

WHANGANUI PORT OPERATING COMPANY LIMITED

STATEMENT OF INTENT FOR YEAR COMMENCING 1 JULY 2024

This statement is submitted by the Directors of Whanganui Port Operating Company Limited in accordance with section 64 of the Local Government Act 2002. It sets the overall intentions and objectives of Whanganui General Partner Limited for the three financial years beginning on 1 July 2024.

Whanganui Port Operating Company Limited (Port Op Co) has an Operating Agreement with the Whanganui Port Limited Partnership (WPLP) to deliver a range of services and satisfy legislative requirements for WPLP. Port Op Co has a Service Level agreement with Whanganui district council (WDC) for a range of specific services. Whanganui Port Limited (WPL), is the General Partner for WPLP and the 100% owner of Port OP CO.

1 Definitions

“WPL” means Whanganui Port Limited.

“WPLP” means Whanganui Port Limited Partnership.

“Port Op Co” means Whanganui Port Operating Company Limited.

“Operating Agreement” means the services agreement between WPLP and Port Op Co

“SLA” means the Service level agreement between Port Op Co and WDC for specific services.

“CCO” means a Council Controlled Organisation.

“WDC” means the Whanganui District Council.

“Crown” means the New Zealand Government.

2 Objectives

Port Op Co’s primary objectives are to deliver the services contained within the Operating Agreement between WPLP and Port Op Co. These include managing and operating the Whanganui Port, including upgrades and developments as part of the larger Whanganui Port Infrastructure Revitalisation Project (Te Pūwaha) and the endowment property portfolio.

WPLP has contracted Port Op Co to manage and operate the Whanganui Port and manage the Endowment Land in accordance with the Whanganui Harbour Act 1988.

Port Op Co does not have all the requisite resources, currently, to fully deliver all these services. Port Op Co entered into a SLA with WDC to provide resources to deliver Port management, Port development, property management and financial reporting. It is intended these services would progressively be undertaken by Port Op Co directly.

3 Governance

Port Op Co has a board of directors, which for a limited liability company, are subject to duties and responsibilities under the Port Op Co constitution and must exercise the required skill and judgement to balance these responsibilities and contractual obligations of the above agreements.

4 Nature and scope of activities

- 4.1 Exercise the role and responsibilities required under the Operating Agreement and Service Level Agreement with WDC including.
 - 4.1.1 Harbour Endowment: Managing of investment Portfolio.
 - 4.1.2 Sea Port Operations: Manage and operate the Whanganui Port.
 - 4.1.3 Te Pūwaha Project: Capital upgrades and developments as part of the larger Whanganui Port Infrastructure Revitalisation Project.

5. Accounting policies

The Statement of accounting policies for the year ended 30 June 2024 is attached in Appendix 1.

6 Performance targets

- 6.1 The forecast performance targets for the next three years are:
 - 6.1.1 Comply with all obligations required under both the Operating Agreement and demonstrate how compliance is being achieved.
 - 6.1.2 Manage compliantly the Service Level Agreement with WDC
 - 6.1.3 Ensure all liabilities have funding cover by the WPLP.
 - 6.1.4 Operate within the budget agreed with the WPLP.
 - 6.1.5 Comply with the shareholders “no surprises” policy and any other reporting requirements to WLPL and WDC as required or agreed.
 - 6.1.6 Inform, as necessary, any advocacy with third parties and ensure consistency with council policy.
 - 6.1.6 Provide, on behalf of the WPLP, all strategies, plans and budgets as required.

7 Distributions to shareholders

The shareholder recognizes the Operating agreement fee is set at 0% and therefore does not permit Port Op Co to create a profit, therefore a distribution to WPL is not forecast.

8 Information to be provided to shareholders.

- 8.1 To better achieve the stated objectives, an activity plan is produced to set out the Board’s short- and long-term strategies and include an annual budget as part of its obligations to comply with the Operating agreement.
- 8.2 The CCO will produce reports in accordance with the Local Government Act 2002 and generally accepted accounting practice.
- 8.3 The financial statements will be prepared and audited by 30 September.
- 8.4 The CCO will produce monthly management reports in accordance with Whanganui District Council management reporting systems.
- 8.5 The CCO will provide quarterly (to align with WDC CCO committee reporting and, in a form, to be agreed);
 - 8.5.1 Confirmation WPLP, to the extent required under the Operating Agreement, is operating compliantly with
 - Partnership agreement
 - Operating budget and Port development budget
 - Operating Agreement

- SLA agreement
 - Securityholders agreement
 - Other loan agreements with Crown
 - any material commercial agreements (such as Port development or building construction agreements or Development agreements with Q-West)
 - WDC specified reporting requirements
 - Port Development and building construction milestones
- 8.5.2 A list of previous quarterly compliance and reporting events and how satisfied
- 8.5.3 A list of upcoming quarterly compliance and reporting events and confirmation they can be satisfied
- 8.5.4 A specific list of confirmations that performance targets are being met and are forecast to be met for the year

9 Reputation

Port GP, on behalf of WPLP, will operate on a “no surprises” basis and ensure that:

- 9.1 WDC is informed of sensitive media releases prior to their release.
- 9.2 that WDC be informed well in advance of any significant events relating to the organisation, whether positive or negative.
- 9.3 all issues that are likely to affect, or are perceived to affect, the shareholder’s reputation are immediately communicated to WDC.
- 9.4 Port GP complies with the shareholder’s No Surprises Policy.

10 Advocacy

The shareholder’s expectations are that Port GP, on behalf of WPLP, will:

- 10.1 maintain active participation in industry, regulatory and environmental matters that may, or will, have a material impact on Port GP’s business strategies and objections.
- 10.2 ensure that all advocacy and communications to third parties are consistent with WPLP policy positions.

11 Financial forecasts for next 3 years

Statement of comprehensive revenue and expense

Forecast 1 July 2024 to 30 June 2028

	2025 \$000	2026 \$000	2027 \$000	2028 \$000
Revenue				
Management Fees	616	563	563	563
Other income	50	-	-	-
	666	563	563	563
Expenses				
Service Level Agreement - WDC	197	94	94	94
Audit Fee	12	12	12	12
Personnel Costs	450	450	450	450
Other expenses	7	7	7	7
	666	563	563	563
Profit / (Loss)	-	-	-	-
Other comprehensive revenue and expense				
Total comprehensive income				

Statement of changes in equity

Forecast 1 July 2024 to 30 June 2028

	2025 \$000	2026 \$000	2027 \$000	2028 \$000
Balance at 1 July	-	-	-	-
Comprehensive revenue and expense				
Total comprehensive income for the year	-	-	-	-
Balance at 30 June	-	-	-	-

Statement of financial position

As at 30 June

	2025 \$000	2026 \$000	2027 \$000	2028 \$000
Assets				
Current assets				
Cash and cash equivalents	12	12	12	12
	12	12	12	12
Total assets	12	12	12	12
Liabilities				
Current liabilities				
Trade & other payables	12	12	12	12
	12	12	12	12
Total liabilities	12	12	12	12
Net assets	-	-	-	-
Equity				
Accumulated funds	-	-	-	-
	-	-	-	-

Statement of cash flows

Forecast 1 July 2024 to 30 June 2028

	2025 \$000	2026 \$000	2027 \$000	2028 \$000
Cash flows from operating activities				
<i>Cash was provided from:</i>				
Management Fees	666	563	563	563
<i>Cash was applied to:</i>				
Payments to suppliers	(716)	(563)	(563)	(563)
Net cash flows from operating activities	(50)	-	-	-
Cash flows from investing activities				
Purchase of fixed assets and investments	-	-	-	-
Net cash from investing activities	-	-	-	-
Cash flows from financing activities				
Borrowings & other financial liabilities	-	-	-	-
Net cash from financing activities	-	-	-	-
Net increase/(decrease) in cash and cash equivalents	(50)	-	-	-
Cash & cash equivalents at the beginning of the year	62	12	12	12
Cash & cash equivalents at the end of the year	12	12	12	12

Mark Petersen

Chair

Whanganui Port Operating Company Limited

Statement of accounting policies

For the year ended 30 June 2024

REPORTING ENTITY

Whanganui Port Limited Partnership (WPLP) has appointed Whanganui Port Operating Company Limited (WPOC), a council-controlled organisation and wholly-owned subsidiary of Whanganui Port General Partner Limited (WPGPL), to carry on and be responsible for the day-to-day operation of the Whanganui Port, and for the management and completion of the Project, on the terms and subject to the conditions set out in the operating agreement between WPLP and WPOC. WPOC will assume certain statutory functions, powers, duties and responsibilities in connection with the operation of the Whanganui Port including functions, powers, duties and responsibilities delegated to it by WPLP.

WPOC is a Council Controlled Organisation (CCO) of the Whanganui District Council (WDC) as defined by section 6 of the Local Government Act 2002 and is domiciled in New Zealand.

WPOC has designated itself as a public benefit entity (PBE) for Financial Reporting Purposes.

WPOC was registered on 28 August 2020.

The financial statements of WPOC are for the year ended 30 June 2024. The financial statements were authorised for issue on 27 September 2024 by the Board.

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period. The going concern basis is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the WPOC to continue as a going concern.

Statement of compliance

The financial statements of WPOC have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with Tier 2 PBE accounting standards on the basis that the WPOC does not have public accountability (as defined) and has total annual expenses of less than \$30 million. These financial statements comply with these PBE Standards.

The financial statements are prepared using the historical cost method.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars. The WPOC's functional currency is New Zealand dollars.

SPECIFIC ACCOUNTING POLICIES

The following accounting policies, which materially affect the measurement of surplus or deficit and financial position, have been applied:

Income

Income is measured at the fair value of consideration received or receivable. The specific accounting policies for significant revenue items are explained below:

Income derived through a Management Fee to WPLP to cover all WPOC expenses and is recognised in proportion to timing as at balance date.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. At balance date this is represented as a current asset in the statement of financial position.

Payables

Short-term creditors and other payables are recorded at their face value.

Equity

The components of equity are only accumulated funds.

Directors Remuneration

Te Kenehi Robert Mair and Robert Mark Petersen, were appointed as directors of the Company by WPGPL, the Company's sole shareholder, with effect on and from 28 September 2022. Nicholas Evan Wareham was appointed as director from 15 September 2023.

The total remuneration for the directors and chairs of the Port General Partner and Port Operating Company is as follows effective 15 September 2023:

Chair of Port General Partner and Port Operating Company \$55,000 per annum

Director of Port General Partner and Port Operating Company \$35,000 per annum.

From 15 September 2023 all directors remuneration has been paid from Port General Partner.

Goods and Service Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

Income Tax

Income tax expense is the aggregate of current period movements in relation to both current and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

Current and deferred tax is recognised against the statement of comprehensive income for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

Critical accounting estimates and assumptions

In preparing these financial statements WPOC has made estimates and assumptions concerning the future which may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Changes in accounting policies:

No changes in accounting policies.