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## **Report 01.590**

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

### **CentrePort Ltd – 2001/02 Draft Statement of Corporate Intent**

#### **1. Purpose**

To receive the CentrePort draft Statement of Corporate Intent (SCI) for 2001/02 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 considered by the Directors of Port Investments Limited on 26 July 2001. Feedback provided to CentrePort by the Directors of Port Investments Ltd is attached as **attachment 2**.

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

Officers of both shareholders have recently met with CentrePort management with a view to revising the wording of the SCI. Councillors will note the change in emphasis within the draft SCI from pure financial objectives and performance measures to a balance of financial, environmental and social objectives and measures (“triple bottom line” reporting). As Councillors will be aware CentrePort has been reporting its actual results using the triple bottom line reporting framework but until now has not properly reflected the triple bottom line philosophy into its agreed targets at the start of the year.

I believe it is now timely for CentrePort to move to incorporate the triple bottom line philosophy into the draft SCI.

However, I don’t consider that the recognition of other objectives in any way undermines the focus on the primary objective of CentrePort ie. to be a successful business.

As referred to above Port Investments Ltd directors have endorsed the change in emphasis in the CentrePort SCI, while suggesting some minor changes to the SCI wording (refer **attachment 2**).

### 3.2 The numbers

In terms of the numbers they are of course generated by the Port Company.

The projected profits of CentrePort as contained in the latest SCI are slightly down on projections contained within the 2000/01 SCI as follows:

	<b>2001/02 year</b>	<b>2002/03 year</b>
NPAT (last year’s SCI)	\$7.0M	\$7.5M
NPAT (this year’s SCI)	<u>\$6.5M</u>	<u>\$6.8M</u>
Difference	<u>\$0.5M</u>	<u>\$0.7M</u>

The reduction in profit projections is primarily due to CentrePort now taking a more conservative view of the next few years, given the uncertainty that remains over the P&O big ships. This appears to be prudent in my view.

The 60% dividend payout rate has been retained in the 2001/02 SCI.

## 4. Communications

In addition to communicating directly with CentrePort, Councillors may also wish to consider if changes made to the SCI wording (to better reflect the triple bottom line philosophy) provide a communications opportunity.

## 5. **Recommendations**

*That the Policy and Finance Committee recommend that the Council:*

- (1) Receive the report and note its contents.*
- (2) Receive the draft Statement of Corporate Intent of CentrePort for 2001/02, and the immediately following two years, and request that any comments or recommendations for change be forwarded to the Directors of CentrePort for their consideration.*

GREG SCHOLLUM  
Chief Financial Officer

**Attachment 1: CentrePort - Draft Statement of Corporate Intent 2001/02**

**Attachment 2: Letter dated 31 July 2001 to Nigel Gould (CentrePort Chairman)**