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Report to the Policy and Finance Committee
from Greg Schollum, Chief Financial Officer

CentrePort – 2000/01 Statement of Corporate Intent

1. Purpose

To receive the CentrePort draft Statement of Corporate Intent (SCI) for 2000/01 and the following two years.

2. Background

As required by the Port Companies Act 1988, CentrePort provided its shareholders with a draft SCI by 31 July (refer **Attachment 1**). The Act requires the port company directors to consider any comments made by the shareholders on the draft SCI before 31 August and to deliver the completed SCI to shareholders by 30 September.

The draft SCI has already been discussed at the workshop on 8 August and has also been considered by the Directors of Port Investments Limited on 15 August 2000.

The SCI is now brought before the Policy and Finance Committee to seek any additional comment from Councillors as the Council is the ultimate shareholder.

3. Comment

The Committee is asked to separately consider issues associated with:

- the words;
- the numbers.

3.1 The words

The changes made to the draft SCI from the previous year's SCI wording have been marked within Attachment 1. The major changes are as follows:

- additional section 2.5;
- additional section 11.1b.

(In addition there have been some changes to the non-SCI measures which do not form part of the SCI.)

Following consideration of the draft SCI at both the workshop on 8 August and the Port Investments Limited directors' meeting on 15 August, I summarise below additional suggested changes in order to achieve the "balanced" flavour being sought by the Committee:

- Amending section 1.1 as follows:

a) to operate as an efficient commercial port to effectively service the port's customers;

b) to operate as a successful and responsible business;

c) to provide a commercial return to shareholders and in that process protect the investment of shareholders.

- Amending section 2.1 (to achieve consistency with the remainder of section 2 of the SCI)

The provision of port infrastructure, including land, wharves, buildings and equipment, and utility services.

- Amending section 2.4 to read:

The provision of integrated transport services, including a co-ordinated linkage between other transport operators and networks, for the benefit of the region and its customers.

- Amending section 5.1 as follows:

Amending "dividend stream" to "dividends" (and amending the figures to reflect 60% of NPAT each year, rather than just the dividends paid each year in cash).

- Adding new section 5.3 as follows:

The company will, in consultation with the shareholders, develop performance targets in the environmental and social areas in order to be able to complete triple bottom line reporting.

- Amending section 6.2 as follows:

Replacing "practical" with "practicable".

- Amending section 10.1 to read:

The value of equity in the company as at 1 July 2000 is \$55,810,716 based on the historic cost of the company's assets.

- Amending section 10.2 as follows:

Replacing "cognisance" with "cognizance".

- Amending section 11.1 as follows:

b) the performance of the company in meeting its financial, social and environmental performance targets;

c) how the performance outlined in section 11.1a and 11.1b is contributing to the company's objective of operating as a successful and responsible business.

To enable me to communicate with CentrePort I need feedback on the Committee's comfort with the above changes and direction on any additional changes sought.

3.2 The Numbers

The financial projections within the draft SCI indicate further profit improvements are expected over and above what was projected in last year's SCI.

Contrasting the first two periods of this year's SCI with last year's SCI:

	2000/01 year	2001/02 year
NPAT (last year's SCI)	\$6.2m	\$6.4 m
NPAT (this year's SCI)	\$6.7m	\$7.0m
Difference	\$0.5m	\$0.6m

All the other financial measures are consistent with this trend. This is very pleasing and shows that CentrePort is indeed continuing to unlock some of the inherent 'value add' from its property portfolio.

Notwithstanding the positive projections the ports industry is not without risk and therefore projected performance needs to be regularly reviewed by the shareholders. This is done formally twice a year, with monitoring at officer level at least quarterly.

4. **Communications**

Apart from communicating directly with CentrePort no other communications initiatives are appropriate at this time as the SCI has not yet been finalised.

5. **Recommendations**

- (1) *That the report be received and the contents noted.*
- (2) *That the draft Statement of Corporate Intent of CentrePort for 2000/01, and the immediately following two years, be received and any comments or recommendations be forwarded to the Directors of WRC Holdings Limited for submission to the CentrePort directors for their consideration.*

GREG SCHOLLUM
Chief Financial Officer

Attachment 1: CentrePort Draft Statement of Corporate Intent 2000/01