



## **STATEMENT OF CORPORATE INTENT**

*(covering the period to 30 June 2000)*

### **1. OBJECTIVES OF THE COMPANY**

1.1 The PRIMARY OBJECTIVES of the Company shall be:

- (a) To operate as a successful business.
- (b) To operate as a commercial port to service the port's customers.
- (c) To provide a commercial return to shareholders and to protect the investment of shareholders.

### **2. NATURE AND SCOPE OF ACTIVITIES TO BE UNDERTAKEN**

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

2.2 The provision of shipping and logistical services, including pilotage, towage and berthage.

2.3 The provision of operational services, including cargo handling, warehousing, facilities management services, property management services, security and emergency services.

2.4 The provision of integrated transport services, providing a coordinated linkage between other transport operations and networks, for the benefit of the region and its customers.

2.5 The development and implementation of the Port Property Plan to optimise the operational effectiveness and value of its property portfolio.

2.6 To operate in an environmentally responsible manner.

### 3. RATIO OF CONSOLIDATED SHAREHOLDERS FUNDS TO TOTAL ASSETS

3.1 The target ratio of shareholders funds is expected to be maintained in the range of 50% to 75% of total assets.

3.2 Definition of Terms:

(a) Consolidated Shareholders Funds are defined as the total issued capital, the balance of undistributed profits and all revenue and capital reserves less any minority interests.

(b) Total Assets are defined as all the recorded tangible and intangible assets of the Company at their current value as determined in the Company's Statement of Accounting Policies.

### 4. ACCOUNTING POLICIES

4.1 The detailed Accounting Policies of the Company will be consistent with the legal requirements of the Companies Act 1993, the Financial Reporting Act 1993, generally accepted accounting principles, the Institute of Chartered Accountants of New Zealand's Statement of Standard Accounting Procedures (SSAP's) and the Financial Reporting Standards (FRS's) modified as necessary for the circumstances of the Company.

### 5. PERFORMANCE TARGETS

5.1 The following are the Company's performance measures:

1. *Net Profit (before tax)*
2. *Net Profit (after tax)*
3. *Return on Total Assets \**
4. *Return on Equity\*\**
5. *Dividend Stream*

\* Return on Total Assets (before revaluations) is the net profit before interest and tax divided by the average total assets.

\*\* Return on Equity (before revaluations) is the net profit after tax divided by the average equity.

5.2 The target for return on equity is to be in the top three of six comparable New Zealand ports.

## 6. DISTRIBUTION OF PROFITS TO SHAREHOLDERS

- 6.1 The Company policy on the provision of the net profits to be distributed to shareholders (after deductions for taxes and interest) will be reviewed by the Board of the Company from year to year, according to the circumstances as they may exist and the successful achievements of the commercial objectives of the Company.
- 6.2 The expectation is that the dividend will be the maximum practical amount and currently is not expected to be less than 60% of after tax earnings.

## 7. INFORMATION TO BE REPORTED

The company will maintain regular reporting on the implementation of policies to the shareholders in accordance with statutory requirements and in particular will:

- (a) Within three months after the end of each financial year produce an Annual Report comprising:
- A statement of accounting policies;
  - Audited consolidated financial statements for the year;
  - Explanatory notes thereon; and
  - A report from the Directors which will include:
    - \* a review of operations
    - \* a summary of achievements measured against appropriate performance targets; and
    - \* the maximum dividend (if any) recommended.
- (b) Within two months of the end of the first half of each financial year, produce a half yearly report comprising:
- An abridged, unaudited statement of the financial position with explanatory notes; and
  - A brief report from the directors of the company's operations for the half year and the outlook for the second half year.

**(The above reporting requirements are specified under Section 16 of the Port Companies Act,)**

## 8. PROCEDURES FOR ACQUISITION OF SHARES

- 8.1 The Company will only invest in the shares of another business when the shares acquired are considered by the Directors to bring added value to the business of the Company providing an acceptable return on the cost of capital employed, or will **further** the objectives set out herein of the business of the Company.
- 8.2 The Company will consult with shareholders prior to any material departure from the objectives outlined in the Company's Strategic Plan or the Statement of Corporate Intent.

## 9. COMPENSATORY ACTIVITIES

- 9.1 The Company will seek compensation by agreement from the Wellington Regional Council **and/or** the Manawatu-Wanganui Regional Council or the appropriate local authority for:
- (a) Marine pollution control services;
  - (b) Any other statutory function, duty or power which they may wish the port company to carry out on their behalf and which involves the supply of goods or services.

## 10. VALUE OF SHAREHOLDER INVESTMENT

- 10.1 The value of shareholders' funds in the Company as at 1 July 1999, is **\$52,957,000** and is an assessment of the net tangible assets based on historic cost.
- 10.2 The commercial value of this investment may be determined from time to time in **cognisance** of the market.
- 10.3 A re-assessment of the valuation of shareholders funds will be undertaken as may be required from time to time by the shareholders or directors.

## 11. OTHER AREAS

### 11.1 Communication with Shareholders

There shall be regular meetings between the shareholders and the Company at not less than quarterly intervals. At these meetings the overall performance of the Company, including progress measured against the then current Strategic Plan, shall be discussed.

### 11.2 Strategic Plan

The Company shall complete a Strategic Plan which shall be updated at not less than two yearly intervals. There shall be consultation between the Company and the shareholders as to the contents of the Strategic Plan.

### 11.3 Review of Statement of Corporate Intent

The Company shall provide to the shareholders in April of each year a Draft Statement of Corporate Intent for the consideration of shareholders with the intent that the Statement will be finalised in July. This is to enable the development of the Company's budget for the ensuing year in line with the agreed Statement.

# *Performance Indicators*

	FY2000	FY2001	FY2002
<b>SCI INDICATORS</b>			
NPBT	\$9.00m	\$9.36m	\$9.69m
NPAT	\$6.00m	\$6.18m	\$6.40m
ROA (EBIT/Av Assets)	13.2%	13.1%	13.3%
ROSF (NPAT/Av Equity)	11.2%	10.9%	10.8%
Dividend Stream	\$3.52m	\$3.61 m	\$3.77m