



**Report** 05.221  
**Date** 10 May 2005  
**File** CFO/21/3/1 CFO/9/1/1

**Committee** Policy, Finance and Strategy  
**Author** Barry Turfrey Chief Financial Officer

## CentrePort – Reports for the Six and Nine Month Results

### 1. Purpose

To receive a summary of the six and nine month reports from CentrePort Ltd (see **Attachment 1 and 2** enclosed separately).

### 2. Significance

The matters in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

### 3. Background

On 24 February the CentrePort Board approved the attached half year report to 31 December 2004. At that meeting the Directors of CentrePort endorsed the accounts and approved the payment of an interim dividend of \$1.8M (in line with our budget expectations).

As Councillors are aware, the direct governance responsibilities over Council's CentrePort investment rest with the Directors of Port Investments Ltd (PIL). The Directors of PIL have considered the report and it is now brought before the Committee, as the Council is the ultimate shareholder.

There is a shareholder briefing by CentrePort on 16 May.

### 4. Financial Results

CentrePort's results for the nine months ended 31 March 2005 reinforce those of the six months ended 31 December 2004, and indicate that the Company will meet, or slightly exceed its SCI target.

<b>CentrePort Ltd: Financial Results</b>				
	<b>9 months to 31/03/05 \$million</b>	<b>6 months to 31/12/04 \$million</b>	<b>12 month SCI target \$million</b>	<b>12 months Forecast \$million</b>
Surplus after Tax	5.0	3.1	6.1	6.4

CentrePort posted a \$5.0 M surplus after tax for the period ended 31 March 2005, which amounts to some \$490,000 and 11% ahead of budget. Although ship calls were at levels lower than budget (5% down for the nine months) this reduction has been offset by stronger volumes for all products other than forestry. Container volumes came in at 10% ahead of budget (22% up on last year), imported vehicles 20% above budget (due to the strong kiwi dollar and increased consumer spending), bulk products (cement, soda ash and wheat) 24% above budget and petroleum 3% above budget. Forestry volumes at some 21% below budget reflect the poor returns from un-favourable exchange rates and increased shipping costs.

## **5. Financial Position of Centreport**

CentrePort's balance sheet remains strong with a debt:equity ratio of 21%:79% (December 2003 32%:68%). The improvement is largely due to CentrePort's revaluation of its land assets during June 2004. The Company SCI provides for a maximum debt:equity ratio of 40%:60%. During the period under review borrowings have been increased some \$5 million and these were used to finance the construction of the new Department of Statistics building.

## **6. Communications**

There is nothing significant to communicate at this time.

## **7. Recommendation**

*That the Committee recommend that the Council receive the report and note its contents.*

Report prepared by:

**Barry Turfrey**  
Chief Financial Officer

**Attachment 1:** CentrePort Limited – Half Year Report 31 December 2004

**Attachment 2:** CentrePort Limited – Nine-months Report 31 March 2005