte Top 200 Most Improved Performance and HRNZ Future of Work Awards

11,100
tCO_2e (market-based scope 1 and 2 emissions)***

335,290
Cruise passengers

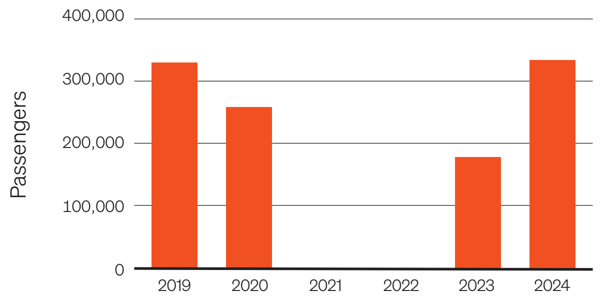
50,000
Natives planted at Āwhitu Peninsula

1,198
Ship calls

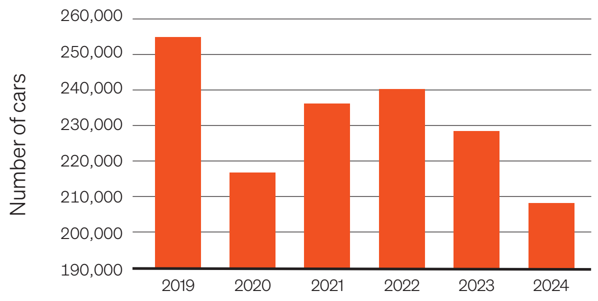
*** tCO_2e: tonnes of carbon dioxide equivalent emissions (a standard unit for counting greenhouse gas (GHG) emissions regardless of whether they're from carbon dioxide or another gas, such as methane)

Results at a Glance

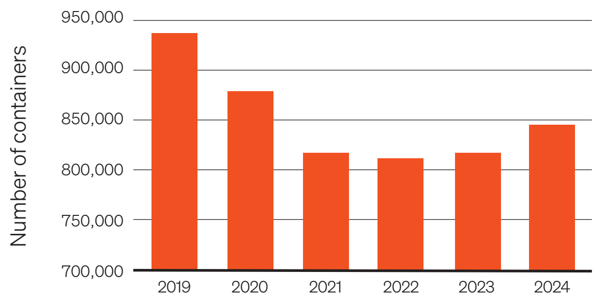
Cruise ship passengers



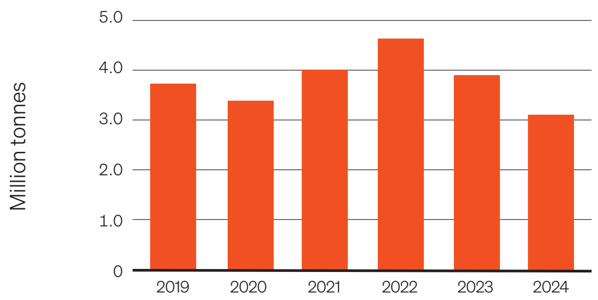
Cars



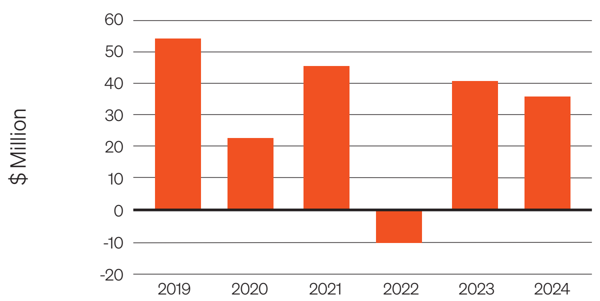
Container throughput



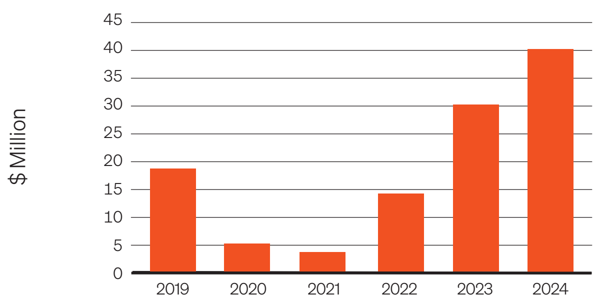
Bulk and Breakbulk excluding cars



Net Profit After Tax



Ordinary Dividends declared



Value Chain
Rārangi Uara

World

1,198
Ship calls

Five trades

Container handling
844,994
TEU 20FT containers

Multi cargo
3.1m Tonnes bulk and breakbulk

Cruise
335,290
Cruise passengers

Property
$14m In supply chain related rental income

Roll-on, Roll-off (Ro-Ro)
208,370
Cars

Other services

- Bunkering
- Marine services
- Strategic partner for Pacific Islands
- Rail services
- Engineering services
- Biosecurity and Customs

Outputs

$40m
Dividend to Auckland Council

33%
Increase from 2023

773
Direct employees*

Around
3,000
People access the port daily for work

$200m
Economic impact of cruise for Auckland

$80,000
Provided to staff to support community initiatives

Started operations at Ruakura Inland Port with Nexus and anchor customer Kmart

$150k+
Invested into harbour health initiatives

133
Cruise ship visits

10,000+
People in Auckland connected to vehicle imports and sales

50,000
Native plants established at Āwhitu Peninsula

Main cruise exchange port for New Zealand

* Does not include subsidiaries

Safety Always
Kia Haumaru

The health, safety, and wellbeing of our people remains a fundamental focus at the port. During the last 12 months our team has gone from strength-to-strength.

This year we've continued to implement initiatives that elevate our sharp focus on health, safety, and wellbeing, including partnering and collaborating with all of our unions. We have also introduced a comprehensive support programme to assist any employees who have been injured to facilitate a rapid recovery.

Frontline safety

At the port, we know that safety is everyone's responsibility, and our Executive Leadership Team (ELT) and Senior Leadership Team (SLT) continue to lead by example. These leaders have a target to complete at least one critical risk verification, and one 'Port Walk & Talk' per month. This means our leaders are regularly verifying controls and are present on critical risk activities and proactively engaging with staff in safety discussions.

Partnering with our unions

This year, a primary focus for the port has been enhancing our close partnerships with our unions. This improved level of collaboration was focused on co-creating health and safety programmes for our people and the successful roll out of Port of Auckland *Stevedoring Code of Practice*. This ground-breaking initiative ensured that the foundations of safe working practices were adopted by all stevedoring companies working at the port and has led to a sustained reduction in the number of incidents occurring.

Our WellMe partnership

Stevedoring is tough, physical work, and occasionally our workforce suffers sprains and strains which need treatment. Last year we partnered with health expert WellMe to support the port with injury assessment, on-site physiotherapy services, and ongoing return-to-work support for those who need it, whether or not the injury was work related.

Our on-site physio team has delivered valuable advice and coaching on posture and strength training which has dramatically improved the recovery time for our workforce. This initiative ties into our strategy and ensures our employees have wrap-around support.

In the 12 months to June 2024, we lost 282 days to injury – a significant decrease when compared to the 650 days lost during the previous 12 months.

We are proud to share that our WellMe programme was a finalist in Safeguard's New Zealand Workplace Health & Safety Awards 2024.

Looking ahead

Over the next 12 months, we will implement a Health and Safety Performance Index (HSPI). The HSPI is a balanced set of leading and lagging safety measures. Lead indicators improve performance before a safety event occurs, and our focus over the coming year is to define and closely monitor these indicators to ensure that the activities needed to create a safe workplace are being consistently implemented.

The port remains focused on strengthening our partnership with Maritime NZ, who on 1 July 2024, became the primary regulator on land as well as on ships for the country's 13 major ports.

Over the last year, Maritime NZ has worked closely across the industry, including Port of Auckland, to create an Approved Code of Practice for Stevedoring. The publication of this guidance is a huge step change for the industry sector and one which we are proud to support. We will partner closely with Maritime NZ to adopt the requirements of the code.

Cultivating pride at the port is a cornerstone of our ongoing health and safety transformation. Our people are our biggest asset and by empowering and investing in our health and safety representatives, we will continue to build a culture of learning and continuous improvement.

Independent safety review

During FY24, the port continued its safety transformation by voluntarily commissioning an independent 'cold eyes' review using the well-established SafePlus methodology. It categorises the port's performance into three key areas:

1. Leadership
2. Worker engagement
3. Risk management.

The findings of this review show that over the past two years, we have laid out some important foundations creating an environment where safety is seen as a shared agenda for everyone.

The review recognises the considerable effort the port has invested to support our people. This was seen as the key enabler for creating an inherently safer work environment.

The findings of the review are being used to design a strategic plan for health, safety, and well-being for the next 12 months.

Our focus for the next year will also be on enhancing our risk management and safety leadership capability, and will include a full review of our approach to fatigue and emergency management.

Safety in numbers 2024

368 Fewer days lost to injury (from 650 in FY23 to 282 in FY24).

707 Safety leadership 'Port Walk & Talks' completed.

698 Drug and alcohol tests completed.

993 Hazards reported and fixed.

360 Health and safety representatives attended safety committee meetings.

437 Critical risk verifications completed.

Customer at the Core
Ko Ngā Rito Tāngata

Our customers were integral as we continued our sharp focus on our Regaining our Mana strategy.

Our refreshed customer engagement programme and transformation of operational improvements are well underway as we become a more customer-centric organisation.

This is evident in us achieving an overall customer satisfaction rating of 7.28/10 and increasing our NPS by 31 points.

Building customer confidence

Connecting customers to their markets, understanding their needs, and providing a seamless experience continues to be our focus.

We boosted the support we provided our customers by:

Continuing to invest in our people and building more resilience into our operation by upskilling and cross-skilling our people.

Growing our customer commercial team to ensure the port is running at full capacity.

This has not only strengthened our relationships with customers, but provided more certainty and efficiency for their businesses.

We recognise our crucial role in their supply chain and are committed to delivering a sustained level of reliable service for our customers, ultimately building their confidence in the Port of Auckland.

Optimising efficiency with a focus on safety

We've been working hard to strike a balance of ensuring our operations are as efficient as possible for our customers, while ensuring our people remain safe at all times.

Adhering to a zero-tolerance policy for workplace fatalities, we have revamped our processes to prioritise safety above all else. While this has resulted in a slight reduction in our operational performance, reliability and performance remain a significant focus for us at the port.

The implementation of internal processes continues to help us be a dependable partner for our customers.

As the country's first port of call for many international shipping lines, the effective management of berth windows remains a top priority as it allows shipping lines and our customers to plan multi-port visits efficiently. We understand the ripple effect delays have on the shipping cargo owners through other New Zealand ports.

Updating terminal infrastructure for a more seamless experience

We have undertaken various initiatives to support our strategic goals of adding value for our customers. One major infrastructure project completed was the remediation of the tarmac in our container terminal. This has improved the resilience of this infrastructure for many years to come.

"Ride-alongs with truck drivers have provided us valuable insights into how a container moves through the port and the city, allowing us to better understand how we can support the trucking industry."

Nick Foster,
Head of Terminal Operations

Walking in our customers shoes

During the past year, we've had a sharp focus on walking in our customers' shoes. Members of our Executive Leadership Team (ELT) and Senior Leadership Team (SLT) have ridden with some of our customer carriers at night, including Reliance Transport, Cargo Plus, Bonney's and SRL Cargo.

This is part of our Customer at the Core pillar and enables our team to build strong relationships with our customers and to better understand their needs – ultimately enabling us to enhance the service we provide.

Other initiatives to boost the efficient movement of cargo include:

Converting straddles to deliver more capacity for the terminal in the future – this is expected to be in place by FY25.

Building more agility into the operation to cater for fluctuations and volumes – while we've achieved a four-year weekly volume rate high, this is still an area of significant focus for the port as we now strive for consistency.

Continuing to focus on the information flow of multi-cargo, including schedules, volume, and data sets – this is ongoing, with our focus shifting to how we can get better visibility to ensure all parties and stakeholders can make more informed decisions.

Ensuring an improved level of service to our trucking company customer segment, providing more consistency to help goods flow off the port more efficiently – we have reduced port dwell time on the container terminal from four to five days, to two, meaning our customers aren't being impacted by additional demurrage and storage costs.

Engaging with our customers

A key pillar at the port is Customer at the Core, focusing first and foremost on what our customers value.

Town Hall meetings

This year, we've started a series of Town Hall meetings designed to provide our customers with regular business updates, including what we're doing around infrastructure; health, safety, and wellbeing; as well as operations and commercial.

Our customers had previously asked for a better indication of long-term pricing, and at these Town Hall meetings we have been able to commit to a 12–18-month forecast. This ensures our customers can be both confident in the reliability of the port as well as our pricing structure.

As a result of positive feedback from our customers, we will be hosting these Town Hall meetings twice-yearly ongoing.

Port tours

We've continued to be heavily inundated with requests for tours of the port, and increased the number of tours we offered to ensure all customers have a better understanding of how their cargo is handled.

During the past 12 months, we have taken a record 734 industry people on a port tour. From cargo owners and freight forwarders through to industry groups, shipping lines, and transport companies, the tours have given some of our key customers an insight into the workings of the port.

We have also welcomed more than 1,100 people to the port our public bus tours.

16

Port leaders went on truck ride-alongs to understand the customer experience better.

$200m

Cruise industry adds more than $200m to the Auckland economy.

1,800

More than 1,800 industry and public have been on a port tour this year.

Investing in cruise and the launch of Disney Wonder

This year we experienced a bumper cruise season. Our marine and cruise teams handled 133 cruise ships visits and welcomed 335,000 passengers, injecting $200m into Auckland's economy.

Following a few quieter cruise seasons as a result of Covid-19, a number of cruise lines visited New Zealand for the first time this year, including Disney Wonder.

While we anticipate the cruise industry will soften over the coming year, we remain committed to supporting the cruise industry and understand the important role we play as both an exchange port and the first port of call for many cruise lines.

Spotlight on Nexus Logistics

Through our investment in Nexus Logistics we provide businesses with a complete range of supply chain services to deliver efficient and low-carbon freight handling. Nexus' network of inland freight hubs allows better utilisation of the rail network and sustainably links New Zealand cargo owners to global markets. This helps us deliver a high level of service for our customers as well as supporting Auckland and New Zealand's economy.

Leading from the front

In FY24, Nexus continued to strengthen its reputation as a safety leader in the logistics sector. It was ranked among the top three companies in the New Zealand Safety Awards before going on to win the internationally recognised EHS Compliance Digitisation Award at the 2024 Verdantix EHS Innovation Excellence Awards in Amsterdam.

Nexus earned this recognition by implementing Safety Angel software and integrating it with ecoPortal, a leading safety platform. This integration effectively identifies and addresses safety risks around mobile handling equipment in warehouses.

By using SEEO's Artificial Intelligence system to monitor safety practices and integrating this data with ecoPortal, Nexus gained valuable insights into warehouse risks. This approach has enabled prompt issue resolution and significantly improved overall safety for the team.

Nexus has also achieved ISO45001 accreditation, which validates the work the business has done on building robust safety management systems to ensure staff safety and wellness remains core to everything it does.

"This award is a massive achievement for a small logistics company located at the bottom of the world, yet we can still lead safety on a global stage. To lead a business that has safety within its DNA, whereby our staff are invested in our safety journey, is a privilege"

Darcy Hart,
CEO, Nexus Logistics

Innovative solutions

A significant highlight for the Nexus team was securing a logistics partnership with a large New Zealand retailer. Nexus secured the contract by presenting a network solution that demonstrated both viability and efficiency through an eco-friendly connection to ports via rail, providing transport efficiencies and a lower environmental impact.

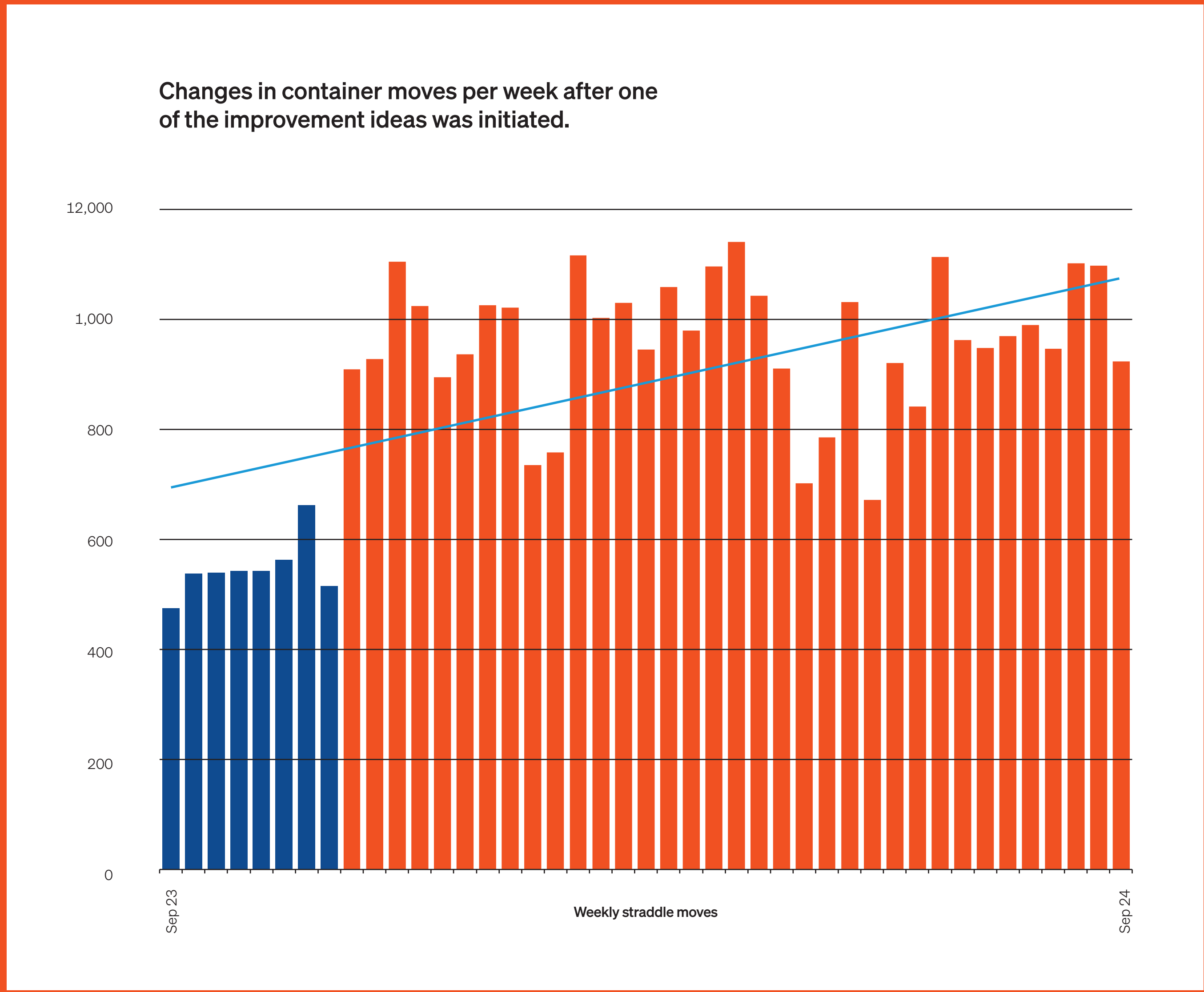
The innovative supply chain approach introduced a new solution to the network, made possible by the trust Nexus has built with its partners. Since announcing this partnership, 91% of the volume is imported through Port of Auckland.

Enhancing social license to operate

Nexus operates primarily within the rail sector, with 72% of its volume handled through KiwiRail. This rail-focused strategy bolsters its social license to operate by significantly lowering heavy truck usage and reducing emissions.

During the past year, Nexus has successfully removed 41,000 truck trips from the road, leading to an 80.4% (1,902T) decrease in equivalent road emissions for containers carried on KiwiRail's networks. Nexus also works directly with shipping lines to meet their logistical needs and collaborates with transport companies that use its rail service to minimise road deliveries.

Nexus provides rail services to and from the South Auckland Freight Hub which transport carriers utilise, along with end-to-end logistics services to many of New Zealand's large importers and exporters primarily in the Auckland, Hamilton, and Palmerston North regions.



Operational Improvement Team

When it comes to container terminal operations, efficiency can have a serious impact on the bottom line and our customers.

As global shipping and supply chains recovered post-pandemic, the port's container operations also had to quickly restart to meet the increased demand in customer needs.

To help with this, the Operational Improvement Team (OIT) was established. Sponsored by the Maritime Union of New Zealand and port management, this team is a cross-section of frontline operational staff and union representatives focused on improving the safety, efficiency, and financial performance of the container terminal.

The team is trained in the High Performance, High Engagement method which is based on everyone working together in a collaborative and respectful way.

It builds engagement among staff and leverages diversity of perspective, experience, knowledge, and creativity of the group to ensure meaningful and successful change.

A dedicated workspace near the messroom has been set up for stevedores to drop in and meet with an OIT member to share their ideas on how the efficiency and safety of the container terminal could be improved. By empowering the workforce to get involved in improvement ideas and initiatives, the port has lifted throughput and is better able to meet customer expectations.

Sustainability
Kia Tūpapa Ai Te Ihu Waka

Being a sustainable port is key to our strategic direction and helps us keep our people, customers, community, and our shareholders at the forefront of what we do. We take the sustainability of our operations very seriously – socially, economically, and environmentally.

During the last 12 months we achieved our short-term sustainability targets and continued to make meaningful progress towards our interim 2030 targets.

2030 targets

10% reduction in CO_2 emissions per container (TEU) handled from our 2017 baseline.

45% reduction in total CO_2 emissions from marine operations from our 2017 baseline.

As a result, the port remains on track to achieve net zero emissions* ahead of its 2050 target and to meet its 2040 zero waste to landfill target.

Our scope 1 and 2 emissions* decreased from 11,370 tCO2e in FY24 to 11,000t CO2e, marking an overall reduction of 23% in our direct and scope 2 indirect emissions since the port began its reporting in 2017. Port of Auckland's emissions inventory is independently certified by Toitū Envirocare under the Carbon Reduce certification programme.

Machinery is the largest contributor to our scope 1 and 2 emissions and in FY24 we progressed long-term decarbonisation of our machinery, adding eight new small electric vehicles to our fleet.

To help us reach our goals, during the next eight years the port will replace tugs, cargo handling, and marine equipment with electrically powered units as they come to end of life.

The port successfully reduced its waste to landfill by seven tonnes – a 6% decrease from 2023 and above our annual target of a 5% reduction for 2024. We had two minor spills that discharged to sea in 2024. Both were accidental spills from machinery and spill volumes were estimated to be less than one litre in both cases.

The launch of Te Moananui o Toi Restoration Trust, which was established in partnership with Protect Aotea, was a highlight of FY23. In FY24 we allocated the first funds. This went to a number of causes including Exotic Caulerpa research and an ecologist on the Spirit of New Zealand who will teach young people about ecology and protecting the Gulf.

In line with our commitment to being a supportive community neighbour, the port continued its programme of assessing the impacts of port activities on the local community.

In 2024 we investigated the air quality impacts of port activities across 10 sites in downtown Auckland and Devonport. The investigations measured airborne particulates (PM10 and PM2.5) and black carbon, as an indicator of hydrocarbon combustion.

The high-level results showed the airshed throughout downtown Auckland and Devonport is fully mixed and that it meets the appropriate national and regional air quality standards and guidelines. The study also confirmed that because the airshed is so well mixed, it was not possible to discern any obvious impacts of port activities.

As we are 100% owned by Auckland Council, the port is contributing to Auckland Council's annual climate disclosure report. Council's disclosure report is required to be prepared in accordance with the requirements of the Financial Markets Conduct Act 2013 (FMCA) and must be compliant with Aotearoa New Zealand Climate Standards.

* Unaudited result. ISO 14064-2018 Category 1 and 2 (GHG Protocol Scope 1 and 2)

A sharp focus on biosecurity as a New Zealand first port of arrival

The port works collaboratively with the Ministry for Primary Industries (MPI) to manage biosecurity risks at the border. We understand the significance of our role as New Zealand's largest import port to ensuring pests and diseases do not pass through our borders.

The port is continuously undertaking screening inspections and monitoring practices. During the last 12 months, two non-significant notifications were sent to MPI.

Preparing for new noise reduction specifications

To support the preparation for the New Zealand Vessel Noise Specification, we monitored 24 new vessels entering New Zealand services last year.

This monitoring identified only three new vessels that had a negative derived noise label score and would have failed the draft vessel noise specification had it been in place. Port of Auckland is working with other New Zealand ports and Maritime New Zealand on the next steps for the specification. A significant reduction in complaints has resulted following our work with shipping lines on noise levels.

Investing in electrification

The port is committed to developing a more circular sustainable economy. In FY24, we signed a contract to install a solar array on top of our car handling facility which will generate 6% of our annual electricity usage. We're in the process of investigating further locations where more renewable electricity generation can be installed as part of our long-term plan.

Electrification of the port's cargo handling operations over time is the basis of our emissions reduction roadmap. This, coupled with the need to maintain the resilience of our operations in light of a changing climate, means that our electrical infrastructure will be critical to our future operations. Looking ahead, we are adding new cables, substations, feeders, and on-site generation to meet future demand and to ensure we have resilient infrastructure and the electricity we need to operate when climate related events occur.

To kickstart our electrification, the port has secured funding from the Energy Efficiency and Conservation Authority for its first electric empty container hoist in New Zealand, which will be operational in the next 12 months.

Environmental management

Partnering for our ecosystem

In FY24, we continued our project to restore Mahanihani, South Head, on the Āwhitu Peninsula to native bush in partnership with Ngāti Te Ata Waiohua. Building on our first planting in June 2023 of 2.5ha and 24,000 plants, we have planted a further 5ha with another 50,000 plants. The planting phase will be completed within the next five years with a total of 38ha planted in approximately 350,000 native trees.

The port recognises its responsibility in recloaking Papatūānuku and our planting phase is the first step of a long partnership with Ngāti Te Ata Waiohua in restoring this land.

Growing our harbour health initiatives

The past year has been a busy time for initiatives aimed at improving the health of the lower Waitematā and Hauraki Gulf. This year was the first year of our agreement with Protect Aotea which will see $1.5m invested into community-based initiatives aimed at helping communities to improve the marine environment over the next 15 years.

A particular focus of the grants over the past year has been on raising awareness and trialling measures to combat Exotic Caulerpa — an invasive seaweed that is rapidly spreading in the upper North Island. Port of Auckland has also embarked on its own harbour health initiatives in and around the port.

The first steps in this journey are to increase the biodiversity within the port itself and to turn the port into a marine nursery for the benefit of the wider marine ecosystem. To do this we are utilising mātauranga Māori knowledge systems to design ways to help marine life grow and flourish in the lower Waitematā Harbour and Rangitoto Channel.

We are in the process of planning stage two with Ngāti Whātua Ōrākei and other stakeholders, which will focus on helping to restore the hard reef habitats of Judges Bay and the Rangitoto Channel.

Port of Auckland grant a welcome boost for Spirit of Adventure Trust

The Spirit of Adventure Trust has enhanced its onboard environmental programme for its young sailors thanks to a grant from Te Moananui o Toi Restoration Trust.

This has allowed the Spirit of Adventure Trust to enhance its onboard environmental programme for its young sailors by employing a Second Mate, Anna Clarke, who has an environmental science background. Anna joins rangatahi on each voyage and teaches them about marine life and harbour health.

The education sessions cover the impact of rising sea temperatures, water pollution, and the importance of biodiversity.

Spirit of Adventure Trust CEO, Bruce Pilbrow says having a champion on board has allowed the environmental programme to come to life.

The port is one of the largest users of the Waitematā Harbour and we are proud to be supporting the Spirit of Adventure Trust and the great mahi they do.

The port is committed to celebrating our diversity and building a safe and engaged culture

People and Culture
Ngā Pou Tāngata me Ngā Pou Ahurea

During the last year we've embedded our Whanaungatanga pillar into the business, creating an inclusive workplace to reward positive behaviour, champion diversity, and celebrate success.

The success of the port is driven by our people, and delivering positive change for them and the business is crucial. We want to walk the talk on our strategy, and look forward to what our continued investment and approach in our people and our culture will deliver in FY25 and beyond.

Attracting and retaining great people

Implementing our strategy and building pride in the workplace has been a significant focus during the last 12 months.

We have seen first-hand that if you look after your people, they will look after your business.

As a result, there's been a positive shift in our employee engagement which is evident in the +6 increase in our latest employee engagement survey. Key highlights from the 76% of our people who completed the survey include that our team enjoy working for the port (84%), think it's a great place to work (84%), and would recommend working at the port to others (82%).

We reward our employees for their dedication and commitment to the port. This helps further strengthen their engagement. During the past year, 60% of all new roles and promotions have been awarded to internal applicants, including Phil Doak who joined the Executive Team as General Counsel.

We were proud to win the 2024 HRNZ Future of Work Award for our whanaungatanga strategy. This strategy promoted strong collaborative relationships between management, unions, front-line workers, and the Taumata responsible for Māori outcomes.

Celebrating Pasifika

Celebrating diversity is a significant and long-term focus for the port. A third of our people are Pasifika, bringing their unique cultures and perspectives to the organisation.

This year we committed to boosting support for our Pasifika people with the creation of the Pasifika Outcomes Manager role – a first in the port's history.

Vanessa Wolfgramm has stepped into the role and will focus on developing career pathways and leadership progressions for our Pasifika staff.

We have co-designed a Pasifika Workforce Strategy and Roadmap, in collaboration with our Pasifika people to ensure the port strategy aligns with the aspirations and needs of our Pasifika people. This is a testament to the port's commitment to our Pasifika employees and sets the intention for the future.

This also marked our second year celebrating Pasifika Day, which had a strong whānau vibe and connection to cultural roots.

Staff were treated to delicious Pasifika food and a beautiful traditional Samoan performance. The port's Tuvaluan staff and their whānau also put on a powerful performance.

To bolster our support for Pasifika, in November we sponsored Mana Moana, a celebration of Pasifika music with 80 choral singers and 78 NZSO musicians on stage showcasing the gorgeous harmonies and rich melodies of traditional songs from across the Pacific.

As a result of our improved financial performance in FY24, we paid 426 eligible employees on collective contracts a $1500 pre-tax bonus. Our employees have worked hard to deliver for our customers and for Auckland over the last 12 months and we want to recognise and celebrate their exceptional efforts.

Increasing support for caregivers

This year we reviewed our parental leave policy and increased financial and wellbeing support for caregivers. In addition to the port topping up the government-funded parent payment to 80% of the employees' standard rate of pay for 26 weeks, key highlights include:

- The continuation of the KiwiSaver employer contribution.
- Annual leave will accumulate at the standard rate of pay.
- Partners are eligible to take two weeks of paid leave at their standard rate.

Developing our people

Following the success of our frontline leaders' programme Tumu Herenga Waka, this year we launched our Emerging Leaders Programme, Te Ara Rangatira, for aspiring leaders at Port of Auckland. Leaders nominated 21 team members to undertake this annual four-month programme.

This comprehensive leadership training sets people up to grow, and we are already seeing the benefits of this initiative. Developing great leaders continues to drive engagement and better outcomes for all port people.

Key statistics

People and Culture by the numbers

773 total employees includes casuals, fixed term and permanent*

Gender split

17.9% female

82% male

0.1% other or not disclosed

Role split

78.1% operational staff

21.9% office-based

Ethnic employee breakdown

34.2% NZ European

7.8% Māori

10.6% Samoan

11% Tuvaluan

5.6% Indian

30.9% other / not specified

* Does not include subsidiaries

During FY24, we upskilled and supported our people, offering learning and development courses that enhance their careers, including leadership skills, literacy courses, te reo Māori classes (level 1 and 2), and business acumen courses, as well as sponsoring those who are doing their post-graduate studies at university.

We also celebrated 12 stevedores who graduated from a 25-week workplace communication skills course. The course builds communication skills helping them to stay safe during their physically demanding job.

Diversity, equity, and inclusion

Promoting a positive culture is a significant focus at the port and one of our core values is showing care and respect to one another.

We continue to encourage everyone to bring their whole selves to work and are committed to fostering an environment where everyone feels equal.

For the first time we celebrated Pride Month and established our Port Pride committee. Our newly appointed Port Pride organising committee, consisting of rainbow community members and allies from across the port, are now helping the port to celebrate rainbow events and milestones year-round.

Across the port we also have people honouring their faith in various ways, including holding a karakia or prayer before a shift starts.

Celebrating our people

During FY24, we've completed our first year of the Ka Pai awards – an awards programme where staff nominate and recognise each other. The inaugural Ka Pai Annual Awards was held in May where winners from throughout the year gathered to celebrate an overall winner from each of the categories.

Seven winners and a supreme winner (the Mana Award) were announced on the night. Ka Pai is an important building block in the whanaungatanga pillar of our strategy.

We continue to support our people outside of work through the Staff Sponsorship Programme.

We distributed $80,000 this year to help port workers and their whānau to follow their passions and reach their goals through personal endeavours. We have supported a whole range of activities from cultural groups and religious events to youth, community, and sustainability initiatives. A total of 41 people or groups received a grant this year.

Board of Directors
Ko Ngā Kahika Whakarei

Jan Dawson

CNZM, BCom, FCA (CAANZ), CFInstD
Chair

Jan is a highly experienced Director and Chair, whose previous roles include Chair of Westpac New Zealand Limited and Deputy Chair of Air New Zealand Limited. She is currently a Director of Serko Limited and Accident Compensation Corporation (ACC).

Jan was the Chair and Chief Executive for KPMG New Zealand for five years until 2011, following a career spanning 30 years specialising in audit, consulting, and accounting services in the United Kingdom, Canada, and New Zealand.

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

Dr Andrew Flavell

BE(Hons), ME, Dr. Eng.
Director

Andrew is currently an Independent Director of Steel and Tube, and the Chair of ASB Bank's Technical Advisory Group.

Andrew has extensive international experience in Information Technology, having worked at Microsoft and Nike in senior technology roles, and as Chief Technology Officer at Laybuy and Plexure.

He has experience 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.

Geoff Plunket

BCom, FCA (CAANZ)
Director

Geoff is a professional director, 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 the United Kingdom through the 1980s, before joining Port Otago Limited in 1988 as Chief Financial Officer.

Geoff spent nearly three decades with the Port Otago Group, working across the business in a variety of roles, culminating as CEO in 2004, and retiring in 2017. He is currently Chair of Blis Technologies Limited.

Hazel Armstrong

BA/LLB, Barrister and Solicitor of the High Court of New Zealand
Director

Hazel is a partner in Armstrong Thompson, a law firm specialising in ACC, employment, and health and safety, where she works on behalf of workers and ACC claimants.

She was previously a Director of KiwiRail Holdings Limited.

Hazel has acted as an expert witness in health and safety matters and been involved in inquiries into health and safety.

Peter Chrisp

BA, MA
Director

Peter is 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. Peter has international experience as Senior Vice President Norske Skog Global, based in Norway, and Australasian Regional President based in Sydney.

Peter is a member of the New Zealand China Council, was previously the Chair of the New Zealand Government Investment Taskforce, and is a member of the Institute of Directors.

Stephen Reindler

BE(Hons), AMP, FIPENZ, CFInstD
Director

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

Current Directorships are Steel and Tube Holdings, Te Kaha Project Delivery Limited, and Broome International Airport Group, and he is chair of Waste Disposal Services, Clearwater Construction, and D&H Steel Construction.

Stephen also provides advisory services to AgResearch, Lincoln University and Te Papa Museum of New Zealand on infrastructure builds. He was previously on the boards of Z Energy Limited, Port of Napier, Meridian Energy, Naylor Love, and WorkSafe NZ. He is a past President of the Institution of Professional Engineers.

Paul Chambers

BSc, CA (CAANZ), FCA (ICAEW)
Director

Paul was appointed Director effective 1 November 2023.

Paul is the CFO and COO of Kiwibank and a Chartered Accountant. He was previously CFO of Meridian Energy and has worked in engineering services, ports, fashion, and manufacturing industries in New Zealand, the UK, and France.

He has wide experience in leading large teams with a focus on people and well-being, business transformation, operations, and strategy.

Noel Coom

Director

Noel commenced his Directorship on 1 November 2023.

Noel has completed more than 45 years direct involvement with shipping lines and the sea freight sector including senior shipping line postings in both USA and Australia.

Public sector contributions include participation in both the Auckland Port Future study and the Upper North Island Supply Chain Study.

Corporate Governance
Ko Ngā Pou Arataki o Te Rūnanga Whakahaere

We believe 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 (1 April 2023).

For more information about Corporate Governance refer to the Corporate Governance Statement on our website.

Principle 1
Ethical Standards

Our Board has adopted a Code of Conduct which documents the standards of ethical behaviour to which its Directors and employees must adhere, and it is available on our website. In addition, we have policies for managing conflicts of interest, accepting gifts and hospitality, approving sponsorship and donations, fraud and corruption reduction, bullying and harassment, workplace relationships, and whistle blowing (Speak Up Policy).

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.

As at 30 June 2024 our Board has eight Directors, all of whom are independent professional Directors, and none perform any management function. During the year two 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 page 38-39 and 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 page 34.

Principle 3
Board Committees

Our Board is supported by three Committees:

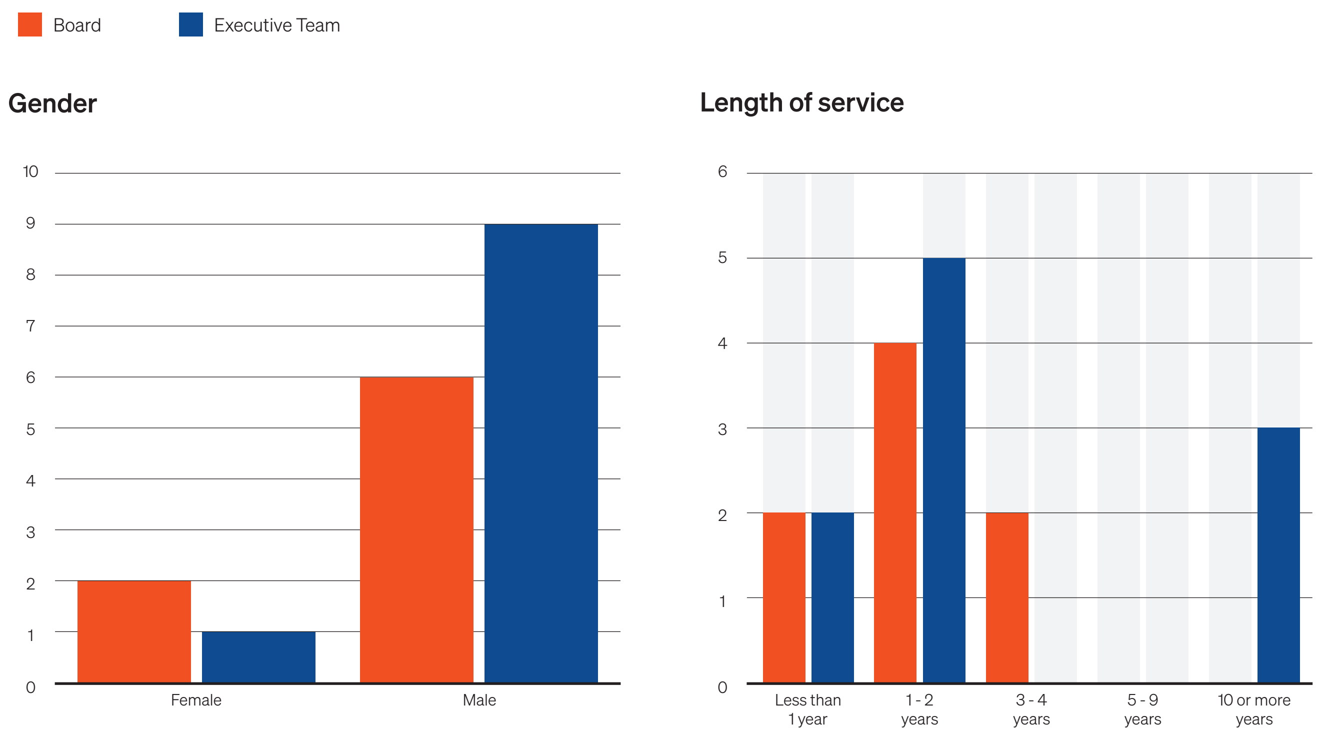
- The Audit and Risk Committee supports our Board in fulfilling its responsibilities with respect to financial reporting, external audit, risk management, compliance, and internal audit. This Committee also oversees our climate-related risks and disclosures.
- The Health, Safety, and Wellbeing Committee provides leadership and policy in discharging its health and 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 Committees have charters that set out their authorities, responsibilities, and processes and these are available on our website.

Principle 4
Reporting and 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 quarterly and annual reports contain a balanced, transparent public disclosure of our financial, social, and environmental performance.

Principle 5
Remuneration

Our total Board remuneration is determined by the Council's CCO Direction and Oversight Committee. In accordance with our Constitution, the Board will then determine the amount of remuneration payable to each Director. Board remuneration has not changed since November 2017.

Total remuneration paid to our Directors for the year was $595,000.

Director remuneration and attendance at the formal Directors' meetings for the year ending 30 June 2024 is set out in the table below.

Our Directors undertake site visits, meet with management for briefings, and attend Council meetings, as well as attend POAL Board and Board Committee meetings. During the year the Board undertook 10 meetings, and there were 16 Committee 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.

Garrie Hoddinott is a Director of both Nexus Logistics Limited and Conlinxx Limited and is not an employee. Mr Hoddinott was paid director fees totalling $60,000 for the year ending 30 June 2024.

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

Our Enterprise Risk Management Policy sets out our approach – to enable us to pursue business opportunities and grow shareholder value; as well as developing and protecting our people, assets, reputation, and the environment.

We also have an Enterprise Risk Management Framework to ensure 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 our Key Risk Register. This register is subject to a formal twice-yearly 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 Bruno Dente, a partner at Deloitte, to carry out the audit of our financial statements. Total fees payable to Deloitte in its capacity as auditor for the financial year were $484,343 for the current year which will agree to note A2. There were no other fees paid.

Director	Attendance at Board meetings	Attendance at Audit & Risk Committee meetings	Attendance at People, Remuneration & Culture Committee meetings	Attendance at Health, Safety & Wellbeing Committee meetings	Total remuneration paid for the year	Comments
Jan Dawson	10/10	6/6	3/4	6/6	$132,000	Appointed 1 September 2021 Board Chair Ex officio member of all Committees
Peter Chrisp	8/10		4/4	3/6	$81,000	Appointed 1 December 2020 People, Remuneration & Culture Committee Chair Health, Safety & Wellbeing Committee member
Stephen Reindler	10/10	4/6		6/6	$81,000	Appointed 1 November 2021 Health, Safety & Wellbeing Committee Chair Audit & Risk Committee member
Hazel Armstrong	8/10		4/4	5/6	$66,000	Appointed 1 February 2021 People, Remuneration & Culture Committee member Health, Safety & Wellbeing Committee member
Geoff Plunket	10/10	6/6		6/6	$73,500	Appointed 1 November 2021 Audit & Risk Committee Interim Chair Health, Safety & Wellbeing Committee member
Andrew Flavell	10/10	6/6	4/4		$66,000	Appointed 1 June 2022 Audit & Risk Committee member
Noel Coom	7/7			3/4	$44,000	Appointed 1 November 2023 Health, Safety & Wellbeing Committee member
Paul Chambers	6/7	3/3			$51,500	Appointed 1 November 2023 Audit & Risk Committee Chair

Principle 8
Shareholder Rights and Relations

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

At the time of the transfer, a Memorandum of Understanding (MOU) was entered into between Port of Auckland 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.

POAL Group Remuneration Table

Remuneration*	Current	Redundancy/ Severance**	Resigned	Current and Terminated
$100K – $110K	68		5	73
$110K – $120K	63		4	67
$120K – $130K	77		4	81
$130K – $140K	57	2	1	60
$140K – $150K	60		3	63
$150K – $160K	33		1	34
$160K – $170K	23			23
$170K – $180K	29			29
$180K – $190K	14			14
$190K – $200K	13			13
$200K – $210K	7		1	8
$210K – $220K	4		2	6
$220K – $230K	2			2
$230K – $240K	4			4
$240K – $250K	5	1		6
$250K – $260K	4			4
$260K – $270K	4			4
$270K – $280K	4			4
$290K – $300K	1			1
$300K – $310K	1	1		2
$310K – $320K	1			1
$320K – $330K	2			2
$340K – $350K	2			2
$360K – $370K	1			1
$390K – $400K	2			2
$410K – $420K	3			3
$430K – $440K	1			1
$450K – $460K	2			2
$460K – $470K	2			2
$1,170K - $1,180K	1			1
	490	**4**	**21**	**515**

* Total remuneration including incentives, overtime and shift allowances
** Redundancy amounts were provided for in the prior year and paid out in the current year

Performance based remuneration is a big part of attracting and retaining great people at the port. We review and benchmark remuneration annually to ensure we are aligned to market rates. This provides security for port operations and protects the supply chain. Our focus on total remuneration includes market aligned salaries together with benefits including incentive payments, overtime, and shift allowances. The information above reflects the amount actually paid or, in the case of benefits, actually provided during the year.

Key performance targets

Key performance measure	FY23 actual	FY24 actual	FY24 target	Result	Commentary
Safety					
Number of fatalities and serious work-related illnesses or injuries	0	0	0	**Met**	No fatalities or serious work-related illnesses or injuries for POAL Group.
Leader Safety Walk & Talk completed vs scheduled	141%	146%	>90%	**Met**	Strong visible leadership was demonstrated by both Executive and Senior Leadership Teams.
Critical Risk Verifications completed vs scheduled	98%	148%	>90%	**Met**	
Financials					
Return on Assets (EBIT / Total Assets)	4.6%	4.9%	5.2%	Not met	
Sales Growth (year on year revenue % growth)	20.7%	6%	8%	Not met	Revenue growth target not achieved largely due to lower demurrage revenue as supply chain congestion resolved ($26.4m below last year), but still exceeded underlying NPAT target with cost savings.
Operating Margin (EBIT / Revenue)	23.3%	22.1%	24.1%	Not met	
Leverage (Net Debt / EBITDA)	3.66x	3.23x	3.22x	Not met	
Free Cash Flow to Sales ((EBITDA-Capex) / Revenue %)	28.1%	24.2%	23.1%	**Met**	Cashflow assisted by slightly slower capex spend than budgeted.
Capital Expenditure	$28.1m	$39.4m	$44.0m	Not met	Project spend slightly slower than budgeted however will not impact delivery of strategy.
Return on Equity (Underlying NPAT / average Equity)	4.6%	5.6%	5.1%	**Met**	Exceeded budget due to higher profit and slightly lower equity
Net Profit After Tax (underlying)	$45.2m	$55.2m	$52.1m	**Met**	Solid progress towards a fair return for shareholder, in challenging economic environment. FY24 statutory NPAT $35.9m as per financial statements, plus deferred tax impact of removal of tax depreciation on buildings $13.4m, plus after tax impact of assets vested to local council $8.3m, less investment property revaluations $1.4m, less gain on sale of asset $0.6m, less PP&E revaluations $0.4m, equals Underlying NPAT of $55.2m.
Dividend (subject to trading and solvency requirements)	$30.0m	$40.0m	$35.0m	**Met**	Profit and cashflow ahead of budget, enabling higher dividend. Final dividend of $20m will be paid 6-Sep-24.
Interest coverage ratio	3.4x	4.2x	3.6x	**Met**	Improved profit and lower debt levels improved ratio.
Ratio of consolidated shareholders' funds to total assets	63.4%	63.5%	64.6%	Not met	Equity slightly lower with property revaluations, a reflection of current economic situation in NZ.
Customer at the Core					
Container ship on time departure %	Not measured	51%	70%	Not met	Full year 51% impacted by berth improvement works first half of the year. H2 Jan – Jun 24 69% on time, tracking to target.
Customer Experience Score (rating out of 10)	7.5	7.28	7.5	Not met	2nd half year survey met the target with 7.64. Average was brought down with 1st half year survey result.

Key performance measure	FY23 actual	FY24 actual	FY24 target	Result	Commentary
Execute the plan					
Containers					
TEU volume	819	845	887	Not met	Solid growth of 3.6% this year via improved operational performance and customer focus. This led to increased market share in a declining market, however fell short of target.
Crane rate (as measured by MoT)	23.8	23.7	26	Not met	Crane productivity improvements remains an ongoing key focus for the container terminal.
Ship rate (as measured by MoT)	45.5	48.9	55	Not met	Improvements year on year delivered through increased headcount and improved crane intensity. Remains key area of ongoing work.
Import Dwell Time	3.0	2.1	<2 days	Not met	Significant improvement during the year. Slightly off the final target.
% Truck Collection Point (Peak versus Non-Peak)	49.3%	47.5%	<49.0%	**Met**	Continuing shift towards off-peak truck movements is positive.
% Containers moved by Rail	13.2%	13%	16%	Not met	Result driven by customer choices and demand for rail. We have capability to deliver to target level.
Bulk					
Tonnes (excl RORO) '000s	2,369	1,846	2,019	Not met	Experienced a reduction in construction imports (sand, cement, and steel) due to lower economic activity.
Roll-on Roll-off					
Car volume (units) '000s	229	208	230	Not met	Car import volumes negatively affected by NZ economic situation.
Other volume (tonnes) '000s	1,493	1,288	1,326	Not met	Overall slowdown in market conditions impacted.
Car Dwell Time (days)	2.06	2.17	2.1	Not met	Slightly over the target by 0.07 day.
Cruise					
Cruise Ship Calls	88	133	120	**Met**	Significantly overachieved target following a very good year for cruise activity.
Whanaungatanga					
Employee Engagement Score	68%	73%	73%	**Met**	Survey completed in Q3 with +5 engagement points up from 2022 survey. High employee survey participation of 76%.
Gender split (female % of total employees)	16.1%	17.9%	20%	Not met	Gender split has improved but did not reach the target. Recruitment has mainly been for Stevedores which was dominated by male applicants.
Staff Turnover %	20%	9.7%	18%	**Met**	Employee attrition has decreased to be in-line with healthy organisational benchmarks. Headcount remains stable.
Kaitiakitanga					
Harbour Health Initiatives	1	1	1	**Met**	Installed marine habitat baskets beneath several wharves. This initiative is being supported by the installation of mussel propagation tanks to accelerate the growth of black and blue mussels already growing naturally in the port.
Average carbon emission per TEU (kg CO2) – includes scope 1 and 2	11.9	11.1	11.9	**Met**	Mainly due to a 5% increase in straddle twinning (two containers at a time) and a reduction in straddle distance travelled of 2%.
% Waste Diverted from Landfill	Baseline year	6.5%	5.0%	**Met**	Even though POAL's total waste increased by 36.3 tonne, the waste to landfill reduced by 7.4 tonne, mainly due to increased scrap steel recycling.
Number of Community Reference Group Meetings	4	4	4	**Met**	Maintained community meeting schedule. Extended community reach with a meeting held in Devonport this year.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF PORT OF AUCKLAND LIMITED GROUP'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

The Auditor-General is the auditor of Port of Auckland Limited Group (the Group). The Auditor-General has appointed me, Bruno Dente, 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 51 to 100, that comprise the statement of financial position as at 30 June 2024, income statement, 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 2024; 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 with New Zealand Equivalents to IFRS Accounting Standards ('NZ IFRS') as issued by the External Reporting Board and IFRS Accounting Standards ('IFRS') as issued by the International Accounting Standards Board.

Our audit was completed on 21 August 2024. 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

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.

Deloitte.

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 45, 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, half year review procedures and trustee reporting, we have no relationship with, or interests in, the Group.

B Dente

Bruno Dente
Deloitte Limited
On behalf of the Auditor-General
Hamilton, New Zealand

Group Financial Statements

Ko ngā whakapaunga-a-ngā pūtea

For the year ended
30 June 2024

Income statement

For the year ended 30 June 2024

	NOTES	2024 $'000	2023 $'000
Revenue	A1	**339,043**	320,205
Expenses			
Operating expenses	A2	**(214,660)**	(199,986)
Depreciation and amortisation	B1, B4, B5	**(46,384)**	(43,344)
Finance costs	A2	**(20,191)**	(23,427)
Total expenses		**(281,235)**	(266,757)
Revenue less total expenses		**57,808**	53,448
Net reversal of impairment / (impairment) of assets	B1, B4	**432**	(1,347)
Fair value change to investment property	B3	**1,422**	(7,076)
Assets vested to local council	B3	**(9,549)**	-
Net reversal of impairment of investments	F1	**-**	549
Gains arising on interest rate swaps as designated hedging instruments in cashflow hedges of floating rate debt reclassified from equity to profit		**-**	1,586
Share of profit from equity accounted investments	F1	**4,653**	3,963
Profit/(loss) before income tax		**54,766**	51,123
Income tax expense	A3	**(18,872)**	(10,673)
Profit/(loss) for the period attributable to the owners of the Parent		**35,894**	40,450

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

Statement of Comprehensive Income
For the year ended 30 June 2024

	NOTES	2024 $'000	2023 $'000
Profit/(loss) for the period		**35,894**	40,450
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	**(134)**	(18,031)
Net change in fair value of equity securities (at fair value through other comprehensive income)	F3, E1	**(12,493)**	(6,164)
Items that will not be reclassified to the income statement		**(12,627)**	(24,195)
Items that may be reclassified subsequently to the income statement:			
Cash flow hedges, net of tax	E1	**-**	(892)
Items that may be reclassified subsequently to the income statement		**-**	(892)
Other comprehensive income net of income tax		**(12,627)**	(25,087)
Total comprehensive income for the period net of tax attributable to the owners of the Parent		**23,267**	15,363

Statement of Financial Position
As at 30 June 2024

	NOTES	2024 $'000	2023 $'000
Current assets			
Cash and cash equivalents	D1	**1,896**	5,417
Trade and other receivables	D2	**50,287**	49,990
Inventories	D3	**5,813**	5,831
Total current assets		**57,996**	61,238
Non-current assets			
Property, plant, and equipment	B1	**1,272,296**	1,270,247
Intangible assets	B4	**20,223**	22,730
Investment properties	B3	**141,537**	149,375
Right of use assets	B5	**10,457**	10,617
Equity securities	F3	**28,355**	40,848
Investments in other entities	F1	**4,237**	3,037
Total non-current assets		**1,477,105**	1,496,854
Total assets		**1,535,101**	1,558,092
Current liabilities			
Bank Overdraft	E3	**-**	4,317
Trade and other payables	D4	**41,498**	32,787
Provisions	D5	**19,156**	22,047
Lease liabilities	E4	**1,521**	1,269
Deferred income		**22**	22
Other current liabilities		**1,829**	1,807
Total current liabilities		**64,026**	62,249

	NOTES	2024 $'000	2023 $'000
Non-current liabilities			
Borrowings	E3	**377,662**	408,627
Provisions	D5	**1,107**	1,107
Lease liabilities	E4	**9,915**	10,172
Deferred income		**451**	470
Deferred tax liabilities	A3	**107,550**	89,344
Total non-current liabilities		**496,685**	509,720
Total liabilities		**560,711**	571,969
Net assets		**974,390**	986,123
Equity			
Share capital		**146,005**	146,005
Reserves		**365,113**	377,811
Retained earnings		**463,272**	462,307
Total equity	E1	**974,390**	986,123

These financial statements were approved by the Board on 21 August 2024.

Signed on behalf of the Board by:

J. Dawson
Chair

P. Chambers
Chair Audit and Risk Committee

Statement of Changes in Equity
For the year ended 30 June 2024

	NOTES	Attributable to equity holders of the Group Share capital $'000	Other reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2022		**146,005**	**403,103**	**448,697**	**997,805**
Profit/(loss) for the period		-	-	40,450	40,450
Other comprehensive income	E1	-	(25,087)	-	(25,087)
Total comprehensive income		-	(25,087)	40,450	15,363
Transactions with owners in their capacity as owners					
Dividends paid	E2	-	-	(27,045)	(27,045)
Other movements					
Revaluation reserve reclassified to retained earnings on disposal of assets	E1	-	(205)	205	-
Total other movements		-	(205)	(26,840)	(27,045)
Balance at 30 June 2023	E1	**146,005**	**377,811**	**462,307**	**986,123**
Profit/(loss) for the period		-	-	35,894	**35,894**
Other comprehensive income	E1	-	(12,627)	-	**(12,627)**
Total comprehensive income		-	(12,627)	35,894	**23,267**
Transactions with owners in their capacity as owners					
Dividends paid	E2	-	-	(35,000)	**(35,000)**
Other movements					
Revaluation reserve reclassified to retained earnings on disposal of assets	E1	-	(71)	71	**-**
Total other movements		-	(71)	(34,929)	**(35,000)**
Balance at 30 June 2024	E1	**146,005**	**365,113**	**463,272**	**974,390**

Statement of Cash Flows
For the year ended 30 June 2024

	NOTES	2024 $'000	2023 $'000
Cash flows from operating activities			
Receipts from customers		**394,446**	361,989
Payments to suppliers and employees		**(271,149)**	(246,263)
Dividends received		**4,567**	4,171
Interest received		**199**	253
Interest paid		**(19,516)**	(23,665)
Income taxes received		**(3,219)**	2,412
Net cash flows from operating activities		**105,328**	98,897
Cash flows from investing activities			
Payments for investment property		**(165)**	(171)
Payments for intangible assets		**(5,439)**	(3,636)
Payments for property, plant, and equipment		**(31,499)**	(25,727)
Proceeds from sale of property, plant, and equipment		**618**	30
Repayment of loans by related parties		**-**	500
Net cash flows from investing activities		**(36,485)**	(29,004)
Cash flows from financing activities			
Proceeds from borrowings		**146,161**	418,478
Repayment of borrowings		**(177,174)**	(464,565)
Repayment of lease principal		**(2,034)**	(1,761)
Dividends paid	E2	**(35,000)**	(27,045)
Cash receipts from derivative transactions		**-**	1,586
Net cash flows from financing activities		**(68,047)**	(73,307)
Net cash flows		**796**	(3,414)
Cash at the beginning of the year		**1,100**	4,514
Cash at the end of the year	D1	**1,896**	1,100

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

	2024 $'000	2023 $'000
Profit for the period	**35,894**	40,450
Adjusted for:		
Depreciation and amortisation	**46,384**	43,344
Movements in borrowings allocated to interest paid	**49**	308
Movement in deferred revenue	**1**	1,038
Net gain on sale of investments	**-**	(1,586)
Net loss on sale of other non-current assets	**422**	347
Fair value movements in land, buildings, and wharves	**(432)**	1,347
Fair value adjustment to investment property	**-**	7,076
Reversal / (impairment) of investments	**8,127**	(549)
Change in operating assets and liabilities:		
Trade and other receivables	**33**	(7,085)
Trade and other payables	**3,237**	2,479
Income tax payable	**3,456**	5,275
Deferred tax liability	**12,197**	7,727
Other provisions	**(2,014)**	814
Other operating assets	**18**	(691)
Movement in associates and joint ventures	**(1,200)**	(1,110)
Capital items included in working capital movements	**(844)**	(287)
Net cash flows from operating activities	**105,328**	98,897

Reconciliation of liabilities arising from financing activities to cash flows

	2024 $'000	2023 $'000
Interest-bearing liabilities		
Opening interest-bearing liabilities (excluding overdraft)	**420,067**	467,046
Lease additions	**381**	-
Other non-cash movements	**1,649**	561
Less/addback: establishment fees (classified as interest paid under operating activities)	**49**	308
Cash movements		
Repayment of bank debt	**(177,174)**	(464,565)
Proceeds from borrowing	**146,161**	418,478
Repayment of lease principal	**(2,034)**	(1,761)
Closing interest-bearing liabilities (excluding overdraft)	**389,099**	**420,067**

Notes to the Financial Statements

Reporting entity and nature of operations

The financial statements presented are those of Port of Auckland Limited (the Company), its subsidiaries, and the Groups interest in associates and joint ventures (Port 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 marine towage business at Northport, and an online cargo management system.

Statutory base

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

Port 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 Port 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 comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to IFRS Accounting Standards ('NZ IFRS') as issued by the External Reporting Board and IFRS Accounting Standards ('IFRS') as issued by the International Accounting Standards Board. The Group financial statements were approved by the Board of Directors on 21 August 2024.

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.

Going concern

The Board of Directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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

No new standards, amendments, or interpretations that have been issued and are effective have had a significant impact on the Group in these financial statements.

No new standards, amendments, or interpretations that are not yet effective have been early adopted by the Group in these financial statements and are not expected to have a material impact on the Group's financial statements.

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

	2024 $'000	2023 $'000
Revenue		
Revenue from contracts with customers	**323,280**	305,762
Rental income	**13,798**	12,255
Gain on disposal of property, plant, and equipment	**239**	126
Dividend income	**1,113**	1,318
Interest income	**199**	253
Other income	**414**	491
Total revenue	**339,043**	320,205

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 container's 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

	2024 $'000	2023 $'000
Container terminal	**181,861**	167,614
Multi-cargo	**53,371**	60,861
Marine services	**48,491**	39,561
Container transportation	**39,557**	37,726
Total revenue from contracts with customers	**323,280**	305,762

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.

A2. Expenses

Operating Expenses

	2024 $'000	2023 $'000
Employee benefit expenses		
Salaries and wages	**111,357**	101,052
Restructuring costs	**273**	-
Pension costs	**4,671**	3,814
Other	**3,296**	4,224
Total employee benefit expenses	**119,597**	109,090
Other operating expenses		
Contracted services	**39,207**	35,620
Repairs and maintenance	**21,823**	21,922
Fuel and power	**9,996**	9,730
Loss on disposal of property, plant, and equipment	**661**	473
Other expenses	**22,891**	22,706
Auditor's fees		
Current year audit and review of statutory financial statements	**485**	445
Total other operating expenses	**95,063**	90,896
Total operating expenses	**214,660**	199,986
Finance costs		
Interest on bank overdraft and bank loans	**21**	11,694
Establishment and line fees	**49**	308
Interest on fixed rate notes	**8,779**	8,775
Interest on related party term loan (unsecured)	**10,777**	2,808
Interest on lease liabilities	**565**	561
Other finance costs	**-**	(719)
Total finance costs	**20,191**	23,427

Donation expenses are $nil (2023: $474) 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.

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. Taxation

	2024 $'000	2023 $'000
Income statement		
Current income tax		
Current year	6,403	3,006
Adjustment for prior years	272	-
Deferred income tax		
Temporary differences	(1,251)	(894)
Tax losses recognised through deferred tax	-	8,213
Tax effect of removal of building depreciation	13,424	-
Adjustment for prior years	24	348
Income tax expense	**18,872**	10,673
Other comprehensive income		
Cash flow hedges and property, plant, and equipment	6,009	4,844
Income tax reported in equity	**6,009**	4,844

Reconciliation of effective tax rate

	2024 $'000	2023 $'000
Profit before income tax	54,766	51,123
Tax at 28%	15,334	14,314
Adjustments		
Non-taxable income	(1,421)	1,227
Non-deductible expenses	840	(284)
Adjustment for prior years	296	348
Loss offset utilisation	(7,826)	(3,602)
Tax effect of removal of building depreciation	13,424	-
Dividend imputation credits	(1,775)	(1,621)
Sundry items	-	291
Income tax expense	**18,872**	10,673

The Group had tax losses brought forward which were used up in the prior year. Auckland Council has a subvention payment agreement and loss offset election with Watercare Services Limited which will be utilised for any residual taxable income.

$6,402,970 (2023: $2,946,682) has been provided for payment to Watercare Services Limited for this subvention agreement.

On 28 March 2024, the Taxation (Annual Rates for 2023–24, Multinational Tax, and Remedial Matters) Act 2024 received royal assent.

This Act removed tax depreciation deductions for non residential buildings. This has resulted in a $13.4 million recognition of deferred tax expense in the Income Statement and corresponding increase of deferred tax liability related to operational buildings.

Imputation credits

	2024 $'000	2023 $'000
Imputation credits available for subsequent reporting periods	75,805	73,974

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 2022	347	85,346	1,798	3,659	(6,586)	2,036	(9,826)	**76,774**
Recognised in income statement	-	558	256	(306)	(1,141)	(28)	174	(487)
Tax losses recognised through deferred tax	-	-	-	-	-	-	8,213	8,213
Recognised in other comprehensive income	(347)	5,191	-	-	-	-	-	4,844
Balance at 30 June 2023	**-**	**91,095**	**2,054**	**3,353**	**(7,727)**	**2,008**	**(1,439)**	**89,344**
Recognised in income statement	-	13,057	250	(899)	(135)	(28)	(48)	12,197
Recognised in other comprehensive income	-	6,009	-	-	-	-	-	6,009
Balance at 30 June 2024	**-**	**110,161**	**2,304**	**2,454**	**(7,862)**	**1,980**	**(1,487)**	**107,550**

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.

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 2022	**496,935**	**346,694**	**102,065**	**215,200**	**109,331**	**23,837**	**1,294,062**
Movement							
Work in progress additions	-	928	2,969	15,318	454	6,159	25,828
Disposals	-	-	-	(351)	-	(36)	(387)
Revaluations - Reserves	(31,584)	15,594	3,150	-	-	-	(12,840)
Revaluations - Income Statement	(340)	519	88	-	-	-	267
Impairment	-	-	-	(1,614)	-	-	(1,614)
Reclassifications / Transfers	-	-	(30)	-	-	225	195
Depreciation charge	-	(5,066)	(2,861)	(19,060)	(3,780)	(4,497)	(35,264)
Movement to 30 June 2023	(31,924)	11,975	3,316	(5,707)	(3,326)	1,851	(23,815)
Balances							
Cost and/or fair value	465,011	355,808	103,162	352,511	135,022	70,501	1,482,015
Work in progress at cost	-	3,788	3,959	13,569	454	5,433	27,203
Accumulated depreciation	-	(927)	(1,740)	(156,587)	(29,471)	(50,246)	(238,971)
Net book value at 30 June 2023	**465,011**	**358,669**	**105,381**	**209,493**	**106,005**	**25,688**	**1,270,247**
Movement							
Work in progress additions	-	502	5,897	12,277	9,219	5,851	33,746
Disposals	-	-	(104)	(27)	-	(561)	(692)
Revaluations - Reserves	(16,198)	16,573	5,500	-	-	-	5,875
Revaluations - Income Statement	(146)	545	33	-	-	-	432
Reclassifications / Transfers	-	-	-	-	-	(450)	(450)
Depreciation charge	-	(5,254)	(2,989)	(20,391)	(3,899)	(4,329)	(36,862)
Movement to 30 June 2024	(16,344)	12,366	8,337	(8,141)	5,320	511	2,049
Balances							
Cost and/or fair value	448,667	367,817	108,882	366,764	141,399	53,756	1,487,285
Work in progress at cost	-	4,292	6,975	11,403	3,296	4,740	30,706
Accumulated depreciation	-	(1,074)	(2,139)	(176,815)	(33,370)	(32,297)	(245,695)
Net book value at 30 June 2024	**448,667**	**371,035**	**113,718**	**201,352**	**111,325**	**26,199**	**1,272,296**

The prior year impairment of plant and equipment relates to the bunker barge operated by Seafuels, a wholly owned subsidiary.

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

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 2024, all freehold land was revalued as at 30 June 2024 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:

Asset valuation technique	Inputs used to measure fair value	2024 Range of significant unobserved inputs	2023 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	$6,100 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 May 2023 with an escalation rate of 6%	Beca Group development costs updated in March 2022 with an escalation rate of 20%
	Discount rate	10.99%	10.83%
	Sales price escalation	0% - 3.0% over the term	0% - 3.0% over the term
	Cost escalation	2.50% over the term	2.50% over the term
	Occupancy rate for holding income	50%	50%

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 and consenting period	(13,000)
18 year planning and consenting period	(25,000)

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:

Asset valuation technique	Inputs used to measure fair value	2024 Range of significant unobserved inputs	2023 Range of significant unobserved inputs
Comparable sales model	Land sales price CBD	$5,090 per sqm to $13,427 per sqm	$5,882 per sqm to $13,427 per sqm
	Land sales price non CBD	$313 per sqm to $693 per sqm	$275 per sqm to $680 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 2024 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:

Asset valuation technique	Inputs used to measure fair value	2024 Range of significant unobserved inputs	2023 Range of significant unobserved inputs
Depreciated replacement cost derived from modern equivalent asset rate	Wharve's 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	$1,305 - $2,716	$1,267 - $2,637
	Wharf Platform unit cost of construction per sqm	$2,058 - $4,299	$1,998 - $4,174
	Fenders unit cost of construction per sqm	$107 - $226	$104 - $219
	Services unit cost of construction per sqm	$146 - $301	$142 - $292
	Total unit cost of construction per sqm	$3,616 - $7,542	$3,511 - $7,322

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

	2024 $'000	2023 $'000
At fair value		
Balance at 1 July	149,375	154,064
Capitalised subsequent expenditure	166	85
Disposals	(40)	-
Assets vested to local council	(9,549)	-
Reclassifications / Transfers (refer note B1)	163	30
Reclassification from Finance Lease	-	2,272
Net gain / (loss) from fair value adjustment	1,422	(7,076)
Balance at 30 June	141,537	149,375

During the prior financial year a property was transferred from a finance lease arrangement to Investment Property.

Lease income from investment properties amounted to $4,495,449 (2023: $3,777,438) and operating expenses amounted to $276,085 (2023: $1,109,628).

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 2024 and 30 June 2023 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:

Asset valuation technique	Inputs used to measure fair value	2024 Range of significant unobserved inputs	2023 Range of significant unobserved inputs
Market capitalisation 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	2.97% to 6.44%	2.77% to 5.93%
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	$313 to $975 per sqm	$275 to $1,000 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 2022	**25,827**
Movement	
Work in progress additions	3,611
Reclassifications / Transfers	37
Amortisation charge	(6,745)
Movement to 30 June 2023	(3,097)
Balances	
Cost	65,415
Work in progress at cost	2,685
Accumulated amortisation and impairment	(45,370)
Net book value at 30 June 2023	**22,730**
Movement	
Work in progress additions	5,442
Reclassifications / Transfers	(51)
Amortisation charge	(7,898)
Movement to 30 June 2024	(2,507)
Balances	
Cost	61,814
Work in progress at cost	5,558
Accumulated amortisation and impairment	(47,149)
Net book value at 30 June 2024	**20,223**

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 2022	**10,275**	**1,267**	**410**	**-**	**11,952**
Depreciation charge	(455)	(794)	(86)	-	(1,335)
Movement to 30 June 2023	(455)	(794)	(86)	-	(1,335)
Balances					
Cost	11,595	2,267	704	14	14,580
Accumulated depreciation	(1,775)	(1,794)	(380)	(14)	(3,963)
Net book value at 30 June 2023	**9,820**	**473**	**324**	**-**	**10,617**
Movement					
Additions during period	-	131	250	-	381
Modification to lease term	-	1,338	(255)	-	1,083
Depreciation charge	(455)	(1,068)	(101)	-	(1,624)
Movement to 30 June 2024	(455)	401	(106)	-	(160)
Balances					
Cost	11,595	5,438	250	-	17,283
Accumulated depreciation	(2,230)	(4,564)	(32)	-	(6,826)
Net book value at 30 June 2024	**9,365**	**874**	**218**	**-**	**10,457**

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 Group does not hold any derivative financial instruments as at 30 June 2024 or 30 June 2023.

Income tax

The Group has historically utilised tax losses from the Auckland Council Group of companies for nil consideration. The Group had tax losses brought forward which were fully utilised in the prior year. Auckland Council has a subvention payment agreement and loss offset election with Watercare Services Limited which is utilised for any residual taxable income.

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.

D1. Cash and cash equivalents

	2024 $'000	2023 $'000
Cash and cash equivalents		
Bank balances	**1,896**	5,417
Total cash and cash equivalents	**1,896**	5,417
Interest-Bearing Liabilities		
Bank overdrafts – refer to note E3	**-**	(4,317)
Total cash as per statement of cash flows	**1,896**	1,100

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% (2023: 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

	2024 $'000	2023 $'000
Trade receivables		
Trade receivables	47,262	43,188
Related party receivables	294	300
Sundry receivables	387	4,228
Unprocessed credit notes	(373)	(46)
Provision for impairment of trade receivables	(680)	(674)
Net trade receivables	46,890	46,996
Other receivables		
Prepayments	3,397	2,994
Total trade and other receivables	50,287	49,990

The aging of trade receivables at reporting date was:

	2024 $'000	2023 $'000
Aged receivables		
Current	36,363	23,919
30 days	7,308	11,086
60 days	1,952	4,293
90 days	839	1,835
Over 90 days	1,094	2,355
Total aged receivables	47,556	43,488

As at 30 June 2024 current trade receivables of the Group with a value of $79,232 (2023: $451,415) were written off.

Trade receivables of $10,802,895 (2023: $19,569,244) were past due but not impaired as at 30 June 2024.

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. In making this assessment, current and prospective economic factors have been considered. The average credit period for trade receivables at 30 June 2024 is 53.69 days (2023: 51.91 days).

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

	2024 $'000	2023 $'000
Inventories		
Inventories at cost	7,646	8,166
Inventory provision	(1,833)	(2,335)
Total inventories	5,813	5,831

The cost of inventories recognised as an expense during the year was $11,756,622 (2023: $11,290,253).

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. Trade and other payables

	2024 $'000	2023 $'000
Trade payables	10,411	11,116
Related party payables	6,833	3,255
Other payables	6,499	4,329
Accruals	17,755	14,087
Total trade and other payables	41,498	32,787

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.

D5. Provisions

	Employee benefits $'000	ACC partnership programme $'000	Other provisions $'000	Total $'000
Opening balance	14,608	676	7,770	23,054
Movement				
Additional provisions and increases to existing provisions	11,876	-	1,442	13,318
Amounts used	(10,749)	-	(627)	(11,376)
Reversal of previously recognised provisions	(71)	(129)	(1,642)	(1,842)
Movement to 30 June 2023	1,056	(129)	(827)	100
Balances				
Current	14,557	547	6,943	22,047
Non-current	1,107	-	-	1,107
Balance as at 30 June 2023	15,664	547	6,943	23,154
Movement				
Additional provisions and increases to existing provisions	**10,812**	**84**	**2,577**	**13,473**
Amounts used	**(11,360)**	**-**	**(2,989)**	**(14,349)**
Reversal of previously recognised provisions	**-**	**-**	**(2,015)**	**(2,015)**
Movement to 30 June 2024	**(548)**	**84**	**(2,427)**	**(2,891)**
Balances				
Current	**14,009**	**631**	**4,516**	**19,156**
Non-current	**1,107**	**-**	**-**	**1,107**
Balance as at 30 June 2024	**15,116**	**631**	**4,516**	**20,263**

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.

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 2024. 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 2024 produced a value for the ACC reserve of $630,800 (2023: $547,200). Pre valuation date claim inflation has been taken as 50% (2023: 50%) of movements in the CPI and 50% (2023: 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 2024.

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

	2024 Shares	2023 Shares	2024 $'000	2023 $'000
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 2024, there were 156,005,192 (2023: 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 2022	**892**	**372,623**	**29,588**	**448,697**	**851,800**
Profit / (loss) for the period	-	-	-	40,450	40,450
Dividends	-	-	-	(27,045)	(27,045)
Revaluations	-	(12,840)	-	-	(12,840)
Changes in fair value of cash flow hedges	(2,826)	-	-	-	(2,826)
Transfer to profit / (loss)	1,587	-	-	-	1,587
Changes in fair value of investments	-	-	(6,164)	-	(6,164)
Deferred tax	347	(5,191)	-	-	(4,844)
Revaluation reserve reclassified to retained earnings on disposal of assets	-	(205)	-	205	-
Balance at 30 June 2023	**-**	**354,387**	**23,424**	**462,307**	**840,118**
Profit / (loss) for the period	-	-	-	35,894	**35,894**
Dividends	-	-	-	(35,000)	**(35,000)**
Revaluations	-	5,875	-	-	**5,875**
Changes in fair value of investments	-	-	(12,493)	-	**(12,493)**
Deferred tax	-	(6,009)	-	-	**(6,009)**
Revaluation reserve reclassified to retained earnings on disposal of assets	-	(71)	-	71	**-**
Balance at 30 June 2024	**-**	**354,182**	**10,931**	**463,272**	**828,385**

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.

The Group does not have any cash flow hedges as at 30 June 2024.

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	2024 $'000	2023 $'000
2022 Final dividend	8.25	-	12,045
2023 Interim dividend	10.27	-	15,000
2023 Final dividend	10.27	15,000	-
2024 Interim dividend	13.70	20,000	-
Total dividends paid		**35,000**	**27,045**

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. Refer note H4 for dividends declared after balance date.

E3. Borrowings

	2024		2023	
	Available $'000	Net drawn $'000	Available $'000	Net drawn $'000
Current				
Unsecured				
Bank overdraft – refer note D1	10,000	-	10,000	4,317
Total current borrowings	10,000	-	10,000	4,317
Non-Current				
Unsecured				
Related party term loan (unsecured)	430,000	207,900	430,000	238,913
Fixed-rate notes	170,000	169,762	170,000	169,714
Total non-current borrowings	600,000	377,662	600,000	408,627
Total borrowings	**610,000**	**377,662**	610,000	412,944

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.

From 1 April 2023 the Group and its parent, Auckland Council, entered into a service level agreement (SLA) for the provision of treasury services and an inter-company loan agreement. Under this agreement the total available facility is $600 million less any Fixed rate notes allocation.

Large scale repayments are not required as long as the Group remains within the debt headroom position agreed with Auckland Council Treasury.

Auckland Council Treasury met all of their obligations under the terms of the SLA during the financial year. The key objective of the centralised treasury function is to achieve cost savings and efficiencies. Under the agreement, Auckland Council now provides all of the Group's financing needs.

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

Interest on this loan is based on Auckland Council's weighted average cost of funds on its total debts and hedgebook for each year.

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.

Fixed rate notes

On 21 June 2018, Port 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 loans outlined above.

Fair value

The carrying amounts of the bank overdraft and related party term 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

	2024 $'000	2023 $'000
Current lease liabilities	**1,521**	1,269
Non-current lease liabilities	**9,915**	10,172
Total lease liabilities	**11,436**	11,441

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 (2023: six years).

	2024 $'000	2023 $'000
Amounts recognised in profit and loss		
Depreciation expense on right-of-use assets	**1,624**	1,335
Interest expense on lease liabilities	**565**	561

Maturity analysis – contractual undiscounted cash flows

	2024 $'000	2023 $'000
Within one year	**1,550**	1,378
Greater than one year but not more than five years	**3,537**	3,650
Greater than five years but not more than ten years	**3,881**	3,881
Greater than ten years	**8,213**	8,989
Total undiscounted lease liabilities	**17,181**	17,898

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 2022	**1,874**	**4**	**1,878**
Share of profit / (loss) after income tax	**3,963**	-	3,963
Dividends received	(2,853)	-	(2,853)
Reversal of impairment	53	496	549
Movement in advances	-	(500)	(500)
Balance at 30 June 2023	**3,037**	**-**	**3,037**
Share of profit / (loss) after income tax	4,653	-	**4,653**
Dividends received	(3,453)	-	**(3,453)**
Balance at 30 June 2024	**4,237**	**-**	**4,237**

During the prior financial year, the Group sold its interest in Longburn Intermodal Freight Hub. The Port Connect Limited advance is 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 2024 %	Equity Holding 2023 %
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 2024 %	Equity Holding 2023 %
Joint Ventures					
North Tugz Limited	Marine towage	New Zealand	Ordinary	**50**	50
PortConnect Limited	Online cargo management system	New Zealand	Ordinary	**50**	50

Summary financial information of associates and joint ventures

	Aggregate Balance 2024 $'000	Aggregate Balance 2023 $'000
Assets and liabilities		
Current assets	**9,880**	8,615
Non-current assets	**25,806**	24,777
Total assets	**35,686**	33,392
Current liabilities	**5,300**	4,511
Non-current liabilities	**10,181**	11,076
Total liabilities	**15,481**	15,587
Net assets	**20,205**	17,805
Results		
Revenue	**24,365**	21,437
Expenses	**(15,058)**	(13,569)
Net profit after tax	**9,307**	7,868
Total comprehensive income	**9,307**	7,868

The associates and joint ventures had contingent liabilities of $nil as at 30 June 2024 (2023: $nil). Capital commitments as at 30 June 2024 are $nil (2023: $nil).

Related-party outstanding balances

	2024 $'000	2023 $'000
Current receivables		
Auckland Council Group	**174**	153
Associates and joint ventures	**120**	147
Total current receivables	**294**	300
Non-current receivables		
Associates and joint ventures	**1,400**	1,400
Total non-current receivables	**1,400**	1,400
Current payables		
Auckland Council Group	**6,729**	3,169
Associates and joint ventures	**104**	86
Total current payables	**6,833**	3,255
Non-current liabilities		
Auckland Council Group	**207,900**	238,913
Total non-current liabilities	**207,900**	238,913

Payables to the Auckland Council group includes subvention payable, refer to note A3.

In the prior year, the impairment of non-current receivables was reversed by $549,000 (2023: $879,000) and we received a repayment of $500,000. These relate to the shareholder advances to equity accounted investees, refer to note G1.

Related-party transactions

	2024 $'000	2023 $'000
Auckland Council Group		
Services provided by the Group	**70**	752
Services provided to the Group	**2,386**	3,281
Advances to the Group	**146,161**	292,478
Advance repayments from the Group	**177,174**	59,120
Interest paid to Auckland Council	**10,776**	2,807
Net dividend paid to Auckland Council	**35,000**	27,045
Subvention payment to Watercare Services Ltd for tax losses	**3,219**	-
Associates and joint ventures		
Services provided by the Group	**382**	277
Services provided to the Group	**880**	683
Net dividends received	**3,454**	2,853

Key management personnel compensation

	2024 $'000	2023 $'000
Directors' fees	**595**	557
Salaries and other short-term employee benefits	**4,974**	3,816
Total key management compensation	**5,569**	4,373

Recognition and measurement

Related parties

All subsidiaries, associates, and joint ventures are related parties to the Group. Auckland Council wholly owns Port 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 and PortConnect 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 Port 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 Port of Auckland Group entities from Auckland Council Group entities is made up of operating costs such as water and rates charged. The transactions between Port of Auckland Limited and Auckland Council Group entities include Intercompany loan advances and repayments, dividends, tax loss offsets, management fees, and port charges.

Associates and joint ventures

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

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

Port of Auckland Limited has advanced funds to PortConnect 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.

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

	2024 $'000	2023 $'000
Balance at 1 July	**40,848**	47,012
Movements through reserves	**(12,493)**	(6,164)
Balance at 30 June	**28,355**	40,848

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.

As at 30 June 2024, the Group does not hold any derivative financial instruments.

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 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 52% (2023: 47%) of trade receivables at balance date is reflected by the Group's ten largest customers.

At balance date approximately 15% (2023: 9%) 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.

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 2024 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 2023						
Expected loss rate	0.98%	0.63%	0.99%	2.32%	12.08%	-
Gross carrying amount	23,919	11,086	4,293	1,835	2,355	43,488
Loss allowance	**234**	**70**	**43**	**43**	**284**	**674**
30 June 2024						
Expected loss rate	**0.84%**	**0.85%**	**1.76%**	**3.91%**	**21.75%**	**-**
Gross carrying amount	**36,378**	**7,302**	**1,903**	**839**	**1,134**	**47,556**
Loss allowance	**305**	**62**	**33**	**33**	**247**	**680**

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.

As at 30 June 2024, there are no expected credit losses related to equity accounted investees (2023: $nil).

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 2023							
Trade and other payables	39,730	-	-	-	-	39,730	39,730
Borrowings	8,654	4,290	8,603	322,676	132,427	476,650	412,944
Total non-derivative liabilities	48,384	4,290	8,603	322,676	132,427	516,380	452,674
Balance at 30 June 2024							
Trade and other payables	46,015	-	-	-	-	**46,015**	**46,015**
Borrowings	9,285	9,285	18,571	303,870	126,749	**467,760**	**377,662**
Total non-derivative liabilities	**55,300**	**9,285**	**18,571**	**303,870**	**126,749**	**513,775**	**423,677**

The Group does not have any exposure to liquidity risk based on undiscounted contractual cash flows relating to derivative financial assets and liabilities. (2023: Nil)

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.

As at 30 June 2024, the Group does not hold any Foreign exchange instruments.

Interest rate risk

As at 30 June 2024, the Group does not have any Interest rate swap arrangements.

Effects of hedge accounting on the financial position and performance

There are no effects of foreign currency related hedging instruments or interest rate swaps on the Group's financial position and financial performance.

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

	30 June 2024		30 June 2023	
	Weighted average interest rate	Balance $'000	Weighted average interest rate	Balance $'000
Bank overdrafts and bank loans	**6.5%**	**-**	6.5%	4,317
Related party term loan (unsecured)	**4.7%**	**207,900**	4.6%	238,913

A summary of terms and conditions of bank overdrafts and bank loans is provided 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.

	2024 $'000	2023 $'000
Financial assets		
Cash and cash equivalents	**1,896**	5,417
Equity securities	**28,355**	40,848
Total financial assets	**30,251**	46,265
Financial liabilities		
Interest-bearing liabilities	**377,662**	412,944
Total financial liabilities	**377,662**	412,944
Net exposure	**407,913**	459,209

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:

	2024		2023	
	Profit before tax $'000	Balance $'000	Profit before tax $'000	Equity $'000
Interest rate risk				
25 basis point increase	**(939)**	**-**	(595)	-
25 basis point decrease	**939**	**-**	595	-
Foreign exchange risk				
10% increase in value of NZ dollar	**-**	**-**	(6)	-
10% decrease in value of NZ dollar	**-**	**-**	6	-
Equity price risk				
10% increase in equity prices	**-**	**2,835**	-	4,085
10% decrease in equity prices	**-**	**(2,845)**	-	(4,085)

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).

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	2024 $'000	2023 $'000
Equity securities	1	28,355	40,848
Non-financial assets			
Investment properties	3	141,537	149,375
Land	3	448,667	465,011
Buildings	3	113,718	105,381
Wharves	3	371,034	358,669
Total non-financial assets		1,074,956	1,078,436

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	Fair value through other comprehensive income $'000
Balance at 30 June 2023		
Financial assets		
Cash and cash equivalents	5,417	-
Trade receivables	46,996	-
Joint venture and associate advances	1,400	-
Equity securities	-	40,848
Financial liabilities		
Trade and other payables	(28,458)	-
Interest-bearing liabilities	(412,944)	-

	Carried at cost or amortised cost $'000	Fair value through other comprehensive income $'000
Balance at 30 June 2024		
Financial assets		
Cash and cash equivalents	1,896	-
Trade receivables	46,890	-
Joint venture and associate advances	1,400	-
Equity securities	-	28,355
Financial liabilities		
Trade and other payables	(34,999)	-
Interest-bearing liabilities	(377,662)	-

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 2023				
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	57,921	55,905	55,888	**169,714**
Fair value	54,523	51,470	50,784	**156,777**
Balance at 30 June 2024				
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	**57,941**	**55,921**	**55,900**	**169,762**
Fair value	**57,155**	**55,555**	**55,773**	**168,483**

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 2024 is 28% (2023: 29%).

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. Capital commitments

	2024 $'000	2023 $'000
Property, plant, and equipment		
Property, plant, and equipment	**10,955**	15,168
Intangible assets	**-**	130
Total capital commitments	**10,955**	15,298

Capital commitments include spend related to conversion of automated straddles to manual operation, plant and equipment purchases, and straddle workshop costs.

H2. Lease commitments

	2024 $'000	2023 $'000
Operating lease commitments: Group as lessor		
Within one year	**10,277**	10,016
Greater than one year but not more than five years	**28,808**	27,880
More than five years	**30,785**	35,206
Total operating lease commitments	**69,870**	73,102

The lease commitments of the Group relate to both investment property, and property, plant, and equipment owned by the Group. Investment property non-cancellable term ranges from 1-12 years. Property, plant, and equipment non-cancellable term ranges from 1 to 25 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.

H3. Contingencies

Contingent liabilities

The Group had $nil contingent liabilities at 30 June 2024 (2023: $nil).

Port of Auckland Limited has a performance bond of $810,000 (2023: $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.

Port 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.

Port 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.

H4. Events occurring after the reporting period

On 21 August 2024, subsequent to year end the Board of Directors resolved to pay an unimputed dividend of 13.70 cents per ordinary share, a total of $20,000,000. The dividend will be paid on 6 September 2024.

PORT OF AUCKLAND
TĀMAKI HERENGA WAKA

Port of Auckland Limited

Port of Auckland Building
1 Sunderland Street
Mechanics Bay, Auckland 1010

PO Box 1281
Auckland 1140, New Zealand

www.poal.co.nz