



Focused on the Future

Annual Report
2023

lpc Lyttelton
Port
Company

Mihi Whakatau

Tihei Mauri ora.

I sneeze it is life.

**Me mihi whakawhetai ki te Rūnga Rawa nāna nei
ngā mea katoa.**

Give praise and thanks to that which is the source
of everything.

**Ngā mate, kua wehe atu ki te pō, haere ki te Pūtahi
nui o Rehua, haere ki tua o Paerau, haere ki te
okiokinga, haere, haere, haere.**

To those passed on, departing to the constellation of
the stars, travel to the place beyond, go to your resting
place, farewell, farewell, farewell.

**E ngā mana, e ngā reo, e ngā lwi, e rau rangatira mā,
huri noa ngā tāngata katoa e noho ana i Te Waka O
Aoraki, tēnā koutou katoa. Me mihi hoki ki te Mana
Whenua o Whakaraupō me Ngai Tahu whanui.**

To all people, all speakers, all the chiefly speakers,
all groups who live in the South Island. Greetings to
you all. We acknowledge Mana Whenua and their tribal
authority in Lyttelton harbour South Island.

**Kā mihi nunui ki ngā kaimahi hei mahi nui i a rā,
i a pō, i te Kamupene Whakaraupō. Mā te whiritahi,
ka whakatutuki ai ngā pūmanawa ā tāngata!**

We recognise the important work that our staff
manage, day and night at Lyttelton Port Company.
Collectively weaving the realisation of potential!

**Ka nui o ngā wero i ngā tau, ā ko te tautoko
i te rangai te tino aronga mō te Kamupene
Whakaraupō. Ka nui te mihi i ō mātou hoa me ngā
kaipakihi mō tō ratou manawaroa, manawanui hoki
i runga i ngā piki me ngā heke o te wā.**

It has been a challenging time over the years and
supporting the sector has been a major focus for
LPC. We acknowledge and thank our partners and
businesses for their resilience and responsiveness
as we navigate through these uncertain times.

**Ka 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.**

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.

Whakaraupo! He wāhi mo te katoa.

Lyttelton Harbour a place for everyone.








Our approach to integrated reporting

In 2019, Lyttelton Port Company (LPC) set a firm future direction with the adoption of our sustainability strategy and clear targets to improve our performance in three key focus areas: prosperity, people and the planet. A significant part of our 2019 sustainability strategy was moving towards an integrated reporting model.

This report is the second full report produced under the integrated reporting framework, and it continues the next evolution of the process required to report on our activities openly and transparently. We chose the integrated reporting framework in 2019 because it focuses on and communicates the ability of an organisation to create value in the short, medium and long term and includes transparent reporting on the preservation and/or erosion of this value. Subsequently, this framework was adopted by Christchurch City Holdings Limited (CCHL) as the standard across the group. We continue to be guided by the material issues raised by the materiality research we carried out in 2022. An internal review of this work has validated it as remaining relevant. However we intend to undertake the full process again in FY24.

In FY23, we have also completed our initial climate-change risk assessment, focused on identifying our core assets most at risk due to climate change and identifying and prioritising transition risks and opportunities associated with New Zealand’s transition to a low-carbon economy. This work will in part inform our climate disclosures and reporting due next year under the Climate-related Disclosure (NZ CS 1, 2 and 3) standards issued in December 2022. As noted last year, our reporting will continue to mature as we improve our data collection to enable the quantification of our value creation and erosion over time. However, as this report shows, there are a wide range of challenges that we face as a business, and new ones continue to emerge, for example, the management of the impact of the return of the cruise industry to Lyttelton. LPC continues to take the reporting of those challenges, and our commitment to face them, very seriously.

Our five capitals

	Sustainable Profitability	Financial Capital
	Whanaungatanga	Human and Intellectual Capital
	Infrastructure for the Future	Manufactured Capital
	Manākitanga	Social and Relationship Capital
	Kaitiakitanga	Natural Capital

UN Global Sustainable Development Goals (SDGs)

The UN’s 17 SDGs provide a valuable blueprint for a better and more sustainable future for all by addressing the global challenges we face. While all 17 SDGs are important, some are more relevant than others for our business, especially when we get down to the level of setting specific targets. These are the main SDGs our work has a relationship to:



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Manākitanga

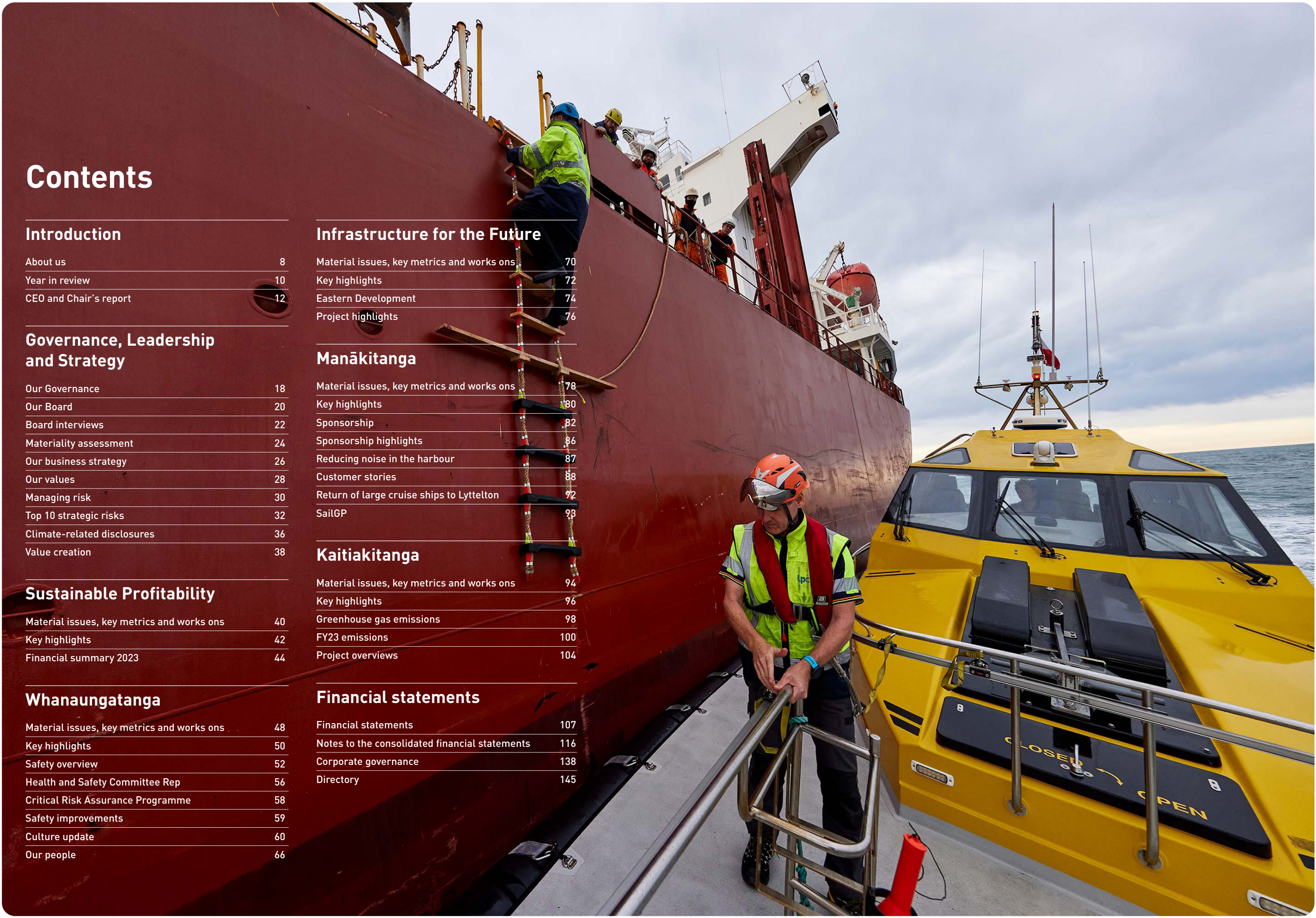
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We take our role in the economic sustainability of Christchurch, Canterbury and the wider South Island seriously.



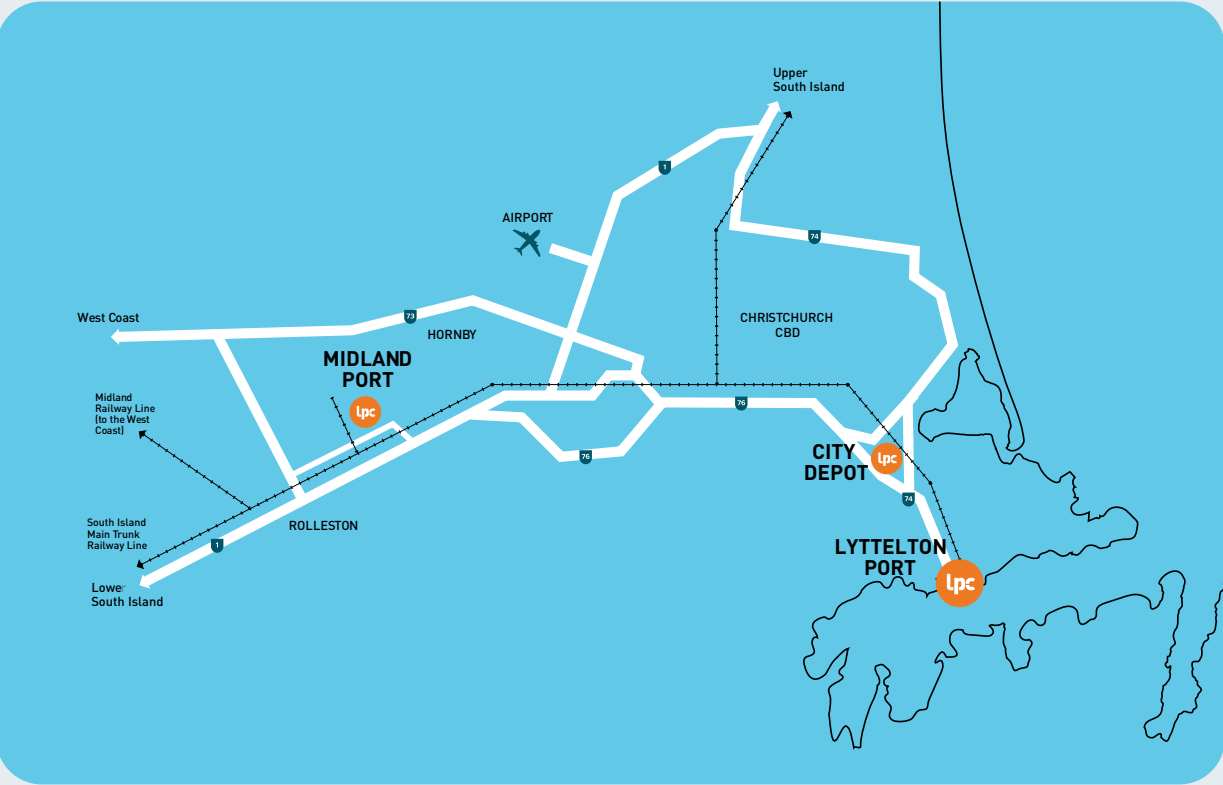
We are committed to making sure we develop a profitable Port to ensure that it is able to handle the projected growth in volumes and is sustainable in the longterm, while delivering value to both our shareholder and the people of our region. This requires us to operate safely, efficiently and sustainably.

Our services are critical to the success of a diverse range of exporters and importers, and consequently the lifestyle and prosperity of all people living in the South Island. The Port supports thousands of jobs, and the creation of billions of dollars of wealth. LPC is the largest Port by container volume in the South Island and sits at the nexus of a key supply chain. We sit at the heart of a growing hub and spoke model, with cargo arriving via both coastal shipping and rail for transhipment to larger vessels for international export.

LPC has a natural two way flow of imports and exports, and is the hub for imports into the South Island, handling 70% of all imports.

This system is built on the following:

- Inland facilities such as MidlandPort and CityDepot, facilitating rail and conglomeration of cargo
- Vehicle Booking System, smoothing the flow of cargo and reducing congestion on arterial routes
- A channel, berths and terminal space for over 500,000 TEU
- Consents in place for expansion of facilities to 1.5m TEU per year and increased vessel sizes.



Year in review






\$6.62b

Imports



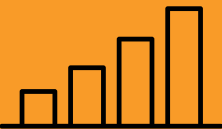
\$8.9b

Exports



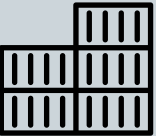
817,919t

Bulk




\$18.9m

Net Profit After Tax




455,457 TEU

Containers




3.24

Total Recordable Injury Frequency Rate (TRIFR)



2.27

Lost Time Injury Frequency Rate (LTIFR)



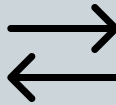
10.9%

Gender Pay Gap




678

Total number of staff




14%

Employee Turnover



81%

Containers by Road




19%

Containers by Rail




35

Sponsorships



92

Noise complaints



9422

Carbon Emissions tonnes



CEO and Chair Statement

LPC is the South Island’s major maritime gateway and a critical part of New Zealand’s international supply chain, facilitating trade for the South Island and beyond. As a result, we take our commitment seriously to ensure that we invest in the infrastructure required to keep the South Island moving.

Financial year 2023 has been a year of challenges for Lyttelton Port Company as we continue on our journey towards becoming an efficient, safe, sustainable and profitable port. While we have seen challenging market conditions and change in our governance and our Chief Executive Officer, we have also continued to see a strong health and safety focus and positive revenue growth.

Health and safety at LPC key focus

Throughout FY23, we have seen a significant increase in health and safety interactions and critical control checks, which demonstrates a step change in proactively managing health and safety. In addition, management engaged in a Critical Control Assurance Programme with the assistance of an independent industry health and safety expert. The 12-month programme has conducted an in-depth assessment of all 17 critical risks at LPC, which concluded with a review session that brought together all of the parties that were involved.

This programme has led to a range of operational improvements in practice and process as well as the development of longer-term safety initiatives.

LPC has also continued to play our part in the industry-wide collaborative work led by Maritime New Zealand, implemented following the tragic loss of Don Grant at LPC on Anzac Day 2022. We have welcomed the initiatives that have come from that work and will work with industry partners and unions to improve the safety of our industry.

We also cooperated and worked with Maritime New Zealand and the Transport Accident Investigation Commission on their investigations following the accident on Anzac Day 2022. This resulted in charges being laid against LPC, and we continue to work through that process. Don’s family and workmates continue to be in our thoughts, and we remain committed to ensuring his memory is maintained and that the safety of our industry is lifted through what we learn from the tragedy.

Profitability flat but underlying revenue improved

Revenue grew just over 12% year on year to \$181.7m. However net profit after tax (NPAT) remained the same as FY22 at \$18.9m. This NPAT was against a statement of intent target of \$21m. For the most part, this difference resulted from the decision to provide for the cost to remove derelict inner harbour jetties for health and safety and environmental reasons.

These jetties were a potential breeding ground for Mediterranean fanworm *Sabella spallanzanii*, an invasive species that has been spreading in the inner harbour and threatens the wider ecosystem of Whakaraupō/ Lyttelton Harbour. The derelict state of the jetties means it is not possible for divers to remove the fanworm by hand as they can on the other structures in the inner harbour.

Trade volume flattening

The impact of both international and domestic conditions began to be seen on volumes in FY23, with most trades seeing a tightening over the year.



Despite the volume pressure, the total value of exports from Lyttelton rose by 4% to \$8.96b, while the value of imports grew by over 10% to \$6.6b.

Actual container volumes were down 9.3% over FY22 to 455,457 TEU, although this was still the second-largest number of TEU Lyttelton container terminal has handled in its history. TEU volumes were impacted by both the slowing New Zealand market as well as the requirement to limit our berth capacity while our new ship-to-shore crane was being constructed, and the impact of a dip in staffing in the first half of the financial year taking some time to correct.

Bulk and car volumes were also down, with bulk declining very slightly while cars were down by 23%. Fuel, logs and coal were all up, by 9%, 2% and 15% respectively.

Return of cruise positive for CBD economy but community challenges to be managed

October 2022 saw the return of large cruise vessels to Lyttelton. LPC had constructed and completed New Zealand’s first purpose-built cruise berth before COVID-19 after discussions with our shareholder and the development of a business case by CCHL.

The return saw 120,000 passengers call at Lyttelton, substantially boosting the economy of the region. ChristchurchNZ has said card spending in Christchurch for all visitors was up \$48 million during the cruise season compared to the 2018/19 summer. Operationally, the berth was successful, and we are very satisfied with the development.

The return of these vessels has created both congestion and public transport issues. We continue to work with the community, ChristchurchNZ, Christchurch City Council, Environment Canterbury and Cruise New Zealand to ensure the impact of the return of these vessels is minimised as much as possible for the community of Lyttelton.

Whanaungatanga and focus on operational efficiency

This year, collective bargaining settlements were achieved across both our inland ports and our main collective agreements at Lyttelton Port. Negotiations were positive and productive and delivered both improved conditions for our teams and improved processes and productivity for our business and customers.

A key focus for FY24 is our operational efficiency. As part of our Focus on the Future project, we will be focusing on initiatives to improve the operational efficiency and productivity of the container terminal. These initiatives, driven by a programme of working groups of container terminal team members, will contribute to safely improving LPC’s container terminal performance to grow the business to meet the needs of our people and our customers.

This year also saw the conclusion of the two-year Workplace Culture Action Plan developed in response to the independent review of workplace culture in 2020. As part of that plan, 32 actions were concluded, and the remaining five that were ongoing have been integrated into our new People and Culture Strategy, which was developed over the second half of FY23.

Continued investment in infrastructure to keep the South Island moving

Timely infrastructure investment continues to be a priority for LPC. In FY23, we completed our three year, \$85 million Eastern Development expansion project, increasing our container terminal to 25 hectares, effectively doubling our refrigerated container storage and adding new truck receipt and dispatch lanes.

The expansion has also delivered a new state-of-the-art workshop featuring a 23-metre-high service bay capable of handling our new, 3-over-1 Kone straddles. The facility provides the maintenance team with a dramatically improved workspace, replacing the old workshop built in the mid-1970s. The demolition of the old facility will offer more container yard space, efficiently located close to wharves.

We also commenced a \$5m redevelopment and upgrade of our inner harbour space, improving safety, environmental and operational performance for our bulk trades. New roadways, stormwater and wastewater systems, wash-down pads and separated walkways make the space a modern, safe and sustainable worksite.

In 2023, Lyttelton container terminal once again returned to a four-crane operation with the delivery and entry into service of a new Liebherr Super Post Panamax crane. The crane, constructed in Ireland, arrived in March and entered service in June.

This year, we also continued investments in CityDepot, our tug *Blackadder*, and our digital systems, including an upgrade to our Emissions Reduction Plan, a new harbour management system and a new GIS system.

Changing faces but renewed commitment

FY23 saw substantial change in the leadership at LPC, with CEO Kirstie Gardener and Chair Margaret Devlin leaving as well as two of our board members, Dr Don Elder and Fiona Mules.

Kirstie joined LPC in early 2019 as General Manager People, a role that expanded to include People and Safety in 2020. She played a vital role in the work in response to the 2020 independent review of workplace culture at LPC and was instrumental in introducing the high-performance high-engagement model and a more proactive health and safety leadership culture. Kirstie was appointed acting CEO in December 2021 and made permanent in May 2022.

Margaret joined the board of LPC in 2018 as Chair and was a key part of the introduction of the Leading the Way strategy. This programme saw a renewed focus on delivering a sustainably profitable Port focused on staff culture and conscious of our impact on the community and the environment.

Don and Fiona have also made a substantial long-term contribution to the Port. Don has served on the Board since 2016 and was chair of the Health and Safety Committee. Fiona joined the board in 2019 and was chair of the Audit and Risk Committee.

Our deepest thanks to Kirstie, Margaret, Don and Fiona. All have made a huge contribution to LPC, and we wish them all the best for the future.

Four new appointments to the executive leadership team at LPC have been made in FY23. Eugene Beneke joined the team as Chief Operating Officer in October 2022 after previously holding the Head of Commercial and Supply Chain role. New Chief Financial Officer Vincent Mortimer came to LPC from HamiltonJet in February 2023, and Chief People and Culture

Officer Lesley Fleming was appointed in January 2023 after having acted in the role since December 2021. Finally, Steven Barclay was appointed Chief Health and Safety Officer in June 2023 after having held various positions at LPC since 2017. The new executive leadership team and the Board bring a renewed commitment to deliver on the promise that LPC has to continue to support the South Island’s growth and deliver sustainable returns to our shareholder.

Beginning in FY23, the Board commenced the process to appoint a new CEO. This resulted in the appointment of Graeme Sumner to the role. Graeme has most recently led Airways New Zealand as CEO for nearly five years, and started with LPC in September 2023. The Board is pleased to welcome Graeme to LPC and looks forward to working with him to continue to make LPC a safe, sustainable and profitable organisation.

Four new directors have been appointed to the Board of LPC, beginning in FY23. Barry Bragg joined as Chair at the beginning of June. Barry has had a long governance career in the South Island, as well as holding senior operational management positions. Following this, a further three new directors were appointed in June and July 2023, with Dr Nicki Crauford, Julian Hughes and Karen Jordan joining the Board. Nicki has been appointed chair of the People and Performance subcommittee, and Karen chair of the Audit and Risk subcommittee.

Finally, we would like to thank our Interim CEO Jim Quinn, who at short notice stepped in to lead the organisation from April to September 2023. Jim did a remarkable job providing leadership and stability to the organisation with good humour and a calm, enabling style.

Manākitanga and Kaitiakitanga

LPC’s carbon emissions were slightly reduced from FY22, at 9,422 tCO2e. Combined with the fall in TEU container volume, our carbon intensity per TEU increased by 13%. We believe this is possibly partially due to the changed configuration of the container terminal and in particular the workarounds required while we had part of the terminal segregated for the construction of the new crane. These changes meant that our straddle travel distances increased although we handled fewer containers.

This year, we have also reviewed and redeveloped our Emissions Reduction Plan to analyse the initiatives required to achieve near-term science-based emissions reduction targets for Scope 1 emissions. In FY24, we will combine this work with our long-term capital planning to achieve science-based emissions reduction targets.

Over the last financial year, we have continued our work to identify Port activities at our Lyttelton site that impact nature. For each activity, including dredging, reclamation, vessel movements and land occupation, there are associated pressures on nature and varying impacts on habitats and species. There are also some activities we can identify as having a positive impact on nature, including restoration and habitat enhancement.

We are using the science-based targets for nature framework to quantify our impacts on nature over time. As part of this process, we are also looking at how traditional knowledge and perspectives can form part of our assessments. Te Hapū o Ngāti Wheke holds mātauranga that will inform aspirations for a healthy harbour and can assist with developing measures to indicate positive change over time.

Over the next financial year, we will outline the risk that nature loss poses to LPC’s business and the

opportunities for action. We work with Te Hapū o Ngāti Wheke to assess, quantify and report LPC’s impacts on nature and develop a plan for achieving a biodiversity-positive outcome from Port operations.

We also continue to work to reduce the impact of our operations on the community. In FY23, we worked with ports around New Zealand to develop and implement new noise standards for vessels from June 2024. We have also been working with Tonkin and Taylor on dust management, and this year, we trialled new methodologies such as fog cannons to mitigate dust from bulk operations. In FY24, we will begin an upgrade programme for our hoppers and implement real-time dust monitoring systems in the inner harbour.

Focus on the future

The strategy work that we began in the second half of FY22 continued throughout FY23 and has focused on ensuring that LPC is well positioned to meet the future growth needs of the Canterbury and South Island economies. This work has ultimately confirmed that the direction set by the Port Lyttelton Recovery Plan that sees the Port growing to the east remains valid and that, at current projected growth rates, the Port risks becoming a blocker to regional growth if infrastructure does not develop in time.

In FY24, we will be working to develop business cases and capital plans to support these strategic infrastructure needs and our decarbonisation plans. We will work with our shareholder, mana whenua and the community to ensure progress is transparent and well understood.

We will also work with CCHL to ensure that any future developments as a result of this work add to shareholder value, deliver sustainable long-term returns, and are consistent with the work our shareholder is undertaking to review it’s portfolio.

The team that keeps Canterbury and the South Island moving

Finally, and most importantly, we would like to thank the people critical to keeping the exports and imports of our region moving – the staff of Lyttelton Port Company. The team at LPC work 24 hours a day, seven days a week in all weathers to ensure that service is maintained and the needs of our customers and community are met. They all take their role in the region’s supply chain seriously and are committed to doing all they can to ensure LPC is an efficient, safe, sustainable and profitable port.

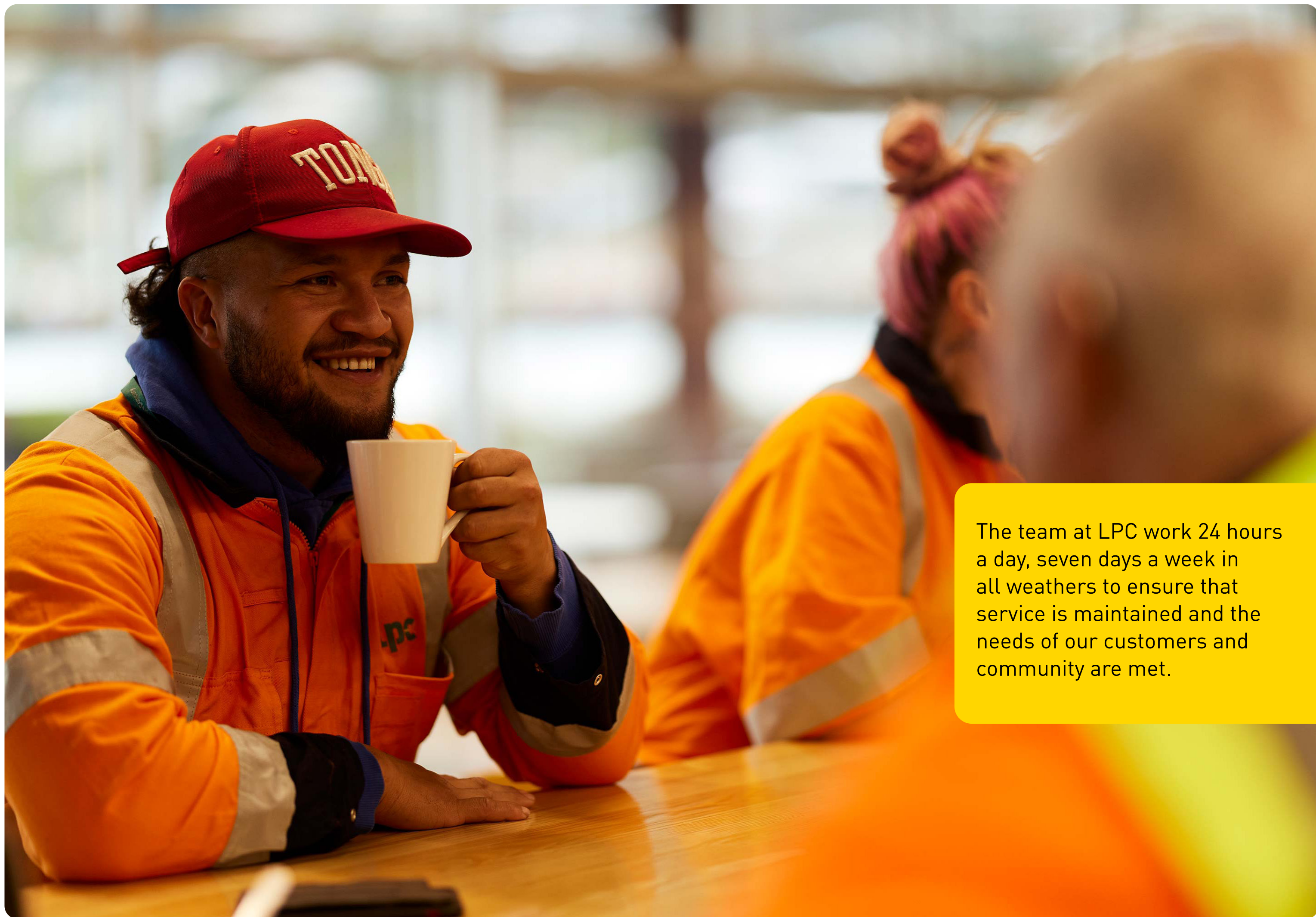
Heoi anō tāku mō nāianeī
Nā māua noa, nā



Chair
Barry Bragg



Interim Chief
Executive Officer
Jim Quinn



The team at LPC work 24 hours a day, seven days a week in all weathers to ensure that service is maintained and the needs of our customers and community are met.

Our Governance

FY23 has been a year of transition for corporate governance at LPC, with changes and new faces on our Board, following an independent review of the Board commissioned by CCHL.

The review concluded that individual directors were acting in the best interests of LPC, but a lack of alignment prevented the Board from operating effectively.

Subsequent to the review, four new directors were appointed including a new Chair. These new appointments ensure that the Board can reset, and the new Board is committed to effectively representing and promoting the company’s interests and adding to the long-term value of LPC.

Our Code of Corporate Governance has been reviewed in FY23, alongside the LPC Board Charter. Following the review, the two documents have been blended into a single Board Charter reflecting the respective roles, responsibilities, and authorities of the Directors (both individually and collectively) and management in setting the direction, the management and the appropriate level of control for LPC.

The new Board Charter outlines the expectations around the Board’s relationship with our Shareholder, Iwi and our community and customers. It sets out requirements regarding financial reporting, risk management and health and safety.

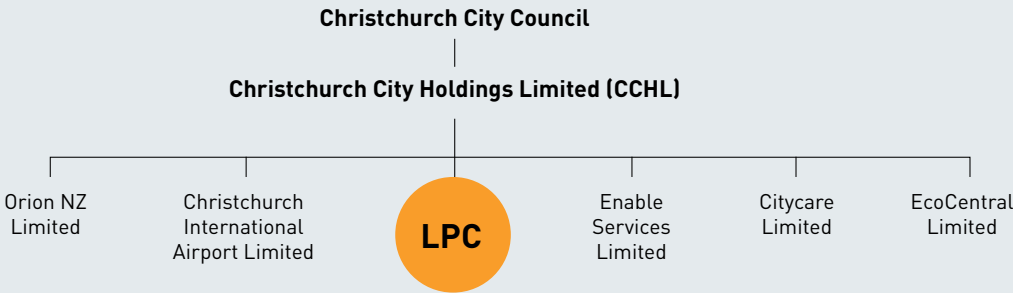
LPC has three Board committees, focused on Audit and Risk, People and Performance, and Health and Safety. Each of these committees has specific terms of reference, which are publicly available through the LPC website.

The Board Charter specifies that the Board will operate in a way that is open and constructive, and in accordance with its guiding principles, recognises that genuinely held differences of opinion can bring greater clarity and lead to better decisions. The interviews with Board members Bill Dwyer and Nick Easy that follow will hopefully give insight into the varied approaches that the Board takes to the key issues that face LPC, and provide a glimpse of how each has a different perspective of how these challenges are dealt with.









As outlined last year, the Board remains focused on bringing the integrated reporting model actively into the decision-making process, and ensuring new decisions, particularly around capital expenditure reflect value creation and our material issues. Working with the Executive, we will ensure that processes reflect all of the responsibilities that LPC has to our shareholder, iwi partners, our community and our customers.

To read more about our Board, and read our Board Charter and the Terms of Reference for our Board committees, please visit www.lpc.co.nz/about-us/board-of-directors/

Shareholder



Board of Directors

 Bill Dwyer	 Nick Easy Health and Safety Committee Chair	 Vanessa Doig	 Dr Nicki Crauford People and Performance Committee Chair
 Julian Hughes	 Karen Jordan Audit and Risk Committee Chair	 Mel Brooks Associate Director	
 Barry Bragg Chair			

Executive Leadership Team

 Eugene Beneke Chief Operating Officer	 Lesley Fleming Chief People and Culture Officer	 Mike Simmers Chief Infrastructure Officer	 Phil de Joux Chief Corporate Affairs Officer
 Simon Munt Chief Customer and Supply Chain Officer	 Steven Barclay Chief Health and Safety Officer	 Vincent Mortimer Chief Financial Officer	
 Jim Quinn Interim CEO		 Graeme Sumner CEO	

Our Board



Barry Bragg
Chair

Barry began a governance career in 2002 involving minerals industry associations, the Canterbury West Coast Air Rescue Trust and various international commercial joint ventures. He joined Ngāi Tahu Property in 2009, became Chair in 2012 and became Chair of Ngāi Tahu Farming in 2019. Throughout his involvement with Ngāi Tahu, he reported to the Chair of Ngāi Tahu Holdings Corporation, being the portfolio manager of the group. Since 2013, he has been involved at Director or Chair level in a multitude of companies in the public sector, iwi sector and private sector in health, construction, property, farming, minerals/mining, construction materials, finance and advanced materials. Since March 2021, Barry has been the Chair of Te Kaha Project Delivery Limited. In this role, he has worked closely with Christchurch City Council, requiring regular engagement with and understanding of Council processes to ensure the continued delivery of this key asset for the city.



Bill Dwyer

Bill is a commercial and corporate lawyer with a career expanding over 25 years. Joining the LPC Board in June 2016, Bill also currently operates his own legal practice. Before starting sole practice in 2015, Bill was Managing Partner at Lane Neave. Prior to this he held the position of General Counsel and Company Secretary at Solid Energy New Zealand Limited. Bill has retired as a Director of CCHL where he sat on a number of committees and established an intern programme for CCHL whereby aspirants to governance roles sit on the Board of each company in the group. He currently is Director of Premium Foods Export Limited and Turley Farms Limited, and is a Trustee for the Ohinetahi Charitable Trust.



Nick Easy
Health and Safety
Committee Chair

Nick has more than three decades of leadership experience in complex organisations across the transport, logistics and emergency services industries. Nick is the CEO of Infranexus Management, managing a number of Australian social infrastructure assets and previously has been the CEO of Queensland Rail, Metropolitan Fire and Emergency Services Board and Port of Melbourne, Australia's largest container and general cargo port.



Vanessa Doig

Vanessa has a diverse global career operating in international markets across various sectors including resources (oil, gas and coal) within large global multi-nationals, the New Zealand Government and state-owned enterprises. More recently, Vanessa led a fast-moving ecommerce business focused on the North American and Asian markets. Vanessa joins the LPC Board after being an associate director through the CCHL Associate Director Programme, building on her experience with various board positions including Chamber Music New Zealand, He Waka Tapu Health Trust, Christchurch Symphony Orchestra and Xtend-Life Natural Products Limited.



Dr Nicki Crauford
People and Performance
Committee Chair

Nicki is an engineer with extensive governance and senior management experience in infrastructure, including ports, energy, water and telecommunications utilities. Nicki has previously been a director of CentrePort Limited and is chair of StraitNZ, which operates freight and passenger shipping across Cook Strait in addition to trucking and logistics services. In addition to StraitNZ, Nicki is currently a director of Watercare and a trustee of the Wellington Regional Stadium Trust. She has previously served as Chair of the Electricity Authority and GNS Science and a director of Orion, the Environmental Protection Authority and Genesis Energy. Nicki is a Distinguished Fellow of Engineering New Zealand and a Fellow of the Australian Institute of Company Directors and the Institute of Directors of NZ, where she has also served as CEO.



Julian Hughes

Julian has over 20 years' experience in the health and safety sector, working in senior public and private sector roles including Executive Director at the New Zealand Business Leaders Health and Safety Forum and National Manager, Safety and Wellbeing at the New Zealand Fire Service. Julian is currently GM Supply at Z Energy, managing the end-to-end supply chain for liquid fuels in New Zealand, including procurement, shipping, storage and distribution. His previous executive roles at Z Energy have included responsibility for strategy, risk and leadership of a transformational programme to deliver improved operational risk management at Z Energy.



Karen Jordan
Audit and Risk
Committee Chair

Karen is an experienced director across private, public and not-for-profit sectors and has over 20 years' corporate executive experience in the UK energy and infrastructure industry. Karen is currently a non-executive director and chair of the Audit Committee at Steel & Tube Holdings Limited, and an independent member of the Risk and Assurance Committee at the New Zealand Defence Force. She was recently a director on Auckland's City Rail Link Limited and Waimea Water Limited, a council-controlled organisation responsible for constructing, operating and maintaining the Waimea dam in the Lee Valley. Previously she held senior governance roles across UK departments of state, and before that spent most of her career in British Gas and National Grid,



Mel Brooks
Associate Director

With over 18 years in the financial services industry both in New Zealand and abroad, spanning roles within money broking, private, business and corporate banking and leadership, in June 2017, Mel made the move to lead the MHV Water team, taking up the role of Chief Executive. MHV Water are an infrastructure and environmental management co-operative delivering water for the purposes of irrigation, stockwater and environmental flows through piped and open race networks, and the MHV infrastructure includes storage and control structures to deliver to an area of approximately 58,000 hectares of productive land in mid-Canterbury. Mel is a member of the Institute of Directors and New Zealand Institute of Primary Industry Management and has previously held governance roles with Endometriosis New Zealand, Irrigo Centre Limited and Hekeao Hinds Water Enhancement Trust. Mel's current governance roles include FEP Dashboard Limited and MC Water Limited.

Bill Dwyer



Board interviews

What value do you bring to the LPC board?

I've been on the LPC board now for eight years. One of the values I bring with this new Board is experience with LPC and knowledge of why things happened. The other value I have is a lot of experience in governance roles, having sat on CCHL through the earthquakes, and I was on the Board for 13 years. I've had a lot of exposure to Port operations through my legal career and was LPC's lawyer a long time ago, so I'm very familiar with the commercial side of the business. As a governor, I have good skills and understanding to know when to step in and help management if they need assistance or bounce off ideas. I'm really happy to do that.

How well is LPC positioned for the organisation's plan for future growth?

Very well. We have got a well-worked solid strategy of what LPC needs to do. We have progressively developed over the last few years a strategy that's going to cater for the needs of the port. The needs for this Port are the needs of Canterbury. We are so integral to Canterbury's infrastructure and economic future that it's incumbent on us to ensure that we have the planning in place to deal with what goes across that wharf because, if we can't meet the needs of our clients, the Canterbury economy suffers quite significantly.

What are the largest risks and opportunities that the company is facing?

The largest risk from an economic perspective would be not executing our strategy. We are such an integral part of the infrastructure and economy of Canterbury. We cannot end up with a port that can't handle the growth of Canterbury from an import and export basis. It's a risk that we can't allow to happen. The opportunities are that we continue to be the main port in the South Island and be the major South Island blue water port as shipping rationalises over time. We have a recognised brand, and we are recognised for our capability and what we've done in the growth of container traffic and bulk and dry. The other thing that's going well is the development of our people's culture. We are getting a very strong level of engagement from the workforce, and a really good measure is where people coming to work here want to come and work here and are actually happy turning up to the job every day. It's a big thing.

What would you like LPC to do better in 2024?

Build on the developing goodwill and relationships between everyone working here. Maria Dew was trying to tell us in her report that there were issues around things like bullying and harassment, and I think the business has responded to those. It's going in the right direction, and we are getting stronger. I care for this company and desire to see this place hum. How this business does is important to me, and I want to leave it in a better position than when I arrived.

Nick Easy



What value do you bring to the LPC board?

I've worked for 16 years in ports in Australia and come from a background in large-scale operational settings such as infrastructure and logistics with multiple stakeholders and an understanding of commercial and industrial environments. This is a tremendous industry to be part of and very rewarding.

How well is LPC positioned for the organisation's plan for future growth?

LPC has been on a journey and has seen good volume growth. As a result of the earthquakes, the infrastructure has provided a firm footing for reinvestment in assets and new infrastructure. The company has a plan and is moving to the next phase of how we continue to respond to trade growth volumes through the Port and the infrastructure needed to service that.

We have long lead times for building infrastructure. This requires a long-term plan matched with the financial analysis and the investment cycle. We are the major port in the South Island and a very important part of the economy. It is essential to keep looking forward and plan for the future.

What are the largest risks and opportunities the company is facing?

You can always convert your risks into opportunities. The Port has many opportunities, strong trade growth, experience and a committed workforce. We are in a good position in the South Island, and LPC is very well positioned to take the opportunities, retain and capture that trade and continue its strong role in the economy. The risk is that we fall behind because we don't take advantage of the situation and respond to trade growth. Safety settings are also important. The risk is sometimes around complacency and not understanding critical risks across the business. I think that's changed substantially, and we want to keep improving in that space.

What would you like LPC to do better in 2024?

We want the company to put up its hand and say this is what we need to do to improve the business and the operations. There are many examples of this already. I want the business to say we can do this differently and better and ensure our people are always safe and go home safe. We need to keep focusing on and understanding the environmental risks, the controls, practices and procedures we have put in place and that we are comfortable stopping work when necessary if it is not considered safe. For me, that is important. We must also keep developing our staff; our people are our assets, as what they do is crucial. We want a safety culture where our leaders and everyone across the business are empowered to continue doing things safely and implement engineering controls first, where practicable, and administrative controls second.

Materiality assessment

The material topics

<div>1</div> <div>Health, safety and wellbeing</div> <div>Ensuring the health, safety, and wellbeing of our people</div>	<div>2</div> <div>Sustainable financial performance</div> <div>Ensuring sustainable financial growth and performance and a return for our shareholder</div>	<div>3</div> <div>Social licence to operate</div> <div>Recognising and responding to the need for continued community support for the Port's operations into the future</div>	<div>4</div> <div>Infrastructure investment</div> <div>Investing to expand Port facilities to create long-term value</div>
<div>5</div> <div>Policy engagement</div> <div>Being involved in developing policies, initiatives and programmes that tangibly increase understanding of our industry's risks and opportunities</div>	<div>6</div> <div>Culture and values</div> <div>Fostering a long-term sustainability mindset in our culture and values across the entire company so it becomes part of our DNA</div>	<div>7</div> <div>Engagement with mana whenua partners</div> <div>Being culturally aware and partnering with mana whenua in an authentic manner</div>	<div>8</div> <div>Communication and relationship management</div> <div>Ensuring genuine, transparent, timely communication and maintaining positive, enduring relationships with stakeholders</div>
<div>9</div> <div>Employee attraction, development and retention</div> <div>Empowering our people through professional development, providing career pathways and creating an environment where they can thrive</div>	<div>10</div> <div>Industry engagement</div> <div>Fostering engagement and forging partnerships across the industry to progress joint objectives for sustainable growth</div>	<div>11</div> <div>Biodiversity</div> <div>Identifying and managing the company's impact on biodiversity due to the Port and its operations</div>	<div>12</div> <div>Corporate governance</div> <div>Having systems in place to advance sustainability-related activities in an accountable, transparent and credible way</div>
<div>13</div> <div>Business continuity planning (global supply chain risks)</div> <div>Being aware of global supply chain risks and building resilience into the supply chains we serve</div>	<div>14</div> <div>Environmental and community impacts</div> <div>Managing environmental impacts, particularly the reverse sensitivities associated with Port operations</div>	<div>15</div> <div>Diversity and inclusion</div> <div>Actively building a workplace that mirrors the diverse communities we work in and for</div>	

In 2022, we engaged thinkstep-anz to work with us to confirm and prioritise the topics that matter most to our stakeholders and our business.

To do this, thinkstep-anz carried out a materiality assessment. The assessment involved interviewing 19 of our stakeholders, including CCHL, community representatives, residents, unions, customers and business partners.

An internal review of this work in FY23 has validated it as remaining relevant. However we intend to undertake the full process again in FY24.

Below is our material topics along with a materiality matrix which demonstrate the business impact and stakeholder importance. We continue to be guided by the material issues raised by the materiality research we carried out in 2022.

Materiality assessment is widely used in business to identify and prioritise the sustainability topics (environmental, social and governance) that matter most to an organisation and its stakeholders. The tool helps organisations confirm, review and future-proof their business strategy.

By strengthening relationships with stakeholders, identifying material risks and opportunities and providing a framework to assess future decisions against, it helps deliver that strategy too. Both major frameworks for sustainability reporting, Integrated Reporting and the Global Reporting Initiative (GRI), require a materiality assessment.

Materiality matrix



Our business strategy

LPC’s strategy work, which began in the second half of FY22 and has continued throughout FY23, has considered the future growth and capital needs of the business and the key role played by the Port in the Canterbury and South Island economy.

It has validated the principles of the four pillars developed in 2020 as part of the Leading the Way strategy, which we updated in FY23. Initially, it consisted of three key pillars: Sustainable Profitability, Whanaungatanga and Infrastructure for the Future. It was updated in FY23 to include a fourth pillar, Manākitanga and Kaitiakitanga, which reflects our commitments to growing our social licence and value to our customers and our ambitions around our environmental performance. It also reflects the key material issues raised during the materiality work we undertook in FY22.

While those pillars remain, the strategy work has highlighted these aspects:

- The growth profile ahead for the South Island economy means we risk becoming a block and congestion point in the New Zealand network if we do not continue to invest in infrastructure to support that growth.
- The logic of moving the Port to the east and continuing to develop infrastructure in Te Awaparahi Bay and progressively free up public use space in the inner harbour which was first articulated in the Port Lyttelton Recovery Plan remains valid and should form the core of port development in the future.

LPC has natural advantages that underpin its importance to the New Zealand economy:

- Connected to and serving the largest commercial and population base in the South Island.
- At the heart of an extensive regional export economy and helping drive economic growth of all New Zealand – safely, efficiently and responsibly.
- The capacity and capability to accommodate future regional growth within our consented footprint.

In FY24, we will be working to develop business cases and capital plans beyond the Leading the Way work from 2020 to support the region’s

strategic infrastructure needs and our decarbonisation plans.

In FY23 we also completed our climate risk assessment and began the update of our Emissions Reduction Plan to reflect the impact of Science Based Targets. These pieces of work will be key in feeding into the business cases and capital plans being developed.

We will also work with CCHL to ensure that any future developments as a result of this work add to shareholder value and deliver sustainable long-term returns and are consistent with the work our shareholder are undertaking to review it’s portfolio.

Port to the East from the Port Lyttelton Recovery Plan



- General cargo
- Containers
- Potential scope of reclamation
- Connecting with the community
- Potential future community access

Sustainable Profitability

We will deliver sustainable profitability that enables LPC to deliver customer, cultural and commercial excellence while providing a fair return to our shareholder.

Financial Capital

Material issues

- Sustainable Financial Performance
- Business Continuity Planning
- Corporate Governance

SDGs



Whanaungatanga

We will build relationships at LPC through shared experiences, working as one LPC team where everyone feels they belong and can contribute to building a stronger LPC whānau together. We will achieve this through improved safety, a cooperative approach to High Performance High Engagement (HPHE), staff development and the management of talent.

Human and Intellectual Capital

Material issues

- Health, Safety and Wellbeing
- Culture and Values
- Future of Work
- Employee Attraction, Development and Retention

SDGs



Infrastructure for 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.

Manufactured Capital

Material issues

- Infrastructure Investment
- Efficient Allocation of Port Space

SDGs



Manākitanga and Kaitiakitanga

We are committed to contributing positively to our communities and working in partnerships to value and protect the natural environment. We are focused on addressing climate change, delivering a net positive effect on biodiversity, and waste minimisation and avoidance.

Social and Relationship Capital

Natural Capital

Material issues

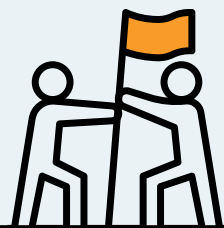
- Communication and Relationship Management
- Collaboration and Partnerships
- Industry Engagement
- Social Licence to Operate
- Biodiversity
- Environmental and Community Impacts

SDGs



Our values

Kotahitanga
One LPC Team



- We all go Home Safe, every day.
- Embracing individuality and difference while working as one towards our common goal.
- Acknowledging the importance of our people, our customers and our partners.

Whaka Hī
Pride



- Making the LPC team something that people want to be a part of.
- Taking pride in how we lead the way and how we work together.
- Acknowledging the support we give to our whānau.

Ngākau Pono
Integrity



- Treating each other with respect.
- Trust in ourselves, and in our colleagues to do what is right.
- Following through on the commitments we make.

Whakakakau
Communication



- Openness, honesty, truth and transparency.
- Our messages are heard when they're constructive and when they're respectful.
- Knowledge is shared not just when we speak but when we listen.

The four values

Our values underpin who we are, how we show up to work every day and what we are trying to achieve. As a business, we strive to live our values every day. When we do, it means we can look after ourselves, each other and the environment we work in.

Our values - One LPC Team, Pride, Integrity and Communication were chosen by our staff in 2020. They reflected what our people told us is important to them.

Leading the Way

All staff have the opportunity to nominate workmates they think are demonstrating our values. Each month, our Executive Leadership Team draws a winner, who receives a voucher and a morning tea shout for their team.

This year, we had 60 nominations across 13 areas of the business, with nominations often coming from outside their own team. Whether it was going above and beyond their role, or just getting on with the task at hand, the nominees all showed commitment to our core values.

Te Tohu Ngā Uara

This year, we started the annual Te Tohu Ngā Uara Award, with one winner chosen out of the existing monthly value award winners. The winner received a waka, which symbolises the core values of not only working together as one team paddling in the same direction but also doing it with pride, integrity and good communication.

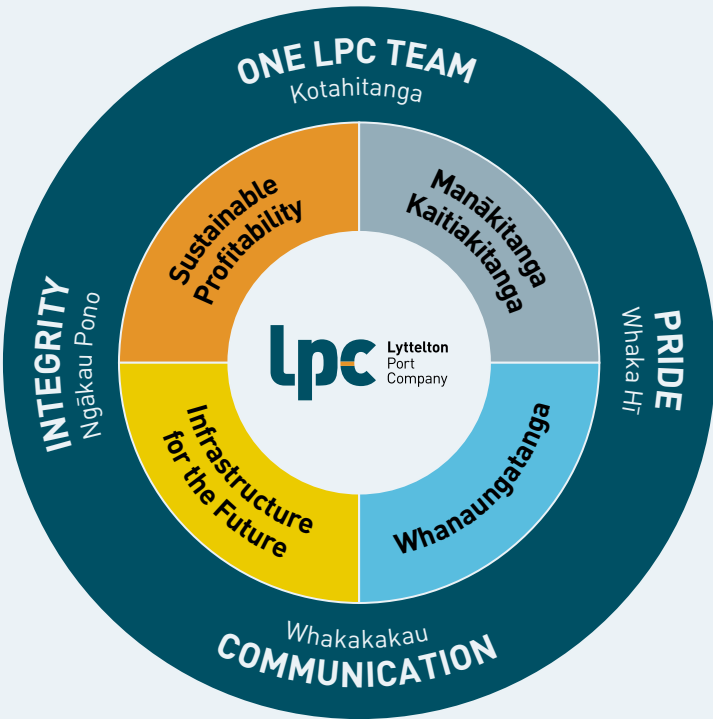
We were thrilled to award the award to Foreman Stevedore Steve Thompson. Steve is not just a valued member of our Cargo Handling team but also a volunteer member of our peer support group, Kapa Manaaki. Known for his endless willingness to help those around him with anything, Steve embodies our values and supports others around LPC to do the same.

Award nominations

60

Areas of the business

13



Managing risk

LPC is committed to its vision, customers, employees, shareholders, and communities and recognises that the nature of our activities and operating environments exposes us to risk.

For LPC to achieve its strategic objectives and priorities and achieve sustainable profitability, its operations and facilities are subjected to a range of risks. While it may be possible to manage and mitigate some of the risks that are within the company's control, there are a number of risks that are outside the influence or control of LPC that require attention to ensure they are manageable and have safe outcomes and our response is effective.

The nature and physical scale of Port operations mean that safety-related exposures are LPC's highest risk mitigation priority. Safety failures and incidents are the Board and management's number one concern and will continue to be a key focus of attention.

At LPC, managing risk includes all levels of governance, leadership and operations, and is managed under the LPC risk management framework, which provides the overall guidance and methodology. The Board has also approved the appropriate risk appetite statement for LPC, which is summarised in the following table. This statement sets out the areas with little or no appetite for

risk and provides guidance as to the expected mitigation responses from management when considering and managing identified risks.

While risks are actively managed in the various business units, functions and departments across LPC, the Board and senior management have established, with independent facilitation to ensure appropriate rigour, the top strategic risks requiring ongoing monitoring by the Board and the Audit and Risk Committee and mitigation by LPC management and staff. The current top 10 strategic risks are set out on the following pages.







LPC recognises that the nature of our activities and operating environments exposes us to risk.










Risk Appetite (Tolerance) Summary

Areas/Categories	Zero to Low	Moderate	High
	Accept little or zero risk, exercising extreme caution, conservative approach to taking risk	Adopting a balanced and considered approach to risk, exercising caution, accepting of moderate risk	Adopting a more assertive or aggressive approach to risk, strong alignment to strategic objectives and benefits
Health and Safety	<div></div>		
Reputation	<div></div>		
Stakeholder Alignment	<div></div>		
Social Licence	<div></div>		
Ethics	<div></div>		
Compliance	<div></div>		
Financial Sustainability	<div></div>		
Organisation Culture and Employee Relations	<div></div>		
Environmental Sustainability	<div></div>		
Strategic Growth		<div></div>	
Operating Efficiency and Effectiveness		<div></div>	
Financial Profitability		<div></div>	
Innovation		<div></div>	

Some risk areas cover a broad range of issues or potential outcomes, where some have little or no appetite for risk (e.g. workplace harassment, environmental incidents), while other areas may warrant a higher risk appetite (e.g. mitigation innovation to solve problems).



Top 10 strategic risks	01 Health and safety	02 Financial		03 Workplace culture	04 Asset management	05 Environment and community
Risks	Our employees or partners are harmed and/or work in unsafe environments that impact their long-term health and safety.	A major event (natural disaster, earthquake, tsunami, terrorism, other) impacts our financial viability through reduced operations (including Port access or damaged Port assets), and/or prohibitive costs to restore uninsurable assets and/or other adverse contractual exposures arising from an event.		Our culture does not improve which could lead to a toxic work environment, high staff turnover, bullying and harassment, low sense of belonging, poor engagement, loss of talent and experience, worsening individual wellbeing and low levels of trust, with adverse operating performance and reputational outcomes.	Our Asset Management (AM) Strategy is not effectively executed, where the asset care, ownership and maintenance do not optimise the whole-of-life asset values, and AM plans and expectations are not met resulting in lower available operating capacities, increased asset risks, asset write-offs and required reinvestments ahead of plan.	We are issued an abatement notice, infringement notice or lose our resource consents from Environment Canterbury and others, impeding our ability to operate. We do not uphold our commitment to being a good neighbour, and lose our social licence to operate from Iwi and/or the wider harbour communities.
Mitigations	<p>Execute health and safety strategy with focus on critical risks as follows:</p> <ul style="list-style-type: none"> People Capability (training, onboarding). Leadership (visible safety leadership, safety interactions, infield critical control checks). Fit for work (health monitoring, fatigue management, wellbeing support). Engaged safety culture (committees, learning, toolbox meetings etc.). <p>Processes and systems</p> <ul style="list-style-type: none"> Incident management (investigations, documentation, communication, readiness assessments, permits to work). Safety management systems (fit for purpose). Safety risk management (critical risk focus, safe work method statements). <p>Workplace (plant, equipment and infrastructure)</p> <ul style="list-style-type: none"> Asset management (preventive maintenance, safe workplaces). Safe equipment (safety in design, fit for purpose, condition assessments, certifications). Safe workplace (inspections, traffic management, hazardous substances management, exposure monitoring, electrical and workspace lockdowns). <p>Assurance and improvement programme</p> <ul style="list-style-type: none"> Critical control checks and verification. Internal and external safety assurance checks and audits. 	<p>Financial and insurance mitigations</p> <ul style="list-style-type: none"> Insurance programme, probable maximum loss modelling and business interruption covers. Go forward approach - future projects consider potential natural disasters and threats as part of planning (e.g. Te Awaparahi Bay design). Earthquake and tsunami modelling and playbook reviews and updates. Transparency with stakeholders regarding insurance covers, uninsurable assets and potential financial impacts. Financial resilience - funding facilities and treasury policy headroom, with ongoing monitoring and reporting. <p>Asset Management and Infrastructure Resilience</p> <ul style="list-style-type: none"> Asset management strategy and resourcing review and uplift - focus on condition monitoring and critical infrastructure resilience. Essential services resilience reviews. Emergency readiness, compliance assessments and Coordinated Incident Management System (CIMS) training. Site security assessments. Business continuity planning. <p>Regional logistics coordination</p> <ul style="list-style-type: none"> Regional logistics coordination and disaster recovery arrangements. 		<ul style="list-style-type: none"> Promote and communicate clear statement on zero tolerance of bullying and harassment in the workplace, with clear consequences for bullying and bad behaviour. Increase visible felt in-field leadership focused on improving work culture. Progress the High Performance High Engagement (HPHE) programme with agreed goals for success. Complete and deliver a refreshed Capability and Development programme of work. Staff induction and performance management to include clear focus on LPC policy on bullying and harassment. Monitor and report on personal grievances of bullying and harassment, and how they are dealt with. Call out and deal with adverse work culture incidents and allegations, and review at work meetings and standups. Conduct employee surveys to get feedback on workplace culture. Review and update people policies to ensure appropriate coverage and zero tolerance statements. Implement targeted initiatives for specific areas with adverse work culture. 	<ul style="list-style-type: none"> AM Strategy is widely communicated and regularly reviewed, with a whole-of-asset-lifecycle focus. AM structures, functions, roles and responsibilities reviewed and clarified - focusing on ownership and maintenance responsibilities. Actively progress implementation roadmap and business as usual lifecycle activities, with execution, monitoring and reporting against targets and benchmarks, including the following key focus areas: <ul style="list-style-type: none"> Asset Management Plans. Risk profiling and condition assessments. Agreed performance expectations. Preventive maintenance plans. Lifecycle investment plans. Delivery and execution of maintenance and improvement plans. 	<p>Compliance</p> <ul style="list-style-type: none"> Certified environmental management system. Environmental monitoring and controls. Risks appropriately identified and continually monitored. Invest in appropriate plant and equipment to manage high risk activities. <p>Community</p> <ul style="list-style-type: none"> Regular engagement with communities and stakeholders. Mana Whenua Advisory Group (MAG) in operation with Te Hapū o Ngāti Wheke. Port Liaison Committee (PLC) part of noise management plan. Sponsorships for harbour communities. Port developments and access to facilities to include community considerations. <p>Shareholder</p> <ul style="list-style-type: none"> Shareholder engagements and communication in development of Statement of Intent, environmental and sustainability strategies, and Port developments.
Primary related capital	 Whanaungatanga	 Sustainable Profitability		 Whanaungatanga	 Infrastructure for the Future	 Manākitanga  Kaitiakitanga
Priorities and issues	<ul style="list-style-type: none"> Employees and contractors go home safe each day. Supportive health and safety culture. Simplified and aligned health and safety systems and processes. Visible safety leadership. Prioritising safety in the workplace. New ways of working. Leveraging advances in technology. Adapting to evolving industry practices and demands. 	<ul style="list-style-type: none"> Emergency readiness and response. CIMS documentation and standards. Financial sustainability – insurance and funding. Planning and monitoring for extreme events. Critical infrastructure resilience approach. Culture of care and resilience. 		<ul style="list-style-type: none"> Effective culture transformation through Workplace Culture Action Plan. Union engagement and participation. Leadership team demonstration of commitment to culture transformation. Tikanga - a key part of workplace culture change. Re-energise performance management tools, processes and deliverables. Promote one team culture. 	<ul style="list-style-type: none"> Complexity of asset portfolio and ownership responsibility. Asset condition and health. Aging critical infrastructure. Transition to low carbon economy. Asset utilisation and availability. Optimising asset operating cost and ownership. 	<ul style="list-style-type: none"> Close caring community relationship. Community concerns heard and effectively addressed. Active support for initiatives that are important to the community. Effective relationships with and support for all our key stakeholders.

	06 Operating efficiency and capacity	07 Infrastructure investment		08 Business and digital continuity	09 Corporate strategy	10 Climate change
Risks	Operating efficiency, productivity, flexibility and staffing constraints prevent LPC from meeting evolving customer performance and delivery requirements, resulting in adverse customer satisfaction, loss of business, reduced influence and relevance, poor industry reputation, and lower profitability and cashflows to fund growth.	Our infrastructure investments programme is not adequately and appropriately prioritised or funded to meet trade volume growth projections, local and regional priorities, and science-based decarbonisation timelines, resulting in Port capacity constraints and failure to meet decarbonisation targets.		Digital systems vulnerabilities are exploited impacting LPC's data, systems, and/or physical assets, and adversely impacting LPC's ability to operate and function.	We do not proactively navigate local, regional, national and international political change and engage in regional and national port strategy and policy setting, leading to a loss in revenue, commercial opportunity or autonomy and uncertain long-term support for major initiatives and infrastructure projects.	We do not proactively manage the risks associated with climate change, leading to - adverse asset exposures to sea level rise, more frequent and worsening impacts of extreme weather events, and adverse transition risk exposures due to increasing cost of compliance, changes to trading volumes and the industry, and the investments and asset sales required for LPC to meet the science-based emissions reduction targets.
Mitigations	<ul style="list-style-type: none"> Establish the optimum productivity and performance KPIs - sets out what good looks like. Leverage HPHE in establishing and agreeing improved ways of working with key stakeholders. Monitor and report performance against agreed KPIs and goals. Roll out Focus on the Future programme of work, to drive operational performance improvement initiatives, including groups for sponsorship, programme governance and focus working groups. Capacity modelling and workforce forecasting, focusing on short-term and medium-term requirements. Analyse and resolve workforce challenges, including hiring, retention, downtime and workforce availability. Optimise integrated business planning and reporting across the business and key focus areas including operations, digital and maintenance. 	<ul style="list-style-type: none"> Update, agree and communicate long-term infrastructure capital plan. Align operating plans, operating models, capital plans and long-term financial plans. Implement fit-for-purpose long-term financial modelling tools. Establish long-term funding priorities and options. Align capital investment plans with LPC long-term resilience and science-based decarbonisation plans. Peer review long-term plans and demand profiling to ensure assumptions are well grounded and appropriate. Communicate long-term funding plans and constraints with key stakeholders. 		<ul style="list-style-type: none"> Cyber Risk Management Plan and Programme documented and communicated. Cyber emergency management planned and practised. Leading cyber protections and tools implemented and operating. Cyber risk related activity monitored, including emails, transactions, and data traffic volumes. Regular review of system security and cyber readiness, including independent cyber readiness and maturity assessments. Regular Digital Risk Register reviews and updates. Key systems upgrades to facilitate effective cyber safety measures. Procurement processes delivering improved privacy and security outcomes. Digital policies and controls reviews and updates ongoing. Monitoring emerging legislation impacting organisations with critical infrastructure for compliance obligations applicable to LPC. Business continuity planning primarily focused on cyber risk events. 	<p>Local and regional:</p> <ul style="list-style-type: none"> Strong personal relationships with local community leaders. Regular meetings with council and shareholder. Continuous engagement with Lyttelton communities. <p>National:</p> <ul style="list-style-type: none"> Active participation in Port CEO Group. Participation in advocacy groups to promote key LPC strategies. Active membership of and meetings with Ministry of Transport, Port Industry Association and Maritime NZ. Establish regional and national support for major infrastructure projects. <p>International:</p> <ul style="list-style-type: none"> Keep a watching brief on world events and risk trends. 	<p>Climate risk assessment, adaptations and mitigations, including:</p> <ul style="list-style-type: none"> Establishing LPC's governance and leadership structures for managing climate change risk responses and priorities. Identifying and managing infrastructure assets at risk. Assessing risk severity and adaptation plans and actions. Assessing risks associated with the transition to a low carbon economy. Setting the adaptation plan and approach for mitigating climate risk. Aligning reporting disclosures with Task Force on Climate related Disclosures (TCFD) and NZ XRB reporting guidelines and standards. Assessing and aligning LPC's transition plans, decarbonisation commitments and required low carbon investments.
Primary related capital	 Whanaungatanga  Sustainable Profitability	 Sustainable Profitability  Infrastructure for the Future		 Infrastructure for the Future	 Manākitanga	 Manākitanga  Sustainable Profitability  Kaitiakitanga
Priorities and issues	<ul style="list-style-type: none"> Effective stakeholder engagement. New ways of working. Leveraging advances in technology. Adapting to evolving industry practices and demands. Moving to low carbon emissions solutions 	<ul style="list-style-type: none"> Prioritising, motivating, and securing funding and support required for large-scale infrastructure projects. Clarifying and agreeing returns required for capital projects. Building capability to manage and deliver large-scale infrastructure projects. 		<ul style="list-style-type: none"> Preventing unauthorised access to systems and data. Maintaining systems functionality, data security and appropriate access. Implement best in class systems, processes and protections. Ongoing vigilance and monitoring. 	<ul style="list-style-type: none"> Build strong regional and national political support for major Port initiatives and infrastructure projects. Monitor changes in policy settings that impact trade volumes, operations and opportunities. Build industry alliances that help promote and achieve key strategic objectives. 	<ul style="list-style-type: none"> Greenhouse gas emissions reduction to meet science-based targets. Equipment replacement and conversion to low carbon operations. Cost of carbon emissions reduction compliance. Impact on trade volumes and revenues resulting from climate change measures and developments. Cost of mitigating infrastructure impacts resulting from climate change.

Climate-related disclosures

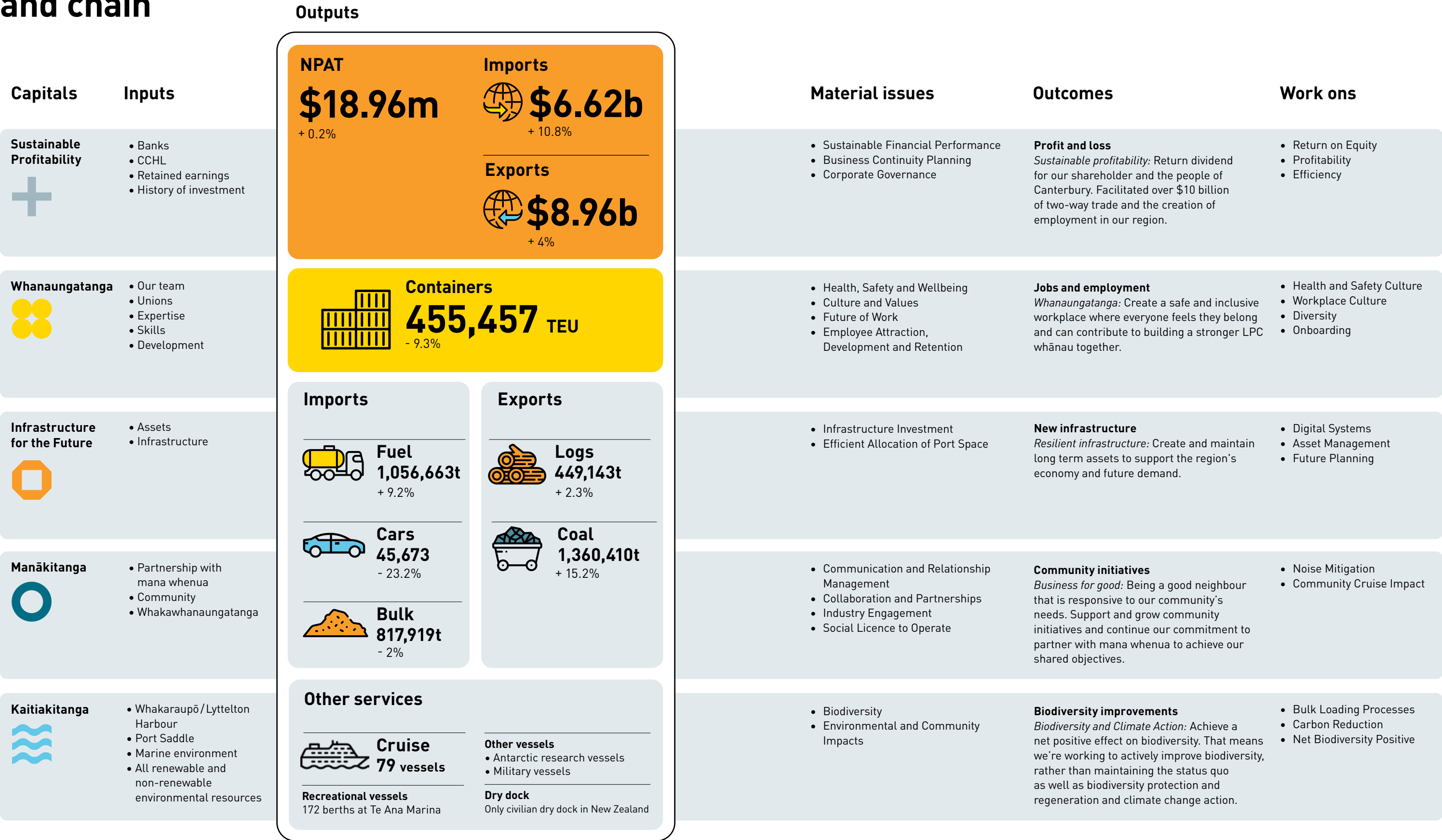
LPC has completed an initial climate-change risk assessment, focused on identifying its core assets most at risk due to climate change, and identifying and prioritising transition risks and opportunities associated with New Zealand’s transition to a low carbon economy. Climate change scenarios used in the assessment incorporated World Bank modelling and National Institute of Water and Atmospheric Research NIWA projections for Canterbury for the selected timeframes 2040, 2050 and 2090. Adaptation and transition plans are being developed and refined, which are expected to prepare LPC for climate change risks and opportunities.

The Government has introduced legislation to make climate-related disclosures mandatory for some organisations for financial years commencing in 2023. LPC’s reporting obligation arises through its shareholding by CCHL. The reporting will follow the standards issued by the New Zealand External Reporting Board (XRB), Climate-related Disclosures (NZ CS 1, NZ CS 2 and NZ CS 3) issued in December 2022, which were developed in line with recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

LPC is committed to meeting its climate-related disclosure obligations, with initial progress as follows. The XRB recommends disclosures across four main categories: Governance, Strategy, Risk Management, and Metrics and Targets which at a minimum are subject to a limited assurance engagement. LPC has adopted a phased implementation, with the Metrics and Targets disclosures progressing and included under the Kaitiakitanga section of the annual report.

Disclosure category	Recommended disclosure	Progress	
Governance	Identify the governance body responsible for oversight of climate-related risks and opportunities.	The LPC Board provides governance oversight regarding climate risk and related disclosures. LPC’s senior leadership and management has actively participated in a climate change risk assessment,	including involvement in identifying, analysing and prioritising climate-related risks. Senior leadership and management are also identifying mitigation and adaptation options to manage priority climate-related risks.
	Describe the current climate-related impacts, the scenario analysis undertaken, the risks and opportunities identified over the short, medium and long-term, and how the organisation will manage the global and regional economic transitions to low carbon emissions and climate resilience.	LPC has with independent expert support undertaken a climate-change risk assessment which considered three time horizons: 2040, 2050 and 2090. LPC operations at the coast and at sea level naturally increases LPC’s susceptibility to climate related risk events, such as storms and sea surge flooding and damage, which are anticipated to get worse over time. The categories of assets identified with the highest climate-related physical risks included the three-waters assets, the transport assets, the dry-dock precinct, the	wharves and jetties, and the high voltage electrical assets. The climate-related risk scenarios primarily included storms, high winds, and floods, all impacted by climate change and rising sea levels. LPC’s plans and strategies to transition to low-carbon emissions are currently being prepared with expert independent advice, which will inform LPC’s transition plans and timelines to lower carbon emissions.
	Describe the financial impacts of climate-related risks and opportunities on the organisation’s businesses, strategy and financial planning.	LPC has assessed climate-related risks and opportunities as a key element of its strategic and longer-term infrastructure planning. This included considering risks to business, strategy and financial planning through	investigating consequence dimensions related to all identified climate-related risks, as well as integrating strategic priorities and challenges for the organisation’s transition to a low-emissions future.
Strategy	Describe the organisation’s positioning as the global and domestic economy transitions to a low-emissions, climate-resilient future.	LPC has adopted a worst-case scenario for its initial climate risk assessments and mitigation responses. For physical risks to assets an RCP8.5 is assumed, where warming will as likely as not exceed 4°C, which presents the worst outcomes for LPC’s assets at risk of climate change. For transition risks, an RCP2.6 is assumed where warming will not likely exceed 2°C due to the most aggressive authoritative mitigation response, which will likely place the highest compliance burden on LPC.	Procurement, asset replacement, infrastructure investment, port operating models and financing options and strategies are currently being progressed, with external expert advice and resourcing, to enable LPC’s transition to a low-emissions, climate-resilient future. RCP – ‘Representative Concentration Pathways’ is the concentration of carbon that delivers global warming across the planet, at an average of watts per square metre
	Describe the organisation’s processes, tools and methods, and the time horizons considered, for identifying and assessing climate-related risks, and the frequency of assessment.	LPC has undertaken, with external expert support, a climate change risk assessment which considered climate change impacts to physical assets and the cascading impacts to operations. This assessment included likelihood, where the probability of climate hazards occurring was considered, and consequence dimensions applied to the anticipated adverse impacts resulting from	climate change, and considered the time horizons to 2040, 2050, and 2090. The detailed risk assessment and mitigations focused on the top five categories of assets most at risk due to climate change.
	Describe the organisation’s processes for managing climate-related risks.	LPC reviews and updates the identified climate-related risks and mitigations at least annually, with oversight and support from the Risk and Assurance, Infrastructure and Environment and Sustainability teams. Climate adaptation	and mitigation plans and actions, to address identified priority climate-related risks, are under development and refinement.
Risk management	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation’s overall risk management.	The climate-related risks are assessed and managed in accordance with LPC’s overall risk management framework and processes. Identified risks are assessed in accordance with the risk matrix, which considers both the likelihood and severity of the risks in prioritising and resourcing the adaptation and mitigation plans.	Climate change risk is included as one of the risks in the Strategic Risk Register, which is under the governance oversight of the Board.

Value creation and chain



Sustainable Profitability

Sustainable profitability is key to enabling LPC to deliver value to our region economically, socially and environmentally. That is why over the last three years financial years we have focused on lifting our profitability both to provide fair returns to our shareholder and give us the ability to invest in the infrastructure and assets we need to support the regions’ growth and make our operations more sustainable.



Material issues	Key metrics	Work ons
1 Sustainable Financial Performance	TEU 455,457	>> Return on Equity
2 Business Continuity Planning	FY21-22: 502,210 9.3% down	>> Profitability
3 Corporate Governance	NPAT \$18.9m	>> Efficiency
	FY21-22: \$18.9m	

Key highlights

Revenue continues to grow, rising 12% in FY23 to \$181.7m. At the same time, the total value of goods imported and exported through LPC grew to \$15.5b, with exports up 4% and imports growing by over 10% in value.

This rise in value came despite container volumes softening in FY23, with a decline of 9.3% to 455,457 TEU, still the second-highest total TEU throughput in our history. The decline was a result of a number of factors: the impact of international and domestic economic conditions, labour pressures in our container terminal and the loss of part of our berth length during the construction of our replacement ship-to-shore crane.

Despite this revenue rise, our Net Profit After Tax remained flat, at \$18.9m, the same number as FY22. The main driver of this was the decision to deconstruct derelict inner harbour jetties, which are both a safety risk for our vessels and a potential home for Mediterranean Fanworm. Inflationary pressures and the decision to continue investment in the renewal of systems like our IT infrastructure saw costs rise, with a year-on-year increase in expenses of 14%.

The continued development of the Port, including the Eastern Development expansion of the Lyttelton Container Terminal, has seen debt continue to rise slightly slower the predicted debt track in our Statement of Intent. Debt reached \$213m, an increase of \$48m over FY22, but less than the predicted \$240m. This lower amount is mainly due to the timing of development being delivered, and we expect it will continue to rise as the Port continues to develop.

Our bulk tonnage increased 7%, up 250,605t to 3,766,347t in FY23. **Strong growth was seen in coal, up 15%** to 1,360,410t, and **fuel, up 9.2%** to 1,056,663t. Logs also saw a slight uplift, up 2.3% to 449,143t.

Dry bulk was flat at 818,000t, a slight decrease of 1.7%. Cars proved to be the trade most affected by economic conditions, with numbers imported declining 23% year on year, to 45,673.

The coming year continues to present challenges, with cost pressures still in play, and volumes likely to still be affected by global and domestic economic conditions. We will continue to focus on ensuring we maintain a prudent level of profitability for our shareholder, while continuing to be able to deliver on our key purpose of facilitating trade for Canterbury and the South Island.

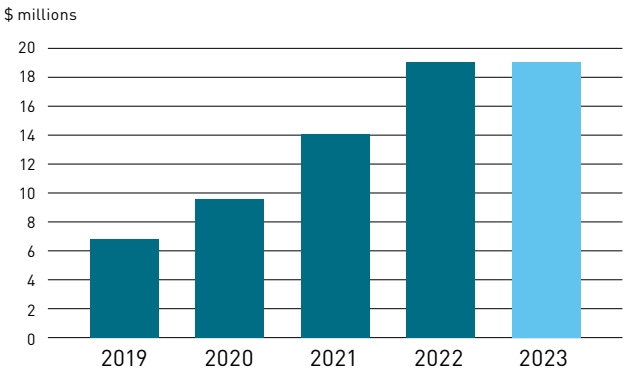


Our Net Profit After Tax remained flat, at \$18.9m, the same number as FY22.

Financial summary

Net Operating Profit

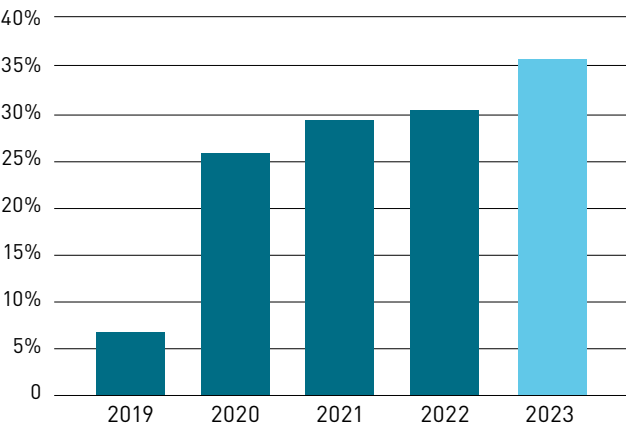
LPC’s Net Operating Profit in FY23 was reduced by the decision to take the full cost of the removal of obsolete jetty structures into the results. The \$3.0m impact of this held Net Operating Profit to similar levels as last year but the underlying result shows the Leading the Way strategy activities have delivered as expected. Improvements in pricing structures continue to deliver ongoing value.



Debt to Equity

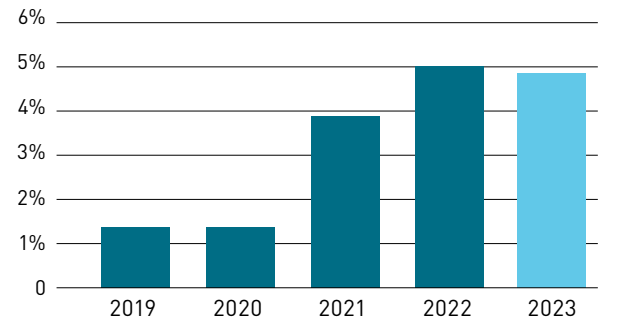
Borrowings have increased reflecting continued investment in and renewal of the Port infrastructure such as the completed Eastern Development, new maintenance workshops, and the replacement of a fourth ship-to-shore crane. The investment will help LPC keep up with the substantial growth experienced through the last five years. Over the longer term, debt will continue to increase with the expansion of the container facilities eastward and away from the township continued.

LPC remains well within banking covenants with ample headroom in the important leverage ratio.



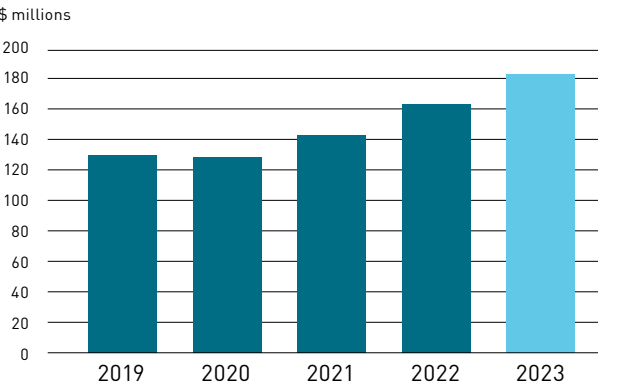
Return on Equity

Return on equity (ROE) was flat in the FY23 year but has experienced significant growth from the lows of 2019 and 2020 thanks in part to a \$190m Fair Value asset write down in FY20, as well as increased revenue and improvements in NPAT. We expect to see this indicator trend upward over the coming years through an increasing focus on efficiency initiatives and execution of the pricing model.



Operating Revenue

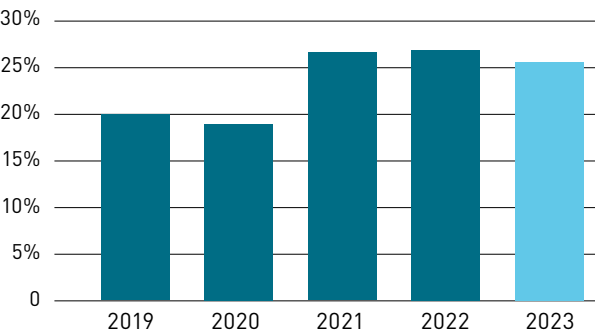
Operating Revenue continued to benefit from the pricing strategy execution, solid volumes across bulk wharves, and increased coal volumes. FY23 revenue was \$181.7m, up \$19.9m (12.3%) from FY22 and \$39.4m (27.7%) from FY21. Container volumes dropped from the FY22 year high of 502,210 TEU to 455,457 TEU as supply chains stabilised post Covid-19 and tranship traffic relocated while our replacement fourth ship-to-shore crane was completed on Cashin Quay reducing berth capacity between March and June.



EBITDA Margin

LPC’s Earnings Before Interest Tax Depreciation and Amortisation margin (EBITDA margin) fell slightly in FY23 reflecting the decision to take additional costs into the result and the inflationary economic environment. Investments in environmental and sustainability initiatives alongside digital systems renewals, while positioning the business better to take on future challenges, have impacted the EBITDA margin.

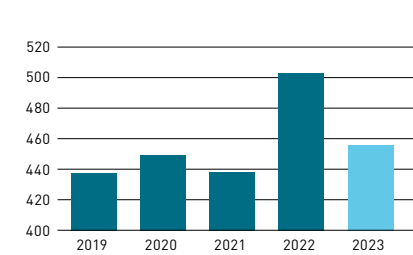
FY24 challenges to EBITDA include the inflationary environment continuing longer than anticipated and changes in operational conditions such as the return to berthing windows.



KEY TRADES

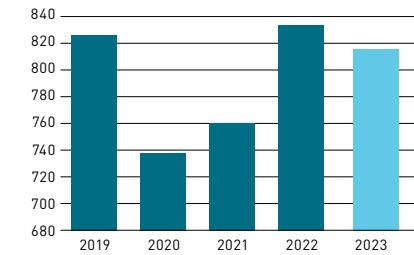
Containers

TEU '000s



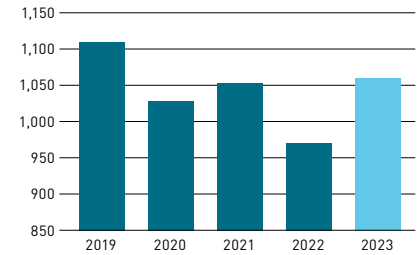
Dry Bulk

Tonnes '000s



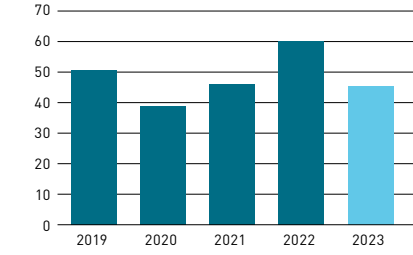
Fuel

Tonnes '000s



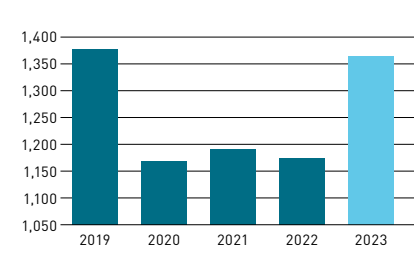
Cars

Vehicles '000s

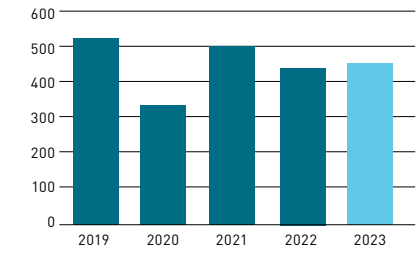


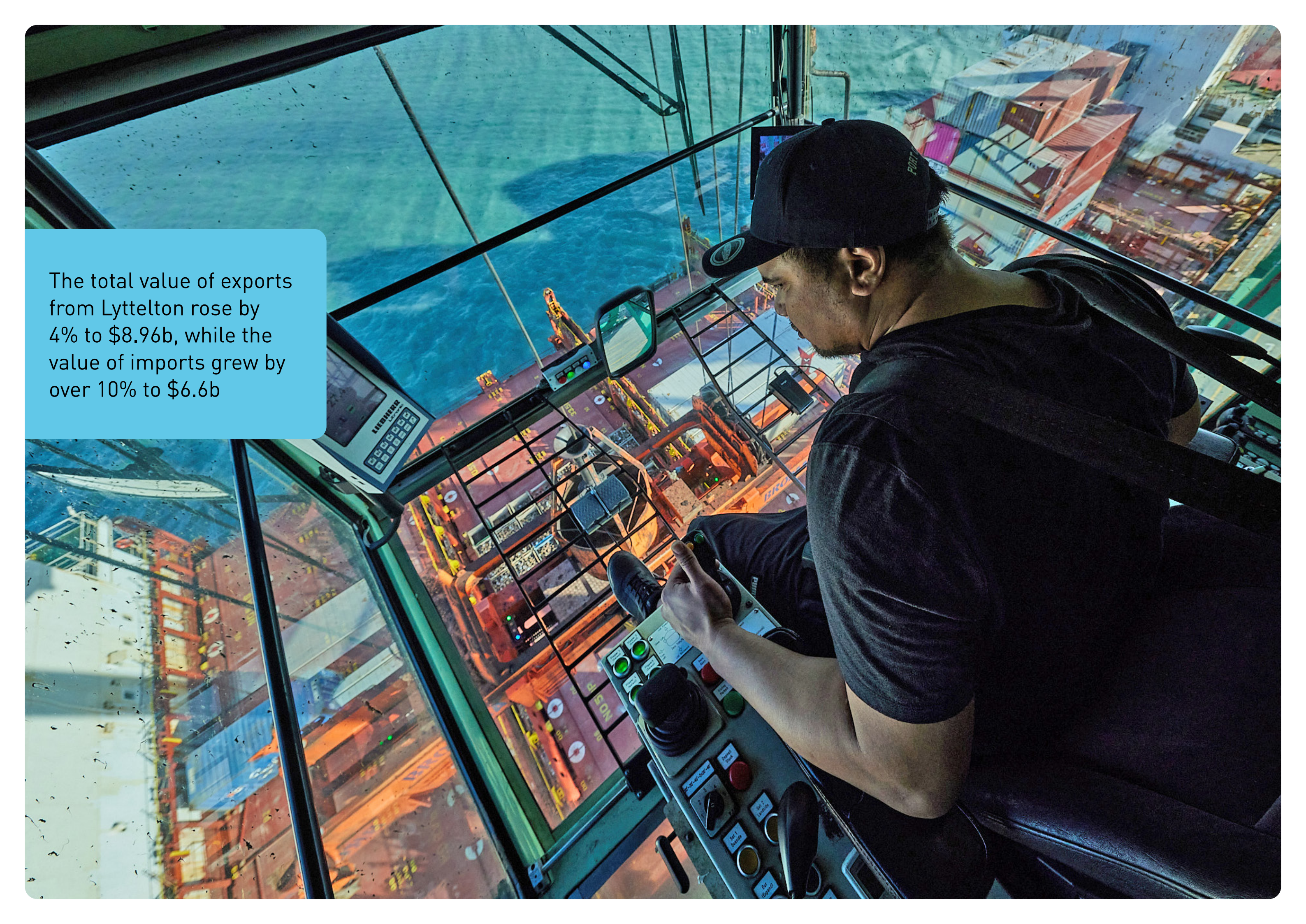
Coal

Tonnes '000s



Logs



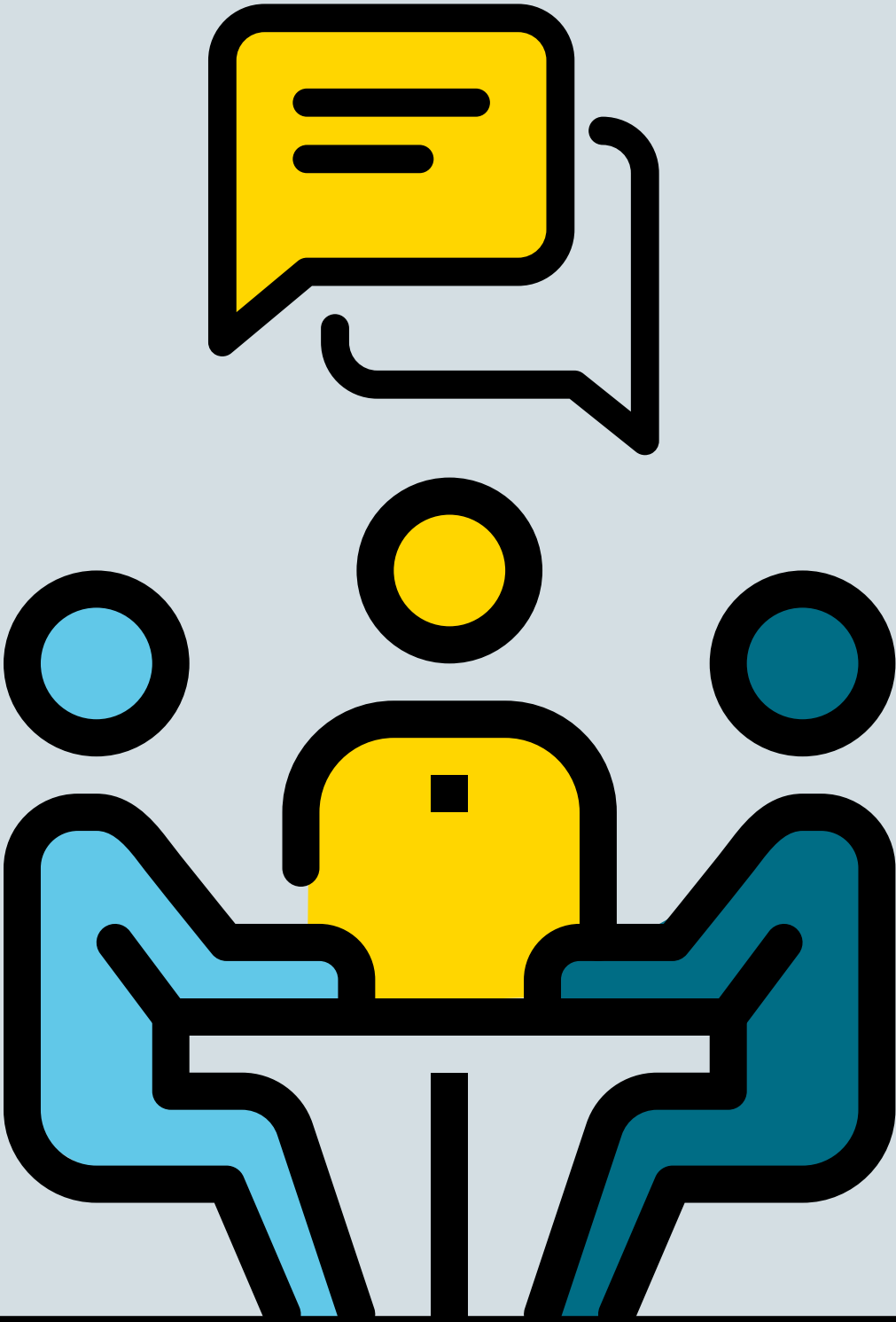
A man wearing a dark cap and t-shirt is seated in a control cabin, operating a port crane. He is looking down at a control panel with various buttons and levers. The view through the window shows a busy port area with stacks of colorful shipping containers (red, blue, yellow) and a large orange crane arm. The sea is visible in the background.

The total value of exports from Lyttelton rose by 4% to \$8.96b, while the value of imports grew by over 10% to \$6.6b

Material issues	Key metrics	Work ons
1 Health, Safety and Wellbeing	TRIFR 3.24 FY21-22: 2.59	» Health and Safety Culture
2 Culture and Values		» Workplace Culture
3 Future of Work	LTIFR 2.27 FY21-22: 1.62	» Onboarding
4 Employee Attraction, Development and Retention		» Diversity
	Gender Split 87 % Male 13 % Female FY21-22: 82% Male, 12% Female	

Whanaungatanga

Lyttelton Port is powered by its people.
 Their combined hard work, ideas and energy are what enables our organisation to thrive. It’s our responsibility to ensure that people who work with us, and for us, are properly protected, supported and valued in return.



Key highlights

Over the past year we have continued to focus on safety, knowing that our work in this area is never done – and nor should it be. In FY23 we undertook a range of tactics to further reduce operational risk, including leadership, engagement, training, systems and tools, and a number of plant and equipment upgrades.

We also completed a comprehensive Critical Risk Assurance Programme in collaboration with our unions, industry experts, contractors, PCBUs and anyone else working at the Port's 'coal face'. This review has resulted in greater understanding of risk at every level, and identified a number of short, medium and long-term improvements.

Another key development this year has been the drafting of a new People Strategy to align with the LPC Business Strategy. This is the first People Strategy to be put in place at LPC. Looking ahead, it will enable us to have a clear plan on how we attract, support and empower our workforce.

Embedding our values of Diversity, Equity, Inclusion and Belonging remains a core focus. This year saw us introduce new onboarding processes, investigate the gender pay gap and start a scholarship for women in Port-related trade careers.

We have also established a new fitness for work programme which strives to support people's wellbeing both in and out of work.

This year saw us introduce new onboarding processes, investigate the gender pay gap and start a scholarship for women in Port-related trade careers.



Safety overview

LPC is committed to continuous improvement in Health and Safety, with an overarching focus on reducing operational risk. This year, progress has been made in three key areas: leadership and engagement, fundamental risk management and simplified systems.

Leadership and engagement



Improved participation

LPC has embarked on a programme of work to improve the participation of Health and Safety representatives and committee chairs, and lift the workforce’s understanding of the eight Life Saving Commitments.



Critical Risk Assurance Programme

LPC has engaged in a comprehensive and collaborative review programme that has enhanced executive oversight and generated a range of safety improvements. (See Page 54)



Safety partnerships

LPC has worked actively alongside WorkSafeNZ and Maritime NZ to improve collaboration, cooperation and coordination of workplace activities. LPC is also working with the Port Industry Association to create an improved code of practice for stevedoring, improvements in training, and incident and data sharing.



Safe Mate

LPC provides recognition of good safety performance in the workforce through the Safe Mate’ award. Every month, several peer nominations are submitted, indicating good uptake amongst staff.

Fundamental risk management



Fatigue management

LPC has been working in consultation with our workforce, union partners and operational leaders to understand the implications of introducing a fatigue management system. These risk assessment processes will identify levels of fatigue in the workforce, which can not only improve productivity and safety at work, but enhance wellbeing outside the workplace as well.



Permit to work

LPC continues to enhance the use of our permit to work and authority system, providing an opportunity for LPC to work more closely with contractors and PCBUs with regards to high risk work activities.



Other risk reduction

Further initiatives in FY23 include improved forecasting for wind and weather events, use of data from our straddle fleet to improve operator safety performance, and training to refresh our emergency management capacity.



Plant upgrades

This year saw the completion of a purpose-built straddle maintenance workshop in the Eastern Development. The workshop is in a safer location, with modernised equipment and improved facilities. Adjacent to the workshop there are new truck exchange lanes with improved safety interlocks. The removal of the old workshop will further improve traffic management in our operational container yard.



Fitness for Work

LPC has started a Fitness for Work programme in which staff are offered the opportunity of free appointments with an occupational health nurse to monitor their baseline health. The intent of this is to improve staff wellbeing both in and outside of work.

Simplified systems

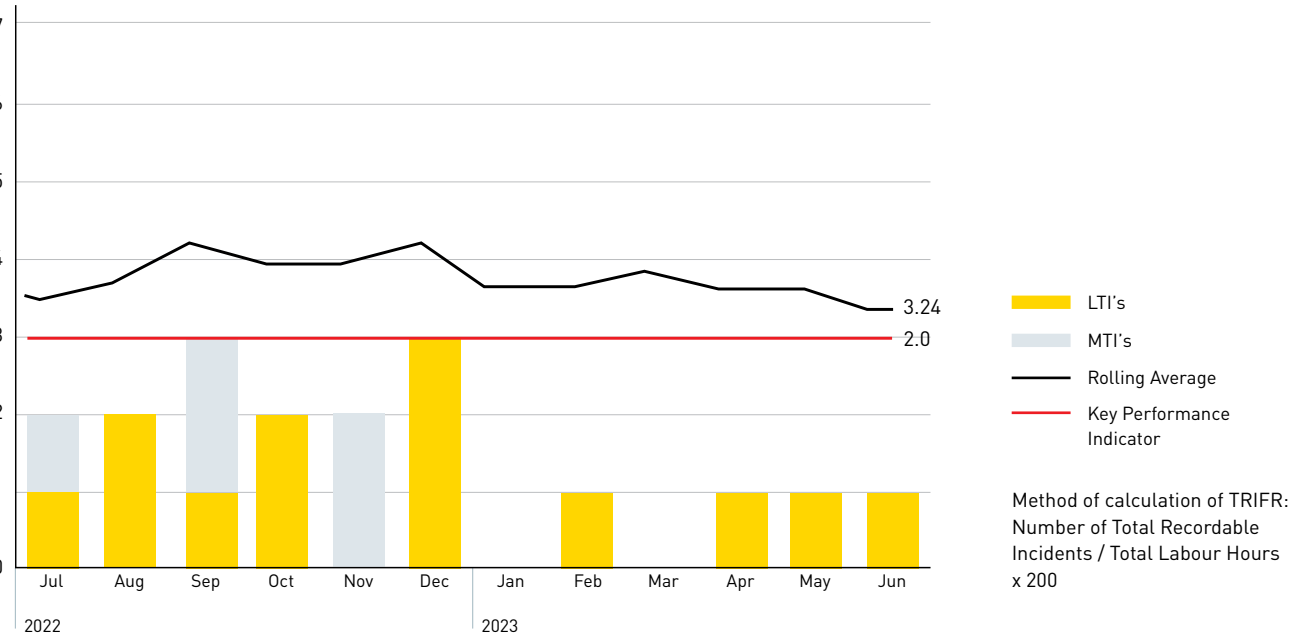


Integrated management software

LPC has engaged a Christchurch-based software company to install a new integrated safety software management system. Once implemented, this will provide a contemporary, fit-for-purpose solution with potential for future enhancements.

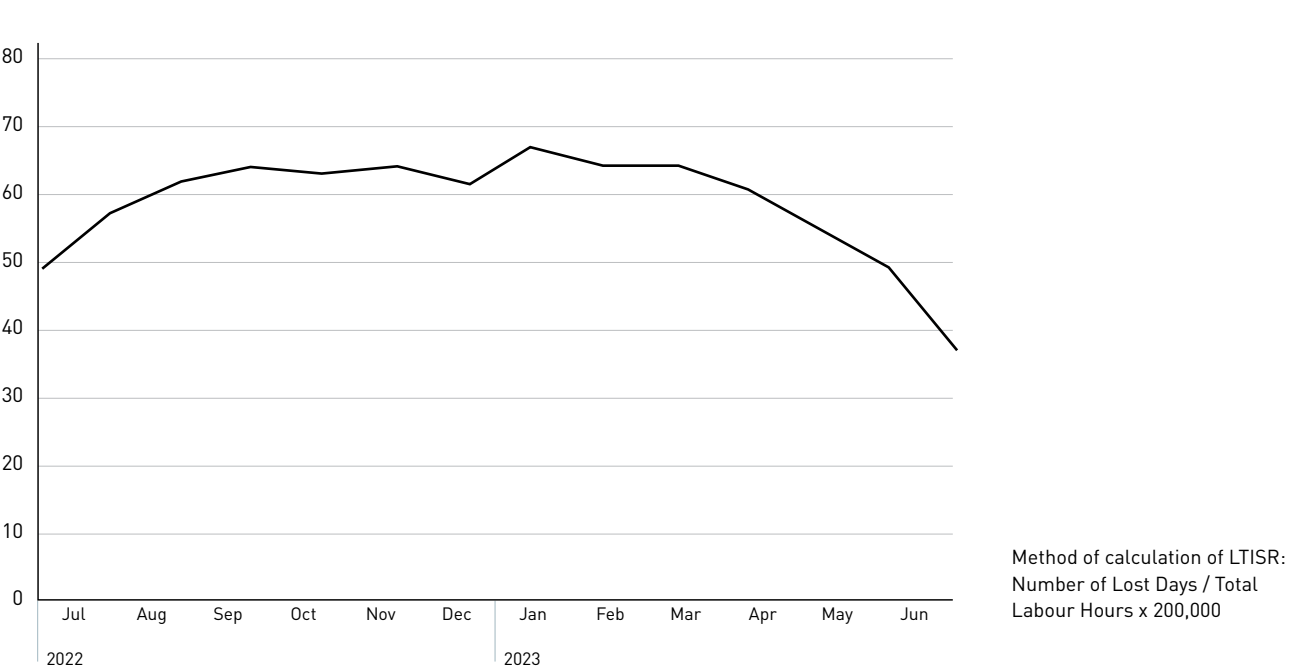
Total Recordable Injury Frequency Rate (TRIFR)

MTI/LTI Cases per month



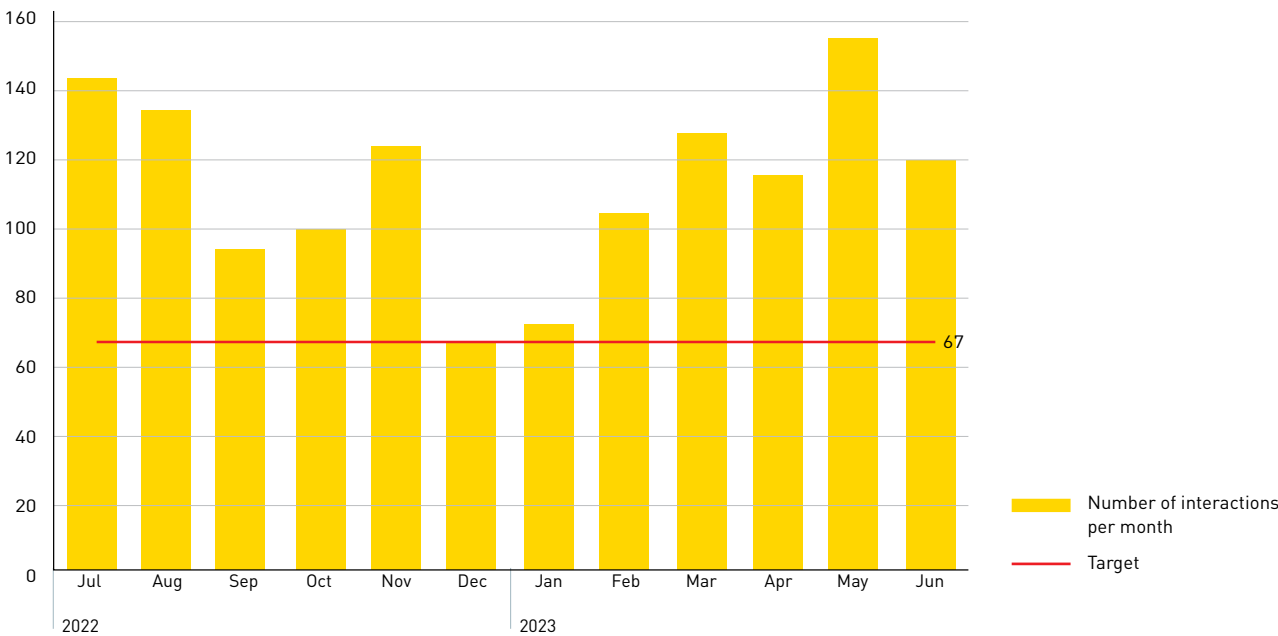
Lost Time Incident Severity Rate (LTISR)

Severity rate



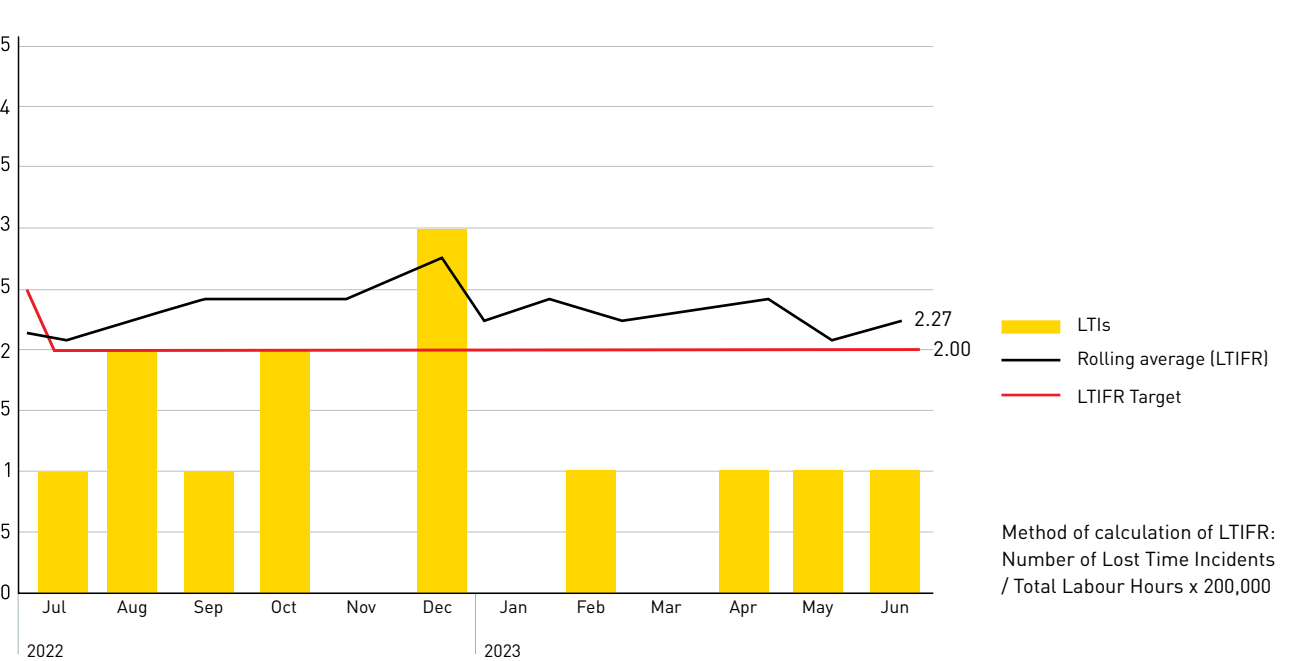
Kōrerorero HSE Interactions

Number of Kōrerorero per month



Lost Time Injury Frequency Rate (LTIFR)

Cases per month



Health and Safety Committee Rep: Marty Needham

What are the health and safety committees and how do you join them?

Ports can be high-risk environments, so health safety has to be at the centre of everything we do at LPC.

The committee is one of the forums at LPC where the internal stakeholders in the terminal meet regularly to manage the various risks in our working environment, and ensure we continue to meet our regulatory obligations. We want to ensure LPC is a safe place for everyone.

I'm a health and safety rep (HSR) for my cargo handler group and the vice chair of the Lyttelton container terminal H&S Committee. There are elections held for HSRs every 3 years, and I was lucky enough to be nominated by my group. I became an HSR in October 2022, so I'm relatively new. But it's been a busy and enjoyable journey so far. Along with the other 19 cargo handler HSRs on the committee, we're working hard to continue the great work of the previous committees before us.

Why did you want to be a rep?

I became a rep to gain more insight into how we operate at the Lyttelton container terminal. As a cargo handler, knowing we can have direct input into matters relating to how we work is empowering. And personally, it's been very satisfying for me having a positive influence on the working environment and wellbeing of my fellow cargo handlers.

What are some of the projects you worked on in the last year?

We're really fortunate to have a committee comprised of very positive, pro-active cargo handlers. We have a good mix of experienced old-heads and enthusiastic newbies, and everyone's keen to roll their sleeves up and get involved. We've seen a lot of positive change as a result.

We hit the ground running from day one: inductions, training and upskilling, followed by risk assessments, rail rake improvements, and stacking. More recently we've been engaging our customers to improve health and safety in the truck lanes, a project is underway to update and improve signage on our cranes, and we continue to raise ad hoc issues on behalf of our workmates to ensure their safety and wellbeing is maintained.

Where this committee is making huge strides is in changing attitudes. Health and Safety is no longer a barrier to work, but central to how we work. Gone are the days of two opposing sides sitting at opposite ends of the table. We're solutions-focused, engaging, and welcoming opportunities to collaborate across teams to achieve results. Plenty of work to do, but heading in the right direction.

How does the committee fit into the wider business?

Without the Committee, managers would need to address these issues directly, which is cumbersome, inefficient and removes them from

their core roles. The Committee removes this bottleneck and functions to allow such matters to be dealt with efficiently whilst enabling work to continue as normal where possible.

Sometimes, issues can be about perspective: for example, how a situation appears to an engineer may be different to a manager, which may be different again to a cargo handler. So as a HSR, I provide input on behalf of my fellow cargo handlers. But when the committee meets, we are a collective of the various areas of the terminal, and its the inputs from each rep which enables everyone to fully understand how actions may impact other areas of the terminal. The Committee acts as a conduit between the various operational areas to ensure any changes made will ensure the continued operation of the Terminal as a whole. We're about 'greasing the wheels' as opposed to being a 'spanner in the works'.

How does LPC support you?

LPC has been fantastic at giving us the opportunity to create our own path and set the tone for how the Committee functions - it's this kind of leadership that enables people to flourish and demonstrate their talents. With further opportunities for training and upskilling, we're confident we'll continue to add real value and be the positive influence we need to continue to be. Enthusiasm and positivity are infectious, and this group has it in spades!



“Everyone's keen to roll their sleeves up and get involved. We've seen a lot of positive change as a result.”

Critical Risk Assurance Programme

In FY23 LPC engaged in a Critical Control Assurance Programme, led by the Chief Executive and supported by Chief Health and Safety Officer Steven Barclay and an independent industry expert.

The programme comprised of in-field time collecting data points of how work is done, along with 17 Critical Control Verification Review sessions. Together, these sessions have provided an in-depth assessment of all 17 critical risks at LPC.

A risk reduction conversation

Each session brought a range of relevant parties together to share their insights. Participants included subject matter experts, operational leaders, workforce representatives, union representatives, third party contractors and PCBU's. Sessions focused on the capability, training and competency of operational staff, the completeness and suitability of documented processes, and fit-for-purpose plant, infrastructure and equipment.

The sessions culminated in a report to the board and CEO to provide oversight and insight into the management of high-risk activity at LPC. They have also led to some 'quick wins' – immediate operational improvements in process and practice – as well as longer term safety initiatives.

Examples of outcomes include:

- Improvements to site access
- Safer movements around site
- Improvements in the management of a variety of energy sources
- The development of operational management plans and Triggered Action Response Plans (TARPs)
- Improvements to LPC's onboarding and induction process
- Procurement of a learning management system

Steven says the programme has been extremely useful in furthering the safety conversation. "The sessions have provided an opportunity for our workforce to meet with senior and executive leadership in an open session, to share an understanding of how they work and the safety challenges they face every day."

Collaboration with our unions

Union participation has been central to the Programme's success, with representatives present at each of the 17 sessions. Gerard Loader, local president of Maritime Union New Zealand and foreman stevedore, says it's important that both unions were involved. "Our members work the job every day. We bring experience from the workshop floor to help identify critical risks, how we label them and what to do about them," he says.

In his 13 years at Port, Gerard says LPC has always taken safety seriously. "They don't simply sit on what they've achieved, you've got to give them kudos for that," he says. "When it comes to risk, nothing's ever perfect. But we made a lot of headway. People are getting more aware right across the board, and that's a good thing."

“

When it comes to risk, nothing's ever perfect. But we made a lot of headway. People are getting more aware right across the board, and that's a good thing.

”

Safety improvements

Midland tags

A new initiative at MidlandPort shows that safety can come in all sizes. Midland's workshop team found the test and tag stickers weren't going the distance and were wearing out early.

The test and tag stickers are an important part of making sure we use safe and secure tools. So, they looked to the rural industry and found that cow ear tags would be a great potential solution. After numbering them, the team built a spreadsheet to correspond to the new tags.

Now the tags are durable through all operations, which means they can easily keep track of wear and tear and service requirements.

Straddle tip alarm

Straddles are a core piece of machinery at the Port, with our cargo handlers sitting 13m in the air to drive the 70-tonne container carriers.

While working with the Digital Team to create an accurate reporting from the onboard data recorded, our Operations Team became aware that the number of tip alarms signalled was over 10,000 for the month of January. These alarms indicated potential tipping events, posing an extreme risk for the drivers.

A combination of engaging education from our leaders, with strong buy-in from the workforce meant that over a six-week period, alarms went from hundreds in a 24hr period to almost zero. It's fantastic to see our straddle drivers take ownership and create a safe and positive driving environment with a dramatic result in such a short time frame.

Man overboard drills

Every day our teams are working on or near water, whether that's our Pilots and Launch crew or our Civil Maintenance Team in punts.

A part of keeping safe while out on the water is our overboard training which takes place each year.

This gives our teams a chance to put into practice the emergency procedures in place in a safe and controlled environment.

The realistic exercise makes the team rely on safety gear like life jackets, as well as each other to rescue them from the scenario.

While we hope our teams never have to use this training, it's important that they are well-equipped to deal with any situation they may come across.

Lashing facility

A joint effort between our operational teams has led to a new lashing training facility. Lashing is done aboard container vessels to keep the containers in place during transit. Previously lashing training was only able to be done aboard the vessel.

Lashing is a key job for our cargo handlers and requires physical strength and technique. This new facility moves the training from the operational area to a safe environment where our staff can learn proper techniques.

This will be used in our onboarding testing, as well as returning to work programs. The operational team are also excited to invite other members from around the business to create a greater understanding of what's involved in the job.



Lashing is a key job for our cargo handlers and requires physical strength and technique.

Culture update

LPC has been on a journey towards embedding its principles and values into the business. Our workplace culture continues to evolve in a positive direction thanks to strategic initiatives at every level of the business.

People Strategy

This year has seen the development of an important new milestone: LPC's first ever overarching People Strategy. This new strategy sits directly beneath the LPC Business Strategy and is aligned with its objectives. Development has been a collaborative and consultative process, led by Chief People and Culture Officer Lesley Fleming.

The LPC People Strategy is anchored in six key elements, which in turn inform the eight key components of the People and Culture Strategy. Currently in the final stages of its development, the People Strategy will provide a clear plan for how LPC attracts, supports and empowers its workforce.

Onboarding

In February 2023 the People and Culture team was restructured and expanded to enable the business to achieve its objectives. Their work has made a significant difference to LPC's culture and brand perception, internally and externally.

The team has made particular strides in how LPC inducts and onboards new employees. One new initiative is the Mihi Whakatau. In this event, new employees come together for a pōwhiri where they are welcomed by LPC's Māori development advisor and the Executive Leadership Team. With each new staff member asked to introduce themselves, the last event had the introductions delivered in eight different languages, including Chinese, French and Spanish. Another initiative has been the creation of an interactive onboarding video, which sets new employees up to understand LPC's culture of respect in a positive and proactive way.

DEIB

Last year, LPC created Te Whakaroopu, our Diversity, Equity, Inclusion and Belonging committee. Te Whakaroopu has met regularly throughout the year to develop their framework and progress DEIB values at LPC.

On June 15, they invited the entire LPC team to celebrate Women in Trade Day. This worldwide initiative is designed to shine a spotlight on women in trades, showing appreciation for the work they do while acknowledging the barriers they've overcome.

LPC has also created a new scholarship to encourage more women into operational roles. The scholarship will support women who are interested in pursuing trades careers relevant to the Port. Studies will be undertaken at Ara, who will promote and facilitate the scholarship. Applications will open in late 2023, with successful applicants starting their studies in February 2024.

Individual Development

LPC provides leadership development on an individual basis. Rather than taking a programmed 'one size fits all' approach, individual objectives are established according to each person's needs. These are then supported through a raft of measures from professional workshops to internal coaching. LPC is continuously talent mapping and our managers are encouraged to identify budding leaders within their teams. In FY23 three employees were selected to enter the CCHL Women In Leadership development programme.



Our workplace culture continues to evolve in a positive direction thanks to strategic initiatives at every level of the business

Our people must be 'fit for work'

Fitness for work is where an employee is physically, emotionally, and mentally capable of performing their role competently and safely.

All health issues that may pose a risk to our people safely undertaking their work are identified and managed.

The Fitness for Work programme is an enhancement of the Annual Health Monitoring Programme, with added physical assessments.

All operational roles have been assessed for the physical demands required to undertake the tasks safely and sustainably.

It will ensure all employees and prospective employees are fit for their roles, especially those who undertake tasks where the risk to themselves or others is higher should they experience a health issue.

The programme provides:

- risk-based assessment of tasks across all operational roles
- benchmark for employees' physical demands to sustain the tasks safely
- benchmark levels of health and disease within our workplace.
- Health Management Plan for employees where health and injury issues pose a risk at work
- proactive pathways for managing health issues where employees' health doesn't meet the benchmark to support employees in retaining employment

LPC expects all employees to declare and proactively manage any health or injury issue that may impact their ability to undertake their job safely.

All prospective employees will undertake a pre-employment fit-for-work assessment.

This includes tests for:

- Hearing
- Vision
- Lung Function
- Cardiorespiratory fitness
- Cardiovascular assessments
- Sleep Assessment
- Mental Health
- Diabetes
- Balance
- Strength and mobility

Periodic Fitness for Work Assessments will be scheduled every year or after a period of absence to ensure employees maintain a level of health and fitness that mitigates their health being a factor in an incident. An Occupational Health Nurse will perform all tests, and employees will be fully informed of the monitoring outcome.

Where employees have a health issue that may temporarily impact their work, LPC will create a Health Management Plan raising awareness of the diagnosis, a treatment plan, and a time frame for recovery. The programme will educate our employees on the role they have to play in creating and maintaining a working environment without risk to their health.

Evolving with our unions

Evolving the working relationship between LPC and the unions remains core to the business.

In 2021, LPC signed a High Performance High Engagement Charter with the Maritime Union of New Zealand (MUNZ), the Rail and Maritime Transport Union (RMTU) and the Amalgamated Workers' Union of New Zealand (AWUNZ).

The Charter jointly commits LPC and the unions representing LPC employees to each other's success and the development and fostering of a safe, cooperative and inclusive culture.

Chief People and Culture Officer Lesley Fleming says that the relationship is in a really positive space.

"This was really apparent in our collective bargaining, which took place this year," says Lesley.

Collectives are our employment agreements which cover our unionised workforce, almost 500 employees.

"There was an open discussion and a desire to figure things out together.

"We can certainly find ourselves on different sides of the table on things, but we were able to find a way forward".

Gender pay gap

Our gender pay gap analysis taken from 27 March 2022 identified our gap to be 10.9%, which is slightly more than the national average of 9.2%.

LPC is focused on attracting great people, developing a collaborative and stable workplace environment and creating a diverse and inclusive workforce.

We recognise that a part of that is addressing the gender pay gap, something many organisations around New Zealand are facing.

The main driver of this is vertical segregation, as we have more men in senior-level roles and more women in junior-level roles.

However, within our collective agreement, pay is not distinguishable between males and females.

LPC is actively committed to reducing the gap. This starts by reporting on the issue and publishing our gap. We are also investigating possible position-in-range discrepancies and focusing on attracting more females to operational roles.



Gender balance*

Board

4 male and 3 female (+ 1 female associate director)



Executive Leadership Team

7 male and 1 female (Including CEO)



Senior Leadership Team

12 male and 4 female



People Leaders

19 male and 3 female



Employee turnover

14%

13.3% in 2022

Average age

47 years, 7 months

47 years 5 months in 2022

Average length of service

7 years, 7 months

7 years and 4 months in 2022

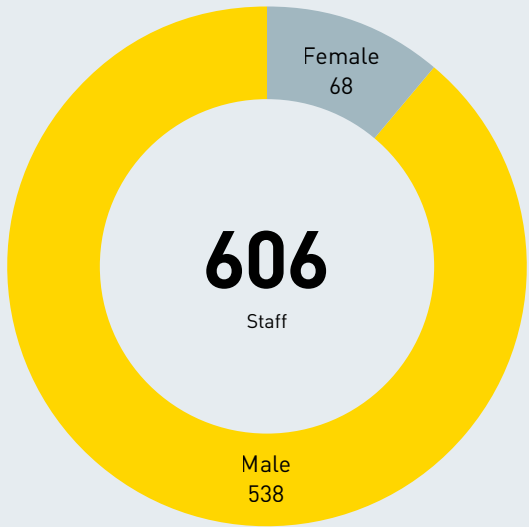
Gender split

87% Male 13% Female

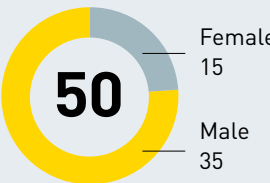
88% male and 12% female in 2022

Staff across all sites*

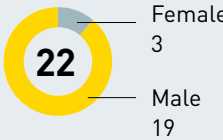
Lyttelton



CityDepot

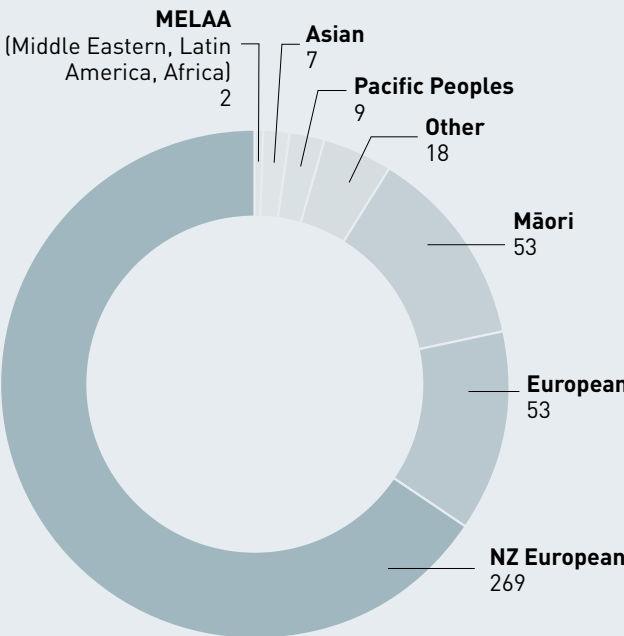


MidlandPort



Ethnicity

Data covers 338 staff members who have disclosed their ethnicity.



Training

Among a range of other training tasks, we completed:

214

Skill Refreshers for operator skills

90

Verification of competency (VOC) In the last 7 months of the 2023

124

H&S online Course completions second half of the 2023 financial year.

1074

Trainer shifts completed by Cargo Handlers

Trained and graduated

- 29 Straddle drivers
- 9 Crane operators
- 8 Signal-persons
- 6 Front End Loader Operators

Our People

Matt England
Container
Repairer and
Surveyor



Matt has seen the MidlandPort site grow since it opened in 2017.

He started working there in a secondment from CityDepot, where he worked from 2010 – 2014, before joining back in 2017.

“At the start, there were only 5-6 containers a day, so I would come and do half a day out here. Eventually, it got so busy that I was out here full time,” says Matt.

Now the MidlandPort team is 20 strong, but in the beginning, there was only 4 full-time staff.

“It was great to do a variety of work – spend the morning in the office, then after I’d do some surveys then spend the afternoon in the workshop.”

There are now four container repairers and surveyors based at MidlandPort.

“When you’re repairing you are on the tools all day – painting, welding, hydraulic straightening, replacing the floorboards – anything that needs doing.

“Surveying is all about assessing and inspecting the containers. From the inspection, we quote the work that needs to be done and send that to the shipping lines.” “The job is great as you are outside, there is a good variety of work, and it’s quite a physical job.

Matt first joined the Port after his first daughter was born. “I started looking for a career, then I saw an opening at CityDepot. The Port just seemed like a good place to work – everyone talks about the Port being a job for life.

Matt now has three children, aged 14, 9 and 7 and loves to get outdoors whenever he can. “We load up the trailer and go camping, around Canterbury. We have motorbikes and quad bikes and the kids love going around the trails. Once you’re at the campground there is so much to do – it’s great to get away.

“
The job is great as
you are outside, there
is a good variety of
work, and it’s quite a
physical job.

”

Janet Gebbie
Payroll



Through snowstorms, earthquakes and a global pandemic, there’s not much that will stop Janet from making sure people get paid on time. However, in those almost 30 years, the payroll system has transformed quite a bit.

“Back then, there was a lot of manual entry. We would get the timesheets from cargo handlers, mechanics and general hands; every single person’s hours were all manually entered line by line,” says Janet.

“Then, every Wednesday morning, we would go around the amenities and give out the payslips.

Janet would travel around the Port, even out onto the wharves and vessels, to deliver payslips. This helped her get to know everyone at LPC.

“Each time, you would stop and talk to the guys and find out a bit about them. We often got invited to different morning teas because we had a lot of interaction with people.”

Getting to know everyone had other perks; as in her time here, Janet explored the many types of vessels we get at the Port, with highlights

including having lunch on a cruise ship and boarding a submarine.

For the majority of her time at the Port, the payroll team was made up of the same people.

Janet worked alongside Gaynor, who worked at LPC for 48 years, and Pam, who worked for 28 years. This meant it was always a smooth operation, with the trio able to rely on each other.

“We were just a very settled area. We all worked well together, and we all got on.”

Janet has witnessed huge changes in technology with new systems in place now. “In some ways, it changed, as far as the systems have changed a lot. But it’s still the same principle of paying people accurately and on time; cause pay is the most important part of everybody’s week!”

In 1995 LPC had just over 250 staff; now, the payroll team looks after over 680 employees.

Janet is also a Lyttelton local through and through. “I was born at the hospital in Lyttelton and grew up in Governors Bay, so Lyttelton has been a big part of my background. Some people would say I haven’t got out of the harbour, but why would you want to be anywhere else.”

Janet would recommend a job at the Port to anyone. “It’s a great place to work and a great environment to be in.”

“I think sometimes, people looking from the outside just see the movement of the cargo, and you forget all the components that make that up. You’ve got plumbers, electricians, mechanics, marine, health and safety, and engineering.

“There are heaps of people that work here that pull the whole operation together.”

Kenny Perkins
Security Shift
Supervisor



Every day is a different day for Kenny, but that's what he loves about the job. He has worked in our security team for the last 19 years and as a supervisor for eight.

The team is responsible for keeping our sites secure by ensuring we follow the Maritime Security Act and working with organisations like Police, Customs and MPI.

But Kenny says that anything can happen, and you just have to be ready. "You can have a plan, but things don't always go the way you think they will," says Kenny.

What makes Kenny a great part of the security team is his love of people. "I just like talking to people – I've met some great people in my time here at LPC. You could be inside or outside, there's a bit of flexibility, and I like that, I don't want to be stuck behind the desk all day."

Kenny leads a team of almost 20 people, with many of them having been with LPC for a long time.

"You try to take a little bit of knowledge from everybody... you take from the people that have been here the longest, then you have to pass that knowledge on to the newcomers, and I try to help them as much as I can."

"My grandmother said to me when I was little, you're never too old to learn. I feel like, since I've been working here, I learnt something every week or maybe every day."

Kenny also takes pride in helping out the community. "We have to build that rapport with the community, we try to keep them safe, and they help us out when they can too."

It's this above-and-beyond attitude that made Kenny a winner of our monthly values competition this year.

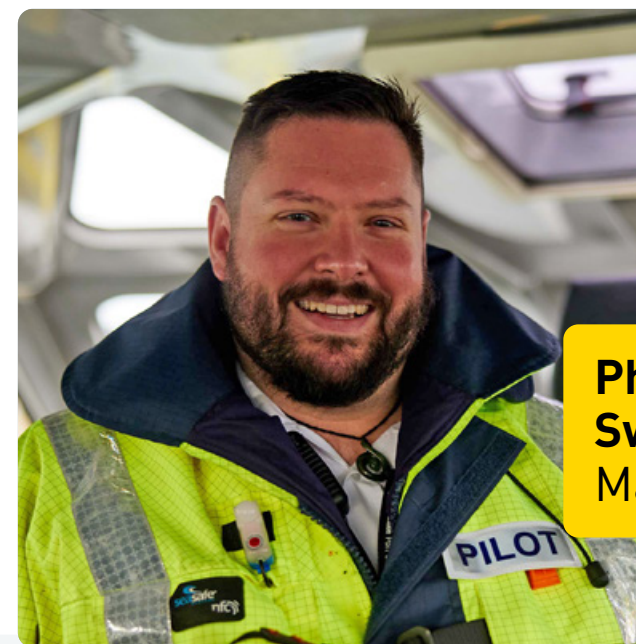
He was nominated by a workmate for always being willing to help out, showing our values of integrity, communication and whanaungatanga.

Kenny takes his passion for people outside of the Port, coaching high school basketball.

Originally from Beaumont, Texas, he has played basketball professionally in Dublin, Chile and Argentina.

He eventually fell in love with New Zealand and played for the Canterbury Rams and the Nelson Giants.

Philip Sweetman
Marine Officer



As a Marine Officer, Capt. Phillip Sweetman has a dual-roll here at LPC, as both Tug Master and Marine Pilot. In December last year Phillip successfully completed his training as a Tug Master as well as his 'C Class' Pilot Licence (ships up to 160m long).

He is currently working towards completing his training for his next class of licence, which will allow him to navigate larger ships up to 220m long, safely in and out of the harbour.

"The training was a quite daunting to start with, because as a former Master, I was relying on that local knowledge and expertise that the Pilot brings," says Phillip. "Whenever I was onboard ship, when the Pilot boarded, there was this sense of relief you felt when someone else is going to 'parallel park' your ship for you."

"Suddenly, there is all this expectation of being the local expert, and now I've got to do the ship handling. It's been a huge learning curve, and I've absolutely loved the challenge."

With 14 years of experience in the maritime industry behind him, it will take Phillip another year of training to gain the knowledge and experience for him to sit his 'Unlimited Licence'

exams, allowing him to pilot vessels of any size in the harbour.

As part of the Marine Officer training, Phillip has also had to learn how to drive our two tugs, Blackadder and Piaka, something he says requires a completely separate skill set from what he was used to on the tankers.

"I have had to unlearn all of my previous ship handling experience to be able to drive the tugs. But coming from the background and understanding of the driving tugs makes you a better Pilot, because you're fully aware of what the tug capabilities are - what they can do and what they can't do."

"They are essentially 200-tonne bumper boats with a lot of horsepower," he jokes. "They're a lot of fun to drive and are highly manoeuvrable. Whenever I'm driving the tugs, I can't help but smile."

Since joining LPC, Phil has also become a member of Te Whakaroopu, our diversity, equity, inclusion and belonging committee, working to support the LGBTQIA+ community in the Port industry.

For Phillip, he says it's important to recognise that you never have any idea about what other people are going through, having had a number of people reach out to him needing someone to talk to.

"As a gay man working in the maritime industry and being publicly 'out' for the last 9 years, I hope that those coming through now do not face the same issues I did, just as I didn't face the same issues as those that paved the path before me."

Phillip's career at sea actually started by accident; after failing the eyesight test for an aviation, he was told he had qualified for the 'maritime standard'. After completing two years of theory at the New Zealand Maritime School in Auckland, he then spent the next 18 months travelling around the world, putting theory into practice.

"I was a cadet working on the tramp oil trade, meaning the ship went wherever there was cargo. I sailed all around Europe, North and South America, Middle East, Africa and Asia. I really enjoyed the challenges of deep-sea voyaging, and experiencing the many different cultures at ports all around the world."

Prior to joining LPC, Phillip spent the previous 11 years working on the New Zealand coastal tankers operated by Silver Fern Shipping, starting as a 3rd Mate and finishing as Master. The coastal tankers distributed oil and fuel supplies around the various New Zealand Ports – visiting Lyttelton at least once a month.

Infrastructure for the Future

Continual investment in infrastructure is fundamental to LPC’s long term strategy. This year saw considerable development in our physical and technical assets, further expanding our capacity and improving operational efficiencies. Looking ahead we remain well positioned for future development, with consents in place to meet projected demand.

Material issues	Key metrics	Work ons
<div>1 Infrastructure Investment</div> <div>2 Efficient Allocation of Port Space</div>	<div>Berth Utilisation</div> <div>58%</div> <div>FY21–22: 59%</div> <div>Container Transportation: Road</div> <div>81%</div> <div>FY21–22: 82.4%</div> <div>Container Transportation: Rail</div> <div>19%</div> <div>FY21–22: 17.5%</div>	<div>>> Digital Systems</div> <div>>> Asset Management</div> <div>>> Future planning</div>



Key highlights

In FY23 we completed our three-year, **\$85 million Eastern Development project**. This project has expanded the Port's Eastern footprint by another five paved hectares and doubled our reefer capacity. New amenities have also been constructed on site including a three-level, \$20 million mechanical workshop and a separate straddle wash area. Safety has been integral throughout this project. One of the most significant safety improvements has been the addition of new truck lanes which keep drivers completely separate from straddle operators.

At LPC's **CityDepot**, a **\$4m injection** has culminated in significant upgrades. One-way truck flow, a combined container survey area, new lighting, CCTV and controlled swipe access have improved safety for people at the site as well as creating operational advantages.

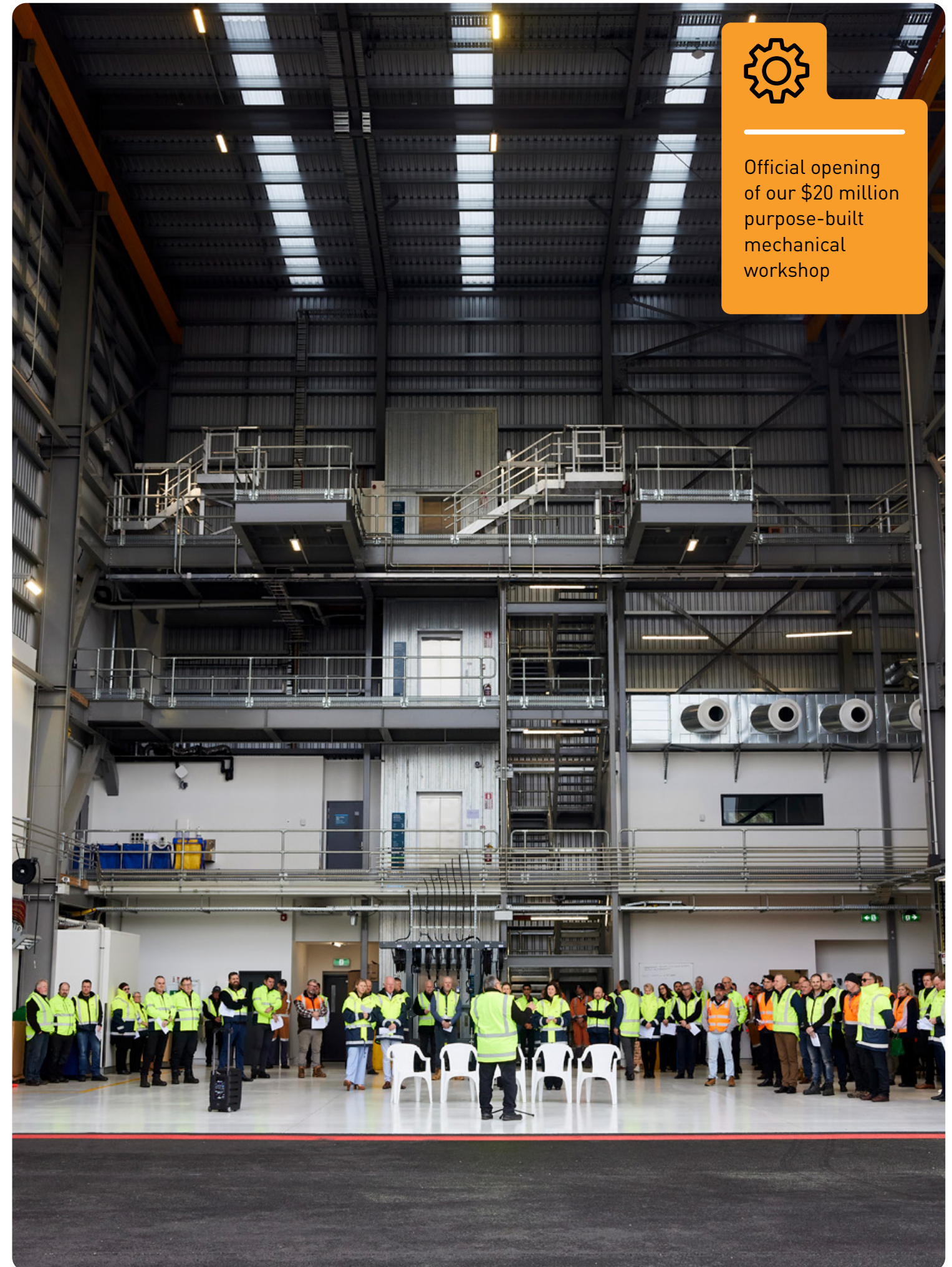
In the **Inner Harbour**, a **\$5 million project** focused on improving safety, efficiency, and environmental compliance is now complete. This project saw the removal of existing infrastructure and the construction of a new roadway system, new stormwater and wastewater systems, and designated concrete pads for parking, maintenance and hopper washing. Redundant railway lines have been removed and pedestrian walkways have been added making it easier and safer to use the area.

In terms of plant, our **Tug Blackadder** underwent a multi-million dollar retrofit to extend its life by another ten years. Following the completion of successful sea trials, *Blackadder* is back in action and has had its 5-year renewal survey revalidated. A new ship-to-shore gantry crane has returned the container terminal to a four-crane operation. The new Liebherr Super Post Panamax crane boasts improved safety features and hoisting technology, which will improve speed and efficiency and reduce the potential for human error.

FY23 also saw further development of our digital infrastructure. A **Geographic Information System (GIS) project** was undertaken with the aim of understanding ways in which LPC can harness the power of spatial analysis. Phase one of the two part project is underway. Ultimately, the use of GIS will enable our business units to improve security, visualise work activities, optimise our emergency response, monitor pavement conditions and assess our environmental impacts. We look forward to further development and implementation of this pivotal tool.



Official opening
of our \$20 million
purpose-built
mechanical
workshop



Eastern Development

LPC has completed a 2-year, \$85 million Eastern Development project, expanded the port's footprint to the east, introduced modern infrastructure, increased yard space, and enhanced our operational efficiency.

LPC's significant investment in the Eastern Development project completes a crucial piece of the supply chain puzzle and is a stepping stone for plans to expand the Port further east.

A key focus of the Eastern Development project has been ensuring the highest safety and efficiency standards.

New Refrigeration Towers

Expanding the refrigerated container (reefer) capacity and constructing new reefer towers has effectively doubled the port's refrigerated container capacity. This development allows for the handling of containers at the eastern end of the terminal, aligning with the port's growth trajectory.

The reefer towers, simple yet essential structures, have been strategically designed to prioritise the health and safety of the port's employees.

LPC has minimised risk by keeping reefer attendants separate from the container patch. These attendants can easily access the towers, walk up and down the structures, and safely plug-in power to control refrigeration to the containers.

Investing in the workforce's well-being has ensured a safer work environment and boosted overall operational efficiency.

\$20m State of the Art Mechanical Workshop

The over \$20 million new mechanical workshop improves staff working conditions, reinforcing the port's commitment to its employees.

The three-level combined building, which includes workshop spaces, amenities, and offices, features a 23-meter-high service bay capable of accommodating four high straddles.

A separate straddle wash area further enhances the port's maintenance capabilities with a particular focus on environmental outcomes.

The old maintenance facility will be demolished, providing more container yard space and improving efficiencies.

New Receipt and Dispatch (R&D) truck lanes

One of the most significant improvements in the Eastern Development project is the delivery of the receipt and dispatch (R&D) truck lanes, where trucks pick up and deliver containers.

This new layout represents a massive leap forward to the east in LPC's journey to enhance workplace safety, with complete separation between truck drivers and straddle operators.

After backing vehicles into the R&D area, truck drivers must exit and stand on designated painted pavement areas.

They can safely close the gates and call the straddle operator forward to move the container on or off the truck. The separation of people and machines is a significant milestone for LPC, demonstrating a commitment to creating a safer working environment.

Additional five hectares of new pavement

Over five hectares of pavement have been added to the 20-hectare container facility paving the way for further growth.

The sealed surfaces at the Eastern Development site are a testament to LPC's commitment to constructing durable infrastructure.

Comprising three layers of cement base course and 110mm layers of asphalt, these surfaces are designed to withstand heavy usage and the weight of the port's equipment.





Multi-million-dollar refit for Tug Blackadder

The Blackadder Tug underwent a multi-million dollar refit over a six week period.

The 21-year-old Lyttelton Port workhorse was taken out of Marine Operations to complete the overhaul, extending its life by another ten years.

The tug was moved into the LPC dry dock and effectively pulled apart and rebuilt - brought back to life.

The propulsion units were removed, overhauled and reinstalled, with new controls replacing the original now obsolete system. The two main engines along with the tow winch were stripped and fully rebuilt, and the wheelhouse had a makeover with new electronics, control panels and display screens installed.

The tug also had all fendering removed to allow for a new paint job. Sea trials were successfully completed before returning to port operations. Revalidation of the 5-year renewal survey for the vessel was achieved.



Inner Harbour Development

A \$5 million Inner Harbour project has been completed focused on improving safety, efficiency, and environmental compliance.

The existing infrastructure was removed, a roadway system was rebuilt, new stormwater and wastewater systems were installed, and designated areas for specific uses like log truck parking and maintenance. Designated concrete pads have been constructed for parking and washing down the hoppers.

Additional walkways have been created to separate pedestrians from traffic and operations and make it safe.

There is a hopper park-up area when they are not in use on the jetties, a wash pad to clean equipment, including hoppers, grabs, and diggers, and a short- and long-term maintenance area.

The Inner Harbour is used for various operations, including trucking, forklift operations, fishing, and mussel barges.

The investment in the development will greatly reduce risk in the inner harbour and will improve operations.

Redundant railway lines have been removed that added to the undulating surfaces making it difficult for forklifts to operate.

A new barrier arm has been installed west of the Inner Harbour road.

New container crane on the wharf

The Lyttelton container terminal returned to a four-crane operation with the arrival of a new crane as part of the upgrade to infrastructure.

The new ship-to-shore gantry crane is key to providing flexibility for the port's operation and maintenance schedule.

The Liebherr Super Post Panamax crane arrived from Ireland in March 2023 and was assembled on Cashin Quay, ahead of schedule, over three months.

The new crane addition has brought the port back to a four-crane operation to increase capacity and efficiency, following the deconstruction of the port's oldest crane in 2022.

The new crane boasts improved safety features, including a tracker on the spreader and 2D lasers to generate a vessel profile. The collision obstacle detection system and sway damper system also ensure safer operation.

The crane is also able to hoist automatically and trolley containers to a predetermined destination, as directed by the operator.

This new technology will improve the speed and efficiency of container handling and reduce the potential for human error.

The upgrade in safety features demonstrates the port's ongoing commitment to health and safety.

With the new crane addition, Lyttelton Port has increased flexibility and resilience, with the ability to confidently run three cranes while a fourth undergoes preventive maintenance.

The fourth crane provides flexibility to our operations and maintenance schedule and ensures efficient services for our customers. It enables LPC to be in a position to maximise berth utilisation and serve all vessels with all cranes as required.



City Depot layout upgraded

A \$4.5m investment in CityDepot was completed providing significant upgrades to the layout of the premises and facilities in Woolston.

The upgrade has significantly improved the health and safety of people working in and visiting the site, as well as creating several operational efficiencies.

Key upgrades include:

- One-way truck flow – a single entrance point from Brightlings Road and an exit point onto Chapmans Road designed to help traffic flow more efficiently and safely through the Site.
- A combined container survey area where both 20ft and 40ft containers can be surveyed, inspected and repaired with added improvements in power and water supply, lighting and CCTV, as well as ensuring regulatory compliance with MPI.
- All gates have controlled swipe access at all entrances, both in and out of City Depot, improving security.
- Pre-Trip Inspection - Electric power upgrades for the reefer container pre-trip and repair area.
- Construction of three new concrete pads to provide a dedicated 20/40 truck exchange area, as well as the ability to service full container movements.
- A new service area dedicated to truck parking and kiosk facilities.



Bringing GIS to the Port

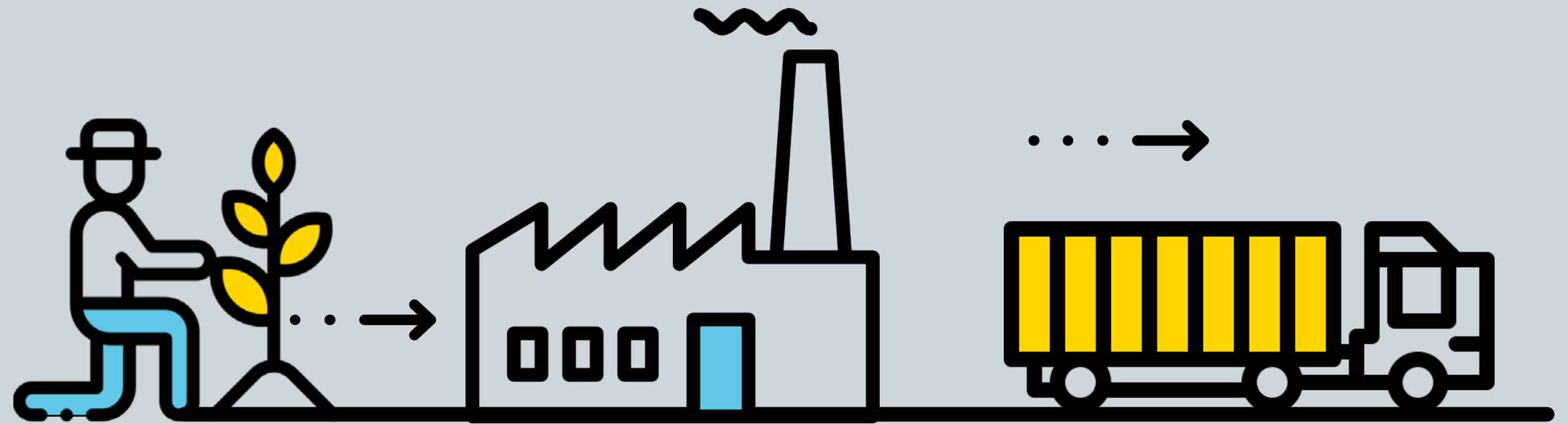
In alignment with a growing need at the LPC for geospatial services to analyse data, communicate information, and provide situational awareness and decision support to LPC business units, we embarked on a dynamic Geographic Information System (GIS) project this year. It is anticipated to be a two phases project, and the primary objective was to harness the power of spatial analysis and visualisation to elevate our understanding of complex business challenges.

The Digital team has started phase one of the GIS project with Asset Management, Health and Safety, Marine (PortControl), and Environment and Sustainability teams. It will deliver foundation geospatial services to multiple LPC business units and build internal capabilities to manage and optimise these services.

We envision our GIS capabilities as a pivotal tool that not only enhances our internal processes but also fuels our drive to provide unparalleled value to our clients. In the long term, we are excited about the potential of GIS to revolutionise the way we perceive our business landscape and cement our position as pioneers in leveraging spatial intelligence for transformative outcomes.

The deliverables for phase one including:

- High-level LPC Locations feature layer – The goal is to use GIS as the “system of record” for LPC spatial data.
- Security feature layer (CCTV) – To enable easy identification of CCTV coverage gaps and identify where tactical mitigations can be quickly implemented.
- Permit to Work feature layer – To enable the visualisation of work activities in the Port and manage work permits digitally.
- Emergency Response Assets feature layer – To have LPC Emergency Response assets tagged with a geographic location so they can be digitally shared and managed.
- Pavement condition feature layer – To digitally capture condition assessments, and automatically calculate repair estimates, which will dramatically reduce the time currently spent capturing and managing pavement condition data.
- Environmental impact of operational activities – To overlay LPC operations onto habitat and species maps and to support the calculation of nature-related financial disclosures.



Manākitanga

Respect, generosity and care are at the heart of how we do business at LPC. From being a good citizen and active supporter in our community, to championing the varied and valued customers who use our services, Manākitanga is threaded through everything we do.

Material issues

- 1 Communication and Relationship Management
- 2 Collaboration and Partnerships
- 3 Industry Engagement
- 4 Social Licence to Operate

Key metrics

Sponsorships

35

FY21-22: 27

Trucks serviced in Lyttelton in under 30 mins

149,405

FY21-22: 157,861

Trucks serviced in Lyttelton in under 30 mins

60.45%

FY21-22: 61%

Work ons

» Noise Mitigation

» Community Cruise Impact

Key highlights

Every year LPC backs a huge range of community initiatives and FY23 was no different.

Our range of sponsorships spanned sporting teams, youth groups, environmental initiatives, business and industry groups, seafarer support, health and wellbeing measures, awards and scholarships, arts and entertainment. Communities are grown through a variety of ways and we are proud to lend a hand to so many vital organisations.

Addressing community concerns is another way we pay attention to the wellbeing of those around us.

This year we joined forces with other New Zealand ports to ban noisy ships from our docks. The new noise specifications, which take effect from June 2024, will help reduce the low-frequency rumbling produced by container vessels that has been a concern for many local residents.

We continue to focus on improving our customer relationships.

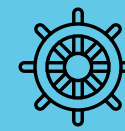
Our customers say they have noticed a fundamental shift in recent years in how LPC takes the time to listen and understand the way their businesses function. Our Port is a key gateway for a myriad of supply chains, and the better we understand our role in each business, the more value we can offer our clients.

Cruise customers were welcomed back en-masse for the first time in FY23.

During the 2022-23 season, 79 ships and 120,000 passengers called into Port, creating a considerable boost in both the Lyttelton and Christchurch economies. According to MarketView, spending by visitors was up 115% on the previous year, meaning a further \$1.1m helped to turn the wheels of our local economy. However, concerns have been raised by the community on the impact to the 'vibe' of Lyttelton, overcrowding, environmental issues and access to public buses.

We continue to actively partner with mana whenua to deliver our shared vision for Whakaraupō/Lyttelton Harbour and inform our operations. Our partnership with Te Hāpu o Ngāti Wheke is our most important as we continue to focus on our role as a kaitiaki. We are deeply connected together through the Mana whenua Advisory Group and the Whaka Ora/Healthy Harbour Catchment Management Plan, as well as the other projects of shared significance we work together on.

Another highlight of FY23 was SailGP. Lyttelton proved to be the perfect location for spectators to see racing up close, with Whakaraupō Harbour forming a beautiful natural backdrop. Our team worked with SailGP, Christchurch City Council and ChristchurchNZ to help ensure a well-executed event. We shut down the Inner Harbour for security and safety, paused commercial shipping traffic, and handled 100 containers arriving for the event. Feedback from organisers, fans and the teams was overwhelmingly positive and we look forward to hosting future sporting events in our natural grandstand.



SailGP was a great spectacle in Lyttelton Harbour



Sponsorship: who we helped



How we helped

Banks Peninsula Conservation Trust

We are the principal sponsor for the Banks Peninsula Conservation Trust to aid their work in the harbour and support the peninsula's biodiversity. We also partner with them to help restore the Port Saddle land with native flora and fauna.

Blue Star Crew Bar Reunion

LPC provided funding for the reunion Pōwhiri at Rāpaki Marae.

Broadfield Touch Rugby

We support the club with playing gear and trophies for prize giving.

Canterbury West Coast Air Rescue Trust

We support the operations of the Canterbury Westpac Rescue Helicopter Service, assuring that when people across the province and out at sea have an emergency, the rescue helicopter will be there to look after them and their families.

Cholmondeley Giving Day

We supported Cholmondeley to help continue providing vital services to the tamariki and whānau who need it most and make a real difference in their lives, helping them build better and stronger futures.

Conservation Volunteers NZ

Whaka-Ora Pest Project (WOPP) committed to making Whakaraupō a pest-free sanctuary for biodiversity.

Christchurch Symphony Orchestra

We sponsor community Concerts held by the CSO around the Lyttelton Harbour Basin at Cholmondeley Children's Centre and the Lyttelton Library.

Charteris Bay Disc Golf Tournament

We helped to fund the Charteris Bay Disc Golf Tournament

Diamond Harbour Events – Live at the Point

We supported free live music sessions held at Godley House Gardens, Diamond Harbour, every Sunday from January to March 2023. The family-friendly festivals were a hit with locals and visitors to Lyttelton Harbour.

Diamond Harbour Health Care project

We supported the improvement, extension and expansion of the Diamond Harbour Health/Medical Centre serving the community.

Diamond Harbour Playcentre

We supported rebuilding the Playcentre playground for the children, including a new Pou.

Diamond Harbour Youth and Community Trust

We covered the costs for the Diamond Harbour Youth and Community Trust to hold a camp at Living Springs for Twenty-eight young people and youth leaders in our community.

Diamond Harbour School Enviro Camp

Our sponsorship helped Diamond Harbour School with their enviro camp to Living Springs.

ExportNZ CECC Series

LPC continues its annual partnership with the Canterbury Employers' Chamber of Commerce by funding a speaker breakfast series for the manufacturing sector.

Girlboss Awards

LPC sponsored the Inclusion category of the GirlBoss Canterbury Awards and the Enterprise category of the GirlBoss New Zealand Awards, highlighting young women who show commitment, dedication and service to others.

Lyttelton Anzac Day Commemoration Event

We supported the Loons with running their annual ANZAC Day event which is attended by members of the local community.

Lyttelton Netball Club

We support the Lyttelton Netball Club with an annual sponsorship to aid ongoing costs such as equipment, fees and maintenance.

Lyttelton Rugby Club

We supply each new member of the Lyttelton Rugby Club with a sports bag filled with shorts, socks, a jacket, a beanie and a mouthguard, as well as reducing club fees and ensuring the club is accessible to all families. This year, we also supported the club's Senior Team in Premier Reserve Division and new safety pads for the rugby goal posts.

Lyttelton Seafarers

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



Christchurch Symphony Orchestra



New Zealand Trailer Yacht Championship



Banks Peninsula Conservation Trust

Mindfulness Programme – Lyttelton Primary

We supported the Lyttelton Primary School in providing a Mindfulness in Schools programme where professionally trained and supervised mindfulness experts teach children and teachers directly, delivering ongoing classes that support learning and build up life skills to empower each person to fulfil their potential.

MUNZ Interport Sports Tournament

We sponsored the shirts for 16 staff members attending the MUNZ Interport Sports Tournament in Port Chalmers. The tournament has been running for 65 years, and LPC has supported the Lyttelton team for the past 10 years.

New Zealand Trailer Yacht Championship

We supported a weekend regatta held at Naval Point with 16 competitive boats and 54 people, with a total of 68 involved in the regatta. The event attracted six more boats than in previous years and financially boosted the local economy.

Ōhinehou Collective - Festivals of Action

We supported the collective the newly formed Ōhinehou Collective, hold a series of Festivals of Action with talks about microplastics research, beeswax wrap workshops and alternatives to plastics. Lyttelton locals help the community take action and highlight sustainability challenges.

Project Lyttelton Youth Group

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

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 and provided financial support throughout the year.

Seaweeek

We sponsored the Seaweeek poetry competition by funding prizes and supported the hire of Tūranga and Selwyn libraries.

Summit Road Society

We supported the John Jameson Lookout project that sits beneath Ōrongomai and within the rohe of Ngāti Wheke. It includes a stone wall in the style of Harry Ell, a pou whenua by Caine Tauwhare, interpretation panels and an accessible lookout area with seating options, all complemented by native plantings.

Te Ahu Pātiki Charitable Trust

LPC is supporting the Te Ahu Pātiki Trust over the coming years in the natural regeneration of 500ha of land in Banks Peninsula.

Tūtehuarewa Centenary 2023

In April 2023 Te Rūnanga o Koukourarata (TRoK) hosted a three day celebration in honour of the 100 year hall and whare named Tūtehuarewa, situated at the heart of Koukourarata (Port Levy). The hall was built in 1923 and named Tūtehuarewa after an ancestress. "The sponsorship fund provided by the Lyttelton Port Company and your support towards this for us was invaluable in helping to make the event run well and uphold the mana of the kaupapa."

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.

Whakaraupō Carving Centre

We sponsored the opening event for the Rei Gallery, a space for emerging mid-career and established artists to showcase their creative work. Rei is an extension of Whakaraupō Carving Centre and Ōtautahi to include individuals and groups from all backgrounds who are a part of Te Ao Māori.

Woolston Brass Incorporated

We supported the Woolston Brass Band with building renovations to the band room that was substantially damaged in the 2011 earthquake. The new facility will be rebuilt on the current site and designed to support the broader needs of the Woolston community.

Sponsorship highlights



Lyttelton Rugby Club

LPC has increased its sponsorship with the Lyttelton Rugby Club. It already supports the Lyttelton junior teams and has extended this to the Senior Rugby team competing in the Christchurch Metro Premier Reserve Competition for three years. In addition, LPC sponsored new safety pads for the rugby goalposts at the Lyttelton Rec Ground.

LPC was also the main sponsor of the Lyttelton Rugby Club Day, providing a BBQ for all the junior players with the Woman’s Super Rugby Aupiki Trophy on display.

The Lyttelton Senior Side made it to the semifinals of Premier Reserve against Lincoln Uni going down 20-18 – a great season, and proud of the team.

LPC has been involved in the Lyttelton Junior Club for many years and is proud to expand this to the senior team.



Diamond Harbour School

LPC has proudly supported the fundraising for two brand-new Airtime basketball hoops and a basketball court at Diamond Harbour School, which has proved popular with local students.

The hoops were officially opened at a special event in March 2023 by New Zealand basketball representatives Tai Wynard and Esra McGoldrick.

LPC supported the fundraising effort by providing \$4,000 towards the hoops and courts with the Diamond Harbour Education Trust, Four Square and Christchurch City Council.

Diamond Harbour School Principal Jill Pears said it was ‘terrific’ to see the basketball hoops being well used by all the students and the Diamond Harbour community.

Canterbury Employers’ Chamber of Commerce

LPC held a Breakfast Event with the Canterbury Employers’ Chamber of Commerce, exploring the future of manufacturing, labour market, supply chain and sustainability.

The business breakfasts allowed LPC to give back to the export and manufacturing community and play our part in supporting the Chamber and small and medium enterprises in Christchurch.

A hundred guests attended each of the four events, including a presentation from LPC and a guest speaker and workshopping.

The two-and-a-half-hour breakfast allows LPC to have strong relationships with big cargo owners, talk to small and medium exporters and manufacturers, and get to know them more directly.

The Port has a long-standing relationship with the Chamber and has always supported it’s work to support the business community In Christchurch and Canterbury.

LPC is an export partner with the Chamber and will continue to sponsor future export breakfasts.

Lyttelton works with NZ Ports on noisy vessels

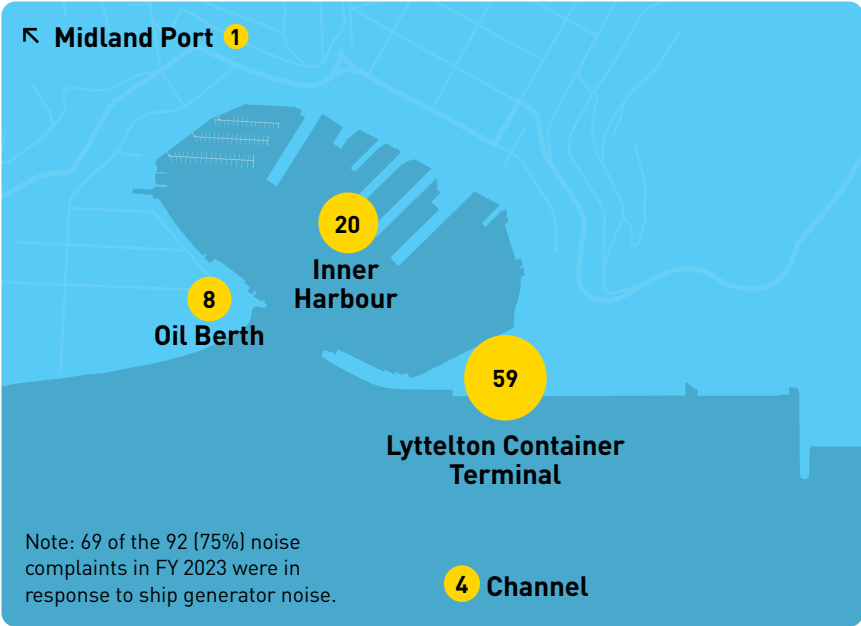
Managing noise, specifically ship noise, has been a long-standing challenge for ports across New Zealand. The low-frequency rumble produced by container ships comes from the vessel’s generators, required to power refrigerated containers onboard the vessel. Low-frequency noise is experienced by communities immediately next to the port and reverberates to those around the wider harbour.

At LPC, three-quarters of the noise complaints received from the community in FY 2023 were in response to this low-frequency noise. Operational measures such as re-orienting a vessel so it is berthed with its exhaust out of the harbour are used to minimise noise. However, engineering solutions such as installing silencers on the generator’s exhausts are a more reliable mitigation measure.

With help from port communities throughout New Zealand, noisy ships will soon be banned from our docks. A letter signed by 13 New Zealand Ports CEOs was sent to shipping agents in May 2023, signalling the implementation of new noise specifications from June 2024. In that short time, 13 vessels were already added to the register, with five of these vessels classified.

The low-frequency rumble produced by container vessels visiting ports has been a major issue for surrounding communities. The noise is produced by generators that don’t have silencers installed, as they are used to power the vessel while at berth. The New Zealand Port staff have been collaborating on

Noise complaints by location



which vessels are problematic to their communities and working with experts on a solution.

LPC Chief Corporate Affairs Officer Phil de Joux said it was fantastic to see the result of the hard work and collaboration of the many parties involved. The issue has affected the Lyttelton community, like many other port communities around New Zealand and required LPC to join other ports to get a result.

This is a significant step towards managing the impacts of low-frequency vessel noise, and community feedback remains integral to making a solid and lasting change. The Ports have worked with sound experts Marshall Day to create New Zealand Ship Noise Specifications based on the

global NEPTUNE guidance. Vessels will be monitored using a standardised methodology and obtain a noise score. A vessel’s noise score must meet a threshold to berth in New Zealand.

The letter sent to shipping lines states that any container vessel deemed noisy by Ports and all new container vessels entering New Zealand services from June next year must either comply with the specifications or have reactive silencers fitted to one of the engines. If vessels cannot meet these requirements, they will be refused entry.

The noise specifications specifically target container vessels, as other vessels, such as those carrying bulk cargo, generally do not raise such concerns when visiting.

Customer story

Moving goods the smart way with Pacifica Shipping



74,889
TEU



69
Vessel Visits

Pacifica Shipping's history with LPC stretches all the way back to the 1980's when the shipping line was first founded out of Lyttelton. Fast-forward four decades and Pacifica is still a regular weekly visitor to Port.

Now owned by global organisation Swire Group, Pacifica provides comprehensive coastal shipping coverage for New Zealand, with ships calling into Auckland, Lyttelton, Nelson, Wellington, Tauranga, Timaru and Marsden. Lyttelton vessels include the Moana Chief every Saturday night and the Takutai Chief every Monday night.

Pacifica Shipping Line Manager Jan-Hendrik Hintz says the long-term relationship between Pacifica and LPC is characterised by support and honesty – both of which he appreciates.

"Lyttelton is a very productive Port," Jan says. "We have good relationships across all layers of the business, from the executives to the coal face."

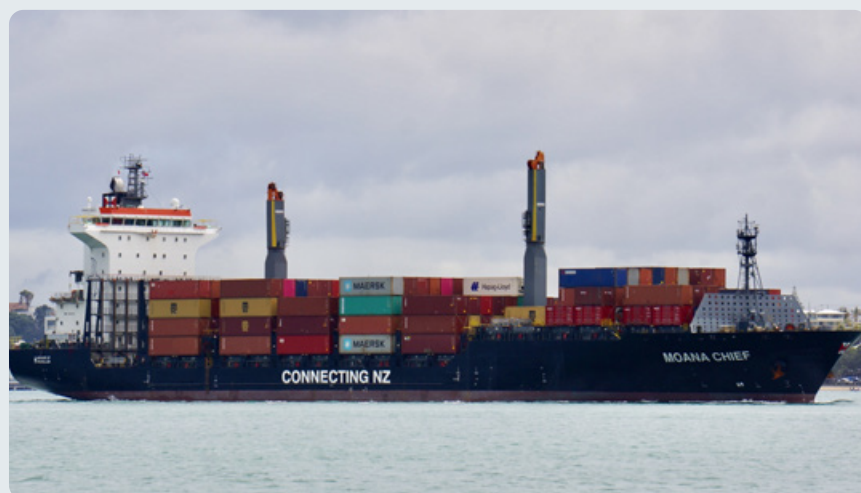
"Another strength of LPC is that they are prompt and upfront when there are problems. They don't beat around the bush. That's unique to Lyttelton Port and something I enjoy about working with them," he adds.

As well as providing a gateway to the South Island for Pacifica's customers, LPC also provides a home for the company's ships during their annual maintenance layups. These layups were shifted to Lyttelton from Auckland several years ago due to LPC's berth availability and the ability to access engineering expertise within the port.

Looking ahead, the focus for Pacifica Shipping is on growing its core domestic business as well as their international pre- and post-carriage service. Jan says that rising demand for domestic cargo and increasing international vessel size both bode well for the business.

"We believe that coastal shipping has a bright future in New Zealand," Jan says. "More and more corporate customers are recognising the environmental advantages of coastal shipping, versus trucking or rail. Shipping already offers lower carbon emissions on a per container basis for interisland transport, and I expect to see exciting progress in the next decade around greener shipping options too."

"There are a lot of things to be optimistic about," he says.



“

I see a bright future for coastal shipping in New Zealand. From a 'New Zealand Inc' point of view, it represents a smarter way to move goods around the country.

”

Jan-Hendrik Hintz
Pacifica Shipping Line Manager



Customer story

Supporting Westland Milk's turnaround journey

For over 100 years, Westland Milk has been nourishing communities with exceptional dairy products. With over 400 farms across the West Coast and Canterbury, and up to 600 employees on the West Coast alone, the business is a significant contributor to the regional and national economy.

In 2019, Westland Milk was purchased by one of the world's top five dairy companies, Yili Group. Today, Westland exports to over 50 countries worldwide. Markets include China, USA, Australia, Africa and the Middle East, as well as domestic New Zealand customers.

According to General Manager of Supply Chain Kevin Wang, 99% of Westland Milk products are deployed via Lyttelton Port. "LPC is our window to the world," he says. "We send out 140,000 tonnes of product per year, equivalent to 10,000 TEU. Our containers go out through Port every single day."

As one of the biggest exporters in the South Island, a close working relationship with LPC is essential to fulfilling customer demand and capitalising on market opportunities.

"Timing is essential in the dairy space," Kevin explains. "Maximising profitability hinges on being able to tap into global trends and trading opportunities at the right time."

LPC has been a key contributor to our success in terms of being able to deploy products within specific contract windows."

Under the new CEO and leadership team and with the support of strategic partners like LPC, Westland Milk achieved a record \$120m turnaround in FY22, making it the company's most successful year in decades.

As well as improving profitability, the acquisition by Yili Group has injected a new sense of energy into the company. Significant investments by the Group include a \$45M butter plant, a \$70M lactoferrin plant (currently under development), and \$60M in additional capital improvements.

"Our new capital investments will enable us to continue to innovate and deliver the highest quality dairy products to global consumers, as well as making a difference for our local communities," says Kevin.

With growth on the horizon, LPC's ability to respond is vital. Kevin has no doubts that the win-win partnership will continue. "LPC has performed very well in the last few years," he says. "We have full confidence that LPC will continue to deliver a strong and steady performance into the future."



“

Working with LPC we successfully deploy 140,000 tonnes of product to global consumers every year. The Port's support is key to what we achieve.

”

Customer story

The outlook is glass half full for 5R Solutions

Next time you toss an empty into the recycling or gaze out your window, you might see things a little differently thanks to the work of 5R Solutions.

5R Solutions is a New Zealand based company specialising in flat and kerbside glass recovery. Prior to 5R Solutions being founded in 2009, flat glass recovery wasn't happening in New Zealand. Now, the team of 26 staff collects, moves and processes tens of thousands of tonnes of glass each year.

Founder and Managing Director Chris Grant says that from a waste perspective, glass is an exceptional performer. "The majority of glass waste produced in construction in New Zealand is diverted from landfill, processed and eventually returned to the sector. Glass is the only building material that is infinitely recyclable," he says.

Logistics and transport are fundamental to the company's success. All bottle glass collected in the South Island is containerised and shipped to Auckland for processing, and all flat glass is processed in Christchurch and exported.

"LPC represents our connections to markets, domestically and internationally. Our operation is continually on the move. We currently ship up to 30 containers per week, every week of the year, and the majority of that is through Lyttelton Port," says Chris.

One thing that has impressed Chris is LPC's desire to understand its role as part of an integrated supply chain. Engagement with the Port led to 5R Solutions shifting more of its movements to after hours. This has resulted in faster return trips for the business while enabling more efficient resourcing at Port.

Growth is on the horizon for 5R Solutions, with eight new regional facilities underway and the potential to deliver up to 5000 thousand containers per year out of Christchurch. The company has already diverted an impressive 290,000 tonnes of flat glass from landfill as of December 2022. That's equivalent to 100 Olympic sized swimming pools or over a million 240L wheelie bins of glass.

Chris is proud of his team's achievements but remains firmly focused on the future. "Our vision is that no flat glass in New Zealand goes to landfill. I believe it is achievable," he says.

Approximately 55,000 tonnes of glass in New Zealand is continuously in motion through 5R Solutions' supply chains. LPC plays a critical role in ensuring this material is containerised and flowing.



30

Containers shipped per week



1,000,000+

Wheelie bins of glass diverted

Return of large cruise ships to Lyttelton

Lyttelton welcomed its first cruise ship to the new cruise berth on October 27 2022.

At 122,000 tonnes, the Celebrity Eclipse was the first of seventy-nine vessels to visit Lyttelton. It arrived with much fanfare carrying almost 3000 passengers and 1200 crew, and was the largest passenger vessel since the February 2011 earthquake to dock in Christchurch.

The luxury cruise ship made seven stops at Lyttelton throughout the season.

The new cruise berth was constructed following the Christchurch earthquakes for \$67 million. It was New Zealand's first-ever purpose-built cruise berth and can cater for vessels up to 362m long, carrying up to 6,000 passengers and 2,000 crew.

Large cruise ships were forced to anchor in Akaroa Harbour for over a decade and alight passengers to shore using tenders.

The cruise berth was officially opened in November 2020, but due to Covid-19, it was unused until the international borders were reopened in 2022.

"The financial impact of the return of large cruise ships to the Port has been a welcome for Christchurch and the Canterbury region after the devastating Canterbury earthquakes and COVID-19 pandemic," said Phil de Joux, LPC Chief Corporate Affairs Officer.



120,000
Passengers



79
Cruise ship visits

"However, it has had challenges too. The influx of cruise passengers to Lyttelton put pressure on the public transport system, and there has been congestion around the township, particularly on London and Oxford Street."

During the 2022-23 season, 120,000 passengers called into the port, boosting the Christchurch economies.

According to MarketView, electronic spending by visitors in Lyttelton in the four months from November to February totalled \$2.1 million. That compares with \$965,000 for the previous year, an increase of 115% or \$1.1m spent by visitors compared to 2021-22.

According to ChristchurchNZ, card spending in Christchurch for all visitors was up \$48 million during the cruise season compared to the 2018-19 summer.

Environment Canterbury (ECan) supplied additional buses towards the end of the cruise season, which solved the overcrowding issue, but a coordinated response will be needed for the upcoming cruise season.

A public meeting held in Lyttelton during the year highlighted community concerns and issues regarding the 'vibe' of Lyttelton, overcrowding, environmental issues and public access to buses. ChristchurchNZ, LPC, Christchurch City Council, ECan and the Cruise Industry agreed to develop solutions to help resolve these issues and work with the community to implement them.

Cruise ships will return to Lyttelton in November with eighty-six booked for the upcoming season.

Celebrity Eclipse
The largest passenger vessel since the 2011 rebuild to dock in Christchurch.



LPC worked with SailGP, Christchurch City Council and ChristchurchNZ, ensuring a harmonious and well-executed event.

SailGP: Lyttelton sell-out provides 'best seat in the house'

Lyttelton was the world's sailing capital for two days, with sell-out crowds, helicopters and fast, furious racing on the harbour.

Lyttelton ticked all the boxes and delivered a stunning spectator experience, according to SailGP, and the event, more than others, fitted the stadium spectator experience that Russell Coutts was always after.

The boats were 50-100 metres away from the grandstand seating with the finishing line off the Adrenaline lounge at Naval Point.

Lyttelton was chosen ahead of Auckland and Wellington and proved to be the perfect location for spectators to see racing up close from onshore and the vantage points around the township.

LPC worked with SailGP, Christchurch City Council and ChristchurchNZ, ensuring a harmonious and well-executed event.

LPC coordinated permits and health and safety protocols and participated in emergency planning exercises to ensure the event on location was seamless.

SailGP recognised the 'unbelievable' support from the community, council and Lyttelton Port Company with the footprint provided, fan zone and entrances for the public.

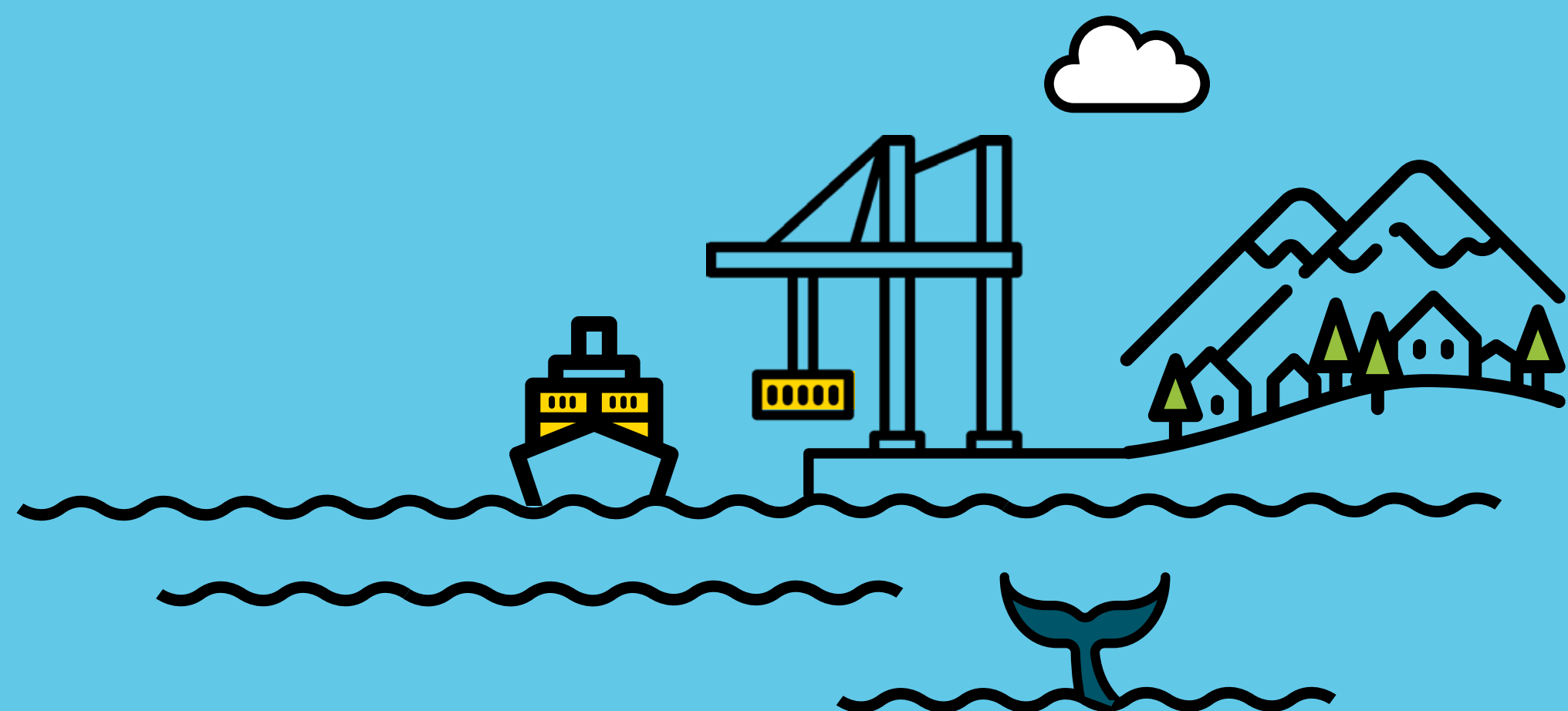
LPC shut down the Inner Harbour for one week, allowing police, coastguard, NZDF, customs and SailGP to locate assets in the Inner Harbour for safety and proximity to the racecourse.

The Port facilitated 100 containers arriving for the event, unloading and clearing them to be transported to the site on the doorstep.

LPC paused commercial shipping traffic during all the races on Saturday and Sunday to ensure a safe event.

Staff at the Port were treated to a front-row seat on the first day of racing, hosting over 150 staff and family members along the Cruise Berth and front row seats of the racing.

LPC provided a safe and secure harbour environment for participants and spectators, highlighting Lyttelton Harbour as a safe venue.



Kaitiakitanga

LPC operates within an important natural landscape. We are committed to protecting and improving this environment for the good of people and nature—and for the success of our business. Our Sustainability Strategy remains firmly in place as we continue to work towards our targets of net zero carbon emissions by 2050, zero solid waste to landfill by 2040 and a net positive effect on biodiversity.

Material issues	Key metrics		Work ons
1 Biodiversity	Landfill waste	Recycling	» Bulk Loading Processes
2 Environmental and Community Impacts	87%	13%	» Carbon Reduction
	FY21–22: 83%	FY21–22: 17%	» Net Biodiversity Positive
	Carbon per TEU (carbon intensity)		
	0.010029 Tonnes		
	FY21–22: 0.00910 Tonnes		
	Total emissions		
	9,422 Tonnes		
	FY21–22: 9,470 tonnes		

Key highlights

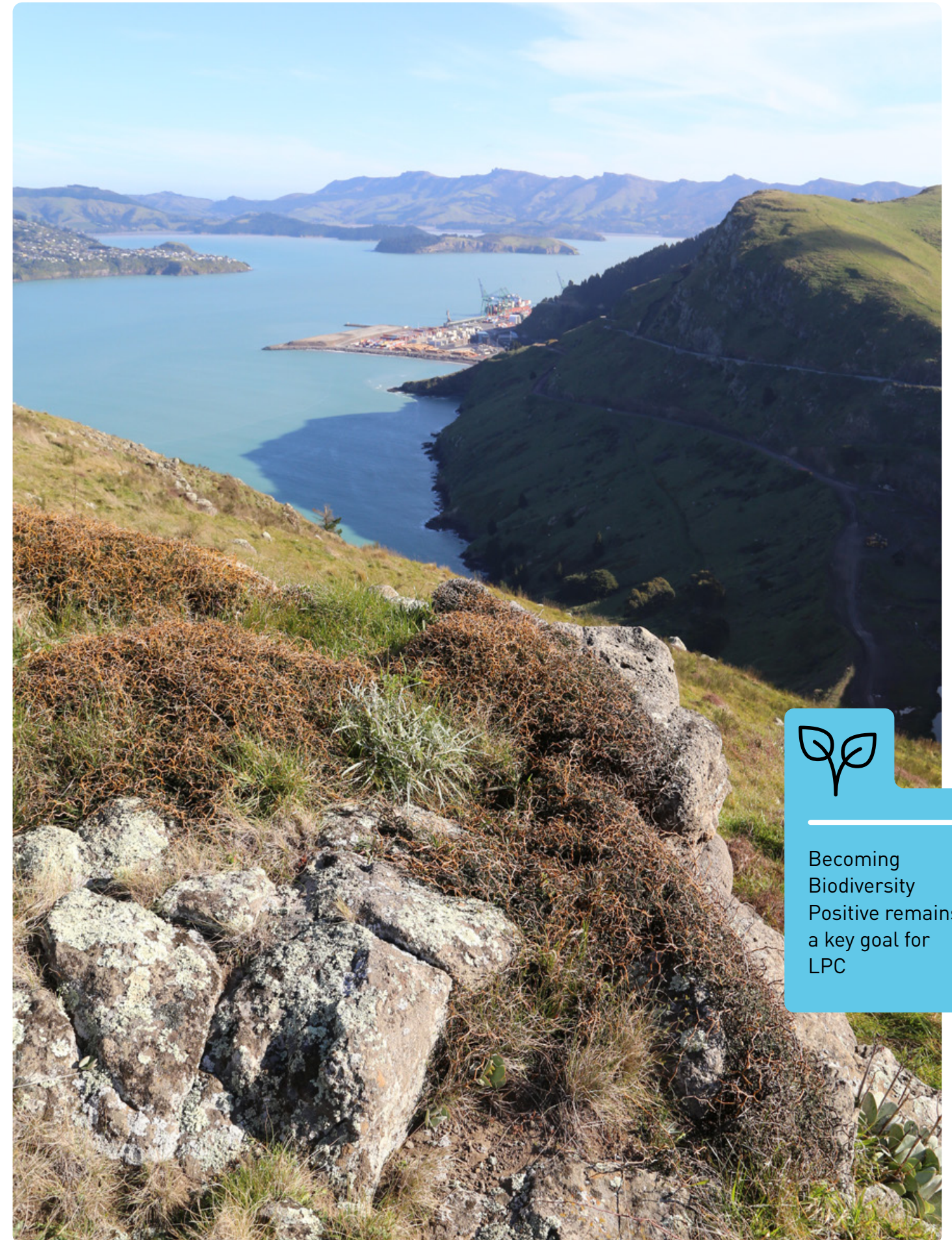
Our long but steady journey towards net zero emissions continued in FY23. Our total emissions for FY23 were about 500 tonnes over target, at 9422 tCO₂e but this was still a small reduction on last year. This overshoot was largely due to a slight increase in straddle mileage associated with the expansion of the container terminal further east, and increased use of our marine fleet to assist with cruise docking. However, we made positive strides in other areas. A review of our Emissions Reduction Plan identified five significant reduction initiatives, all which involve replacing diesel powered plant with electric alternatives. We are confident that implementing these initiatives will set us on a solid course towards achieving our emissions reduction targets.

We can also report good news in terms of our waste goal, with a total of 338,580kg waste to landfill in FY23, well beneath our target of 359,280kg.

Becoming Biodiversity Positive remains a key goal for LPC. In FY23 we continued to work on identifying port activities that have an impact on nature, using the Science-Based Targets for Nature framework. Nature Positive consultancy and Te Hapū o Ngāti Wheke have assisted our progress to date and we look forward to continuing these relationships.

Other environmental actions taken in FY23 include further improvements for our bulk cargo operations in order to meet our obligations around dust management, the signing of a covenant to protect 11.4 hectares of land above the Gollans Bay Quarry, further planting in the Port Saddle Reserve and the continuation of our predator control programme.

Another notable example of LPC's environmental leadership from FY23 included the release of results from our five-year marine mammal research programme. Audio data gained from this programme enabled the development of a highly accurate Hector's dolphin detection model, which was used at the SailGP event and promises to make waves around the world.



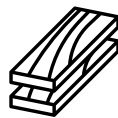
Becoming Biodiversity Positive remains a key goal for LPC

Greenhouse gas emissions



9422

tCO2e emissions in FY 2023



10%

Reduction in GHG emissions on the construction of the new maintenance workshop – by using cross laminated timber instead of concrete

FY23 emissions

LPC has measured its Scope 1 and 2 emissions and some of its Scope 3 emissions since 2018. In FY23, LPC’s greenhouse gas emissions were 9422 tCO₂e, about 500 tonnes over our target. This is a 12.6% reduction from FY18, our base year, and a slight reduction of 1.6% from FY22.

We have seen a slight decrease in overall emissions since 2021, mostly due to investment in fuel-efficient Noell straddles and the purchase of certified renewable electricity certificates.

In FY23, we reviewed our Emissions Reduction Plan. This included a high-level analysis of the initiatives the business could implement to achieve near term science-based emissions reduction targets (SBTs) for Scope 1 emissions. We identified five significant reduction initiatives, all which replace diesel powered plant and equipment with electric alternatives.

Looking ahead to FY24 and beyond, the implementation of these initiatives would set LPC on a solid course towards achieving near term SBT reduction targets by 2030 to keep global warming to 1.5C.

Progress on infrastructure carbon

In FY23, we began developing a framework to quantify, track and ultimately reduce embodied carbon in our infrastructure projects. We saw this successfully implemented in our new maintenance workshop, Te Whare Whakatika. The floors were constructed with Cross Laminated Timber flooring instead of concrete rib and infill which reduced upfront carbon by 30,000kg, will lower whole of life greenhouse gas (GHG) emissions by 10% and saved approximately \$25,000 in project costs.

Looking ahead

Looking ahead we will increase our focus on indirect emissions reporting and consider reduction targets for Scope 3 (value chain) emissions. It is expected that LPC’s Scope 3 emissions, measured in accordance with the Greenhouse Gas Protocol, will far exceed our Scope 1 emissions, highlighting the importance of aligning with a science-based target commitment.

Waste

In FY23, we were under our target of 359,280 kg, generating 338,580 kg of waste to landfill.

Liquid waste accounted for over half of our waste to landfill. This is actually a good thing, as keeping our stormwater interceptors clean is essential for maintaining their efficiency and protecting the health of the harbour and our city waterways. We have also added two new wash bays at Te Whare Whakatika for washing straddles and in the inner harbour for bulk cargo cleaning. As a result, an increase in liquid waste is expected over the next 12 months.

Biodiversity

We are aiming to have a positive impact on biodiversity within Whakaraupō/Lyttelton Harbour over time. Working in partnership with Te Hapū o Ngāti Wheke and with expert advice from Nature Positive, we are setting aspirational goals for what biodiversity positive looks like and where we need to contribute for a healthy harbour, proportionate with our impacts.

Using the Science-Based Targets for Nature framework, we made good progress over the last financial year to identify port activities at our Lyttelton site that have an impact on nature.

For many activities, including dredging, reclamation, vessel movements and occupation of the land there are associated adverse impacts on habitats and species.

Conversely some activities have a positive impact on nature, including restoration, predator control and habitat enhancement.

As we work through the steps in the framework, we are working together with Te Hapū o Ngāti Wheke to understand if and where it might be appropriate to incorporate traditional knowledge (Mātauranga Māori). Targets for a healthy harbour are being co-developed to reflect a future reference state of the environments based on Ngāti Wheke aspirations.

Over the next financial year, we will outline the risks of nature loss to LPC’s business and the opportunities for action.

We hope to continue to work with Ngāti Wheke to evaluate, quantify and report the net impacts LPC has on nature including implementation of the plan for achieving biodiversity positive.

2700_{ha}

Lyttelton Port Operational Footprint

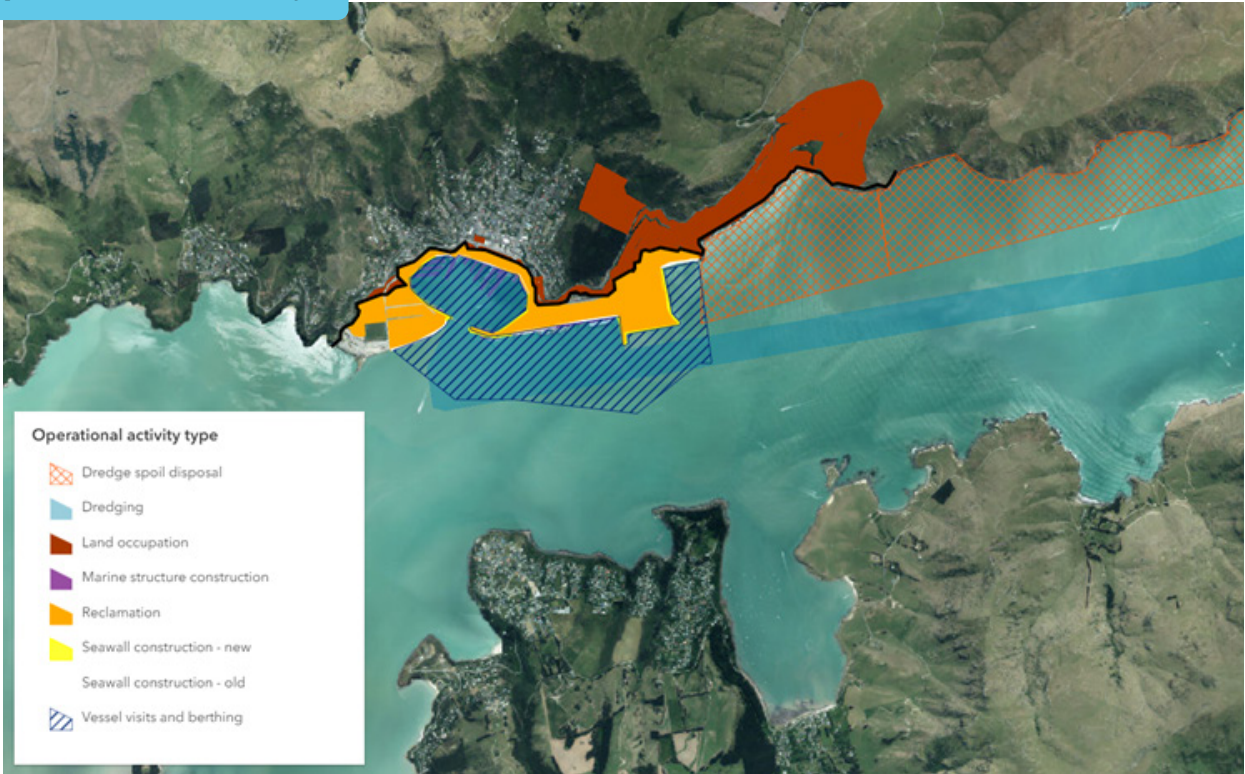
2585_{ha}

Marine occupation

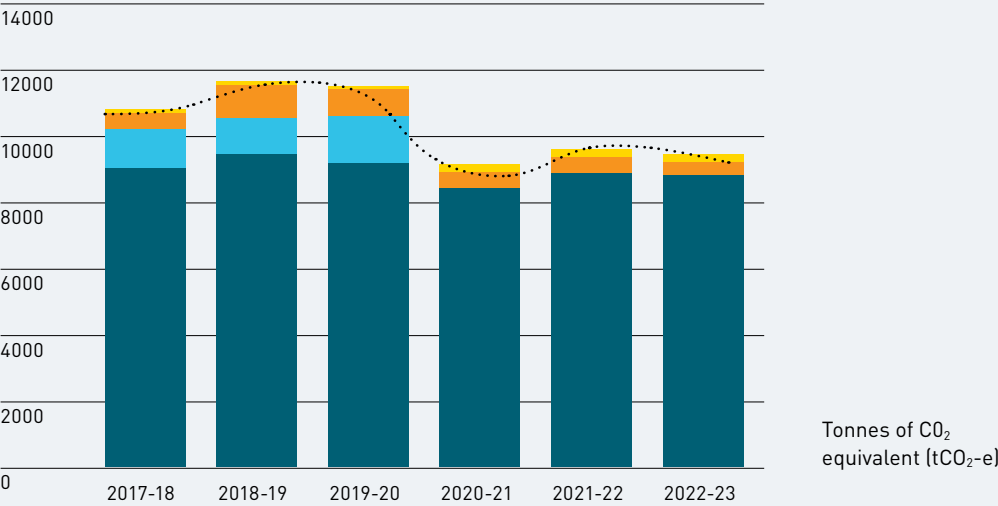
1500_{ha}

Land occupation
29% converted for Port activity,
71% undeveloped (but 34% is protected for restoration)

Operational activity



Total emissions



Category 1

Direct emissions arising from LPC activities (e.g., fuel usage)

93.15%
of total measured emissions

8777 tCO₂e

Category 2

Indirect emissions from imported energy (e.g., electricity usage)

0%
of total measured emissions

0 tCO₂e
LPC purchases certified renewable electricity from FY 2021, negating category 2 emissions.

Category 3

Indirect emissions from transportation (e.g., freight, travel)

4.1%
of total measured emissions

382 tCO₂e
Note that emissions from employee commuting and accommodation are not currently measured.

Category 4

Indirect emissions from products/services (e.g., waste generated by operations, electricity transmission and distribution losses)

2.8%
of total measured emissions

263 tCO₂e
Reporting of other Category 4 emissions including embodied emissions from development projects is currently in development.

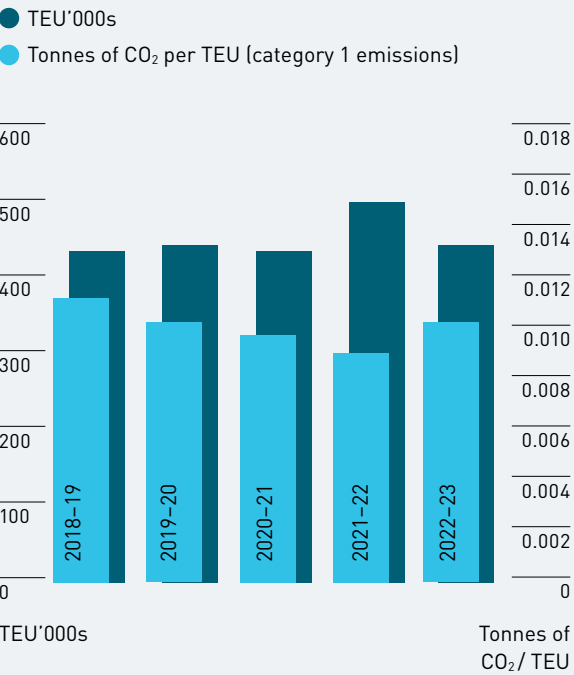
Category 5

Indirect emissions associated with the use of products from the organisation. Not currently measured.

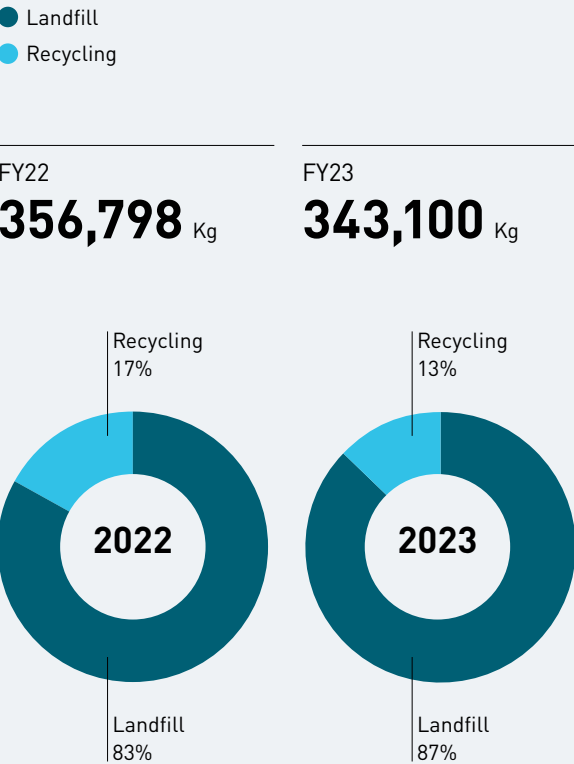
Category 6

Indirect emissions from other sources.

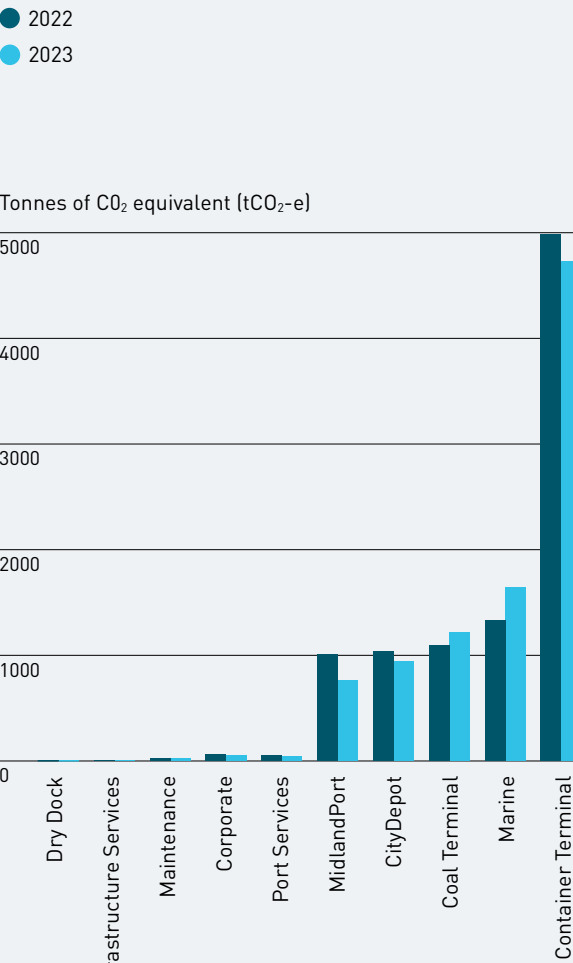
Carbon intensity per TEU




Waste and recycling



Carbon emissions by area





We have seen a slight decrease in overall emissions since 2021, mostly due to investment in fuel-efficient Noell straddles and the purchase of certified renewable electricity certificates.

Trillions of data points, unlimited potential

The culmination of a 5-year acoustic research programme has seen LPC set a world-leading standard for marine mammal protection.

LPC set out four SoundTrap hydrophones (underwater microphones) to monitor upokohue/ Hector's dolphins during two major construction projects – the cruise berth and channel deepening.

Over the 5-year span of the programme, more than 100,000 hours of underwater acoustic information were recorded. Researchers spent most of FY23 analysing the data. This immense data set was fed into an AI deep learning system to develop a computer model that is exceptionally accurate at detecting echolocating Hector's dolphins.

Principal Scientist of Underwater Acoustics at Styles Group Dr Matt Pine led the acoustic aspects of the study. He says that acoustic data is vital for effective dolphin detection and protection. "Acoustics for dolphin monitoring is an excellent tool because the detection ranges are far greater than what people can see," he explains.

Real-time dolphin protection for SailGP

In March 2023, SailGP was hosted in Lyttelton Harbour. The dolphin detection model trained from LPC's data set was deployed from buoys and used to help detect dolphins on or near the course during the event in real time.

Accurate information was of utmost importance says Matt, who deployed the buoys at the event. "If animals were there, we needed to know for their safety. At the same time, a false positive would have had negative consequences. Without the data collected by LPC, this real-time solution would not have been possible."

Sharing our data with the world

The data from LPC's programme will be published in an open access journal so that researchers worldwide will be able to access the data set for their own work. Scientists will be able to reprocess the trillions of data points collected at LPC in new ways to answer questions that have yet to be posed.

Matt says the follow-on benefits of this programme are immense. "LPC has been the first port to really recognise the need to protect marine mammals and commit to undertaking research since 2016. Their level of commitment has set the bar very high."



100,000hrs

Underwater acoustic information were recorded



Bulk cargo loading: our progress

LPC holds resource consents for several activities and is committed to exceeding consent requirements where possible.

Over the last 18 months and following issues highlighted in one shipment in April, Environment Canterbury and the harbour communities have called for improved environmental measures around dust and stormwater management.

LPC has partnered with customers, Port operators and regulators to ensure operations don't impact the environment or community and that we uphold our commitment to being a good neighbour.

LPC Environment Business Partner Kirsty Brennan says the team have been working on several improvement actions for the bulk cargo operations. Some are quick to implement while others are longer-term projects.

LPC is currently focused on three areas.

Product classification

LPC is working with experts to categorise products that come through the Port according to their dustiness level. Detailed classification, including particle size, weight, density and moisture content, will enable us to implement mitigation measures to suit the product type.

Real-time measuring

Starting from the end of 2023, LPC will use real-time monitoring to assess the amount of dust generated from the different activities in the inner harbour. This will help us to understand the effects of different weather patterns and the effectiveness of our mitigation measures.

Infrastructure

We continue to look at infrastructure upgrades for short-term and long-term solutions. We are implementing immediate changes to our existing hoppers, improving the misting system and investigating the use of fog cannons to remove dust particles from the air. It's all a balance – while water is the leading dust-suppressant tool, too much water in the product can affect its quality or create run-off issues.



Gollans Bay covenant

In May 2023, LPC signed a covenant with the Banks Peninsula Conservation Trust to protect 11.4 hectares of land above the Gollans Bay Quarry from future development. This area is an important habitat for several lizard species including the native Waitaha (Canterbury) gecko.

The importance of creating this covenant was highlighted when geckos were discovered in 2017 within an area of the quarry footprint where material was required by LPC for Port recovery projects. Following the discovery, over 100 geckos were rehomed after setting artificial habitats at key locations to safely capture the geckos.

Over the coming year, we will be prioritising pest and weed management and improving food sources for the geckos through native plantings.

Pest management

Our predator control programme is in full force with over 40 traps active. Since September 2022, we have targeted possums, mustelids (stoats, weasels and ferrets) and rodents, which are all predators of New Zealand’s native species. Key focus areas for pest management have been near Battery Point, where we are encouraging white-flipped penguins to nest, and the Port Saddle, protecting our trees for the successful regeneration of the area. As part of our Sustainability Strategy, LPC is striving to be biodiversity positive, and pest control is a large part of this.

Trapping records	
Species	Number of catches
Possum	21
Hedgehog	9
Rat	7
Weasel	6
Mouse	1
Total	44

Port Saddle planting

This year saw LPC staff and community volunteers undertake a fifth season of planting, weeding and maintenance at the Port Saddle – an area of 17 hectares of LPC-owned land located above the eastern edge of Lyttelton township. Working in close partnership with the Banks Peninsula Conservation Trust, we are committed to restoring this land with indigenous flora and fauna and protecting the area for future generations.

This year’s plantings have taken the total number of native trees planted to 2,913, with 295 volunteers and 228 Enviroschools students achieving a monumental 4,500 volunteer hours to ensure the plants survive.

Financial statements 2022–2023

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Directors’ Declaration

In the opinion of the Directors of Lyttelton Port Company Limited, the financial statements and notes on pages 6 to 25:

- comply with New Zealand equivalents to International Financial Reporting Standards and fairly present the financial position of the Company as at 30 June 2023, and the results of 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 Company, and facilitate compliance of these 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 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 financial statements.

The Directors are pleased to present the financial statements of Lyttelton Port Company Limited for the year ended 30 June 2023.

For and on behalf of the Board of Directors:



Barry Bragg
Director
21 August 2023



Bill Dwyer
Director
21 August 2023

Independent Auditor's Report



TO THE READERS OF LYTTTELTON PORT COMPANY LIMITED'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Lyttelton Port Company Limited (the company). 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 company on his behalf.

OPINION

We have audited the financial statements of the company on pages 6 to 25, that comprise the statement of financial position as at 30 June 2023, 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 company:

- present fairly, in all material respects:
 - its financial position as at 30 June 2023; 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 21 August 2023. This is the date at which our opinion is expressed.

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

BASIS FOR OUR OPINION

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

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

The Board of Directors is responsible on behalf of the company 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 company 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 company 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 an 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 company'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 company'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 company 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 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 company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

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

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

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2023

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

In thousands of New Zealand dollars	Notes	2023	2022
Revenue	4	181,662	161,736
Employee expenses		(80,011)	(72,102)
Materials and consumables utilised		(40,605)	(33,177)
Depreciation and amortisation	8, 9, 14	(16,578)	(14,686)
Administrative and other expenses	5	(14,962)	(13,262)
RESULTS FROM OPERATING ACTIVITIES		29,506	28,509
Net financing income/(costs)	6	(2,986)	(1,607)
Profit (Loss) before tax for the year		26,520	26,902
Income tax (expense)	7	(7,561)	(7,978)
Profit (Loss) for the year		18,959	18,924
OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Effective portion of changes in fair value of cash flow hedges - gross of tax		(60)	8,513
Income tax on other comprehensive income		17	(2,384)
Total comprehensive income for the year		18,916	25,053

Statement of Financial Position

AS AT 30 JUNE 2023

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

In thousands of New Zealand dollars	Notes	2023	2022
ASSETS			
Property, plant and equipment	8	573,231	507,616
Intangible assets	9	3,501	3,867
Deferred tax asset	10	22,569	25,811
Right of use assets	14	699	791
Finance lease receivable	14	44,036	39,578
Derivatives	13	9,111	9,148
Total non-current assets		653,147	586,811
Cash and cash equivalents	13	5,675	3,432
Trade and other receivables	11	24,017	20,734
Prepayments		3,024	5,421
Inventories		2,291	3,231
Finance lease receivable	14	2,363	2,172
Derivatives	13	107	144
Total current assets		37,477	35,134
Total assets		690,624	621,945
EQUITY			
Share capital	12	21,457	21,457
Cash flow hedge reserve	12	6,637	6,680
Retained earnings		358,436	349,659
Total equity		386,530	377,796
LIABILITIES			
Other non current liabilities		490	540
Lease liabilities	14	44,793	40,325
Employee entitlements		726	726
Loans and borrowings	13	213,000	165,000
Total non-current liabilities		259,009	206,591
Trade and other payables	13	21,898	17,210
Provisions	15	4,767	1,890
Interest payable	13	(157)	29
Employee entitlements		12,263	12,328
Lease liabilities	14	2,359	2,254
Derivatives	13	-	15
Other current liabilities		70	79
Income tax payable		3,885	3,753
Total current liabilities		45,085	37,558
Total liabilities		304,094	244,149
Total equity and liabilities		690,624	621,945

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2023

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 reserve	Retained earnings	Total
Balance at 1 July 2021	21,457	551	340,735	362,743
PROFIT FOR THE YEAR	-	-	18,924	18,924
OTHER COMPREHENSIVE INCOME/(EXPENSE)				
Effective portion of changes in fair value of cash flow hedges - net of tax	-	6,129	-	6,129
TRANSACTIONS WITH OWNERS RECORDED DIRECTLY IN EQUITY				
Dividends to equity holders	-	-	(10,000)	(10,000)
Balance at 30 June 2022	21,457	6,680	349,659	377,796
PROFIT FOR THE YEAR	-	-	18,959	18,959
OTHER COMPREHENSIVE INCOME/(EXPENSE)				
Effective portion of changes in fair value of cash flow hedges - net of tax	-	(43)		(43)
TRANSACTIONS WITH OWNERS RECORDED DIRECTLY IN EQUITY				
Dividends to equity holders	-	-	(10,182)	(10,182)
Balance at 30 June 2023	21,457	6,637	358,436	386,530

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2023

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

In thousands of New Zealand dollars	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		177,537	162,761
Cash paid to suppliers and employees		(136,685)	(116,738)
Interest and facility fees paid		(3,312)	(1,722)
Interest received		140	-
Subvention payments	20	(4,169)	(5,332)
Income tax received (paid)		(2)	-
Net cash from operating activities	17	33,509	38,969
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		176	37
Acquisition of property, plant and equipment		(68,442)	(47,287)
Acquisition of intangible assets		(128)	(408)
Capitalised interest		(4,055)	(1,423)
Leased Asset		(170)	(83)
Net cash used in investing activities		(72,619)	(49,164)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from CCHL		-	-
Proceeds from borrowings		48,000	15,000
Dividends paid	12, 19	(6,647)	(10,000)
Net cash from financing activities		41,353	5,000
Cash and cash equivalents at 1 July		3,432	8,627
Net (decrease)/increase in cash and cash equivalents		2,243	(5,195)
Cash and cash equivalents at 30 June		5,675	3,432

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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. The Company 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 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 for Tier-1 for profit-oriented entities. These financial statements have been prepared on a going concern basis. These financial statements were authorised for issue by the Company’s Board of Directors on 21 August 2023.

(B) BASIS OF MEASUREMENT

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

(C) FUNCTIONAL AND PRESENTATION CURRENCY

These 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 financial statements, management has made judgements, estimates and assumptions that affect the application of the Company’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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment in the year ending 30 June 2023 are included in:

Note 8 - property, plant and equipment. (valuation methodology and related key assumptions and sensitivities)

(E) GOING CONCERN

These financial statements are prepared on the basis the Company is a going concern. Current Liabilities exceed Current Assets as at 30 June 2023 due to a large amount of capital expenditure in the trade payables. Sufficient headroom exists in banking facilities to meet obligations as referred to Note 13.

Significant Accounting Policies

(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 Company'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 finance lease receivables are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Receivables with a short duration are not discounted.

The Company applies the simplified approach in providing for expected credit losses prescribed by NZ IFRS 9, which permits the use of lifetime expected credit loss provision for all trade receivables. The allowance for doubtful debts on trade receivables and finance lease receivables are either individually or collectively assessed based on number of days overdue.

Trade and other payables

Trade and other payables are measured at amortised cost using the effective interest method. Payables with a short duration are not discounted.

(ii) Derivative financial instruments

The Company uses derivative financial instruments to hedge. The Company uses derivative financial instruments to hedge exposure to foreign exchange, commodity price and interest rate risks arising from operational, financing and investment activities. In accordance with treasury policy, the Company 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. Derivatives are at Level 2 in the fair value hierarchy, and these are valued based on observable market data.

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 is recognised within equity as a cashflow hedge reserve within other comprehensive income.

(B) PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

Items of property, plant and equipment are measured at fair value less accumulated depreciation.

If significant parts of an item of property, plant and equipment have different useful lives and are separately identifiable, then they are accounted for as separate items (major components) of property, plant and equipment (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 Company 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 based on the consideration expected to be received in a contract with a customer and is generally net of allowances, trade discounts and volume rebates.

(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) 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 3.62%. Other borrowing costs are expensed as incurred.

3 Significant Accounting Policies cont.

(F) DREDGING COSTS

Maintenance dredging costs are recorded as a prepayment and expensed over the period of benefit, which has been assessed as 12 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.

(G) EMPLOYEE ENTITLEMENTS

Employee Entitlements are stated at cost.

(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

No new accounting policies were implemented during the current financial year.

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Revenue

In thousands of New Zealand dollars	2023	2022
Port operations income	177,551	158,150
Other income	4,111	3,586
Total revenue	181,662	161,736

In thousands of New Zealand dollars	2023	2022
Disaggregation of revenue from contracts with customers		
Container terminals	120,314	115,575
Multi-cargo	32,409	27,677
Marine services	24,828	14,898
Total revenue	177,551	158,150

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.

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 Company expects to be entitled in exchange for those goods or services.

The Company’s revenue mainly consists of container terminal, multi cargo and marine services.

Information about the nature and timing of the satisfaction of performance obligations per revenue stream is disclosed below:

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

Administrative and Other Expenses

In thousands of New Zealand dollars	2023	2022
Insurance Expense	5,666	4,173
Other Expenses	9,052	8,911
Audit of financial statements by KPMG	244	178
Administrative and other expenses:	14,962	13,262
Net (gain)/loss on sale of property, plant and equipment	(117)	(37)

6

Finance Income and Expenses

In thousands of New Zealand dollars	2023	2022
Interest income on cash and cash equivalents	140	157
Interest income on finance leases	1,259	1,252
Interest paid on bank advances	(7,157)	(3,160)
Interest paid on leases	(1,283)	(1,279)
Less interest capitalised to property, plant & equipment	4,055	1,423
Net financing (costs)	(2,986)	(1,607)

7

Income Tax Expense

In thousands of New Zealand dollars	2023	2022
Current tax expense		
Current period	3,885	3,750
Adjustment for prior periods	411	(319)
Total current tax expense	4,296	3,431
Deferred tax expense		
Origination and reversal of temporary differences	3,815	4,254
Adjustment for prior period	(550)	293
Total deferred tax expense/(credit)	3,265	4,547
Total income tax expense/(credit)	7,561	7,978

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	2023 Rate	2023 Amount	2022 Rate	2022 Amount
Profit (Loss) after tax		18,959		18,924
Total income tax expense		7,561		7,978
Profit (Loss) before tax		26,520		26,902
Income tax using the Company's domestic tax rate	28.0%	7,426	28.0%	7,533
Permanent differences	1.8%	475	0.4%	110
Adjustments to deferred tax	(0.8%)	(200)	1.3%	361
(Over)/under provided in prior periods	(0.5%)	(139)	(0.1%)	(26)
Total income tax expense/(credit)	28.5%	7,562	29.7%	7,978

In thousands of New Zealand dollars	2023	2022
Income tax expense/(credit) on derivatives	17	(2,384)
Total income tax recognised directly in equity (Note 10)	17	(2,384)

In thousands of New Zealand dollars	2023	2022
Imputation credits at 1 July	5,726	10,497
New Zealand tax payments, net of refunds	(4,769)	(882)
Imputation credits attached to dividends paid	-	(3,889)
Imputation credits at 30 June	957	5,726

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 2023,

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.

In 2022, the Taxation (Annual Rates for 2021–22, GST and Remedial Matters) Act 2022 was passed. The key implication of this legislation is from 1 July 2022, there would no longer be any benefit or requirement for LPC to attach imputation credits to future dividend payments to shareholders.

8

Property, Plant and Equipment

In thousands of New Zealand dollars	Land	Buildings	Land improvements & harbour structures	Plant, equipment & vehicles	Work in Progress	Total
GROSS CARRYING AMOUNT						
Balance at 1 July 2021	189,002	45,300	365,516	254,839	54,395	909,052
Additions	-	23	543	6,867	46,871	54,304
Disposals	-	(41)	-	(7,769)	(90)	(7,900)
Transfer	-	709	5,429	3,482	(10,023)	(403)
Balance at 30 June 2022	189,002	45,991	371,488	257,419	91,153	955,053
Reclassification of Asset Classes	(507)	(6,999)	(3,538)	(624)	1,826	(9,842)
	188,495	38,992	367,950	256,795	92,979	945,211
Additions	-	134	820	19,395	63,454	83,803
Disposals	(2)	(126)	(544)	(28,701)	(1,108)	(30,481)
Transfer	-	3,712	3,221	11,521	(18,583)	(129)
Balance at 30 June 2023	188,493	42,712	371,447	259,010	136,742	998,404

ACCUMULATED DEPRECIATION AND FAIR VALUE WRITE-DOWNS						
Balance at 1 July 2021	(64,006)	(18,765)	(188,293)	(170,104)	-	(441,168)
Depreciation expense	-	(987)	(6,448)	(6,640)	-	(14,075)
Disposals	-	39	-	7,767	-	7,806
Balance at 30 June 2022	(64,006)	(19,713)	(194,741)	(168,977)	-	(447,437)
Reclassification of Asset Classes	465	1,859	5,728	1,790	-	9,842
	(63,541)	(17,854)	(189,013)	(167,187)	-	(437,595)
Depreciation expense	-	(1,016)	(6,670)	(8,306)	-	(15,992)
Impairment of assets	-	-	-	-	-	-
Disposals	2	119	544	27,749	-	28,414
Transfer	-	-	-	-	-	-
Fair value adjustment	-	-	-	-	-	-
Balance at 30 June 2023	(63,539)	(18,751)	(195,139)	(147,744)	-	(425,173)

CARRYING AMOUNTS						
Balance at 30 June 2022	124,996	26,278	176,747	88,442	91,153	507,616
Balance at 30 June 2023	124,954	23,961	176,308	111,266	136,742	573,231

Additions for the year ended 30 June 2023 include capitalised interest of \$4,055,193 (2022: \$1,423,434).

Capital work in progress is recorded as a separate asset classification for improved clarity. The 2023 balance includes Land Reclamation \$43m, the Crane Replacement Project \$18m, and the Eastern Development Project \$56m, as well as a number of smaller projects. Projects that create intangible assets when completed and capitalised are included in the \$138m at balance date.

Accounting 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.

8 Property, Plant and Equipment cont.

(i) Property, Plant and Equipment and Useful Lives	
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 (included in plant and equipment)	30 years
Plant equipment and vehicles	3-30 years
Vessels (included in plant and equipment)	5-25 years
Seawalls	100 years
Capital dredging (included in land)	Indefinite

(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.

LPC is not currently achieving a full recovery of the Enterprise Value (EV) if valued under an appropriate cost methodology in IFRS 13. LPC future cash flows (including forecast profitability and capital expenditure) would not support an asset base valued under the Optimised Depreciated Replacement Cost (ODRC) methodology. The Company has therefore valued its assets via the income approach as the best approximate fair value of the fixed assets.

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 Company’s property, plant and equipment are all categorised as Level 3 in the fair value hierarchy. In 2020, 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. ”

(iii) Key Valuation Assumptions
The Directors have adopted a set of assumptions for the EV model. These assumptions are based on management’s best estimate and the actual outcome and impact on cashflows could vary significantly.
“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 valuation does not include any estimates for significant port expansion within the next 15 years. TEU volumes are capped in the model at current estimated capacity. Cruise volumes have been forecast to grow from the current year volumes which reflect a recovery to Pre-Covid levels.

A 15 year period for forecast cashflows followed by a terminal value has been used due to the long term nature of LPC’s infrastructure assets. COVID-19 continues to impact our Cruise and Fuel business which we have forecast to recover slowly but from a lower base.

The key drivers of the valuation are growth in container volume, margin improvement, capital expenditure and the Weighted Average Cost of Capital (WACC) rate used. The adopted assumptions in these areas are shown in the table below.”

The Company 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 Company, the Company 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).

8 Property, Plant and Equipment cont.

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 cashflows expected to be generated by the company. The cash flow projections include specific estimates for 15 years. The expected net cash flows are discounted using a risk adjusted discount rate.	EBITDA Margin (average over 15 year period 37%). The Company has assumed average container pricing increase of 4.2% per year over the 15 years period which will have a material impact on the valuation.	The estimated fair value would increase (decrease) if:
	Risk adjusted discount rate 7.17%	The estimated EBITDA Margin was higher (lower)
	Container TEU growth Rate 2.0% with a maximum of 600,000 TEU	The risk adjusted discount rates were lower (higher)
	Estimated capital expenditure; LPC has assessed major infrastructure (new or upgraded) and made an assessment of required placement assets	The estimated growth rate of TEU were higher (lower).
		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.

	2023		2022	
In thousands of New Zealand dollars	DCF Period FY24 - FY38	Terminal	DCF Period FY23 - FY37	Terminal
LPC KEY FORECAST ASSUMPTIONS & RESULTS				
Revenue/Expense Inflation	2% - 8%		2%-3.9%	
Container Pricing Increases	3% - 24.4%		2%-19%	
TEU Volume Growth	2.0%		2.5%	
EBITDA Margin	30% - 43%		28%-46%	
Growth Rate		2%		2%
WACC	7.17%	7.17%	7.30%	7.30%
Total capital in 15 year period (inflated \$000)	701,000	73,000	1,184,000	40,000

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 (\$000s)	Impact on Equity Value
KEY SENSITIVITIES - IMPACT OF EV		
EBITDA Margin +1% (all years)	35,636	Increase
EBITDA Margin -1% (all years)	(35,636)	Decrease
WACC +0.5%	(52,371)	Decrease
WACC -0.5%	63,512	Increase
Container TEU Growth +0.5% (compounding per year)	10,656	Increase
Container TEU Growth -0.5% (compounding per year)	(15,477)	Decrease
Capital Cost +10% (all years)	(88,383)	Decrease
Capital Cost -10% (all years)	88,383	Increase
Terminal Growth +0.5%	34,881	Increase
Terminal Growth -0.5%	(28,734)	Decrease

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Intangible Assets

In thousands of New Zealand dollars	Software	Easements & resource consents	Total
COST			
Balance at 1 July 2021	6,615	9,296	15,911
Additions	3	-	3
Disposals	(34)	-	(34)
Transfers	403	-	403
Balance at 30 June 2022	6,987	9,296	16,283
Reclassification of Asset Classes	(6)	(5,075)	(5,081)
	6,981	4,221	11,202
Additions	-	-	-
Disposals	(403)	-	(403)
Transfers	112	16	128
Balance at 30 June 2023	6,690	4,237	10,927

ACCUMULATED DEPRECIATION AND IMPAIRMENT			
Balance at 1 July 2021	(5,714)	(6,220)	(11,934)
Amortisation expense	(400)	(116)	(516)
Disposals	34	-	34
Impairment	-	-	-
Transfers	-	-	-
Balance at 30 June 2022	(6,080)	(6,336)	(12,416)
Reclassification of Asset Classes	(114)	5,195	5,081
	(6,194)	(1,141)	(7,335)
Amortisation expense	(376)	(118)	(494)
Impairment	-	-	-
Disposals	403	-	403
Transfers	-	-	-
Balance at 30 June 2023	(6,167)	(1,259)	(7,426)

CARRYING AMOUNTS			
Balance as at 30 June 2022	907	2,960	3,867
Balance as at 30 June 2023	523	2,978	3,501

Accumulated impairment included in the above is \$5,433,000 (2022: \$5,433,000) relating to impairment recognised by the Company in 2020.

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.

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

Deferred Tax Assets and Liabilities

	Assets		Liabilities		Net	
In thousands of New Zealand dollars	2023	2022	2023	2022	2023	2022
Property, plant and equipment	30,890	33,670	(9,882)	(8,814)	21,008	24,856
Employee entitlements	3,185	3,195	-	-	3,185	3,195
Derivatives	-	-	(2,581)	(2,598)	(2,581)	(2,598)
Finance lease receivable	-	-	(13,187)	(11,586)	(13,187)	(11,586)
Lease liabilities	13,203	11,600	-	-	13,203	11,600
Losses	-	-	-	-	-	-
Other items	1,361	613	(420)	(269)	941	344
Tax assets/(liabilities)	48,639	49,078	(26,070)	(23,267)	22,569	25,811

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

MOVEMENT IN TEMPORARY DIFFERENCES DURING THE YEAR

In thousands of New Zealand dollars	Balance 1 July 2021	Recognised in profit or loss	Recognised in equity	Balance 30 June 2022	Recognised in profit or loss	Recognised in equity	Balance 30 June 2023
Property, plant and equipment	29,464	(4,608)	-	24,856	(3,848)		21,008
Employee entitlements	2,468	727	-	3,195	(9)	-	3,186
Derivatives	(214)	-	(2,384)	(2,598)	-	17	(2,581)
Finance lease receivable	(12,546)	960	-	(11,586)	(1,601)	-	(13,187)
Lease liabilities	12,554	(954)	-	11,600	1,603	-	13,203
Losses	-	-	-	-	-	-	-
Other items	1,016	(672)	-	344	596	-	940
Tax assets/(liabilities)	32,742	(4,547)	(2,384)	25,811	(3,259)	17	22,569

Trade and Other Receivables

In thousands of New Zealand dollars	2023	2022
Trade receivables (before impairment)	24,480	20,479
Other receivables	-	498
Provision for impairment	(463)	(243)
Trade and other receivables	24,017	20,734

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	1.08%	2.00%	4.28%	9.50%
Estimated total gross carrying amount at default	198	60	73	132
Trade receivables	18,380	3,004	1,707	1,389

Capital and Reserves

In thousands of New Zealand dollars	2023	2022
Share capital	21,457	21,457
Cash flow hedge reserve	6,637	6,680

At 30 June 2023 there were 102,261,279 shares on issue (2022: 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 Company. All shares rank equally with regard to the Company’s 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 \$6.6 million were paid by the Company during the year ended 30 June 2023 (2022: \$10 million). A further dividend of \$3.5m was declared in January 2023 and paid in July 2023.

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Financial Instruments

Exposure to credit, liquidity, and market risks arise in the normal course of the Company’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 Company considers duration and frequency of default and makes provision for specific balances considered to be impaired. The Company does not require collateral in respect of trade and other receivables.

“The Company’s exposure to credit risk is reflective of its customer base. The nature of the Company’s business means that the top ten customers account for 61% of total Company revenue (2022: 69%). The Company is satisfied with the credit quality of these debtors and any expected credit loss has been disclosed.

Cash handling and derivative transactions are only carried out with counterparties that have an investment grade credit rating.

LIQUIDITY RISK

Liquidity risk represents the Company’s ability to meet its contractual obligations. The Company evaluates its liquidity requirements on an ongoing basis. In general, the Company 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 Company has an unsecured bank overdraft facility of \$1 million and unsecured bank and related party loan facilities of \$275 million, the unused amount at 30 June 2023 is \$62 million.

NON CURRENT INTEREST BEARING BORROWINGS

To manage liquidity risk, the Company’s treasury policy requires liquid assets and/or committed bank facilities to be in place to give headroom of at least \$25 million over and above the maximum debt requirement as estimated for the next 6 months.

The current and non-current borrowings are unsecured. The Company 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), and a maximum gearing ratio percentage requirement (45%). There have been no breaches of this negative pledge during the financial year.

The Company has one bank loan facility agreement with Westpac New Zealand Limited (\$55m), two bank loan facility agreements with China Construction Bank (\$70m) and one loan facility agreement with Christchurch City Holdings Limited (\$150m). Interest rates on the Company’s loans are based on BKBM (bank bill bid settlement) rate plus a margin range of 0.20% to 0.96% per annum (2022: 0.20% to 0.96% per annum). The Company 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 Company’s business.

In accordance with its treasury policy the Company 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 Company 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 Company. The foreign currencies in which transactions are primarily denominated are Australian dollars (AUD), U.S. dollars (USD), Euro (EUR) and Singapore dollars (SGD). The Company uses forward exchange contracts to hedge major foreign currency risk arising from payables or commitments in accordance with its policies. The Company’s revenues are billed in NZD.

INTEREST RATE RISK

The Company’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 Company uses interest rate swaps to manage these exposures.

FUEL PRICE RISK

The Company’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. The Company may also charge a fuel adjustment factor from time to time, in order to manage its exposure to fuel price risk.

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Financial Instruments cont.

QUANTITATIVE DISCLOSURES

(i) Credit risk

The carrying amount of financial assets represents the Company’s maximum credit exposure.

The Company 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 Company’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:

	2023		2022	
In thousands of New Zealand dollars	Gross receivable	Expected credit loss	Gross receivable	Expected credit loss
Not past due	18,380	198	16,494	172
Past due 0-30 days	3,004	60	3,297	58
Past due 31-60 days	1,707	73	384	6
Past due more than 60 days	1,389	132	304	7
Total	24,480	463	20,479	243

(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
2023						
Trade and other payables	21,898	21,898	21,898	-	-	-
Provisions	4,767	4,767	4,767	-	-	-
Interest Payable	(157)	(157)	(157)	-	-	-
Bank loans	63,000	64,050	64,050	-	-	-
Related party loans	150,000	194,359	6,337	6,337	19,011	162,674
Lease liabilities	47,152	56,099	4,057	4,057	12,142	35,844
Non-derivative liabilities total	286,660	341,016	100,952	10,394	31,153	198,518
Forward exchange contracts	(85)	1,873	1,873	-	-	-
Interest rate swaps	(9,133)	(9,133)	(22)	(949)	(8,162)	-
Total	277,442	333,756	102,803	9,445	22,991	198,518

2022						
Trade and other payables	17,210	17,210	17,210	-	-	-
Provisions	1,890	1,890	1,890	-	-	-
Interest Payable	29	29	29	-	-	-
Bank loans	15,000	15,934	15,934	-	-	-
Related party loans	150,000	162,054	1,096	1,096	3,288	156,574
Lease liabilities	41,429	52,117	3,362	3,362	10,086	35,307
Non-derivative liabilities total	225,558	341,016	39,521	4,458	13,374	191,881
Forward exchange contracts	(418)	9,041	2,985	6,056	-	-
Interest rate swaps	(8,859)	(8,920)	(2,433)	(2,614)	(3,873)	-
Total	216,281	341,137	40,073	7,900	9,501	191,881

In the previous financial year, the Company early adopted the 2020 Amendment to NZ IAS 01 Presentation of Financial Statements. The Company classifies liabilities arising from loan arrangements as non-current liabilities to match lending agreements. The Company is in compliance with both banking’s covenants of Debt to Equity Gearing Ratio and Interest Cover.

The Company has exposure to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rates by use of interest rate swaps.

In thousands of New Zealand dollars					
	Total	1 year or less	1-2 years	2-5 years	More than 5 years
2023					
Cash and cash equivalents	5,675	5,675	-	-	-
Bank loans	(63,000)	(63,000)	-	-	-
Related party loans	(150,000)	(55,000)	(45,000)	(50,000)	-
Total	(207,325)	(112,325)	(45,000)	(50,000)	-
2022					
Cash and cash equivalents	3,432	3,432	-	-	-
Bank loans	(15,000)	(15,000)	-	-	-
Related party loans	(150,000)	(35,000)	(10,000)	(80,000)	(25,000)
Total	(161,568)	(46,568)	(10,000)	(80,000)	(25,000)

The Company does drawdown on facilities using shorter term tranches, with the intention of rolling over at the end of the term. These roll overs are dependent on the Company being in compliance with covenants at the roll over date.

CAPITAL MANAGEMENT

The Company’s capital includes share capital, reserves and retained earnings.

The Company’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 Company 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 Company’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 Company’s management of capital during the period.

SENSITIVITY ANALYSIS

In managing interest rate and currency risks the Company aims to reduce the impact of short-term fluctuations on the Company’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 2023 it is estimated that an increase of 1.0% in interest rates would decrease the Company’s profit before income tax by approximately \$1.97m (2022 decrease of \$0.4 m).

The Company 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 Company uses forward exchange contracts to hedge certain capital expenditure transacted in foreign currency. These contracts are treated as cash flow hedges. The net fair value of forward exchange contracts used as hedges of forecast transactions at 30 June 2023 was a net asset of \$85k (2022: Net asset of \$418k), comprising assets of \$85k (2022: \$433k) and liabilities of \$Nil (2022: \$15k).

The Company leases some assets, including:

- 1. Leases of land and buildings, LPC has entered into a corresponding sublease on both of these leases.
- 2. Leases of mobile plant - these are typically for less than one year. LPC usually replace these short-term leases with purchases of its own equipment.
- 3. Leases of office and IT equipment. These leases are up to several years.

The Company elects not to recognise right of use assets and lease liabilities for short-term or low value leases for office and IT equipment and short-term mobile plant.

The Company has assessed one of its leases that it subleases as a finance lease. This is no longer treated as a right of use asset, as all risks and rewards of ownership have been transferred to the lessee therefore the lease has been determined as a finance lease.

	2023	2022
Right of Use assets		
Balance at 1 July	791	885
Depreciation	(92)	(94)
Balance 30 June	699	791

	2023	2022
Lease Liabilities		
Balance at 1 July	42,579	44,835
Rent Increase adjustment	6,875	-
Lease Payments on operating lease liabilities	(2,302)	(2,256)
Balance 30 June	47,152	42,579

	2023	2022
Lease Interest		
Interest on operating lease liabilities	(1,283)	(1,279)
	(1,283)	(1,279)

LEASES AS LESSOR

The Company sub-leases one of its leases for land and buildings. This sub-lease is classified as a finance sub-lease as all of the risks and rewards of ownership have been transferred to the sub lease. The maturity and value of the lease payments are aligned between the head lease and the sub-lease. The payment of both interest and principal is settled between the head lessor and the sub-lessee, and accordingly LPC does not recognise these payments in the statement of cash flows.

FINANCE LEASE

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

In thousands of New Zealand dollars	2023	2022
Less than one year	3,946	3,460
1-2 years	3,946	3,460
2- 5 years	11,837	10,379
More than five years	35,511	34,598
Total undiscounted lease receivable	55,240	51,897
Unearned finance income	8,841	10,147
Net investment in the lease	46,399	41,750

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Provisions

LPC has included provisions where future costs can be reliably estimated. For 2023, these provisions include the costs involved in satisfying our obligation to mitigate noise for nearby residents, demolition of obsolete jetty structures, and potential employment related claims.

In thousands of New Zealand dollars	2023	2022
PROVISIONS		
Noise mitigation provision	880	1,090
Crane 1 demolition	-	800
Jetty Demolition Provision	3,000	-
Employee Related Provisions	887	-
Total	4,767	1,890

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Capital commitments

In thousands of New Zealand dollars	2023	2022
Commitments for the purchase of property, plant & equipment	20,597	52,000

LPC capital commitments are those approved and contracted with suppliers as at balance date.

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

In thousands of New Zealand dollars	2023	2022
Profit/(Loss) for the year	18,959	18,924
ADJUSTMENTS FOR:		
Depreciation and amortisation	16,578	14,686
Net loss on sale of property, plant and equipment	(1,507)	(37)
Deferred tax charge	3,258	4,548
Non-current liability	(50)	(41)
Capital creditors	(5,673)	(5,099)
Non-current prepayments	-	149
Total adjustments	12,606	14,206
ADD/(LESS) MOVEMENTS IN WORKING CAPITAL ITEMS:		
Change in tax payable	132	(1,897)
Change in inventories	940	(556)
Change in trade and other receivables	(3,283)	1,053
Change in prepayments	2,397	(844)
Change in trade and other payables (including employee entitlements and provisions)	2,113	8,198
Change in interest payable	(186)	(115)
Total movements	2,113	5,839
Net cash flow from operating activities	33,678	38,969

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Contingent Liabilities

LPC is aware of historic contamination of certain sites on port land. We work with users to remediate identified contamination when required. There is a possibility that LPC will incur costs or have a liability to remediate in the future. The total amount of contamination is uncertain, the cost to remediate is difficult to identify, and there is no certainty as to when the requirement to remediate may arise.

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	2023	2022
Short-term employee benefits	2,667	2,925
Termination Benefits	785	-
Directors Fees	358	366

TRANSACTIONS WITH CONTROLLING SHAREHOLDER AND OTHER COMPANIES IN THE GROUP

In thousands of New Zealand dollars	2023	2022
Transactions with CCC		
Sales	17	31
Purchases	(46)	(100)
Rates	(1,057)	(967)
Subvention payment	(4,169)	(5,332)
Accounts payable	(1)	(6)
Accounts receivable	-	-
Transactions with CCHL		
Purchases	(14)	(17)
Dividend	(6,647)	(10,000)
Interest paid	(6,818)	(1,984)
Interest payable	(274)	(106)
Dividend Payable	(3,535)	-
Loan balance outstanding	(150,000)	(150,000)
Transactions with other Group entities		
Sales	-	1
Purchases	(3,967)	(2,305)
Subvention payments	-	-
Accounts payable	(90)	(1,054)
Accounts receivable	-	-

The loan facility with CCHL expires in June 2030. LPC has provided a negative pledge to CCHL consistent with LPC other lenders.

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).

	2023	2022
Christchurch City Council	4,169	5,332
Total	4,169	5,332

Subsequent Events

On 21st August 2023 the Board of Directors declared a dividend of 6.322 cents per share. This will be paid in October 2023.

Corporate Governance

Lyttelton Port Company strives for Best Practice in Corporate Governance

LPC aligns its Corporate Governance practices with the principles in the NZX Corporate Governance Code.

PRINCIPLE 1 – ETHICAL STANDARDS

LPC has adopted a written Code of Corporate Governance and Code of Conduct for Employees, which include statements on Ethical Standards and guidelines for conduct. 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 the Company’s property and/or information, including not taking advantage of the Company’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 Code of Conduct to our employees at the time of their initial employment, and supports their compliance with training and clear procedures.

LPC publishes the Code of Conduct and serious breaches are reported to the Board.

The LPC Board reviews the Code of Corporate Governance and Code of Conduct 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 Company’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
- Overseeing the internal audit and assurance programme
- Verifying that the Company has appropriate processes and resources 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 Officer 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 (SOCI). 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).

The Company has adopted the integrated reporting framework with a clear focus on our sustainability strategy as well as meeting the XRB Climate-related disclosures compliance requirements.

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 Code 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 publicly 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 their 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 approves from time to time 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 its shareholder via the annual SOCI.

CHIEF EXECUTIVE REMUNERATION

The Board, through the People and Performance Committee, sets the remuneration structure for the Chief Executive Officer (CEO). Their total remuneration was made up in the year ended June 2023 by Fixed Remuneration.

There were no Short Term Incentive (STI) or Long Term Incentive (LTI) payments.

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.

CEO’s Remuneration

The table below summarises the CEO’s remuneration earned over the accounting period over the accounting period to 30 June for the year. The remuneration includes salary, leave entitlements, and all other employment compensation amounts.

	Actual
Remuneration	\$1,467,417

The CEO departed LPC on 30/4/23

Directors’ Remuneration

Director’s Fees	2023	2022
B Bragg	12,092	-
M Devlin	77,500	90,770
V Doig	26,663	-
B Dwyer	53,326	52,000
N Easy	55,076	52,000
D Elder	52,313	62,000
M Johns	31,107	52,000
F Mules	49,940	57,000
Total	358,017	365,770

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

N Crauford and J Hughes joined the Board from 19 June and incurred fees however no remuneration was paid in the year ended 30 June.

Employee Remuneration

Salary Banding	2023	2022
In thousands of New Zealand Dollars		
100-110	67	64
110-120	68	62
120-130	61	61
130-140	54	44
140-150	17	15
150-160	12	20
160-170	10	13
170-180	6	4
180-190	2	5
190-200	3	3
200-210	3	2
210-220	4	3
220-230	-	2
230-240	1	5
240-250	5	1
250-260	1	-
260-270	1	-
270-280	-	2
290-300	1	-
300-310	1	2
320-330	1	-
330-340	2	-
340-350	1	2
360-370	1	-
380-390	1	1
400-410	-	1
460-470	-	1
600-610	-	1
1,460-1,470	1	-
Total	324	314

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 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 (listed on the NZDX debt exchange) 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 Christchurch City 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	Progress	Target 2023	Actual
Sustainable			
Revenue (\$m)	●	\$179	\$181.7
Operating Margin	●	13%	12.1%
EBIT	●	33	29.5
EBITDA	●	50	46.1
Net Profit after Tax (\$m)	●	21	19.0
Interest Cover Ratio	●	8.5	9.9
Dividend proposed (\$m)	●	10	10.2
Debt (\$m)	●	240	213.0
Equity	●	384	386.5
Shareholder Funds to Total Assets	●	57%	56.0%
Net Gearing	●	38%	35.0%
Net Debt to EBITDA	●	4.6	4.5
Dividend Yield	●	2.7%	2.7%
Return on Equity	●	5.5%	5.0%
Return on invested Capital	●	8.8%	7.7%
People			
Deliver Culture of Respect Programme to all LPC staff ¹	●		
Six-monthly reporting on Workplace Culture Action Plan implementation progress	●		
Deliver Leadership Development Programme ²	●		
Gender balance male/female	●	85/15	87/13
Engagement Pulse Survey conducted per financial year >3	●	>3	
Health and Safety			
Total Recordable Injury Frequency Rate	●	<5.4	3.59
Lost-time injury frequency rate	●	<2.66	2.33
Health and safety interaction per year	●	800	1347
Senior Leaders Critical Control Checks	●	500	863
Infrastructure for the Future			
Programme delivery - percentage of programme delivered more than one week over operational requirement	●	<20%	✓
Overall strategy and plan for centralised LPC asset management developed	●	✓	✓
Implementation tool developed	●	✓	✓
Programmes with full Sustainability Analysis and Plans	●	100%	✓
Manākitanga			
Port Liaison Committee Meetings per year	●	>3	✓
MAG Meetings per year	●	>6	✓
Kaitiakitanga			
Carbon Reduction	●	10% ³	12.3% reduction
Conduct Biodiesel trial in LPC plant ⁴	●		
Conduct comprehensive waste audits to identify a new baseline for waste	●		
Commence waste dashboard reporting for operational areas	●	✓	✓
Publish our biodiversity impacts and dependencies analysis	●		
75% of all LPC Lyttelton non-operational land is actively managed for key predators	●	✓	✓
Develop penguin habitat biodiversity positive enhancement programme	●	✓	✓
100% of operational product suppliers >\$50k/annum evaluated against responsible sourcing criteria via updated Ethical Procurement Declaration	●	✓	✓
Publish first full integrated report	●	✓	✓

Key

● Achieved

● On track

● Not achieved

¹ Operational Labour demands as a result of labour shortages have led to a change in the delivery of this education work. Digital and targeted interventions are being adopted in the interim as we refocus how this work is delivered.

² The design and development phase has taken longer than anticipated. The finalisation and beginning of delivery of the programme will now begin in FY24

³ 10% reduction in scope 1 and 2 operational emissions or carbon intensity from baseline year 2018


⁴ Feasibility work has identified transitioning existing equipment to biodiesel is difficult once it has started being run on mineral diesel; our newer fleet of straddles are unable to use biodiesel as they use ad-blue; and supply of biodiesel is problematic at present. We are instead focusing on electrification for long-term emissions reduction.

Register of Directors’ Interests

BARRY BRAGG <i>Chair from 8 June 2023</i> Ngāi Tahu Farming Limited Adviser Paenga Kupenga Limited (commercial arm of Ngāi Tūāhuriri Rūnanga) Chairman Stevenson Group Limited Deputy Chairman Farrell Construction Limited Shareholder & Consultant Canterbury West Coast Air Rescue Trust Deputy Chairman NZ Flying Doctor Service Trust Trustee Air Rescue Services Limited Director Quarry Capital Limited Chairman Pegasus Health Chairman Verum Group Limited Adviser Nuenz Limited Managing Director BC Limited Executive Director and Shareholder Straterra Director Te Kaha Project Delivery Limited Chairman Whitiora Participant Venues Ōtautahi Limited Adviser Te Manawataki o Te Papa Limited Director	BILL DWYER <i>From 19 August 2015</i> Ohinetahi Charitable Trust Trustee Premium Foods Export Ltd Director and Shareholder Quarry Capital Limited Director Opes Partners Limited Advisory Board Member Assorted Trusts NICK EASY <i>From 29 October 2020</i> Infranexus Management Pty Ltd CEO VANESSA DOIG <i>From 13 October 2016</i> FleetPin Chair Christchurch Symphony Orchestra Trustee Xtend-Life Board Advisor University of Canterbury Business School Advisory Board Member	MELANIE BROOKS <i>Associate Director from 3 October 2022</i> RDR Irrigation Limited Director FEP Dashboard Limited Director MC Water Limited Director MJ & TJ Chesterman Trust Trustee Eagle Direct Limited Shareholder NICOLA CRAUFORD <i>from 19 June 2023</i> Watercare Services Limited Director Burgundy Holdco Limited (StraitNZ) Chair Wellington Regional Stadium Trust Trustee Riposte Consulting Limited Shareholder and Owner Datacom Husband is GM Security Operations	JULIAN HUGHES <i>from 19 June 2023</i> Z Energy GM Supply KAREN JORDON <i>from 1 August 2023</i> Steel and Tube Holdings Ltd Non-Executive Director of Board and Chair of Audit Committee New Zealand Defence Force Independent Member of Risk and Assurance Committee Mission to Seafarers, Nelson Husband is Chair
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Directory

BOARD OF DIRECTORS Barry Bragg Chair Bill Dwyer Nick Easy Health and Safety Committee Chair Vanessa Doig Dr Nicki Crauford People and Performance Committee Chair Julian Hughes Karen Jordan Audit and Risk Committee Chair Mel Brooks Associate Director	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: office@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
EXECUTIVE LEADERSHIP TEAM Graeme Sumner CEO Jim Quinn Interim CEO Eugene Beneke Chief Operating Officer Lesley Fleming Chief People and Culture Officer Mike Simmers Chief Infrastructure Officer Phil de Joux Chief Corporate Affairs Officer Simon Munt Chief Customer and Supply Chain Officer Steven Barclay Chief Health and Safety Officer Vincent Mortimer Chief Financial Officer	



Registered Office

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lpc Lyttelton
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