Leading The Way

ANNUAL REPORT 2020

Lyttelton Port Company

Tihei mauri ora

Me mihi ki te Rūnga Rawa nāna nei ngā mea katoa.
Give praise to that which is above us for all things are from that source.

Ngā mate, pupu ake te mahara i o mātou hinengaro, hāere koutou kua wehe atu ki te pō, ki te okiokinga, hāere, hāere, hāere.
To those passed on, memories well up in our thoughts because you have departed from here to the night, to your resting place, farewell, farewell, farewell.

Ki te hunga ora, he mihi tenei ki ngā maunga tapu me ngā marae maha o Te Waipounamu huri noa i ngā tangata katoa e noho ana.
To the living, greetings to the sacred mountains, marae and all the people living throughout the South Island.

Kei roto i tō tātou hitori i hāere mai ō tātou tīpuna ki te whenua nei ko Horomaka. I kimihia e rātou te ao hou me te mātauranga hei oranga mo te iwi.
Within our history, our ancestors came to Banks Peninsula seeking a new world and knowledge for their future wellbeing.

Tae mai ki tenei rā, kei te mahi tahi te Poari me ngā kaimahi o te Kamupene Whakaraupō ki te whakatinana i ngā moemoea me ngā wawata o ngā tangata e noho ana i konei.
Today, the Board and staff of Lyttelton Port Company are working together to support the visions and aspirations of all those who live here.

Ko to mātau kāinga tēnei.
This is our homeland.

He rere ke, he tangata auaha.
We are its diverse and innovative people.

He angitu, he mea pai mo Te Waipounamu.
Driving opportunity, enterprise and prosperity for the South Island.

Kia toitū te taiao mo ake tonu atu.
Building a legacy of sustainability for the environment and the future.

Whakaraupō! He wāhi mo te katoa.
Lyttelton Harbour! A place for everyone.

From our Chair and Chief Executive Officer

Leading the way

The financial year 2020 was the beginning of a transformation for Lyttelton Port Company (LPC), as we move from a long period of redevelopment into the future – a future that will deliver a sustainable profit and a fair return to our shareholders. It has been a year of challenges, but we have still handled record container volumes and total export value topped $6 billion for the first time ever.

It has been the year that has set us on the path to transforming LPC into a port for the 21st century. Like most New Zealand businesses, this financial year has also been one of contrasts, with the impact of COVID-19 featuring strongly in the second half of this year.

We have recruited and welcomed a new CEO, moved to transform our business plan and begun a review into culture at LPC that will inform our cultural change programme. We have seen the effects of COVID-19 changing the way we operate, impacting on the volumes that we handle through the Port and having a moderate financial impact as a result.

LPC was deemed an essential service, with the majority of operations continuing during Alert Levels 3 and 4. Stringent measures were put in place to maintain health and hygiene and more importantly keep our staff safe.

Despite the challenge of COVID-19, we still returned a strong profit from operating activities of $10 million. This was a pleasing result in the circumstances and reflected both the continued strength of Canterbury's exports and a good focus on cost control within the organisation. This operating profit enables us to pay a dividend to our shareholders in these difficult times.

Using a combination of insurance proceeds and debt, LPC has invested in assets and capacity to develop the Port and create vital infrastructure to support the Canterbury economy. We have delivered a rebuilt and expanded Port, now able to strongly support the region's economic development and drive our export growth. We have many key projects that have been completed in the financial year or will be delivered in the first half of next year. This will bring to an end the large-scale redevelopment of the Port following the earthquakes.

However, due to COVID-19 and some other factors, it is going to take LPC longer to make a return on these assets.

To recognise this, we have altered our accounting policy and made a fair-value readjustment of $190m to the value of the business, as well as a number of one-off write-offs (of around $8 million). As a result, the financial performance for the year is an overall loss of $154m.

This readjustment recognises that our asset value and our ability to generate earnings in the current environment are out of line. It brings LPC's value back in line to reflect how much we can actually earn from our assets.

This accounting adjustment does not change the fact that the Port remains a strong long-term infrastructure business. This reset in value sets us up firmly for future growth. It sets our equity at the right place to drive growth in returns over the next 5 years through bringing our asset base in line with our earnings, allowing us to make a strong return on our equity for our shareholder.

Next year, we anticipate an operating and net profit after tax in line with previous years and then growing over the next 5 years to bring a level of return in line with other ports in the New Zealand sector.

The strength of our operating environment was reflected in the continued growth in container volumes, growing 2% to 446,101 TEUs. At the same time, total value of exports from Lyttelton grew 12.5% to $6.32 billion, despite the challenges of COVID-19.

The impact of COVID-19 was mostly seen in imports. Overall import value dropped 19.6% to just under $4 billion, with car volume and fuel volume both down considerably as a result of the lockdown period.

Logs also saw a volume drop year on year, with the trade being hit first by a short decline in demand early in the third quarter followed by the cessation of felling and export operations during the Alert Level 4 lockdown.

The year saw the retirement of Peter Davie as CEO after 16 years leading LPC through an eventful period in its history, first managing the impact of the Christchurch earthquakes of 2010 and 2011 and then overseeing the subsequent rebuild of the Port. The Board focused much effort in the first half of the year on finding a replacement who could lead LPC through the next phase of its journey.

The Board was extremely pleased to appoint Roger Gray to the role of CEO in September 2019 and for him to join LPC in February of this year. Roger came from Air New Zealand with a wealth of experience running operational businesses and a strong background in high-performance high-engagement workplaces.

Since February, under Roger's leadership, the management team has worked on developing our 5-year plan Leading the Way, shifting the focus from rebuild to optimisation of the assets. While it has changed our approach to many aspects of the business and introduced a strong focus on sustainable profitability, our core purpose has remained the same: to facilitate the sustainable growth of trade for Canterbury. LPC is committed to playing its important role in the fabric of the Canterbury economy.

Cultural change is also an important part of the journey for LPC. Following a series of serious allegations made by former staff and their families, we have launched an independent external review of the culture at LPC led by Maria Dew QC. Both the Board and management are committed to supporting the outcomes of this review, and we expect the report in the near future.

The review is only part of the cultural change at LPC. We are focused on creating a more diverse and inclusive workplace that is more reflective of the community we work in. This year, we have also introduced high-performance high-engagement practices as the beginning of a collaborative partnership with the four unions that represent most of the staff at LPC.

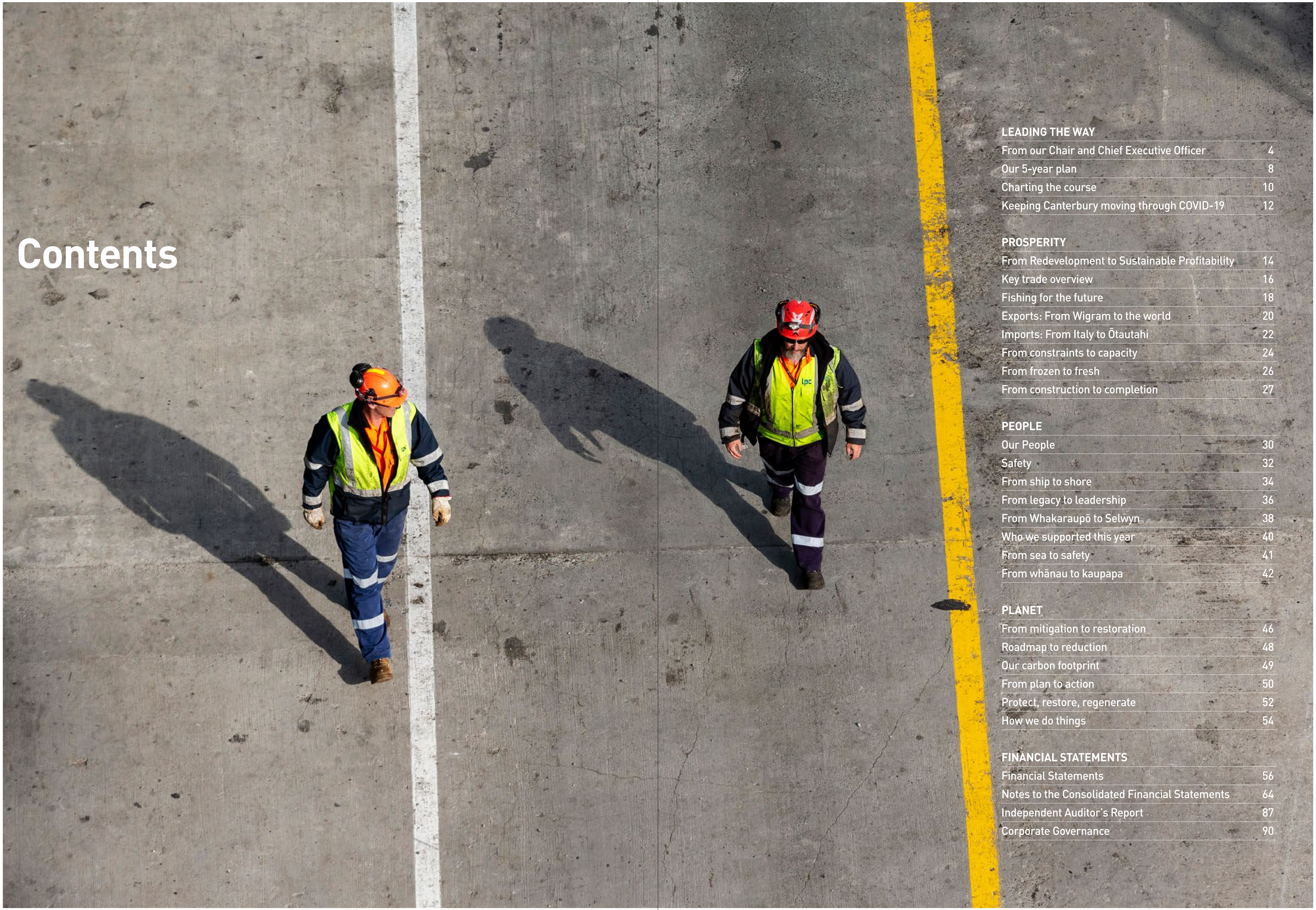
This year was the last full financial year for the Board's Audit and Risk Committee Chair Brian Wood. Brian has been on the Board of LPC for 9 years and has made a huge contribution to the Port during the rebuild and expansion of our infrastructure. Brian will be replaced by Nick Easy, currently CEO of Queensland Rail and formerly CEO of Port of Melbourne.

The Board is now entering a phase of stronger engagement with stakeholders, with a workplan focused on upskilling in the ports sector and connecting with exporters.

Finally and most importantly, we want to acknowledge the monumental commitment of the staff of LPC. This year has been an extraordinarily challenging one, with COVID-19 creating personal and operational uncertainty for everyone working at the Port. The team have embraced their roles as essential workers and worked tirelessly to ensure that the goods that are vital for Canterbury have continued to flow right through every level of lockdown. Our people have been adaptable and faced every new challenge and new way of working in a collaborative and positive way.

Margaret Devlin
Board Chair

Roger Gray
Chief Executive Officer



Contents

Our 5-year plan

Our team has worked hard this year to develop our new 5-year plan Leading the Way. The plan lays out how LPC's cultural and commercial turnaround will occur over the period FY21–FY25.

Over the last 5 years, we have delivered over $600 million of infrastructure development, in a programme that has involved more than 50 projects, including the following:

- 230 metres of new container berth serving the $10 billion of two-way trade that flows through Lyttelton Port. The new facility is built to the highest global earthquake design standards.
- 16 hectares of new reclaimed land giving us the capacity to handle the continued growth in Canterbury's exports and imports.
- MidlandPort at Rolleston, which is transforming logistics in Canterbury, getting freight off trucks and onto trains and reducing pressure on the Brougham corridor.
- A deepened and widened shipping channel – a process that has included installing a new award-winning navigation system.
- A new cruise berth, New Zealand's only purpose-built berthing facility for cruise vessels. The berth will allow Christchurch to share in the growing cruise economy and is setting the standard for environmental management with an innovative design and comprehensive marine mammal management plan.
- Te Ana Marina, Canterbury's only walk-on floating marina, has breathed life back into Lyttelton's west side waterfront and provided vibrant community-focused public access to the inner harbour.

It hasn't just been a period of infrastructure development. LPC has also invested in new assets to ensure that the Port is both able to handle the region's ever-increasing trade demands and remain economically efficient and environmentally responsible.

Now our focus must change. This period of development has come to an end, and we are focused on becoming sustainably profitable and making a fair return for our shareholders.

Leading the Way keeps LPC's purpose clear: to facilitate the sustainable growth of trade for Canterbury. We will become sustainably profitable, delivering a fair return to our shareholders, the people of Christchurch, whilst remaining the preferred choice for Canterbury's importers and exporters.

To do this, we will ensure we are:

- a safe and secure Port
- providing a consistent and seamless customer experience
- efficient, sustainable and innovative
- a committed, collaborative and engaged team
- respected within our community.

These are the priorities we will focus on for FY21–FY25:

- Sustainable profitability: We must deliver sustainable profitability that enables LPC to deliver customer, cultural and commercial excellence, whilst providing a fair return to Christchurch City Holdings Ltd (CCHL).
- Whanaungatanga: We will build relationships at LPC through shared experiences, working as one team where everyone feels they belong and can contribute to building a stronger LPC whānau together. We will achieve this through improved safety, collaborative approaches to high performance and engagement, staff development and the management of talent.
- Infrastructure of the future: We will ensure LPC has the right infrastructure it needs at the right time and at the right cost to deliver sustained profitability and growth.

What LPC will be in 5 years:

Safe

A safety and wellness culture that focuses on both elimination and mitigation of risks and on learning and responding to incidents to ensure we capture information and develop resilience.

Preferred

The port of choice for Canterbury importers and exporters.

Simplified

LPC will be a radically simplified and optimised operation.

Modernised

Continued investment in new equipment and technology as required.

Respected

LPC is respected by our community and customers.

Engaged

Our people are our core asset, and we will continue to invest in their development and engagement.

Diverse

A collaborative and stable workplace environment with a diverse and inclusive workforce that attracts great people.

Sustainable

With our detailed carbon emission reduction plan being finalised and our purchasing policy being updated, we are focused on evaluating our suppliers against responsible sourcing criteria. By 2023, we are also focused on a 10% reduction in landfill waste (from operational sources).

Valued

The contribution LPC makes to our community and our regional economy is widely valued.

Charting the course

Leading LPC through this business transformation and strategy reset is our dedicated Executive Leadership Team, which has been reordered and restructured.

The key feature of the new structure is the creation of two distinct business units: Container Operations, and Bulk Cargo and Marine Services.

The General Manager for each of these areas has their own balance sheet and is responsible for all revenue for the business unit. Sales and Marketing resources are part of each business unit and are supported by Finance, Safety, People, Infrastructure, Property, Digital, Environment and Communications/ Engagement in a business partnering model.

Roger Gray
Chief Executive Officer

Roger became LPC CEO in February 2020. Before joining LPC, Roger was Group General Manager Airports at Air New Zealand. In this role, he managed all ground handling and lounge operations at 55 airports around the globe, covering 2,800 staff who handle 18 million passengers annually.

Prior to this, Roger was Managing Director – Australia for the Blue Star Print Group. He has also held several senior leadership roles with Goodman Fielder, including Managing Director of Quality Bakers – New Zealand and Supply Chain Director for Goodman Fielder Baking – Australia.

Roger has worked as a logistician in the Sydney Organising Committee for the Olympic Games and was also an officer in the Australian Army.

He holds an MBA, a Master of Business in integrated logistics management and bachelor's degrees in economics and arts.

Roger is at the helm of our new strategic direction, focused on sustainable profitability, whanaungatanga and infrastructure for the future.

Jonathan Gardiner
Chief Financial Officer

A chartered accountant with significant experience both in New Zealand and overseas, Jonathan and his team are focused on improving the financial performance of the company by supporting the company's business units to reach their full financial potential.

Simon Munt
GM Container Operations

With proven experience in shipping, logistics and supply chain, as GM Container Operations, Simon leads the Lyttelton Container Terminal, Inland Ports, Coal and Maintenance.

Paul Monk
GM Bulk Cargo and Marine Services

Paul has long history of operational management roles in the public sector and hands-on operational experience on the wharf in the 1980s. As GM Bulk Cargo and Marine Services, Paul manages the company's extensive marine services, dry dock, Te Ana Marina and bulk cargo business.

Mike Simmers
GM Infrastructure and Property

As GM Infrastructure and Property, Mike is responsible for Infrastructure, Major Capital Projects, Civil Maintenance, Property, Security and Asset Management. Mike has a proven track record of delivering large and complex projects on time and on budget both in New Zealand and overseas.

Kirstie Gardener
GM People and Safety

Kirstie leads the People and Safety team at LPC, managing the People Team, Health and Safety, Employment Relations and Organisational Development. Originally from the UK, Kirstie has had over 25 years' experience in New Zealand in senior human resources leadership positions.

Phil de Joux
GM Engagement and Sustainability

Phil manages Stakeholder Engagement, Communications, Environment and Planning, Sustainability and Māori Development at LPC. He has worked in leadership positions in central government and in the private sector in both corporate affairs and commercial roles.

Keeping Canterbury moving through COVID-19

Essential, proud, respected. That's how we describe the LPC team ensuring Canterbury and the South Island are supplied with the food, fuel, medicine and essential goods we need every day.

As LPC is a critical link for our region, our team knew the Port needed to continue operating as we moved through COVID-19 alert levels.

With the health, safety and wellbeing of our people at the heart of everything we do, our COVID-19 response team has worked tirelessly to keep the Port operating.

From the cargo handlers who work on the wharf to the marine pilots who welcome vessels to our waters to the teams working at our Inland Ports to our staff diligently working from our head office and from home, the LPC team has banded together.

Despite the challenging circumstances, our team has adapted to the rapidly evolving situation. Changes in shift patterns, increased hygiene measures, personal protective equipment and physical distancing requirements were taken in their stride.

An 'essential worker selfie' competition has seen many of our team sharing snaps of their daily work and sharing the reasons why they're proud to work at LPC.

Our COVID-19 response continues. Border and shore leave restrictions for ships' crews remain in place, testing protocols continue and our marine pilots operate in isolation from other staff.

We are working closely with our customers, Port users, shipping agents, our community, Canterbury District Health Board, Ministry of Health, Ministry of Transport and Customs.

We are continually adapting to a 'new normal' at LPC and couldn't be prouder of the way our people have stepped up and delivered for the people of Canterbury and the South Island.

From Redevelopment to Sustainable Profitability

A key focus of both our 5-year plan and our sustainability strategy is strong sustainable profitability, allowing LPC to continue to support the economic prosperity of the Canterbury region. We are committed to supporting the sustainable growth of trade for Canterbury.

FY20 has been a challenging year, but we have continued to grow our export values and saw our largest TEU container volume ever. We expect logs, coal and fuel to continue to be affected by the COVID-19 pandemic in the near term and for Cruise revenue to be zero for the coming financial year.

However, we expect to return to profitability next year, with strong growth after that. The key will be to grow revenue and control cost, ensuring we can deliver a fair return to our shareholder whilst remaining the preferred choice of Canterbury's importers and exporters.

Key trade overview

Imports
$3.97b
19.6% decrease from $4.75b in 2019

Exports
$6.32b
12.5% increase from $5.62b in 2019

Containers
446,101
2.0% growth from 437,413 in 2019

Vehicles
38,951
23% decrease from 50,341 in 2019

Fuel imports
1,025,800
12% decrease from 2019

Log exports
339,563
34% decrease from 2019

12.5% Increase in exports (value)

$700,000,000 Export growth

$6,320,000,000 Total exports

Prosperity

OKAINS BAY
LONGLINE FISHING
COMPANY

Fishing for the future

LPC is proud to be the home port for Okains Bay Seafood, a company with a rich history and focus firmly on the future of sustainable fishing.

Okains Bay Longline Fishing was founded by Greg Summerton, with a vision to maximise Māori fishery assets through inter-generational and sustainable growth.

Throughout his 35 years' experience operating as a deep-sea captain, Greg has developed a deep knowledge and appreciation for the cultural, commercial, environmental and social imperatives of the New Zealand seafood industry.

Greg's whakapapa traces back to Rākaihautū, Waitaha and Ngāti Māmoe tribes. His Ngāi Tahu connection is also one of great importance to him and his whānau and is evident in the longlining techniques employed by Greg and his team to this day.

The company's longline vessel *Kawatea* is a 38-metre bottom longline fishing vessel, which is home to a dedicated crew of 16 who spend 6 weeks at sea during each trip out in the Southern Ocean.

Kawatea and its crew can often be seen loading and unloading in Lyttelton's inner harbour. There is always a hive of activity when the vessel is in Port – seagulls circle, the crew is focused and the result is high-quality fish products destined for the global market.

"Fishing is hard work for all the staff involved. The team is a family who are looked after well and are provided with comprehensive risk training, support and advice to keep them safe at sea and on shore," says Greg.

Okains Bay Longline Fishing is proud to supply premium fish products to a discerning market through one of the largest global supermarket chains.

"Our unique offering and brand story has been a huge part of our global growth," says Greg.

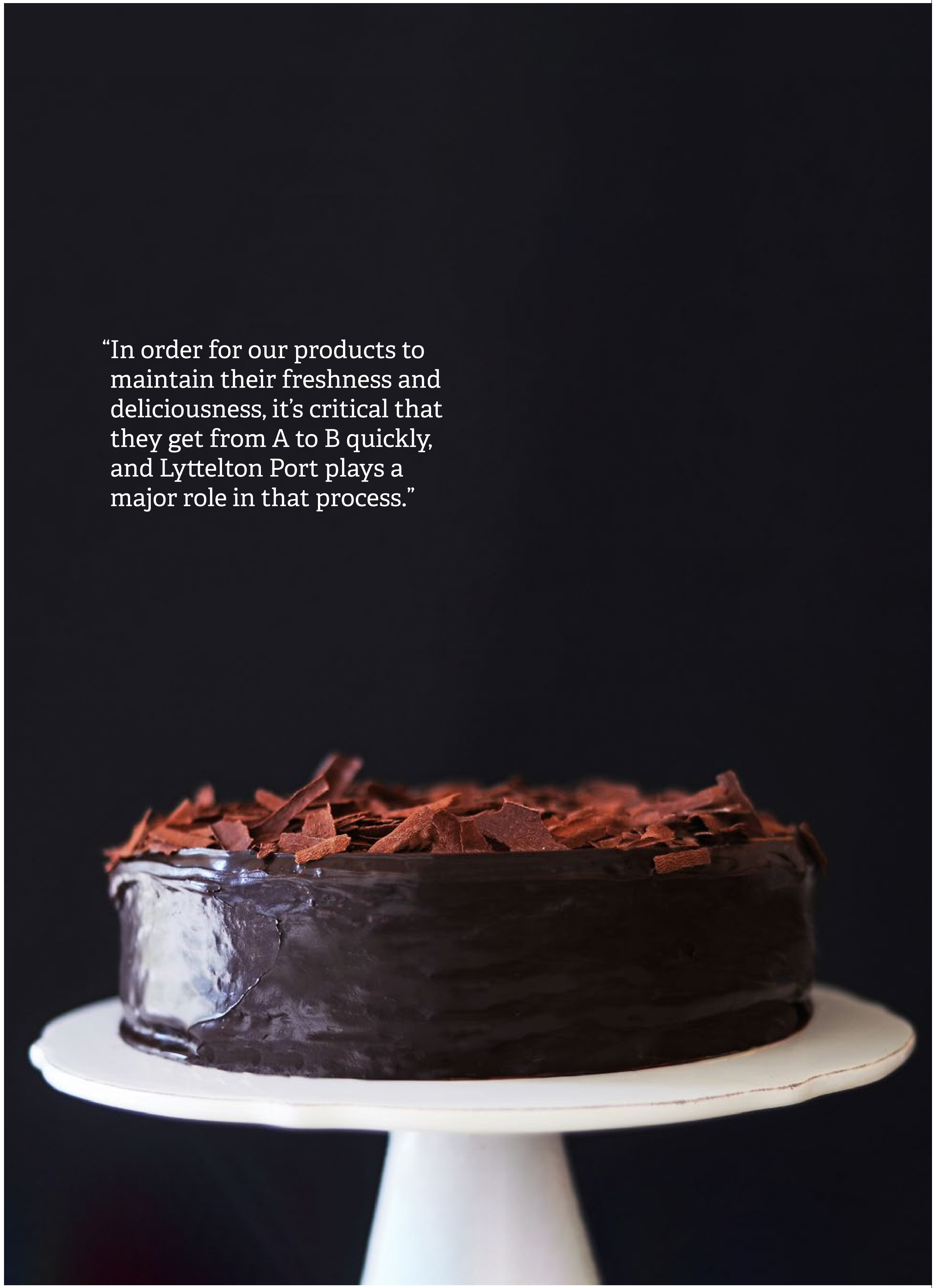
Sustainability is also at the heart of how Okains Bay Longline Fishing operates.

"*Kawatea* is fuelled by a clean renewable biodiesel blend that has lower exhaust emissions and breaks down in water," says Greg.

Emissions are also reduced through contributions and partnering programmes with native vegetation regeneration initiatives within New Zealand.

Okains Bay Longline Fishing is continuously transforming by working on refining fishing methods, creating better working models for staff and creating industry-leading initiatives, such as its carbon-offsetting programmes.

This is led by a simple but important belief that taking care of our precious resources will in turn take care of our people and future generations.



> "In order for our products to maintain their freshness and deliciousness, it's critical that they get from A to B quickly, and Lyttelton Port plays a major role in that process."

ORIGINAL FOODS BAKING Co
EST. 1991

Exports: From Wigram to the world

If you grew up in Christchurch in the 90s, chances are you've tasted a delicious donut baked by Original Foods Baking Co.

From supplying donuts to the majority of the city's fish and chip shops to exporting brownies, slices and muffins through Lyttelton Port, success has been sweet for this family-owned business.

Original Foods Baking Co. National Sales Manager Will Jones says, since 1991, the business has steadily expanded from its initial small operation to the multi-million dollar success story it is today. The company's range now includes over 90 delicious baked goods including cakes, donuts, muffins, brownies, slices and bites sold under the Original Foods Baking Co™, Goofy™, Bite Me™ and supermarket brands.

"In 2016, we marked our 25th year in business and decided to do a major brand refresh to better reflect our company's personality and commitment to quality, freshly baked goods and moved into our $10 million purpose-built factory at Wigram," says Will.

"Our new Original Foods Baking Co. brand was born, complete with our cheeky, smiling monkey logo. Our brand defines the culture of our company being a fun, open and inclusive workplace based on mutual respect and shared vision."

Their treats are big business in New Zealand and abroad, with the company's products found in leading supermarkets, cafés, catering companies, airlines, restaurants and tourism businesses.

"We pride ourselves on the real home-baked taste of our products. The not-so-secret secret to their taste is that they are made from real recipes, with real New Zealand fresh ingredients wherever possible and minimal preservatives and additives.

"When it comes to our export products, they are baked fresh, then frozen and loaded straight into refrigerated containers for delivery to Lyttelton Port.

"In order for our products to maintain their freshness and deliciousness, it's critical that they get from A to B quickly, and Lyttelton Port plays a major role in that process."

The company is also conscious of being as sustainable as possible and giving back to our community.

"Our Wigram production facility is an exemplar of energy and resource efficiency. We have a sophisticated recycling process, and we are an associate member of the Roundtable on Sustainable Palm Oil."

As for the future of their baking? It looks sweet, with a firm focus on continuing to create indulgent, quality treats.

the MEDITERRANEAN FOOD CO.

Imports: From Italy to Ōtautahi

Since 2001, Mediterranean Food Co. has been importing delicacies from across the globe through Lyttelton Port, fuelling New Zealanders' appetite for authentic Italian food and wine.

With the establishment of the city centre's Riverside Market last year, Mediterranean Food Co. has expanded its specialty store and café on Tuam Street with a successful 'satellite store' in the heart of Christchurch.

An accountant by trade, the company's owner Andrew Brady purchased the business 4 years ago, swapping number crunching for sourcing the highest quality and affordable delicacies for his stores.

"Food is such a big part of the Italian culture – for generations, they have been making sauces, olive oils, pasta, salami, cheese and wine.

"In the same way that New Zealanders are excellent producers of milk products, Italians and the land in Italy are naturally the best producers of pastas, sauces, deli meats and cheeses. We wanted to bring their incredible food here for South Islanders to enjoy."

Each year, Mediterranean Food Co. imports around 16 containers and chilled containers filled to the brim with beautiful products from southern Italy, Spain and France.

"From the moment we place our order with Italian suppliers to when our containers arrive in Lyttelton, it takes about 6 weeks.

"When the containers arrive, we sometimes forget what we've ordered – then suddenly the store is filled with European products for our customers to enjoy."

When thinking about the company's carbon footprint, Andrew says they work hard to ensure each container destined for Lyttelton Port is economically packed, so a lot of time and effort goes into the ordering process.

Andrew and his team have formed solid relationships with local growers and manufacturers in Italy and have continued to support their businesses through the COVID-19 outbreak.

"For many of our suppliers, we are a significant customer, so we've been conscious to continue purchasing their goods this year."

With a thriving online store and customer base who love their products, it seems Mediterranean Food Co. has got the recipe right for success in the central city.

From constraints to capacity

This year has seen the completion of several major construction projects – coined Terminal 2020 – and cementing our capacity to handle increasing volumes of export and import trade today, tomorrow and well into the future.

The first 10 hectares of the Te Awaparahi Bay reclamation project was completed last year, and this second stage, totalling 6 hectares, is on track to be completed by December 2020.

Some of this new land is already being used for imported car storage, and by early 2021, there will be approximately 16 hectares of new land at Te Awaparahi Bay available for operational use.

The work has included quarrying in Gollans Bay, dredging part of the reclamation footprint and the land reclamation itself.

LPC GM Infrastructure and Property Mike Simmers has led the project and says the significant amount of dredged material removed earlier this year has reduced the land settlement time significantly.

"We've been focused on ensuring we could reduce the land settlement time to provide new Port capacity as soon as possible."

The development also included the relocation of the backroad at Lyttelton Port and the successful completion of an additional rail siding and track extension on our existing line.

LPC GM Container Operations Simon Munt says this new infrastructure will more than double rail capacity at the Lyttelton Container Terminal.

"We know we need to future-proof our infrastructure and provide the best service possible for our customers and the freight industry – rail is a key part in achieving that."

From frozen to fresh

Our four new state-of-the-art reefer towers highlight our significant investment and support of the South Island's refrigerated freight market.

This year, LPC facilitated the export of 31,447 20-foot reefer containers filled with premium New Zealand products destined for the global market.

We also imported 11,566 reefers containing bananas, frozen dairy projects and other chilled goods enjoyed by South Islanders every day.

Each tower is 60 metres long and stands 10 metres high and includes the world's most advanced reefer monitoring system, providing real-time data on temperature and energy consumption.

LPC GM Container Operations Simon Munt says health and safety benefits are another substantial benefit gained by the towers.

"The towers introduce hard engineered separation between our Reefer Care Team and the straddles operating in the Container Terminal. The towers also highlight the Port's commitment to supporting hundreds of New Zealand businesses to take their goods to the world."

LPC Reefer Care Officer Ron Crosby has worked on the wharf for over 10 years, tasked with ensuring the reefer containers filled with the South Island's frozen vegetables, frozen meat and fish and chilled dairy and meat are kept at the perfect temperature.

Throughout the project, Ron has been involved in giving feedback on the towers to the design and construction team, ensuring the towers tick all the boxes.

"It's great to see all the measurements we'd given for the towers in action – it's really good to have these modern facilities."

31,447

20-foot reefer containers exported

11,566

20-foot reefer containers imported

From construction to completion

We're bringing the world's largest cruise ships to Canterbury through the construction of New Zealand's first ever purpose-built cruise ship facility.

Our new berth represents a significant investment into our region and will be a major contributor to the future economic growth of Lyttelton, Christchurch and Canterbury.

Since 2018, a dedicated team of contractors, project managers and engineers have worked tirelessly to build the cruise berth, using innovative techniques and ensuring the impact to the marine environment and community in Whakaraupō/Lyttelton Harbour has been minimised.

From over 2,000 rock bags carefully placed for scour protection to 2,500 m^3 of concrete and over 10 kilometres of piles driven to build the berth, the project has been a feat of engineering, construction and environmental protection work.

Designers Beca, HEB Construction, Genesis Projects, LPC engineers and vital subcontractors have been key to the cruise berth's success, says LPC GM Infrastructure and Property Mike Simmers.

"Many talented individuals and teams who are experts in their field have come together to play a part in building the cruise berth. To be standing on it today – on the home stretch to completion – it's a great feeling."

The berth has been built to safely welcome the full range of cruise vessels, including MS *Oasis of the Seas*, which carries over 5,000 passengers and 2,000 staff.

Despite work being halted under COVID-19 Alert Level 4, the cruise berth and supporting land-side amenities remain on track to be completed by October 2020.

LPC GM Engagement and Sustainability Phil de Joux is grateful to the harbour community for their support during the piling stage of the project.

"We know this has been a noisy process, and we acknowledge that it could at times be disruptive to Lyttelton residents and business owners.

"By providing regular updates on when piling was expected to occur, we hope we have helped people to plan around the anticipated noise and minimise its impact."

We're also working closely with Christchurch City Council, ChristchurchNZ, the Lyttelton Information Centre and independent tour operators to plan the most effective logistics around the cruise berth.

We know the COVID-19 outbreak will have an impact on this cruise season, but the full impact of the global pandemic on cruising is still unknown.

"We continue to watch the situation as it develops and work with relevant industry interests and agencies to remain informed. There are numerous factors that affect the situation, not least of which is how long border restrictions remain in place," says Phil.

"We know when cruise ships do return to Lyttelton, LPC will be ready to welcome passengers and support the growth of tourism in Canterbury."

From tradition to leadership

Our people

Our people are at the heart of LPC. We have over 600 staff dedicated to delivering the highest levels of service and performance to the people and businesses of the South Island who depend on us to lead the way. We are essential, proud and respected.

The Board established a People and Performance committee this year, and one of the first actions of the committee was to approve a new Diversity and Inclusion Policy for LPC. This policy is designed to support the development of a diverse and inclusive workforce at LPC, and we began to gather metrics to support a better understanding of the current makeup of our workforce.

We have also commenced the development of a High Performance High Engagement Charter with the four unions that represent staff at LPC. This is part of the development of a more collaborative partnership model at LPC.

In May, we announced the decision to begin an independent organisation-wide review into bullying and harassment, led by an independent reviewer. This decision came following media coverage of serious allegations around the workplace culture at LPC and direct feedback from staff both face to face and via a survey. The independent reviewer we have appointed is Maria Dew QC, a senior barrister based in Auckland specialising in employment law.

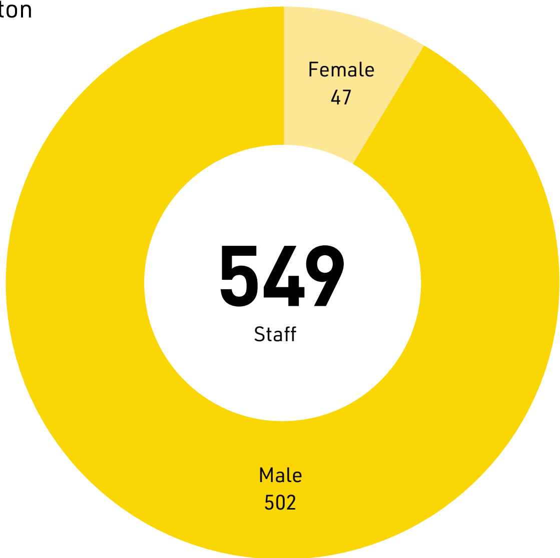
The review terms of reference cover allegations relating to bullying, racial and sexual discrimination, harassment and unfair selection of family members for roles. The period covered is between January 2017 and June 2020.

The purpose of the review is to gain an independent assessment of the LPC workplace culture as it relates to harassment and discrimination and report those findings to LPC. It is an opportunity for past and current employees to confidentially share information about their experiences, concerns and suggestions for improvement. The key findings and recommendations will be made available to all participants and employees, but personal information collected as part of the review will remain confidential. We expect the review to be complete in Q2 of FY21.

We have initiated work on our leadership development programme. This will ramp up significantly in FY21 and forms the next major focus in our People and Performance Strategy. We anticipate that some of the areas for focus in this programme will be informed by the outcomes of the independent review.

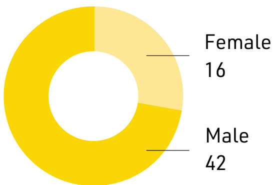
Work also commenced in the second half of the year to develop a set of values and behaviours for LPC staff. This will cover what it means to be an LPC employee and the way people are expected to behave in the workplace. This is being developed collaboratively with staff, and we expect it to be rolled out early in FY21.

Lyttelton



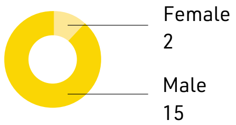
City Depot

58
Staff



Midland Port

17
Staff



Safety

Health and Safety remains at the core of the way we work at LPC. We strive to constantly improve the way we do things, to ensure everyone in the LPC Whānau and the Port user community makes it home safe every day. Our Total Recordable Injury Frequency Rate (TRIFR) and Lost-Time Injury Frequency Rate (LTIFR) continue to trend downwards.

This year, the Board introduced a formal Health and Safety Committee. The purpose of the committee is to assist the Board to ensure best practice Health and Safety goals are set and achieved and to provide clear visible leadership in discharging the Board's Health and Safety responsibilities. The committee's membership includes the CEO and three directors, and it meets regularly.

The second half of the financial year saw a strong focus across the business on the COVID-19 outbreak and the need to have controls and assurance processes implemented. We worked hard across all LPC teams to implement controls, which included strong guidance and hygiene practices in all areas of the business.

We introduced a number of improvements to the Health Safety and Wellbeing Interactions processes, including retraining and introduction of a Power App to support users. This app puts Health and Safety into the hands of our Senior Leaders and is an effective step forward in Health and Safety management.

The plan to roll out all our Critical Control Assurance tools is now complete. These tools will allow us to assess the processes and systems that we have in place to mitigate our five critical risks (see right).This will be rolled out by the end of Q1 FY21.

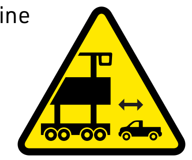
We have also implemented a new Job Safety Analysis (JSA) tool across the business. The user-friendly and simplified approach to safety was strongly directed by our frontline teams. This is in line with our people-centric approach to Health Safety and Wellbeing across LPC, empowering our people to be at the forefront of Health and Safety solutions, and embedding Health and Safety attitudes.

LPC has also joined ACC's Accredited Employers Programme, following a review of our workplace injury management practices. This will allow us to better manage injured staff, and ensure a better process to assist their return to work.

We have developed a peer support programme, which we are now in the process of introducing. Called Kapi Manaaki, selected staff will be trained to offer support to colleagues through starting a conversation, and getting further support for staff if required. The programme does not replace EAP, but is designed to ensure that staff are able to easily access the support that is available to them.

Falling Objects

Man vs Machine

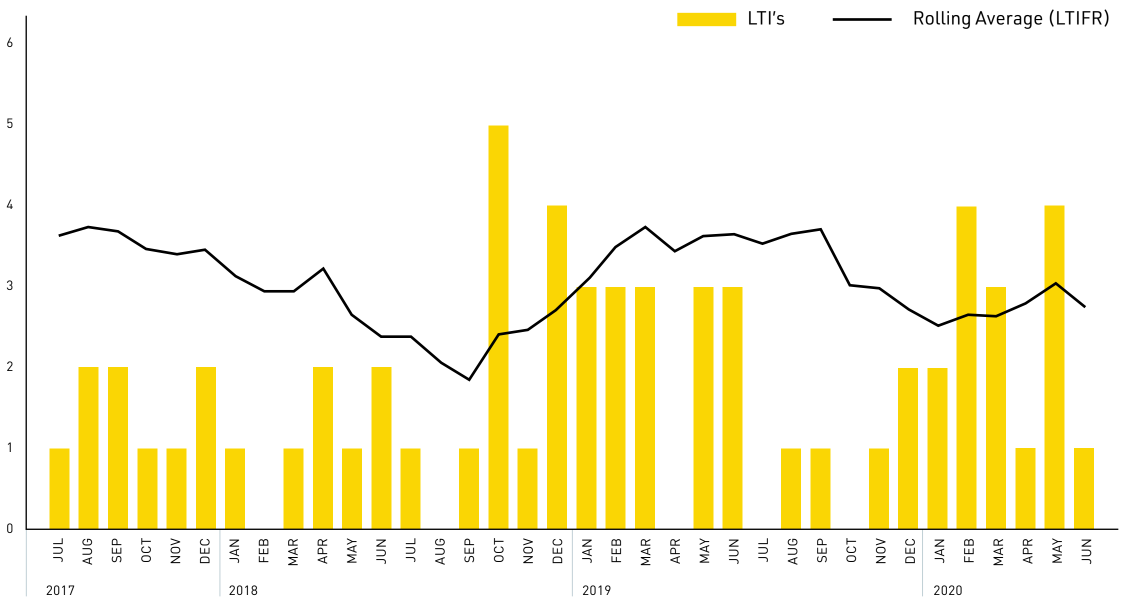


Uncontrolled Energy Release

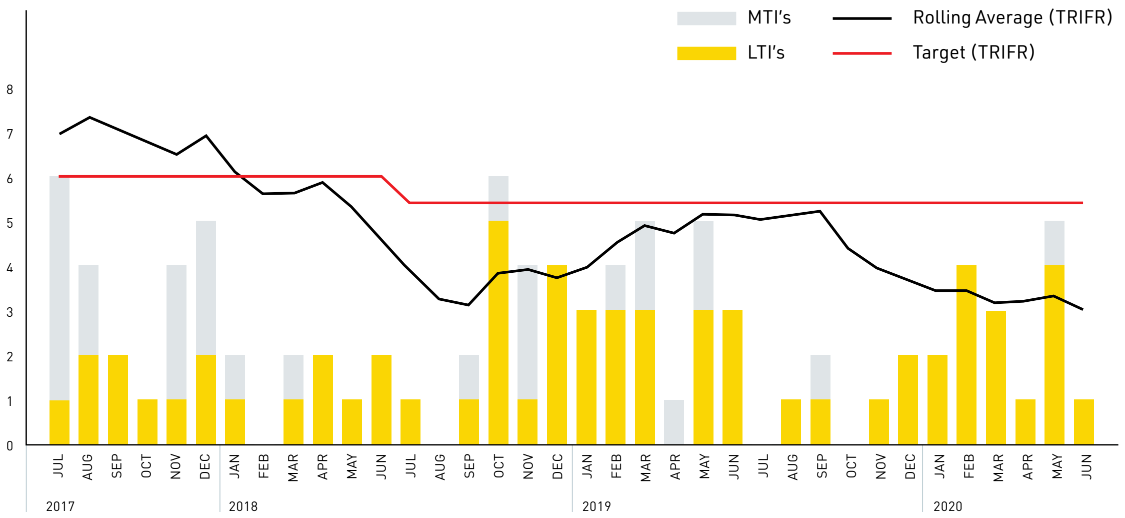
Working at Height

Working on or Near Water

Lost Time Injury Frequency Rate



Total Recordable Injury Frequency Rate



From ship to shore

The LPC Logistics Team are the masterminds who get goods from ship to shore and back again. Kate Blackberry joined the team in 2019 with 15 years' experience in logistics, including roles with shipping lines and Port of Tauranga.

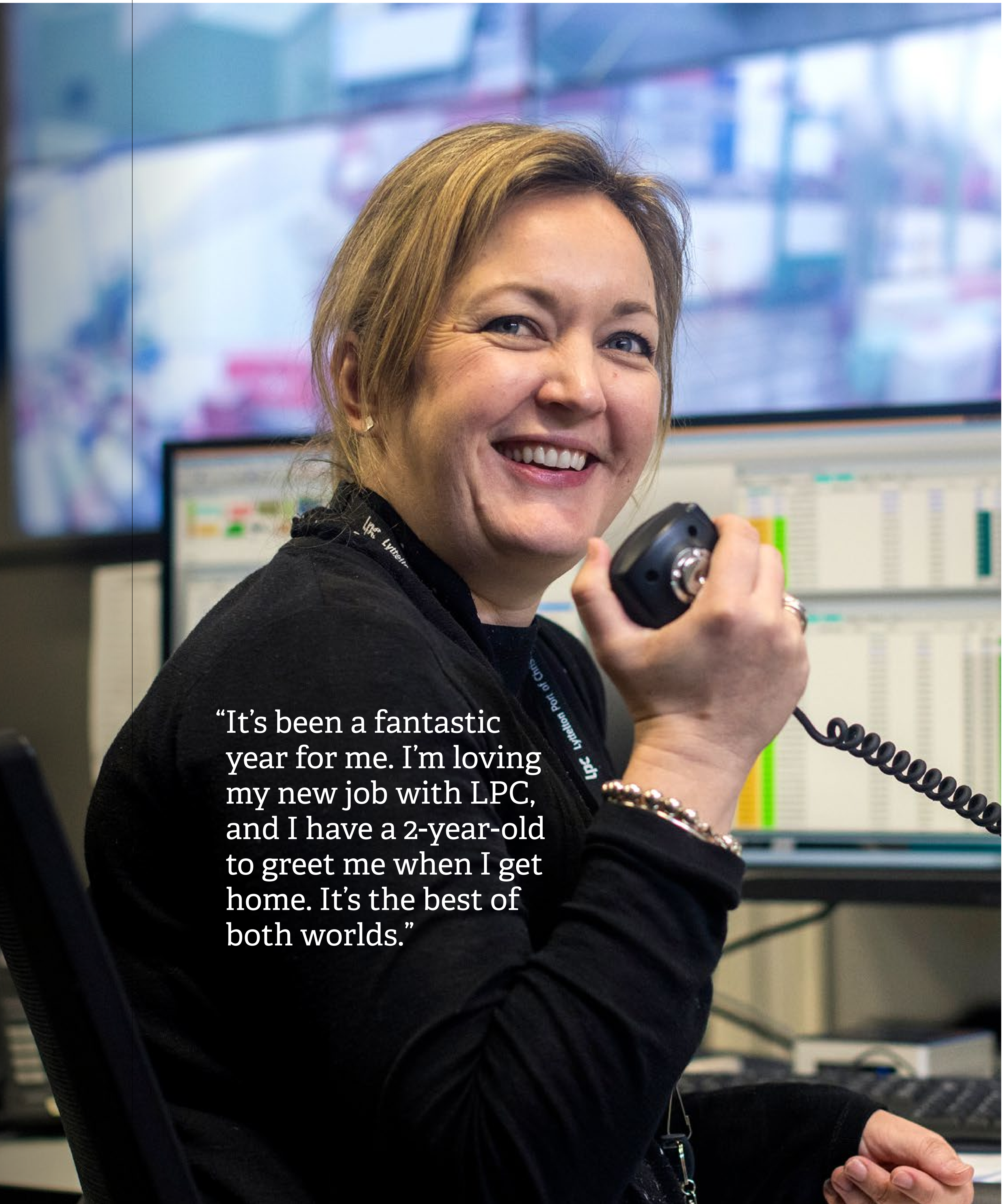
Kate loves the variety of her job, which will eventually see her sitting at three different desks each day. "On the yard desk, I allocate straddles to jobs, linking them to transport and figuring out where containers need to go. At the ship desk, I'm on the radio with the ship call foreman, asking questions and working together to solve issues. The third desk is the planning desk – that's my next area to train in. Every day truly is different!"

Kate says it's her methodical yet flexible approach that has given her a knack for logistics. "You have to follow rules and procedures but also be able to adapt quickly to changing situations. Things are constantly in motion, and there's plenty of problem solving required."

One problem of a tall order she oversaw this year was figuring how to get a giraffe safely to shore. Kamili arrived from Perth on her way to Orana Park, housed in a custom flat rack container for the journey. "There was an opening at the top and you could see her little face looking out, observing everything that was going on. We had to be extremely careful to keep her safe. She was super cute and very nosy!"

Working and living in Lyttelton, Kate describes herself as enjoying the best of all worlds – from her toddler at home to the team at work. "Everyone's been very welcoming, and there's a positive energy about the place – not to mention the stunning location and views and a 2-minute commute to work!"

While a relative newcomer to LPC, Kate says she's had a fantastic year as part of a vital organisation. "People forget, but everything we need for our daily lives comes through the Port. LPC is a focal point for Lyttelton and essential to the region's economy. I'm immensely proud to be a part of that."



"It's been a fantastic year for me. I'm loving my new job with LPC, and I have a 2-year-old to greet me when I get home. It's the best of both worlds."

From legacy to leadership

Henry Bastion and Lito Abarratigue are the energetic pair in charge of running the LPC dry dock, a key piece of Port infrastructure with 137 years behind it and a bright future ahead.

Dry Dock Master Henry, who came on board earlier this year, is hugely passionate about this economic engine that has been humming away for generations.

“On any given day, we can have up to 300 staff and contractors working here. Not only do we make a significant contribution to LPC’s bottom line, we also support a much larger network of industries from local engineering firms to businesses in the township.”

Opened in 1883, the Lyttelton dry dock is one of just a few Category 1 heritage sites in the South Island. Now one of just two dry docks in the country, it continues to serve a vast customer base, from fishing boats to research vessels, dredges to superyachts.

Henry recognises the dock’s rich history but also champions its future development. He has spearheaded a number of improvements encompassing operations to infrastructure. Plans in the works include improved edge protection and a new amenities block for crew.

“Keeping customers happy and the dock full of ships is essential to our continued success. That’s what I’m here to achieve. I’m also cognisant of our managing our environmental impacts. I believe it’s important to be upfront about our effects so we can address them head on.”

Henry is supported by Dry Dock Operator Lito. Originally from the Philippines, Lito found his way to the dry dock after starting at LPC as a carpenter.

“I love working in a port environment. There’s lots of variety and plenty of good people around. I like a challenge, and there are always opportunities to learn here.”

Together, Henry and Lito are excited about LPC’s future and the role of the dry dock within that picture.

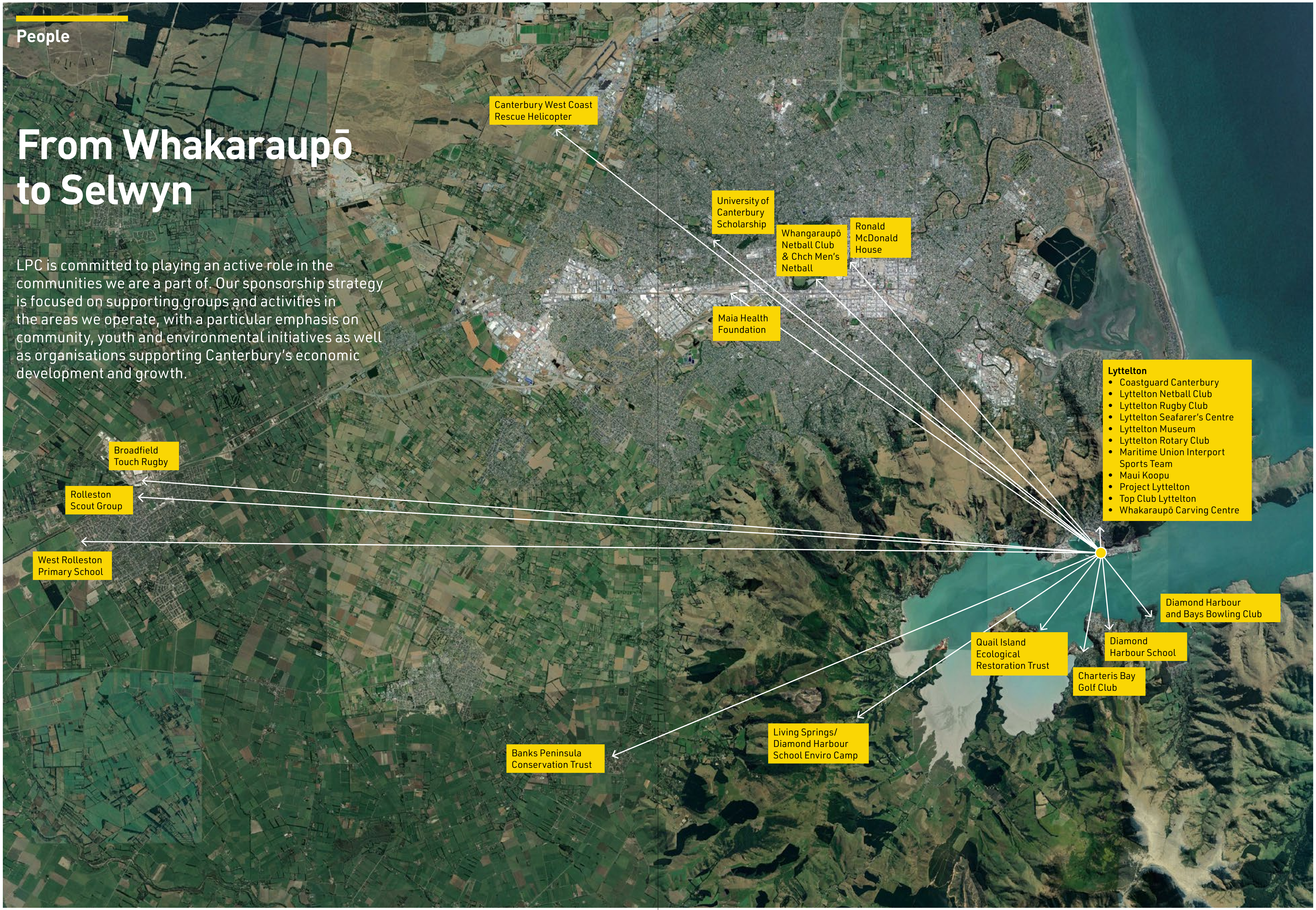
“Success is something we’re all part of together – LPC, local trades and industry, marine businesses, the township and residents. The dry dock has been doing an outstanding job for 140-odd years. We want to honour that legacy and do everything we can to give it an even stronger future.”

“I take a huge amount of pride in working here. Whether my day has involved successfully docking a boat worth millions of dollars, meeting a ship’s captain who’s come in from overseas, liaising with multiple businesses to get agreement on a proposed dock improvement or just sitting down for a cup of tea with Lito, the variety and opportunities here really are endless.”

Henry Bastion, Dry Dock Master

From Whakaraupō to Selwyn

LPC is committed to playing an active role in the communities we are a part of. Our sponsorship strategy is focused on supporting groups and activities in the areas we operate, with a particular emphasis on community, youth and environmental initiatives as well as organisations supporting Canterbury's economic development and growth.



Who we supported this year

Quail Island Ecological Restoration Trust: For over 20 years, we have supported the Quail Island Ecological Restoration Trust in the transportation of plants to the island for their annual planting programme. We also provide financial support.

Banks Peninsula Conservation Trust: We partner with the Banks Peninsula Conservation Trust to help restore the Port Saddle land with native flora and fauna and protect the area as well as providing financial support to the Trust.

Lyttelton Netball Club: We purchased and installed floodlights at Lyttelton Primary School, where the Lyttelton Netball Club practises, so that they are able to train after the sun goes down.

Lyttelton Rugby Club: We supply each new member of the Lyttelton Rugby Club with a sports bag filled with shorts, socks, jacket, beanie and mouthguard as well as reducing club fees and ensuring the club is accessible to all families.

Lyttelton Seafarer's Centre: We assist the Lyttelton Seafarer's Centre in providing a safe place for the thousands of seafarers that come through Lyttelton each year, through to supplying wifi connections and transportation.

Maia Health Foundation: LPC is a founding business partner for the Maia Health Foundation, supporting its work to make children's time in Christchurch Hospital as comfortable as possible and to future-proof the hospital's helipad operation.

UC scholarship: We provide a scholarship to children of LPC employees to go towards university fees to demonstrate our appreciation for the commitment and work of all staff.

Broadfield Touch Rugby Team: We lent a hand to the Broadfield Touch Rugby Team by supplying tops and equipment to 60 children.

Charteris Bay Golf Club: We sponsored the Charteris Bay Gold Club's annual golf tournament.

Christchurch Men's Netball: We supported the Christchurch Men's Netball Team through aiding in travel expenses when the team goes away to represent Christchurch.

Canterbury West Coast Rescue Helicopter: LPC sponsors the Canterbury West Coast Rescue Helicopter so it can continue to carry out operations across both land and sea, helping to saves lives.

Coastguard Canterbury: We supported Coastguard Canterbury through supplying a new demister for the cockpit of a vessel.

Diamond Harbour and Bays Bowling Club: LPC funded uniforms for the Diamond Harbour and Bays Bowling Club, making uniforms accessible to all members.

Diamond Harbour School: We assisted Diamond Harbour School with their 75th anniversary dinner auction by supplying Banks Peninsula Farms rugs to be auctioned.

Living Springs/Diamond Harbour School Enviro Camp: We assisted Diamond Harbour School's Environment Camp, supporting 14 students to stay at Living Springs.

Lyttelton Museum: LPC funded Lyttelton Museum to help with the costs of designing and installing new signage and interpretation panels.

Lyttelton Rotary Club: We aided Lyttelton Rotary Club in supplying prizes for their speech contest for Harbour Basin schools – the winner receives money to purchase library books.

Maritime Union Interport Sports Team: LPC sponsors the team shirts for the Interport Sports Tournament in Mount Manganui.

Maui Koopu (LPC employee): We support powerlifter Maui Koopu with funding for competitions.

Project Lyttelton: Sponsorship from LPC goes towards the operational cost of the Lyttelton Youth Programme, enabling them to create a safe space for youth to reconnect.

Rolleston Scout Group: LPC lent a hand to the Rolleston Scout Group when they needed their gear shipped to Waikato for the Scout Jamboree.

Ronald McDonald House South Island: We support the Ronald McDonald House Family Dinner Programme, where LPC staff volunteer to cook dinner once a month.

Top Club Lyttelton: LPC assisted in Lyttelton Top Club's efforts in raising funds for the Australian Bushfire Appeal.

West Rolleston Primary School: We supported West Rolleston Primary School by purchasing 60 school jackets that can be worn by children when they are representing the school.

Whangaraupō Netball Club: We sponsor the Whangaraupō Netball Club by supplying the club uniforms for the teams.

Whakaraupō Carving Centre: LPC has supported the renovation of the building for the Whakaraupō Carving Centre.

From sea to safety

LPC is a mission sponsor for the Canterbury West Coast Air Rescue Trust, supporting the essential and lifesaving work they complete, not only on land but also out at sea.

In remote areas, for workplace accidents, for trampers or mountaineers or in the instance of a heart attack or stroke, the rescue helicopter is the only option.

The rescue helicopter also responds to offshore emergencies along the Canterbury and West Coast coastlines from very small fishing vessels to cruise ships, with offshore conditions always challenging for the rescue operations.

"We all depend on each other on the Westpac Rescue Helicopter. Essentially, we put our lives in the hands of our colleagues whilst saving a patient. Health and safety and working together is key – just as it is at Lyttelton Port," says Crew Chief Rick Knight.

The team has been particularly busy in recent times, completing 900 call-outs across the region in the last 12 months.

LPC is proud to be supporting such a vital service for the Canterbury region and support the hundreds of vessels and their crews that call at Lyttelton each year.

"We all depend on each other on the Westpac Rescue Helicopter. Essentially, we put our lives in the hands of our colleagues whilst saving a patient. Health and safety and working together is key – just as it is at Lyttelton Port."

Crew Chief Rick Knight

Haea te awa, puta i tua, puta i waho, pakiaka o te rākau
Reach for new horizons to beyond where we are now and what we know

From whānau to kaupapa

This whakataukī/proverb is at the heart of LPC's Māori development strategy, focused on upskilling the company in tikanga Māori, strengthening partnerships with mana whenua and developing cultural resources for staff.

Charting the course is Tahu Stirling (Kai Tahu, Te Whānau-a-Apanui, Ngāti Whātua, Ngāti Porou), our newly appointed Māori Development Advisor.

Tahu has a long history with LPC. His father and uncle worked at the Port 50 years ago, and his brother has been with the company for 30 years.

Tahu is also a member of the Maritime Union of New Zealand and had a successful career in Māori health promotion, education and community organisations before becoming a cargo handler at LPC.

"In my role, I think I'm in a unique position to pass on knowledge and unify the team," Tahu says.

He's developed a waiata and a haka to build a unique LPC company culture. A waiata group now meets every Wednesday with a core group of staff keen to give te reo a go or reconnect with their own culture.

"The waiata is ours – it talks about supporting everyone, helping them to prosper and become more sustainable while bringing back the penguins and dolphins," Tahu says.

"I think that cultural training gives the staff here another feather in their cap. I feel lucky to work with such a diverse group of people, and I think that, when you learn about another culture, it's also about discovering oneself and the intrinsic principles in your own culture that show how we are not so different after all. This is a diverse place, and the culture is the glue that holds it together."

This year's mahi has included the haka and waiata as well as the installation of bilingual signage around the business and regular karakia to support formal events and openings. Tahu has also supported senior leadership staff to upskill in their knowledge of te reo and tikanga.

Despite beginning his new role during COVID-19 Alert Level 4, our team's passion for the kaupapa has seen this mahi fast becoming an integral part of how we do things at LPC.

From pollution to protection

"I believe having these key players sitting at the same table is vital to ensuring the success of our vision."

From mitigation to restoration

This year, LPC CEO Roger Gray was appointed co-chair of the Whaka-Ora Healthy Harbour Governance Group, joining Yvette Couch-Lewis from Te Hapū o Ngāti Wheke to guide the programme forward.

The kaupapa/purpose of the plan is to restore the ecological and cultural health of Whakaraupō/Lyttelton Harbour as mahinga kai.

Roger says working with partner organisations Environment Canterbury, Te Hapū o Ngāti Wheke, Te Rūnanga o Ngāi Tahu and Christchurch City Council is the best way to gather momentum behind this important programme.

"The Port is part of the fabric of Whakaraupō/Lyttelton Harbour, and because of that, we are firmly focused on ensuring the sustainability of our environment and the Port, which supports thousands of jobs, for future generations.

"I believe having these key players sitting at the same table is vital to ensuring the success of our vision."

Roger says he is also proud to work alongside Yvette from Te Hapū o Ngāti Wheke as co-chair, who he describes as a champion of Whakaraupō.

"Yvette has played a vital role in the programme since its inception, so I am proud to walk alongside her as co-chair and together take the project forward."

Yvette says it is the perfect time in the project's development for a co-chair to be appointed.

"It makes sense for the Governance Group to be jointly chaired by mana whenua and the Port, who have such a longstanding relationship around Whakaraupō – I'm really pleased."

Roadmap to reduction

This year, we developed our plan for achieving net-zero carbon emissions by 2050, as set out in our sustainability strategy. Known as our Carbon Reduction Plan, it is a robust carbon and financial model that maps our emissions trajectory while taking into account business growth and the cost of transition.

To develop the plan, we ran workshops across the whole business to identify all carbon-reduction opportunities. We then analysed all the options to understand what changes would have the most impact, the investment required and likely timeframes involved.

The first 5–10 years of the plan revolve mostly around improving fuel efficiency through operator behaviour, machine maintenance and optimisation. We identified that we can reduce our carbon output by reducing idling time for our straddles and optimising routes and planning for our vessels.

Our light vehicle fleet represents another immediately accessible reduction opportunity, and we have begun the transition to electric vehicles, with our first four EVs now on site.

LPC's plant equipment presents a larger challenge. The straddle fleet, which is already mostly diesel-electric, still forms a large part of our emissions profile. Right now, there are no viable solutions, but biodiesel, hydrogen and battery electric options all show promise and, in the interim, we are investigating the options around full hybrid straddles. Our plan helps us understand when these alternative energy solutions are likely to come into the market and how we can sync them with replacement.

We are not alone in the challenges we face, and collaboration will be a key factor in our success. As part of the Sustainable Business Council, we are engaging with energy suppliers, staying up to date on global developments and learning from other companies' transition journeys, particularly those dealing with large plant.

Our Carbon Reduction Plan provides LPC with a very robust roadmap for transitioning to net zero by 2050. It's a plan that has transformed an ambitious goal into an achievable outcome – one that will strengthen our business, encourage innovation across the sector and make a real difference for our climate.

> Our first aim is for absolute reduction rather than offsetting, because we believe that reduction will have the greatest benefit for our climate.

CLIMATE LEADERS COALITION
ON A MISSION TO REDUCE EMISSIONS IN NEW ZEALAND

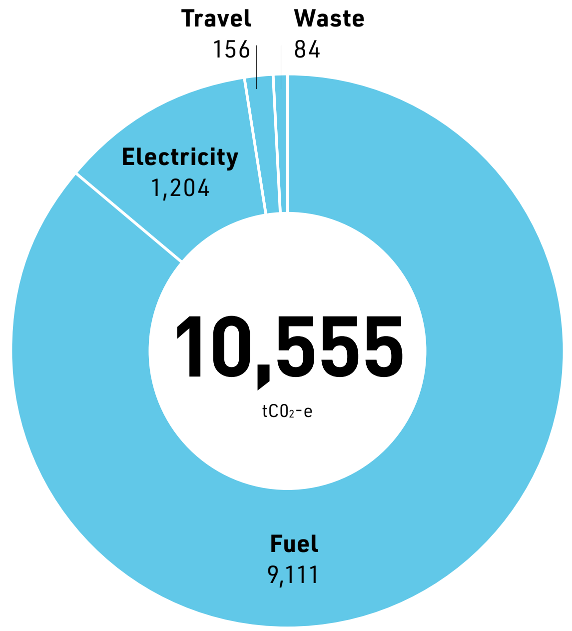
TOITŪ CARBON ZERO ISO 14064-1 ORGANISATION

People, Planet, Prosperity
LPC SUSTAINABILITY

Our carbon footprint

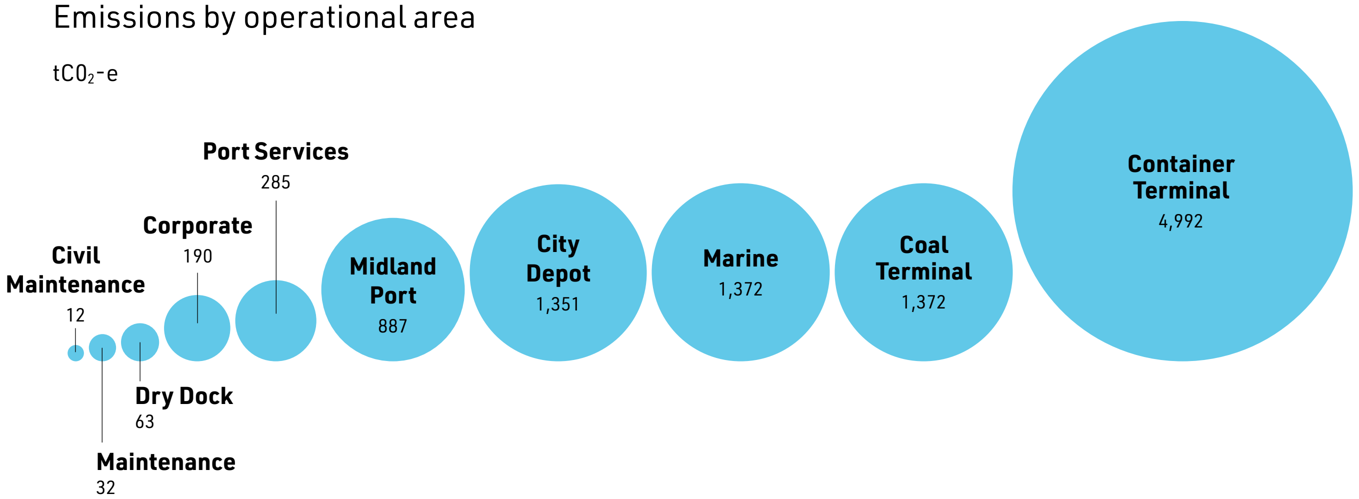
Emissions by source

The metric is tCO_2-e (tonnes of CO_2 equivalent)



Emissions by operational area

tCO_2-e



From plan to action

This year has seen LPC working steadfastly towards our ambitious goal of net zero waste by 2040. To reduce our waste footprint, we need to make significant changes across our business, from operational to material. It’s a huge challenge, but we are committed to achieving it and excited to be under way on the journey.

This year, we took a big step forward by consolidating our waste collection contractors. Moving to a streamlined partnership approach has enabled us to take a much more consistent and coordinated approach to our waste management.

This year also saw us focus on diverting waste from landfill through greater separation at the source. Analysis of our waste revealed significant mixing of materials in waste bins on industrial sites. This indicated that we needed to get better at separating recyclables and reusable materials. To address this issue, we reorganised our waste receptacles, moving from a number of bins scattered across a site to having fewer strategically placed bins with clearly marked separation for recyclable or reusable materials.

Moving towards zero waste does mean changing some longstanding habits. The good news is that all of our people – including those with boots on the ground – genuinely care about doing the right thing. Cam Finlayson, Site Manager at LPC CityDepot, says everyone there is on board with the goal.

“Creating a more sustainable business isn’t just about the environment. There are economic and social benefits as well. Like a lot of people who work at LPC, I have young kids. Every improvement we make today means a better future for them,” says Cam.

Zero waste is still a number of years out, but we have made good progress this year in terms of laying the groundwork, and every day sees LPC move closer to its long-term goal.

Protect, restore, regenerate: our biodiversity positive plan

One exciting aspect of being a large business with significant tracts of land is that we have a number of on-site or local opportunities to improve our biodiversity outcomes. LPC's ambition in this area is bold: to make a net positive difference to biodiversity across Port lands and for wider Whakaraupō.

This goal isn't simply about meeting government requirements or earning a good corporate citizen badge. It is about making a long-term commitment to create real change and help reverse the tangent of nature loss in New Zealand.

To lay the groundwork, we have created an ecological masterplan. It sets out two immediate mandates – to identify and protect the conservation species we have so they can thrive and to enhance ecological value.

One example of our positive biodiversity work already well under way is the Port Saddle Restoration Project. A partnership between LPC and Banks Peninsula Conservation Trust, this project involves the transformation of 17 hectares of hillside into a thriving native ecosystem. Now 4 years in, not only are the young seedlings growing into a flourishing native habitat, the area has also become a point of connection for the local community.

When it comes to biodiversity, protection is as important as regeneration. We have invested in a pest control strategy to protect vulnerable flora and fauna. We are also actively working to protect the white-flippered penguins who nest in our sea walls. We regularly survey these penguins so that we can track the overall health of the population and put safeguards in place when they are most vulnerable.

These examples represent just a few of the many opportunities open to us in terms of reaching our biodiversity positive goal. We are pleased with our progress to date and hope that, by showing leadership in this area, we will inspire other businesses to find practical ways to value and protect nature.

We believe that it is possible to run essential Port infrastructure, maintain a prosperous business and enhance nature. Far from being mutually exclusive, these are in fact all integral parts of a sustainable whole.

As part of our net positive biodiversity ambition, we evaluate every Port project in terms of its impact on nature, to ensure that all areas of our business align with our overall net positive biodiversity goal.

How we do things

Coal stormwater monitoring

To ensure we meet consent requirements, all stormwater collected from our coal yard must be treated.

Any run-off or stormwater water is pumped to our lamella plant, where it is cleaned through a combination of settlement processes. Water is continually monitored for pH and turbidity to ensure it meets strict standards before being safely discharged into the harbour.

Furthermore, periodic surveys of sediment and marine organisms near the discharge point are undertaken to check for any environmental effects. These surveys have reported a decrease in coal particulates in recent years, which we are very pleased to see.

Monitoring and treating our coal stormwater is a priority for us so that we can maintain our ability to export coal while protecting the harbour's marine ecosystems.

Managing and tracking air quality

LPC has series of protocols in place to manage and monitor any dust from bulk cargo products.

Whenever a dusty cargo is unloaded, a wind alert system is put into effect. When wind conditions are unfavourable, unloading is paused to prevent dust being carried into the Lyttelton township. In addition, monitoring buckets are placed in the community in order to ensure we maintain good air quality standards and meet our consent requirements for air discharges.

To further prevent dust, we have introduced several additional measures, including increased wharf sweeping, spraying down of all trucks so they don't track dust out of the Port and adjusting our wind alert system to provide an extra layer of protection during northwesterlies.

Maintaining good water quality is one of the key ways LPC contributes to improving the health of the harbour for our wildlife, mahinga kai, swimming and recreation.

Improving water quality

Maintaining good water quality is one of the key ways LPC contributes to improving the health of the harbour for our wildlife, mahinga kai, swimming and recreation.

Our stormwater interceptors treat water for contaminants such as sediment and hydrocarbon before it is discharged, and these are regularly cleaned and maintained. This year, we put a plan in place to install automatic samplers at some of our water discharge points. This will enable us to more easily monitor contaminant levels and any effects on harbour water.

Should anything unusual be spotted in inner harbour water, we immediately sample and test the water to understand what contaminants may be present in order to effectively address any issues.

We are progressively upgrading our stormwater systems as we rebuild and redevelop our Port infrastructure, with new interceptors recently installed along Cashin Quay and the cruise berth.

Our Clean Marina Pledge

Te Ana Marina is home to more than just boaties. We also welcome a range of wild visitors including Hector's dolphins, fur seals and seabirds.

This year, as part of our everyday efforts to improve our marina environment, we joined the Clean Marina Programme. Initiated by the New Zealand Marina Operators Association, it encourages marina operators, businesses and users to protect and improve their local water quality.

We've completed step one by signing the Clean Marina Pledge – a commitment to reducing pollution and enhancing the environment. Now we're assessing our impacts and looking at what operational changes we can make to improve our environmental outcomes. We're proud to be doing everything we can to protect and improve Te Ana Marina for residents, visitors and wildlife.

Financial Statements 2019–2020

Contents

Financial Statements

Director's Declaration

FOR THE YEAR ENDED 30 JUNE 2020

In the opinion of the Directors of Lyttelton Port Company Limited, the consolidated financial statements and notes on pages 60 to 86:

- comply with New Zealand equivalents to International Financial Reporting Standards and fairly present the financial position of the Group as at 30 June 2020, and the results of their operations and cash flows for the year ended on that date; and
- have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group, and facilitate compliance of these consolidated financial statements with the Companies Act 1993 and Financial Reporting Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of the Company and the Group, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of these consolidated financial statements.

The Directors are pleased to present the consolidated financial statements of Lyttelton Port Company Limited and its subsidiaries for the year ended 30 June 2020.

For and on behalf of the Board of Directors:

Margaret Devlin
Board Chair
27 August 2020

Brian Wood
Director
27 August 2020

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2020

These Financial Statements should be read in conjunction with the notes to the financial statements

In thousands of New Zealand dollars	Notes	2020	2019
Revenue	4	128,258	166,774
Employee expenses		(61,560)	(59,941)
Materials and consumables utilised		(28,433)	(28,918)
Depreciation and amortisation	8, 9	(16,230)	(16,046)
Administrative and other expenses	5	(14,030)	(14,537)
RESULTS FROM OPERATING ACTIVITIES		**8,005**	**47,332**
Fair value adjustment	8, 9	(190,509)	-
RESULTS FROM OPERATING ACTIVITIES AND FAIR VALUE ADJUSTMENT		(182,504)	47,332
Net financing income/(costs)	6	(1,432)	(217)
Profit (Loss) before tax for the year		**(183,936)**	**47,115**
Income tax (expense)	7	31,154	(4,945)
Profit (Loss) for the year		**(152,782)**	**42,170**
OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Effective portion of changes in fair value of cash flow hedges - gross of tax		(1,793)	(681)
Income tax on other comprehensive income		502	191
Total comprehensive income for the year		**(154,073)**	**41,680**

Consolidated Statement of Financial Position

FOR THE YEAR ENDED 30 JUNE 2020

These Financial Statements should be read in conjunction with the Notes to the Financial Statements

In thousands of New Zealand dollars	Notes	2020	2019
ASSETS			
Property, plant and equipment	8	441,971	524,751
Intangible assets	9	4,757	18,770
Prepayments		1,757	195
Deferred tax asset	10	31,864	1,352
Right of use assets	14	1,042	-
Finance lease receivable	14	42,688	-
Total non-current assets		**524,079**	**545,068**
Cash and cash equivalents	13	5,135	9,499
Trade and other receivables	11	20,114	22,685
Prepayments		3,319	3,563
Inventories		2,794	3,393
Finance lease receivable		502	-
Interest receivable		-	1
Total current assets		**31,864**	**39,141**
Total assets		**555,943**	**584,209**
EQUITY			
Share capital	12	**21,457**	**21,457**
Cash flow hedge reserve	12	(1,599)	(308)
Retained earnings		336,203	495,755
Total equity		**356,061**	**516,904**
LIABILITIES			
Other non current liabilities		624	668
Employee entitlements	15	556	517
Lease liabilities	14	43,601	-
Derivatives	13	2,112	252
Loans and borrowings	13	124,000	35,000
Total non-current liabilities		**170,893**	**36,437**
Trade and other payables	13,15	17,504	18,153
Interest payable		145	179
Employee entitlements	15	10,543	10,080
Lease liabilities	14	649	-
Derivatives	13	109	176
Other current liabilities		39	50
Income tax payable		-	2,230
Total current liabilities		**28,989**	**30,868**
Total liabilities		**199,882**	**67,305**
Total equity and liabilities		**555,943**	**584,209**

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2020

These Financial Statements should be read in conjunction with the Notes to the Financial Statements

In thousands of New Zealand dollars	Share capital	Cash flow hedge	Retained earnings	Total
Balance at 1 July 2018	**21,457**	**182**	**460,621**	**482,260**
PROFIT FOR THE YEAR	-	-	42,170	42,170
OTHER COMPREHENSIVE INCOME/(EXPENSE)				
Effective portion of changes in fair value of cash flow hedges - net of tax	-	(490)	-	(490)
TRANSACTIONS WITH OWNERS RECORDED DIRECTLY IN EQUITY				
Dividends to equity holders	-	-	(7,036)	(7,036)
Balance at 30 June 2019	**21,457**	**(308)**	**495,755**	**516,904**
PROFIT FOR THE YEAR	-	-	(152,782)	(152,782)
OTHER COMPREHENSIVE INCOME/(EXPENSE)				
Effective portion of changes in fair value of cash flow hedges - net of tax	-	(1,291)	-	(1,291)
TRANSACTIONS WITH OWNERS RECORDED DIRECTLY IN EQUITY				
Dividends to equity holders	-	-	(6,770)	(6,770)
Balance at 30 June 2020	**21,457**	**(1,599)**	**336,203**	**356,061**

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2020

These Financial Statements should be read in conjunction with the Notes to the Financial Statements

In thousands of New Zealand dollars	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		131,424	124,555
Other cash receipts		-	35,250
Cash paid to suppliers and employees		(101,688)	(99,982)
Interest and facility fees paid		(2,885)	(1,173)
Interest received		1,438	1,474
Subvention payments	19,21	(5,706)	(5,429)
Income tax received (paid)		4,620	(2,820)
Net cash from operating activities	16	**27,203**	**51,875**
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		319	249
Net realisation of short term deposits		-	63,000
Acquisition of property, plant and equipment	8	(111,752)	(144,074)
Acquisition of intangible assets	9	(1,092)	(6,119)
Capitalised interest		(1,272)	(307)
Net cash used in investing activities		**(113,797)**	**(87,251)**
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from borrowings		89,000	35,000
Dividends paid	12, 19	(6,770)	(7,036)
Net cash from financing activities		**82,230**	**27,964**
Cash and cash equivalents at 1 July		**9,499**	**16,911**
Net (decrease)/increase in cash and cash equivalents		(4,364)	(7,412)
Cash and cash equivalents at 30 June		**5,135**	**9,499**

Notes to the Consolidated Financial Statements

1. Reporting Entity

Lyttelton Port Company Limited (the "Company") is a Company domiciled in New Zealand, is a Port Company under the Port Companies Act 1988, and is registered under the Companies Act 1993. The financial statements have been prepared in accordance with the Companies Act 1993 and the Financial Reporting Act 2013.

The Company's registered office is at Waterfront House, 37-39 Gladstone Quay Lyttelton 8082, New Zealand. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group is primarily involved in providing and managing port services and cargo handling facilities. The Company is a profit-oriented entity.

2. Basis of Preparation

(A) STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other Financial Reporting Standards as applicable to profit-oriented entities. These consolidated financial statements have been prepared on a going concern basis. Based on the disclosure at Note 8, we do not consider that COVID-19 impacts on our ability to continue as a going concern. They were authorised for issue by the Company's Board of Directors on 27 August 2020.

Details of the Group's significant accounting policies, including changes during the year, are included in note 3.

(B) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis except for property, plant and equipment, intangibles and derivative financial instruments that are measured at fair value.

(C) FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in New Zealand dollars (NZ$), which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

(D) USE OF ESTIMATES AND JUDGEMENTS

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

COVID-19 PANDEMIC

Current Financial Period
On 11 March 2020 the World Health Organisation declared a global pandemic as a result of the outbreak and spread of COVID-19. Following this, on Wednesday 25 March 2020 the New Zealand Government raised its Alert Level to 4 (full lockdown of non-essential services) for an initial 4 week period. LPC was deemed an essential service, and as such continued the majority of operations during Alert Levels 3 & 4. This was closely managed and only essential staff were allowed to remain onsite with all other staff working from home during Alert Level 4. For the staff that remained onsite, significant effort was put into ensuring they had the correct PPE and procedures to keep them safe. These were reviewed on a daily basis through the Alert Level 4 lockdown. At 30 June 2020, however there was an impact on trade volumes, specifically in respect of fuel, logs, coal, motor vehicles and containers. The Group has estimated the impact for the current financial year was a reduction in revenue of $5 million and expenses were closely managed to a reduction of $4 million, relative to the full year budget. With the exception of the essential worker scheme, the Group did not qualify or apply for any Government Wage subsidy.

Estimates and Judgements
All identified impacts of COVID-19 have been reflected in the financial statements, and in the relevant key estimates and assumptions. The primary area that COVID-19 has impacted on the estimates and assumptions is in respect of the fair value measurement of property, plant and equipment and the assumptions used in determining the fair value. Refer to Note 8 for further detail on the assumptions used in the valuation and the sensitivity of fair value to changes in these assumptions.

Other areas of judgement include estimating: useful lives of assets, provisions for doubtful debts, provisions for employee benefits, revaluation of interest rate swaps, income tax and deferred tax.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment in the year ending 30 June 2020 are included in:

Note 8 - Property, plant and equipment
Note 10 - Deferred tax
Note 14 - Leases
Note 15 - Provisions

3. Significant Accounting Policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(A) FINANCIAL INSTRUMENTS

(i) Non-derivative financial instruments
Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, employee entitlements and trade and other payables.

Non-derivative financial instruments that are not at fair value through profit or loss, are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances, short term deposits maturing in less than three months and call deposits. Bank overdrafts that are repayable on demand and form part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

Trade and other receivables
Trade and other receivables are stated at their cost less expected credit losses.

Trade and other payables
Trade and other payables are stated at cost.

Employee entitlements
Employee Entitlements are stated at cost.

Other
Subsequent to initial recognition, other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Derivative financial instruments
The Group uses derivative financial instruments to hedge its exposure to foreign exchange, commodity price and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging relationship.

(B) PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement
Items of property, plant and equipment are measured at fair value less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment (note 8). Recognition at fair value presents a change in accounting policy from the cost model (note 8).

(ii) Subsequent costs
The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Derecognition
In the event that an asset or part of an asset is damaged and not expected to be able to be used to generate future economic benefits, then it is derecognised as an asset and the carrying value, or part thereof, is charged to profit or loss as 'assets written off'.

(iv) Capital work in progress
Capital work in progress comprises all costs directly attributable to the construction of an asset including cost of materials, professional services, direct labour, finance costs and an appropriate allocation of overhead. Costs cease to be capitalised as soon as the asset, or a significant component of the asset, is in the location and condition necessary for it to be capable of operating in the manner intended by management.

(C) REVENUE

Revenue is measured at the fair value of the consideration received or receivable, net of allowances, trade discounts and volume rebates.

Services
Revenue is recognised as the amount of consideration expected to be received in exchange for transferring promised goods or services to a customer. There is no change to the timing of revenue recognition arising from the adoption of NZ IFRS 15. NZ IFRS 15 does not apply to revenues other than those from contracts with customers.

(D) FINANCE INCOME AND EXPENSES

Finance income comprises interest income on funds invested and gains on derivative instruments that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, bank fees and the ineffective portion of derivative instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method, except with regards to borrowing costs on qualifying assets which are capitalised as part of the cost of those assets.

(E) LOANS AND BORROWINGS

All borrowings are initially recognised at the value of the consideration received. The carrying value is subsequently measured at amortised cost using the effective interest method.

(F) BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. The average effective interest rate for capitalised borrowing costs was 1.89%. Other borrowing costs are expensed as incurred.

(G) DREDGING COSTS

Maintenance dredging costs are recorded as a prepayment and expensed over the period of benefit, which has been assessed as 9 months to five years. Capital dredging has an indefinite useful life and is not depreciated as the channel is maintained via maintenance dredging to its original design depth and contours.

(H) INCOME TAX EXPENSE

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(I) SIGNIFICANT ACCOUNTING POLICIES ADOPTED DURING THE PERIOD

(1) NZ IFRS 16 Leases
NZ IFRS 16 Leases became effective for the Group from the period beginning 1 July 2019. The new standard replaces NZ IAS 17 and requires implementation of a new lessee accounting model. This is accomplished by recognising a new right of use asset and a corresponding lease liability. This is calculated as the present value of the remaining payments on the lease. The Group elected to use the exemptions proposed by the standard on lease contracts for which the lease term ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of a low value. The Group also applied a practical expedient to 'grandfather' our previous assessment of which existing contracts are, or contain, leases.

There is a material impact on the Group's financial statements this year. The impact to the Statement of Financial Position upon the recognition of finance lease receivables and right of use assets and lease liabilities is $44.2 million. There is a decrease in lease expenditure of $180K, increase in depreciation expense of $164K, interest income of $1.3 million and interest expense of $1.3 million. Further information can be found in Note 14 - Leases.

4. Revenue

In thousands of New Zealand dollars	2020	2019
Port operations income	123,982	129,108
Other income	4,276	37,666
Total revenue	**128,258**	**166,774**

In thousands of New Zealand dollars	2020	2019
Disaggregation of revenue from contracts with customers		
Container terminals	68,401	65,378
Multi-cargo	39,012	44,352
Marine services	13,706	13,411
Total revenue	**121,119**	**123,141**

Total revenue from contracts with customers excludes revenue out of scope of NZ IFRS 15 Revenue from Contracts with Customers. The above table does not include rental income, gains on disposal of property, plant and equipment, dividend income, other income, and interest income. Other income includes $143K received as COVID-19 Leave Support Subsidy (2019: Nil).

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group's revenue mainly consists of container terminal, multi cargo and marine services.

The following specific recognition criteria must also be met before revenue is recognised:

a) Container terminal
Container revenue relates to the handling, processing and storage of containers. Each process or service is a performance obligation and usually has an identifiable selling price. Revenue from providing containerised stevedoring and other containerised services is recognised at the point in time when the services are rendered to the customer. However, storage revenue is recognised over a period of time.

b) Multi cargo
Multi-cargo revenue relates to the handling, processing and storage of bulk goods. Each process or service is a performance obligation and usually has an identifiable selling price. Revenue from providing multi cargo services is recognised at the point in time when the services are rendered to the customer. However, storage revenue is recognised over a period of time.

c) Marine services
Marine revenue is related directly to the visit of a vessel to the port and includes fees for pilotage, towage, dues for accessing the port and mooring fees. Each service is a performance obligation and revenue is recognised at the point in time the services are rendered to the customer.

5. Other Expenses

In thousands of New Zealand dollars	2020	2019
Administrative and other expenses, including:	14,030	14,537
Auditor's remuneration to KPMG comprises:		
Audit of financial statements	182	99
Total auditor's remuneration	**182**	**99**
Net (gain)/loss on sale of property, plant and equipment	**606**	**(65)**

Also included in other expenses are fees payable to the OAG for audit related overhead of $Nil (2019: $7K).

6. Finance Income and Expenses

In thousands of New Zealand dollars	2020	2019
Interest income on cash and cash equivalents	133	859
Interest income on finance leases	1,304	-
Interest paid on bank advances	(2,803)	(1,383)
Interest paid on leases	(1,338)	-
Less interest capitalised to property, plant & equipment	1,272	307
Net financing income/(costs)	**(1,432)**	**(217)**

7. Income Tax Expense

In thousands of New Zealand dollars	2020	2019
Current tax expense		
Current period	-	6,850
Adjustment for prior periods	(1,143)	(200)
Total current tax expense	**(1,143)**	**6,650**
Deferred tax expense		
Origination and reversal of temporary differences	(32,296)	(1,918)
Adjustment for prior period	2,286	213
Total deferred tax expense/(credit)	**(30,010)**	**(1,705)**
Total income tax expense	**(31,154)**	**4,945**

Income tax has been calculated based on the tax rates and tax laws enacted or substantively enacted at balance date.

7. Income Tax Expense cont.

In thousands of New Zealand dollars	2020 Rate	2020 Amount	2019 Rate	2019 Amount
Profit (Loss) after tax		(152,782)		42,170
Total income tax expense		(31,154)		4,945
Profit (Loss) before tax		**(183,936)**		**47,115**
Income tax using the Company's domestic tax rate	28.0%	(51,589)	28.0%	13,192
Permanent differences	(11.3%)	20,872	(14.6%)	(6,860)
Depreciation reinstatement on buildings	0.1%	(115)		
Adjustments to deferred tax	0.8%	(1,463)	(3.0%)	(1,400)
(Over)/under provided in prior periods	(0.6%)	1,142	0.0%	13
Total income tax (credit)/expense	**16.9%**	**(31,153)**	**10.5%**	**4,945**

In thousands of New Zealand dollars	2020	2019
Income tax expense/(credit) on derivatives	502	191
Total income tax recognised directly in equity (Note 12)	**502**	**191**

In thousands of New Zealand dollars	2020	2019
Imputation credits at 1 July	15,988	16,884
New Zealand tax payments, net of refunds	(4,620)	1,840
Imputation credits attached to dividends paid	(2,633)	(2,736)
Imputation credits at 30 June	**8,735**	**15,988**

The above 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 provisional tax made subsequent to balance date which related to year end 30 June 2020,

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.

The consolidated amounts include imputation credits that would be available to the Company.

8. Property, Plant and Equipment

In thousands of New Zealand dollars	Land	Buildings	Land improvements & harbour structures	Plant, equipment & vehicles	Total
GROSS CARRYING AMOUNT					
Balance at 1 July 2018	**111,352**	**35,439**	**323,557**	**214,870**	**685,218**
Additions	20,541	4,110	83,404	38,053	146,108
Disposals	-	(1,970)	(2,546)	(7,098)	(11,614)
Transfers	-	(856)	(5,770)	6,626	-
Balance at 30 June 2019	**131,893**	**36,723**	**398,645**	**252,451**	**819,712**
Additions	22,533	12,053	54,009	16,027	104,622
Disposals	-	(33)	(2,379)	(12,572)	(14,984)
Transfers	88,935	-	(70,049)	-	18,885
Balance at 30 June 2020	**243,360**	**48,744**	**380,226**	**255,907**	**928,236**
ACCUMULATED DEPRECIATION AND FAIR VALUE WRITE-DOWNS					
Balance at 1 July 2018	**(11,580)**	**(9,543)**	**(136,146)**	**(136,180)**	**(293,449)**
Depreciation expense	-	(1,664)	(4,918)	(9,160)	(15,742)
Disposals	-	1,890	2,650	6,995	11,535
Transfers	-	724	1,356	615	2,695
Balance at 30 June 2019	**(11,580)**	**(8,593)**	**(137,058)**	**(137,730)**	**(294,961)**
Depreciation expense	(673)	(987)	(4,902)	(9,045)	(15,608)
Disposals	-	32	1,716	12,312	14,060
Transfers	(3,056)	1,249	1,454	671	318
Fair value adjustment	(70,033)	(10,771)	(74,342)	(34,926)	(190,072)
Balance at 30 June 2020	**(85,342)**	**(19,070)**	**(213,133)**	**(168,719)**	**(486,263)**
CARRYING AMOUNTS					
Balance at 30 June 2019	**120,313**	**28,130**	**261,587**	**114,721**	**524,751**
Balance at 30 June 2020	**158,019**	**29,674**	**167,092**	**87,189**	**441,973**

Additions for the year ended 30 June 2020 include capitalised interest of $1,272,000 (2019: $307,000). Included in the accumulated depreciation is $25.9m worth of property, plant and equipment that were derecognised in the 2011 financial year due to assets being partly damaged or could not be used in generate future economic benefits in their current state.

Included in the reconciliation above is "capital work in progress" of $191,207,768 (2019: $168,215,000) comprising $57,339,528 land, $16,366,239 buildings, $104,884,164 land improvements & harbour structures, $8,088,825 plant, equipment & vehicles, $601,633 computer hardware and $11,650 furniture and fittings.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment from the date that they are available for use, except for capital work in progress. Land is not depreciated. Useful lives of property, plant and equipment are reviewed annually.

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

Buildings	5-50 years
Harbour structures and land improvements	3-100 years
Container cranes	30 years
Plant equipment and vehicles	3-30 years
Vessels	5-25 years
Seawalls	100 years
Capital dredging	Indefinite

(i) Change in Accounting Policy
As at 30 June 2020, LPC has changed its accounting policy from carrying property, plant and equipment at historical cost less depreciation and impairment to carrying property, plant and equipment at fair value. We determine fair value by reference to NZ IFRS 13. The LPC Board has taken the decision to assess the fair value of all of LPC's property, plant and equipment.

Recognition at fair value represents a change in accounting policy. If these revalued assets had been measured using the cost model, the carrying amounts would be, as follows. Under the cost model an impairment assessment would be required and it is anticipated the outcome would agree with the result of the fair value valuation carried out this year.

(ii) Choice of Valuation Methodology
LPC believes that valuing the assets based on future cash flows (the income approach) is the most appropriate technique to use to assess fair value. In assessing the present value, the cash flows have been aggregated across all assets as they are, in effect, interdependent and cannot be meaningfully be separated into individual units. Therefore, a single enterprise valuation has been estimated.

As LPC is not currently achieving a full recovery, the EV is less than the ODRC and the ODRC, in effect, overstates the value of LPC's assets at this time. Therefore, we believe EV is a more accurate estimate of the value of the LPC's assets than ODRC.

The EV is based upon cash flows and approximates the price that a willing buyer or seller would pay for the company's combined assets. The Group's property, plant and equipment are all categorised as Level 3 in the fair value hierarchy. LPC engaged an independent valuer to assess the fair value of the company's property, plant and equipment on a cost-approach using ODRC as the valuation technique. LPC also prepared an internal enterprise valuation using a discounted cash flow technique. The Board assessed that an income-approach under IFRS 13 to fair value property, plant and equipment was a better assessment of fair value than using the cost-based approach. Therefore, the Board has adopted the internal valuation to fair value the assets.

In thousands of New Zealand dollars	Land	Buildings	Land improvements & harbour structures	Plant, equipment & vehicles	Total
Cost	243,360	48,744	380,226	255,907	**928,237**
Accumulated depreciation and impairment	(15,309)	(8,299)	(138,791)	(133,792)	**(296,192)**
Net carrying amount	**228,051**	**40,445**	**241,434**	**122,114**	**632,045**

(iii) Key Valuation Assumptions
The Directors have adopted a set of assumptions for the EV model that reflect a change in strategy from prior years and include the expected impact of COVID-19.

There is significant uncertainty in those future forecasts which is why the Directors have been conservative in their adoption of assumptions.

Single Cash Generating Unit (CGU) – LPC has assessed that its assets which are subject to the revaluation model (as noted above) are within one CGU. This means that all assets work together to generate cash flows. The key premise of this assumption is that the shipping channel enables the port to exist. The inland ports are a natural extension of the port at Lyttelton as without them, the port would not be able to operate as efficiently and would need more land at Lyttelton. The marina is included in the CGU as it requires the protection of some of the port's seawalls and breakwaters to exist.

The overall strategy change from the prior year is an expectation of lower forecast TEU growth, a focus on margins and reducing short term capital spend. The forecast does include the replacement of three of the Cashin Quay wharves over the 15 year period at an estimated future cost of $312 million.

A 15 year EV has been used instead of a 5 year EV due to the industry life-cycle. The 15 year EV has been used as it incorporates a large capex replacement programme and utilisation of LPC's current land footprint and is more appropriate for a long-term strategic infrastructure asset.

COVID-19 has significantly impacted our Cruise, Fuel, Coal and Car business which we have forecast to recover slowly but from a lower base.

The key drivers of the valuation are growth in container volume and rate, capital spend and the WACC rate used. The adopted assumptions in these areas are shown in the table below.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team made up of engineers, finance and operational professionals for overseeing all significant inputs into the underlying EV model.

When measuring the fair value of plant, property and equipment held by the Group, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

PROPERTY PLANT AND EQUIPMENT

Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement.
Discounted cash flows: The valuation model considers the present value of the net cash flows expected to be generated by the Group. The cash flow projections include specific estimates for 15 years. The expected net cash flows are discounted using a risk-adjusted discount rate.	–	The estimated fair value would increase (decrease) if:
	EBITDA Margin (Average over 15 year period 35%). The group has assumed container pricing increases of up to 12% which will have a material impact on the valuation.	The estimated EBITDA margin was higher (lower)
	Risk-adjusted discount rate 6.42%	The risk adjusted discount rates were lower (higher)
	Container TEU Growth rate 2.5%-3%	The estimated growth rate of TEU were higher (lower)
	Estimated Capital expenditure: LPC has used previous capital expenditure to estimate the cost of future capital expenditure.	The estimated capital replacement costs lower (higher)
	Terminal Growth Rate 2%	The estimated terminal growth rate were higher (lower)

8. Property, Plant and Equipment cont.

In thousands of New Zealand dollars	DCF Period FY21	Terminal
LPC KEY FORECAST ASSUMPTIONS & RESULTS		
Revenue/Expense Inflation	2% - 2.5%	
Container Pricing Increases	0% - 12%	
TEU Volume Growth	2.5% - 3%	
EBITDA Margin	24% - 41%	
Growth Rate		2%
WACC	6.42%	6.42%
Capital (inflated)	768,000	**28,000**
Enterprise Value	480,061	
Less Debt	(124,000)	
Equity Value	**356,061**	

In considering these assumptions, the Directors have also considered a range of sensitivities around WACC rates, container TEU growth, capital cost and EBITDA margins.

The valuation is particularly sensitive to WACC rates and TEU growth as can be seen in the table below. The Directors believe, in considering the sensitivities that they have reached the appropriate balance in arriving at their valuation assumption.

In thousands of New Zealand dollars	Fair Value Impact	Impact on Equity Value
KEY SENSITIVITIES - IMPACT OF EV		
EBITDA Margin +1%	29,000	Increase in Equity Value
EBITDA Margin -1%	(29,000)	Decrease in Equity Value
WACC +0.5%	(78,000)	Decrease in Equity Value
WACC -0.5%	100,000	Increase in Equity Value
Container TEU Growth +0.5%	115,000	Increase in Equity Value
Container TEU Growth -0.5%	(108,000)	Decrease in Equity Value
Capital Cost +10%	(74,000)	Decrease in Equity Value
Capital Cost -10%	74,000	Increase in Equity Value
Terminal Growth +0.5%	64,000	Increase in Equity Value
Terminal Growth -0.5%	(51,000)	Decrease in Equity Value

(iv) COVID-19 Considerations

In determining the assumptions within the valuation, the Group has had consideration to the estimated impact of COVID-19 on the forecast levels of growth. Combined with the current year impact on volumes this has resulted in the forecasts for the purposes of the valuation for fuel, logs, motor vehicles and coal starting from a lower base than previous forecasts. We are also expecting COVID-19 to have a significant impact on the Cruise trade with zero income forecast for FY21 and a much slower recovery than previously forecast. Due to the interconnectedness of the assumptions within the valuation and the impact of changes in Group strategy it is impractical to separately quantity the impact of COVID-19 on the year-end fair value adjustment to property, plant and equipment. However, the sensitivity of isolated changes in key assumptions is set out in the table above. The general economic uncertainty created by COVID-19 means that the forecasts could be subject to material change which is outside LPC's control. We continue to monitor the impact of COVID-19 on our business and will respond and adapt as changes occur.

9. Intangible Assets

In thousands of New Zealand dollars	Software	Easements & resource consents	Total
COST			
Balance at 1 July 2018	**8,060**	**17,727**	**25,787**
Additions	585	5,534	6,119
Transfers	-	-	-
Balance at 30 June 2019	**8,645**	**23,261**	**31,906**
Additions	1,085	10	1,094
Disposals	(2,471)	-	(2,471)
Transfers	-	(18,885)	(18,885)
Balance at 30 June 2020	**7,258**	**4,385**	**11,644**
ACCUMULATED DEPRECIATION AND FAIR VALUE WRITE-DOWNS			
Balance at 1 July 2018	**(7,207)**	**(2,930)**	**(10,137)**
Amortisation expense	(198)	(106)	(304)
Transfers	-	(2,695)	(2,695)
Balance at 30 June 2019	**(7,405)**	**(5,731)**	**(13,136)**
Amortisation expense	(417)	(40)	(458)
Fair value adjustment	(289)	(147)	(436)
Disposals	2,471	-	2,471
Transfers	-	4,672	4,672
Balance at 30 June 2020	**(5,640)**	**(1,246)**	**(6,887)**
CARRYING AMOUNTS			
Balance as at 30 June 2019	**1,240**	**17,530**	**18,770**
Balance as at 30 June 2020	**1,618**	**3,139**	**4,756**

Accumulated impairment included in the above is $5,433,000 (2019: $4,851,000).

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of finite intangible assets, from the date that they are available for use. Resource consents related to the capital dredging were capitalised in the 2020 year. Work in progress includes resource consent costs related to the land reclamation and construction of the cruise berth, once projects are completed these costs will be capitalised. Upon capitalisation, any associated impairment losses are deducted from the capitalised cost. Resource consents impaired and capitalised to land are shown as a transfer from intangible assets.

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

Computer software	3-10 years
Easements and resource consents	5-35 years

10. Deferred Tax Assets and Liabilities

	Assets		Liabilities		Net	
In thousands of New Zealand dollars	2020	2019	2020	2019	2020	2019
Property, plant and equipment	40,869	10,810	(13,019)	(12,053)	27,850	(1,243)
Employee entitlements	2,381	2,327	-	-	2,381	2,327
Derivatives	622	120	-	-	622	120
Losses	249	-	-	-	249	-
Other items	13,604	224	(12,842)	(76)	762	148
Tax assets/(liabilities)	**57,726**	**13,481**	**(25,861)**	**(12,129)**	**31,865**	**1,352**

There are no unrecognised deferred tax assets or liabilities for the Group.

Movement in temporary differences during the year:

In thousands of New Zealand dollars	Balance 1 July 2018	Recognised in profit or loss	Recognised in equity	Balance 30 June 2019	Recognised in profit or loss	Recognised in equity	Balance 30 June 2020
Property, plant and equipment	(2,431)	872	-	(1,559)	29,094	-	27,535
Employee entitlements	2,015	312	-	2,327	55	-	2,382
Derivatives	(71)	-	191	120	-	502	622
Losses	-	-	-	-	249	-	249
Other items	(57)	521	-	464	613	-	1,077
Tax assets/(liabilities)	**(544)**	**1,705**	**191**	**1,352**	**30,011**	**502**	**31,865**

11. Trade and Other Receivables

In thousands of New Zealand dollars	2020	2019
Trade receivables (before impairment)	20,876	22,866
Provision for impairment	(762)	(181)
Trade and other receivables	**20,114**	**22,685**

Provision matrix for trade receivables, contract assets and lease receivables

In thousands of New Zealand dollars	Not past due	Past due 0-30 days	Past due 31-60 days	Past due more than 60 days
Expected credit loss rate	1.72%	2.36%	3.31%	6.12%
Estimated total gross carrying amount at default	256	278	49	179
Trade receivables	**12,265**	**5,053**	**990**	**2,568**

12. Capital and Reserves

In thousands of New Zealand dollars	2020	2019
Share capital	21,457	21,457
Cash flow hedge reserve	(1,599)	(308)

At 30 June 2020 there were 102,261,279 shares on issue (2019: 102,261,279). All issued shares are fully paid and have no par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time by the Directors and are entitled to one vote per share at meetings of the Group. All shares rank equally with regard to the Groups' residual assets.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Dividends
Dividends of $6.77 million were paid by the Group during the year ended 30 June 2020 (2019: $7.04 million).

13. Financial Instruments

Exposure to credit, liquidity, and market risks arise in the normal course of the Group's business.

CREDIT RISK

Credit risk is the risk that the counterparty to an arrangement does not meet its obligations under the arrangement.

Management has a credit policy in place under which each new customer is individually analysed for credit worthiness and assigned a purchase limit before the standard payment and trading terms and conditions are offered. Purchase limits are reviewed on a regular basis.

In order to determine which customers are classified as having payment difficulties the Group considers duration and frequency of default and makes provision for specific balances considered to be impaired. The Group does not require collateral in respect of trade and other receivables.

The Group's exposure to credit risk is reflective of its customer base. The nature of the Group's business means that the top ten customers account for 72% of total Group revenue (2019: 67%). The Group is satisfied with the credit quality of these debtors and any expected credit loss has been disclosed.

LIQUIDITY RISK

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls and meet capital expenditure requirements.

The Group has an unsecured bank overdraft facility of $2 million and unsecured bank and related party loan facilities of $230 million, the unused amount at 30 June 2020 is $106 million.

NON CURRENT INTEREST BEARING BORROWINGS

To manage liquidity risk, the Group's treasury policy requires liquid assets and/or committed bank facilities to be in place to give headroom of at least $10 million over and above the maximum debt requirement as estimated for the next 6 months.

The current and non-current borrowings are unsecured. The Group borrows under a negative pledge arrangement which requires certain certificates and covenants. The negative pledge deed sets out a minimum interest cover requirement (2.25 times EBITDA), a maximum gearing ratio percentage requirement (45%) and minimum coverage ratio requirements of the Guaranteeing Group to the Consolidated Group (80% of EBITDA and 80% of Total Tangible Assets). There have been no breaches of this negative pledge during the financial year.

The Group has one bank loan facility agreement with Westpac New Zealand Limited, two bank loan facility agreements with China Construction Bank and one loan facility agreement with Christchurch City Holdings Limited. Interest rates on the Group's loans are based on BKBM (bank bill bid settlement) rate plus a margin range of 0.29% to 0.96% per annum (2019: 0.72% to 0.96% per annum). The Group generally borrows funds on a 90 day term under the non current facility agreements.

MARKET RISK

Market risk is the risk that a movement in market prices impacts on the financial viability of the Group's business.

In accordance with its treasury policy the Group may enter into derivative arrangements in the ordinary course of business to manage foreign currency, interest rate and fuel price risks. A treasury management committee, made up of senior management supported by an advisor, provides oversight for risk management and derivative activities.

FOREIGN CURRENCY RISK

The Group is exposed to foreign currency risk on purchases of capital equipment, operational supplies and cash held that are denominated in a currency other than the Company's functional currency, New Zealand dollars ($), which is the presentation currency of the Group. The foreign currencies in which transactions are primarily denominated are Australian dollars (AUD), U.S. dollars (USD), Euro (EUR) and Singapore dollars(SGD). The Group uses forward exchange contracts to hedge major foreign currency risk arising from payables or commitments in accordance with its policies. The Group's revenues are billed in NZD.

INTEREST RATE RISK

The Group's treasury policy requires that term borrowings are hedged within pre-approved thresholds by fixing the rates of interest in order to provide greater certainty. The Group uses interest rate swaps to manage these exposures if core debt is in excess of $50 million.

FUEL PRICE RISK

The Group's treasury policy requires that fuel price exposures are assessed on a quarterly basis and may be hedged within pre-approved thresholds by fixing prices in order to provide greater certainty.

QUANTITATIVE DISCLOSURES

(i) Credit risk

The carrying amount of financial assets represents the Group's maximum credit exposure.

The Group has not renegotiated the terms of any financial assets which would result in the carrying amount no longer being past due, or to avoid a possible past due status.

The majority of the Group's customers are New Zealand based agents or branches of international shipping lines servicing New Zealand importers and exporters. As such there are no concentrations of geographical risk outside of New Zealand.

The status of trade receivables at the reporting date is as follows:

	2020		2019	
In thousands of New Zealand dollars	Gross receivable	Expected credit loss	Gross receivable	Expected credit loss
Not past due	12,265	256	15,092	31
Past due 0-30 days	5,053	278	6,626	23
Past due 31-60 days	990	49	317	13
Past due more than 60 days	2,568	179	831	114
Total	**20,876**	**762**	**22,866**	**181**

(ii) Liquidity risk

The following table sets out the undiscounted contractual cash flows for all financial liabilities:

In thousands of New Zealand dollars	Carrying value	Contractual cash flows	1 year or less	1-2 years	2-5 years	More than 5 years
2020						
Trade and other payables	17,649	17,649	17,649	-	-	-
Bank loans	59,000	60,549	655	15,548	44,346	-
Related party loans	65,000	66,342	536	536	65,270	-
Lease liabilities	44,250	56,824	1,968	3,471	10,412	40,973
Non-derivative liabilities total	**185,899**	**201,364**	**20,808**	**19,555**	**120,028**	**40,973**
Forward exchange contracts - current	109	2,374	2,374	-	-	-
Interest rate swaps - non current	2,112	2,273	554	479	1,118	122
Total	**188,120**	**206,011**	**23,736**	**20,034**	**121,146**	**41,095**
2019						
Trade and other payables	18,153	18,153	18,153	-	-	-
Bank loans	35,000	38,421	893	893	36,636	-
Non-derivative liabilities total	**53,153**	**56,574**	**18,599**	**446**	**893**	**36,636**
Forward exchange contracts - current	176	4,799	4,799	-	-	-
Forward exchange contracts - non current	252	4,732	-	4,732	-	-
Total	**53,581**	**57,002**	**18,775**	**446**	**1,145**	**36,636**

(iii) Interest rate risk – repricing analysis
The Group's exposure to repricing of its interest rate exposure can be summarised as follows:

In thousands of New Zealand dollars	Total	1 year or less	1-2 years	2-5 years	More than 5 years
2020					
Cash and cash equivalents	5,135	5,135	-	-	-
Bank loans	(59,000)	(59,000)	-	-	-
Related party loans	(65,000)	(15,000)	(10,000)	(30,000)	(10,000)
Total	**(118,865)**	**(68,865)**	**(10,000)**	**(30,000)**	**(10,000)**
2019					
Cash and cash equivalents	9,499	9,499	-	-	-
Bank loans	(35,000)	(35,000)	-	-	-
Total	**(25,501)**	**(25,501)**	**-**	**-**	**-**

CAPITAL MANAGEMENT

The Group's capital includes share capital, reserves and retained earnings.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group maintains a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group's policies in respect of capital management and allocation are reviewed, as required, by the Board of Directors.

There have been no material changes in the Group's management of capital during the period.

SENSITIVITY ANALYSIS

In managing interest rate currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in foreign exchange, fuel prices and interest rates will have an impact on profit.

At 30 June 2020 it is estimated that an increase of 1.0% in interest rates would decrease the Group's profit before income tax by approximately $0.9m (2019: decrease of $0.3m).

The Group is not exposed to any material profit variation from changes in exchange rates due to the nature of its operations and underlying forward exchange contracts.

FORECAST TRANSACTIONS

The Group classifies its forward exchange contracts hedging forecast transactions as cash flow hedges. The net fair value of forward exchange contracts used as hedges of forecast transactions at 30 June 2020 was a net liability of $109,000 (2019: Net liability of $428,000), comprising assets of $Nil (2019: $Nil) and liabilities of $109,000 (2019: $428,000).

All financial assets and liabilities are classified as loans and receivables or at amortised cost respectively with the exception of derivatives which are classified as cash flow hedge instruments. The carrying value of all financial instruments is equivalent to fair value.

14. Leases

LEASES AS LESSEE

LPC previously classified leases as operating or finance leases based on whether all the risk and rewards incidental to ownership of the underlying asset were transferred to LPC. Under NZ IFRS 16, LPC recognises right of use assets and sublease receivable and lease liabilities for most property leases.

Leases previously classified as operating leases under NZ IAS 17, on transition were measured using the present value of the future lease payments and discounted using LPC's incremental borrowing rate. The right of use assets were measured at an amount equal to the lease liability, and are depreciated over the estimated remaining lease term on a straight-line basis. LPC presents the right of use assets and lease liabilities separately on the face of the statement of financial position.

- A single discount rate to a portfolio of leases with similar characteristics;
- Exemption to not recognise right of use assets for low-value leases; and
- Exemption to not recognise right of use assets for leases with less than 12 months remaining.

Financial impact for transition to NZ IFRS 16
On transition to NZ IFRS 16 the opening balances were measured using the weighted average incremental borrowing rate of 3% and recognised in the statement of financial position as follows:

In thousands of New Zealand dollars	Total
Right of use assets	**1,206**
Sublease Receivable Current	**487**
Sublease Receivable Non-Current	**43,190**
Lease Liability Current	**(633)**
Lease Liability Non-Current	**(44,250)**

If NZ IFRS 16 had not applied to the current period presented the following profit and loss impact would have occurred.

In thousands of New Zealand dollars	2020
Income	(1,791)
Operating Expenses	1,971
Loss	**180**
IFRS 16 impact:	
Lease Depreciation expense	164
Lease interest income	(1,304)
Lease interest expense	1,338
Loss	**198**

The Group as the lessee has various non-cancellable leases predominantly for the lease of land and buildings. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the lease are renegotiated.

Right of Use assets	2020
Balance at 1 July 2019	1,206
Depreciation charge for the year	164
Additions to right of use assets	-
Adjustments to existing right-of use assets	-
Derecognition of right-of-use assets	-
Balance 30 June 2020	**1,042**

Maturity analysis	Total
Lease Liabilities as lessee:	
Between 0 to 1 year	**649**
Between 1 to 5 years	**9,179**
More than 5 years	**34,422**
Lease Liabilities as lessee	**44,250**

LPC has one lease containing an extension option exercisable up to one year before the end of the non-cancellable contract period. This lease is on a back to back arrangement and LPC will only exercise the extension option if the reciprocal lease is also extended. LPC has estimated that any potential future lease payments and revenue, should the extension options be exercised, would result in a corresponding increase in lease liability and finance lease receivable of $14 million resulting in net nil effect on the Balance Sheet.

Reconciliation of recognised lease liabilities to operating lease commitments	
Operating lease commitments at 30 June 2019 as disclosed in the Group's consolidated financial statements	25,818
Operating lease commitments at 30 June 2019 discounted at the incremental borrowing rate at 1 July 2019	22,294
Value of operating leases not commenced as at 1 July 2019	-
Recognition exemption for short term leases	-
Value of additional leases and future lease renewal options reasonably certain to be exercised	22,589
Lease liabilities recognised on initial adoption date of 1 July 2019	**44,883**

LEASES AS LESSOR

LPC has assessed leases where it is a lessor and determined that one leased asset was determined to be a finance lease under IFRS 16. LPC has assessed subleases where LPC acts as a lessor for subleases on sites that LPC leases. LPC has assessed each sublease based on the right of use asset and expected useful life of the head lease and where a sublease is for a significant part of the expected life of the lease, LPC has derecognised part of the right of use asset and recorded this as sublease receivable. At transition, sublease receivables were measured using the present value of the future sublease income, discounted using LPC's incremental borrowing rate. Subleases which are not classified as being for a significant part of the expected life of the lease or of marginal costs have been classed as operating leases and will continue to be accounted for as they have been prior to transition to NZ IFRS 16.

15. Provisions

LPC has included provisions where future costs can be reliably estimated. For 2020, these provisions include the costs involved in satisfying our obligation to mitigate noise for nearby residents. LPC has committed to a thorough investigation into the allegations of bullying and harassment therefore costs have been provided for. The company restructure initiated in May 2020 has created an obligation with regards to redundancy payments and associated settlements. All of these costs can be reliably estimated and have been included as follows:

In thousands of New Zealand dollars	2020
PROVISIONS INCLUDED IN TRADE AND OTHER PAYABLES:	
Bullying & harassment investigation	953,523
Noise mitigation provision	793,665
Total	**1,747,188**
PROVISIONS INCLUDED IN EMPLOYEE ENTITLEMENTS:	
Redundancy provision	**428,780**

16. Capital commitments

In thousands of New Zealand dollars	2020	2019
Commitments for the purchase of property, plant & equipment	63,660	74,387

The Directors are of the view that the Group is committed to capital expenditure as outlined in the Statement of Corporate Intent.

17. Reconciliation of Net Profit for the Year with Net Cash from Operating Activities

In thousands of New Zealand dollars	2020	2019
Profit for the year	**(152,782)**	**42,170**
ADJUSTMENTS FOR:		
Depreciation and amortisation	16,230	16,046
Fair value adjustment	190,509	-
Net loss on sale of property, plant and equipment	606	(65)
Provision for Doubtful debt movement	(581)	(116)
Deferred tax charge	(30,010)	(1,706)
Non-current liability	(11)	(46)
Capital creditors	3,262	(1,831)
Non-current prepayments	(1,562)	75
	178,443	**12,357**
ADD/(LESS) MOVEMENTS IN WORKING CAPITAL ITEMS:		
Change in tax payable	(2,230)	(1,598)
Change in inventories	599	38
Change in trade and other receivables	3,152	(4,441)
Change in interest receivable	1	615
Change in prepayments	244	(76)
Change in trade and other payables (including employee entitlements)	(190)	2,631
Change in interest payable	(34)	179
	1,542	**(2,653)**
Net cash flow from operating activities	**27,203**	**51,875**

18. Contingent Liabilities

The Directors do not consider there are any contingent liabilities.

19. Related Parties

PARENT AND ULTIMATE CONTROLLING ENTITY

Christchurch City Holdings Limited (CCHL) is the controlling shareholder of Lyttelton Port Company Limited. The ultimate controlling shareholder is Christchurch City Council (CCC).

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel compensation comprised:

In thousands of New Zealand dollars	2020	2019
Short-term employee benefits	3,714	2,734
Long-term incentives	73	158

Key management personnel transactions for the year ended 30 June 2020 include the payment of long term incentives earned since July 2016 to the previous CEO, short term incentives accrued in the prior year as well as earned and paid in the current year and holiday pay entitlements.

The Group does not provide any non-cash benefits to Directors and executive officers other than Directors fees or salaries.

TRANSACTIONS WITH CONTROLLING SHAREHOLDER AND OTHER COMPANIES IN THE GROUP

In thousands of New Zealand dollars	2020	2019
Transactions with CCC		
Sales	25	19
Purchases	(225)	(10)
Rates	(979)	(816)
Subvention payment	(4,103)	(3,429)
Accounts payable	(89)	(75)
Accounts receivable	3	5
Transactions with CCHL		
Dividend	(6,770)	(7,036)
Interest paid	(112)	-
Accounts payable	(15)	-
Loan payable	(65,000)	-
Transactions with other Group entities		
Sales	-	3
Purchases	(351)	(843)
Subvention payments	(1,603)	(2,000)
Accounts payable	(2)	(22)

The loan facility with CCHL expires December 2022. LPC has provided a negative pledge to CCHL consistent with LPC's other lenders.

20. Group Entities

In thousands of New Zealand dollars	Country	2020	2019
NZ Express (2005) Limited	New Zealand	100	100
Curries Proprietary Limited	New Zealand	100	100

21. Subvention Payments

During the year, subvention payments were made to the entities listed below. LPC is a member of the CCC Tax Group and pays subvention payments to other members of the CCC Group. It is LPC's policy, as a subsidiary of the CCC tax group, to treat the subvention payments as though they were payments of income tax with a corresponding reduction to taxation receivable/(payable).

	2020	2019
CCC	$4,102,760	$3,428,526
Enable Services Limited	$740,728	$2,000,00
Civic Building Limited	$500,000	NIL
Development Christchurch Limited	$363,000	NIL

22. Subsequent Events

On the 27th of August the Board declared a dividend of 6.5 cents per share. This is to be paid in October 2020.

Independent Auditor's Report

Independent Auditor's Report

TO THE READERS OF LYTTELTON PORT COMPANY LIMITED GROUP'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The Auditor-General is the auditor of Lyttelton Port Company Limited Group (the Group). The Auditor-General has appointed me, Peter Taylor, using the staff and resources of KPMG, 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 6 to 24, that comprise the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the Group:

- present fairly, in all material respects:
  - its financial position as at 30 June 2020; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards.

Our audit was completed on 27 August 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw your attention to other matters. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

EMPHASIS OF MATTERS

Without modifying our opinion, we draw attention to the following disclosures.

Fair value of property, plant and equipment
Note 8 on pages 15 to 17 which outlines the change in accounting policy from carrying property, plant and equipment at historical cost less depreciation and impairment, to carrying property plant and equipment at fair value. It further describes the valuation methodology applied in the 30 June 2020 revaluation, the key assumptions in estimating fair value and the impact of key sensitivities on fair value. The revaluation resulted in a fair value adjustment reduction of $190 million. In determining the assumptions within the valuation, the Group considered the estimated impact of COVID-19 on the forecast levels of growth.

Impact of COVID-19
Note 2 (d) on page 10 which explains the impact of the COVID-19 pandemic on the Group.

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.

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 page 2, 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.

In addition to the audit we have carried out engagements in the areas of agreed upon procedures which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Group.

Peter Taylor
KPMG
On behalf of the Auditor-General
Christchurch, New Zealand

Corporate Governance

Lyttelton Port Company strives for Best Practice in Corporate Governance

PRINCIPLE 1 – ETHICAL STANDARDS

LPC has adopted a written code of ethics for the Company entitled Guidelines for Conduct (the Guidelines). This is a statement of our core values. The Guidelines set out explicit expectations for ethical decision- making and personal behaviour for Directors and employees. Key areas it covers include:

- Acting honestly and with high standards of personal and professional integrity
- Dealing with conflicts of interest, including any circumstances where a Director may / may not participate in a Board discussion, and voting on matters in which a Director has a personal interest
- Proper use of an entity's property and/or information, including not taking advantage of the entity's property or information for personal gain, except as permitted by law
- Not participating in illegal or unethical activity
- Fair dealing with customers, shareholders, clients, employees, suppliers, competitors and other stakeholders
- Guidelines on giving and receiving gifts and koha
- Guidelines to prevent and address improper payments (e.g. facilitation payments and bribes)
- Complying with applicable laws and regulations
- Reporting unethical decision-making and/or behaviour
- Conduct expected of Management and the Board for responding to and supporting whistleblowing.

The Guidelines include a statement about how breaches will be dealt with.

LPC communicates the Guidelines to our employees at the time of their initial employment, and supports their compliance with training and clear procedures.

LPC publishes the Guidelines and serious breaches are reported to the Board.

The LPC Board reviews the Guidelines every two years. The Board ensures Directors, Executives and other personnel are held accountable for ethical behaviour.

PRINCIPLE 2 – BOARD COMPOSITION AND PERFORMANCE

LPC Directors are selected and appointed by our sole Shareholder, Christchurch City Holdings Limited.

All LPC Directors are expected to, except as permitted by law and disclosed to shareholders or by the Company's constitution, act in the entity's best interests.

The Chair of the LPC Board is responsible for fostering a constructive governance culture and ensuring Directors and Management apply appropriate governance principles.

The LPC Board expects Directors to make the necessary time commitment to be effective in their role.

The LPC Board allocates time and resources for Directors to gain and retain a sound understanding of their responsibilities. New appointees have a comprehensive induction, and all Directors have ongoing training as required.

The LPC Board has rigorous formal processes for evaluating their performance, and that of Board Committees, individual Directors and the Chair. This includes a formal, regular review of the Chair.

Reporting includes information about each Director. This includes a profile of their experience, length of service, independence and ownership interests in the entity. It also includes information on the Board's appointment, training and evaluation processes.

PRINCIPLE 3 – BOARD COMMITTEES

The LPC Board Committees have a clear, formal terms of reference setting out their role and delegated responsibilities. Those terms of reference make clear the function of the Committee is not to replace the ultimate decision-making authority of the full Board.

The terms of reference and membership of each Board Committee are available on LPC's website.

Committee proceedings are reported back to the Board to allow other Directors to question Committee members, and any Board members are allowed to attend Committee meetings.

LPC currently has three Committees, Audit and Risk, People and Performance and Health and Safety.

The Audit and Risk Committee has the following responsibilities:

- Recommending the appointment of external auditors (in line with Office of the Auditor General requirements)
- Overseeing all aspects of the LPC and audit firm relationship
- Promoting integrity and transparency in financial reporting
- Ensuring that processes are in place and monitoring those processes so that the Board is properly and regularly informed and updated on corporate financial matters
- Reviewing the Company's financial reports
- Liaising with the external auditors on behalf of the Board and ensuring the independence of the auditors is not impaired, or could reasonably be perceived to be impaired
- Monitoring and reviewing the Company's accounting policies, internal controls and related matters
- Verifying that the Company has appropriate processes to identify and manage potential and relevant risks.

The Audit and Risk committee comprises:

- At least one Director who is a qualified accountant or has another recognised form of financial expertise
- A chair who is independent and who is not also the Board Chair.

The Chair of the Audit and Risk Committee should not have a longstanding association with the external audit firm, either as a current or retired audit partner or senior manager at the firm.

The People and Performance Committee has the following responsibilities:

- Set and review key Human Resources policies and procedures to ensure they are prudent and will allow the company to achieve its strategic objectives
- Review and monitor the performance of the agreed Strategic People and Performance Initiatives
- Annually review and recommend all components of the Remuneration of the Chief Executive Officer
- Annually review succession planning and development of the Chief Executive Officer, other Senior Executives and any other critical roles
- Set and Review the terms of the Company's' performance reward plans and review any proposed payments for the Chief Executive Officer and other Senior Executives
- Set and review, as appropriate the terms of any employment agreements which are either delegated to the Committee by the Board or referred to it by the Chief Executive Officer
- Review any termination payments of the Chief Executive and Senior Executives.

The People and Performance Committee comprises:

- Three Directors
- A chair who is not the Board Chair

The Health and Safety Committee has the following responsibilities:

- Monitor and review the effectiveness of the LPC Health and safety systems, framework and policies
- Monitor and review Health and Safety statutory and regulatory compliance
- Review outcomes of significant incidents and investigations
- Monitor and review Health and Safety issues with strategic, business or reputational implications for the company
- Review emerging national and international Health and Safety trends and issues relevant to LPC
- Seek assurance that the organisation is effectively structured to manage health and safety risks
- Monitor and review overall LPC Health and Safety performance and recommend improvements where appropriate
- Other duties and responsibilities which have been assigned to it from the Board

The Health and Safety Committee comprises:

- Three Directors
- A chair who is not the Board Chair

PRINCIPLE 4 – REPORTING AND DISCLOSURE

The LPC Board has a rigorous process to ensure the quality and integrity of financial statements and non- financial reporting.

LPC's financial reporting and annual report (in addition to all information required by law) includes sufficient meaningful information to enable CCHL and stakeholders to be well informed. We strive to make our financial reports clear, concise and effective, while meeting the requirements of financial reporting standards.

The LPC Board determines the appropriate level of non-financial reporting, considering the interests of their stakeholders and material exposure to environmental, social and governance (ESG) factors. The Company maintains an effective system of internal control for reliable financial and non-financial reporting and accounting records.

The Board requires Management to provide it with information of sufficient content, quality and timeliness, as the Board considers necessary, to allow the Board to effectively discharge its duties. Management provides formal Board papers one week in advance of Board meetings. In addition, the Board policy is to make regular site visits to view Company operations and to ensure Directors remain familiar with issues associated with the Company's business. Site visits usually involve interaction between Directors and Management, and direct access to employees when their particular area of expertise is required. A formal process is followed, including representations and certifications from Senior Management, to ensure that the Company's financial statements comply with international financial reporting standards as applied in New Zealand and fairly represent the financial affairs of the Company.

The Company provides timely and adequate disclosure of information on matters of material impact to the Shareholder through its quarterly and annual reporting, as well as through its Statement of Corporate Intent (SOI). The Board consults with the Shareholder at all reasonable times on any particular material matter relating to the affairs of the Company when asked to do so by the Shareholder (when notified in writing to the Board by the shareholder from time to time).

Directors explain their role in preparing the annual report, and in preparing financial statements that comply with relevant laws and accounting standards.

LPC makes its Guidelines for Conduct, Board Committee Terms of Reference, ESG reporting and other governance documents readily available to stakeholders on the LPC website.

PRINCIPLE 5 – REMUNERATION

The LPC Board has a clear policy for setting Executive remuneration. Remuneration is fair and reasonable, and competitive in the market for the skills, knowledge and experience required. The Company believes all employees should have the opportunity to reach their potential and thrive in an inclusive and diverse workplace. The Board monitors established reporting and trend analysis on age profile, gender profile and employment tenure.

The Board is committed to a policy that the remuneration of Directors and Management be transparent, fair and reasonable. The Company is conscious of its public responsibilities in the setting of remuneration for Senior Executives, which is closely managed by the Board and made publically available via the annual report. No Executives decide their own remuneration.

The Board recognises the importance of full, fair and transparent disclosure of the Chief Executive Officer's (CEO) salary. The CEO receives a total remuneration which reflects his skills, experience and contribution to the Company and is referenced to the market. As of FY21, it does not include any incentive related payments. A full disclosure of the CEO's remuneration is disclosed in the annual financial statements.

The Executive Leadership team receive total remuneration which reflects their skills, experience and contribution to the Company and is referenced to the market. Their remuneration does not include any incentive related payments.

The Shareholder by ordinary resolution from time to time sets a total maximum aggregate annual amount payable to the Directors in their capacity as Directors. That aggregate sum is divided among the Directors as they consider appropriate. The fees paid to each of the Directors in the previous financial year are detailed in the Directors' interests section of the Company's Annual Report.

LPC discloses its remuneration policy to shareholders via the annual Statement of Intent (SOI).

CHIEF EXECUTIVE REMUNERATION

The Board, through the People and Performance Committee, sets the remuneration structure for the Chief Executive Officer (CEO). His total remuneration was made up in the year ended June 2020 by a mixture of:

- *Fixed Remuneration*
- *Short Term Incentive (STI)*

There was no Long Term Incentive (LTI).

Fixed Remuneration
Fixed Remuneration is assessed by independent advisors and is comparable for similar companies in terms of size, industry sector and performance. It includes all benefits, allowances and deductions, as set out in the Individual Employment Agreement. Annual adjustments are not automatic but determined by performance.

Short Term Incentive
The CEO's performance is assessed by the Board based on Financial Performance and Leadership. The STI is set at a maximum of 30% of Fixed Remuneration.

Chief Executive Officer Remuneration
The table below summarises the Chief Executive Officer's remuneration earned over the accounting period to 30 June for the year. Note the CEO started with LPC on 4 February 2020.

In thousands of New Zealand Dollars	**Actual**
Fixed Remuneration	258
Short term Incentive Scheme	60
Total	**318**

Upon his departure on 31 December 2019, the previous CE (Chief Executive) received his long-term incentive payment earned since 2016 and disclosed in previous Annual Reports, and short-term incentives related to the current and prior year, as well as his holiday pay entitlements.

Directors' Remuneration

Director's Fees In thousands of New Zealand Dollars	**2020**	**2019**
B Dwyer	51,134	49,960
B Wood	54,928	55,421
D Elder	57,035	53,305
F Mules	37,171	-
G Gilfillan	8,787	51,188
J Quinn	16,876	50,085
M Devlin	90,122	77,184
M Johns	51,134	50,850
T Burt	-	25,237
Total	**367,187**	**413,230**

No Director had transactions or share dealing with the Company throughout the year.

Employee Remuneration

Salary Banding In thousands of New Zealand Dollars	**2020**	**2019**
100-110	72	54
110-120	55	70
120-130	19	43
130-140	16	31
140-150	10	15
150-160	6	9
160-170	3	9
170-180	3	2
180-190	3	2
190-200	2	1
200-210	4	1
210-220	2	5
220-230	-	-
230-240	-	-
240-250	-	1
250-260	-	-
260-270	1	-
270-280	-	1
280-290	-	-
290-300	-	-
300-310	2	1
310-320	1	-
320-330	1	1
330-340	1	-
340-350	-	1
990-1000	-	1
$1m+	1	-
Total	**202**	**248**

These amounts include remuneration earned during the year. This excludes any back-pay relating to holiday pay.

PRINCIPLE 6 – RISK MANAGEMENT

The LPC Board actively contributes to the formulation of the business strategy and tracks progress against it.

The LPC Board ensures there are rigorous risk management processes and internal controls in place.

The Board receives and reviews reports about the risk management framework and internal control processes throughout the year via the Audit and Risk Committee. Material risks are formally communicated to the Board every six months or more regularly if required.

Board reports include a copy of LPC's risk register and highlight the main risks to LPC's performance and the steps being taken to manage them. We include a copy of the risk register in the monthly Board pack. It is updated every six months or as required.

The Board reports on risk identification, risk management and relevant internal controls to stakeholders, at least once a year via the SOI and annual financial statements.

PRINCIPLE 7 – AUDITORS

The LPC Board has a good working knowledge of the responsibilities of the external auditors. By law, the auditors of LPC are the Office of the Auditor General (OAG). The OAG then has the ability to contract that work out to an appropriately qualified and experienced audit firm. Where this happens, the Chair of the Audit and Risk Committee works with the OAG in the selection and appointment process, following the relevant guidelines. This process is rigorous and based on professional merit.

The Board ensures that there is no relationship between the auditor and LPC (or any related person) that could compromise the auditor's independence.

The Board facilitates regular and full dialogue between its Audit and Risk Committee, external auditors and Management. The Audit and Risk Committee has time set aside each year with the external auditors to discuss the performance of Management.

The Board ensures that the annual external audit is not led by the same audit partner for more than seven consecutive years.

Negotiations for the annual audit fee are managed by the Chair of the Audit and Risk Committee and the OAG. There is input from LPC's Management but the final decision is made by the Board and the OAG.

The Board prepares and files financial reports as required under relevant legislation. The Board reports in its annual report, the fees paid to their audit firm. This report differentiates between audit fees and fees for individually identified non-audit work.

Where applicable, the LPC Board explains in the annual report the non-audit work their audit firm carried out, and why the work did not compromise auditor objectivity and independence. They also explain:

- How they satisfied themselves about auditor quality and effectiveness of the audit
- Their approach to tenure and reappointment of auditors
- Any threats to auditor independence and how those threats were mitigated.

PRINCIPLE 8 – SHAREHOLDER RELATIONS AND STAKEHOLDER INTEREST

LPC maintains a positive and proactive relationship with CCHL. As part of our annual SOI, the Board includes clear policies for our communications and interactions with CCHL. The Board endeavours to ensure CCHL is informed of all major developments affecting the Company's state of affairs, while at the same time recognising commercial sensitivity may preclude certain information from being made public. Information is communicated to CCHL through a "no surprises" policy on issues of importance as they may arise, as well as through formal communications discussed further below.

Formal communication with CCHL includes:

Annual Report
The Annual Report is provided directly to Shareholders and it includes audited financial statements and other details which are required to permit an informed assessment of LPC's performance and financial position during the reporting period.

Half Year and Quarterly Reporting

The half year and quarterly reporting contains unaudited information.

Statement of Intent
The SOI is prepared based on the requirements within the Port Companies Act 1988 and the Company's Constitution. The Directors include any other information they consider appropriate.

Briefings
The Company provides briefings to CCHL and its Board, and others as required.

CCHL Bonds
LPC acknowledges its responsibilities under the continuous disclosure regime in relation to CCHL's bonds and has implemented a policy to manage those disclosure requirements.

LPC publishes up-to-date information, on the LPC website providing:

- A comprehensive description of its business and structure
- Commentary on its goals, strategies and performance
- Key corporate governance documents

Separate information that shows how it has followed the principles in this handbook (if not in the annual report).

LPC has a clear focus on the needs of our key stakeholders (including customers, employees, the public, the Council and Government) and recognises it is critical to meet their needs to ensure we have a successful business.

LPC takes account of stakeholder interests by:

- Having clear policies for LPC's relationships with significant stakeholders
- Regularly assesses compliance with these policies to ensure conduct towards stakeholders complies with its code of ethics and the law
- Checking conduct towards stakeholders aligns with current accepted social, environmental, and ethical norms.

Statement of Corporate Intent – Performance Reporting

KEY PERFORMANCE MEASURES FINANCIAL YEAR 2020

Objectives	Key Performance Measures	Target 2020	Actual
Financial	Revenue ($m)	$133	$128
	NPAT ($m)	$11	($154)
	Equity / Total Assets	70%	64%
	Interest Cover Ratio	6	9
	Debt ($m)	$193	$124
	Dividends ($m)	$7	$9
Operational	Gross Crane Rate (Containers per hour per crane)	27.0	24.0
	Ship Rate (TEU per hour per ship)	65.0	62.0
	Coal Load-out Rate (tonnes per day)	25,000	25,172
Health & Safety	Critical Risk: performing monitoring activities	100%	-
	Significant Incident Frequency Rate (per 200,000 hours)	6.4	5.4
Environmental	Proportion of Straddle Fleet that is EV or hybrid	65.0%	80.0%
	Ratio of rail containers through gate	11.7%	14.8%
	Proportion of RC compliance monitoring events achieving full compliance	100%	100%
	EV car chargers available to public	2	2

Register of Directors' Interests

MARGARET DEVLIN

Director from 16 May 2018, Chair from 10 October 2018

Aurora Energy
Director, Chair of the Audit and Risk Committee; Member, Health and Safety Committee

Hospice Waikato
Chair

Infrastructure New Zealand
Director

Institute of Directors
Chartered Fellow and Waikato Branch Committee member

IT Partners Group
Director

Meteorological Services of New Zealand Ltd
Director, Chair of People and Culture Committee – resigned 31 July 2020

Titanium Park Ltd
Director

Waimea Water
Director – commenced 1 July 2020

Waikato District Council
Independent Chair of Audit and Risk Committee

Waikato Regional Airport Ltd
Director and member of Audit and Risk Committee

Waikato University
Councillor, Member of Audit and Risk Committee

Watercare Services Ltd
Chairman, Member of AMP and Major Projects Committee, Member of People and Culture Committee

WINTEC
Deputy Chair and Chair of the People and Culture Committee

Women in Infrastructure Network
Chairman Advisory Board

BRIAN WOOD

From 1 June 2011

Buller Holdings Ltd
Chair

Buller Recreation Ltd
Chair

Canterbury Linen Services Ltd
Chair

Delta Utility Services Ltd
Chair

E-Spatial Ltd
Director

Greenpower New Zealand Ltd
Director

Harrison Grierson Holdings Ltd
Director

HWPC Ltd
Director

Invercargill Central Ltd
Director

Invercargill City Forests Ltd
Chair

Invercargill City Holdings Ltd
Chair

Mainpower NZ Ltd
Director

Ministry of Transport: NZ Upgrade Programme Oversight Group
Director

Mt. Cass Wind Farm Ltd
Director

Westreef Services Ltd
Chair

BILL DWYER

From 19 August 2015

Development Christchurch Ltd
Chair

Ohinetahi Charitable Trust
Trustee

Premium Foods Export Ltd
Director

Regenerate Christchurch
Director

Tavendale and Partners
Consultant

Turley Farms Ltd
Director

And assorted Trusts

DON ELDER

From 13 October 2016

Alpine Energy
Director
– **Infratec Ltd** Director
– **Infratec Renewables (Rarotonga) Ltd** Director

Aoraki Holdings (No 2) Ltd
Director

Aoraki Partners Holdings Ltd
Director

Aoraki Services Ltd
Director

Bras D'Or Investments Ltd
Director

Bras D'Or Services Ltd
Director

Canterbury Clinical Network, Alliance Leadership Team
Independent Chair

Canterbury Seismic Instruments Ltd
Director

Family Help Trust
Chair and Trustee

The Loft
Trustee

MALCOLM JOHNS

From 11 October 2017

APEC Business Advisory Council
Member

Christchurch International Airport Ltd
Chief Executive

Kiwiaka Trustees Ltd
Director

Kiwiaka Properties Ltd
Director

St. Andrews College Board of Governors
Member

FIONA MULES

From 9 October 2019

Development Christchurch Limited
Deputy Chair

Garsington Investments Limited
Director and Shareholder

KiwiRail
Director

Reserve Bank of New Zealand
Director

Directory

BOARD OF DIRECTORS

Margaret Devlin
Chair

Brian Wood

Bill Dwyer

Don Elder

Malcolm Johns

Fiona Mules

EXECUTIVE MANAGEMENT TEAM

Roger Gray
Chief Executive Officer

Jonathan Gardiner
Chief Financial Officer

Simon Munt
General Manager, Container Operations

Paul Monk
General Manager, Bulk Cargo and Marine Services

Mike Simmers
General Manager Infrastructure and Property

Kirstie Gardener
General Manager People and Safety

Phil de Joux
General Manager, Engagement and Sustainability

REGISTERED OFFICE

Lyttelton Port Company Limited
Waterfront House
37-39 Gladstone Quay, Lyttelton
Christchurch, New Zealand 8082
Private Bag 501, Lyttelton 8841

Telephone: (03) 328 8198
Facsimile: (03) 328 7828
Email: enquiries@lpc.co.nz

WEBSITE

www.lpc.co.nz

BANKERS

Westpac Banking Corporation
China Construction Bank Limited

AUDITORS

Peter Taylor,
KPMG Christchurch
On behalf of the Auditor-General, New Zealand

Registered Office

Lyttelton Port Company Limited
Waterfront House
37–39 Gladstone Quay, Lyttelton
Christchurch, New Zealand 8082
Private Bag 501, Lyttelton 8841

Telephone: (03) 328 8198
Email: enquiries@lpc.co.nz
www.lpc.co.nz

Lyttelton
Port
Company