

Changes to Annual Report

The following is a summary of the changes that have been made to the Annual Report 2025 from the published version in the Council agenda.

1. Page 94 (Annual Report page number)

A change was made to correct a decimal point error in the commentary in the last bullet point on page 94. There has been no change to the surplus or the figures the decimal point has been moved to make the figures \$9.246 million (previously stated as \$0.925 million) and \$9.666 million (previously stated as \$0.966 million).

2. Page 97 and 149 (Annual Report page number)

An adjustment was made to Group borrowings, reducing the figure from \$71,362 to \$70,879 to remove an intercompany receivable that was incorrectly not removed correctly from the borrowings.

This has also affected the totals on the page (but not the overall Net Assets or Total Equity). It has also been adjusted in the borrower note on page 149.

3. Page 100 and 101 (Annual Report page number)

An adjustment has been made to the Council cashflow to correct the “proceeds from sale of held for sale assets” from \$3,350 to \$7,900. This was incorrectly disclosed at its book value not sale price. This has changed the “payments to suppliers” balance and totals for operating and investing cashflow activities (adjusting for the new totals).

This has also affected the Group cashflow figures which has been updated for the change and the Reconciliation of the surplus to Net Cash Flow from Operating activities on page 101 of the Annual Report.

4. Page 180 (Annual Report number)

An adjustment has been made to the Essential Services Benchmark (this does not affect the benchmark being met). The percentage for current the year is 466% not 294%.

Statement of Financial Position

Total Assets

Total assets at \$1.126 million is above budgeted assets of \$1.111 million by \$0.015 million.

The following major items contributed to this variance:

- Cash and cash equivalents and other financial assets (our managed investment fund) have a combined amount of \$48.28 million and are \$16.64 million above the budget amount of \$31.63 million.
- Shares in subsidiary: The valuation of the Council shareholding in Port Otago Limited at 30 June 2025 of \$788.120 million was above the budgeted amount of \$780.239 million.
- In 2022 financial year Council borrowed funds from the New Zealand Local Government Funding Agency (NZLGFA). In the current financial year Council has lent \$25 million to fund deficit reserves and \$149.934 million to provide loan facilities for Port Otago Limited. Borrowings are held as current borrowing of \$67.288 million and non current borrowing of \$107.832 million in the Statement of Financial Position. Borrowing with the NZLGFA was budgeted to be \$180.316 million for Council and Port Otago Limited.
- All other assets and liabilities are in line with budget.

Equity

Public Equity and reserves at \$925.438 million above the budgeted amount of \$905.444 million by \$20 million
The major factor in the variance is the following:

- Port Share Revaluation Reserve, which records the accumulated revaluation gains on the annual revaluation of the Council's shareholding in Port Otago Limited. The budgeted balance of the reserve at 30 June 2025 was \$760.239 million, whereas the actual balance is \$788.120 million.
- The surplus for the year of \$9.246 million which is \$9.666 million above budget which has increased public equity.

previously 0.925 million
 0.966 million

Statement of Financial Position as at 30 June 2025

\$000s	Notes	Council 2025	Council Budget	Council 2024	Group 2025	Group 2024
CURRENT LIABILITIES						
Trade and other payables	9	20,638	22,594	20,280	40,186	35,140
Borrowings	22	67,288	69,878	48,359	70,879	65,084
Employee entitlements	10	4,623	2,716	3,293	12,041	10,855
Other financial instruments	24	154	-	-	1,212	-
Tax payable		-	-	-	2,936	6,229
TOTAL CURRENT LIABILITIES		92,703	95,188	71,932	127,254	117,308
NON-CURRENT LIABILITIES						
Employee entitlements	10	-	-	-	1,116	1,014
Borrowings	22	107,832	110,438	90,528	117,832	100,528
Deferred tax liabilities	34	-	-	-	27,261	25,634
Other financial instruments	24	-	-	-	1,676	600
TOTAL NON-CURRENT LIABILITIES		107,832	110,438	90,528	147,885	127,776
TOTAL LIABILITIES		200,535	205,626	162,460	275,139	245,084
NET ASSETS		925,438	905,444	860,793	894,884	845,406
EQUITY						
Reserves	19	811,316	120,576	758,326	446,390	441,971
Public equity	20	114,122	784,868	102,467	448,494	403,435
TOTAL EQUITY		925,438	905,444	860,793	894,884	845,406

Incorrectly shown as \$71,362 previously

Previously \$4,074

Borrowing- Bank

\$000s	Council 2025	Council 2024	Group 2025	Group 2024
CURRENT				
Secured borrowings	-	-	3,591	16,725
Unsecured borrowings	-	-	-	-
	-	-	3,591	16,725
NON-CURRENT				
Secured borrowings	-	-	10,000	10,000
Unsecured borrowings	-	-	-	-
	-	-	10,000	10,000
TOTAL BORROWINGS	-	-	13,591	26,725
FIXED RATE BORROWINGS	-	-	13,591	26,725
FLOATING RATE BORROWINGS	-	-	-	-

The Group has a \$31 million (2024: \$31 million) Flexible Credit Facility with ANZ Bank New Zealand Limited (ANZ) which the Group may draw from for terms ranging from call to the termination of the agreement, which is 1 July 2027. In addition, the Group has a revolving \$29 million (2024: \$29 million) Commercial Flexi Facility with ANZ which is subject to an annual review. The next review is due on 30 November 2025.

The covenants reported to ANZ are an adjusted equity % (shareholder investment / total tangible assets) of greater or equal to 50% and interest cover ratio (EBIT : interest costs) greater or equal to 2.5 : 1. Both covenants are tested half-yearly at 31 December and 30 June. The adjusted equity % was 77% at 30 June 2025 (2024: 77%) and interest cover ratio 5.4 : 1 (2024: 6.4:1). The Group has no indication that it will have difficulty complying with these covenants.

The security for advances is a cross guarantee and indemnity between Port Otago Limited, Chalmers Properties Limited and Te Rapa Gateway Limited in favour of the lender, general security agreement over the assets of Port Otago Limited and Chalmers Properties Limited and registered first-ranking mortgages over land.

23. Finance Costs

\$000s	Council 2025	Council 2024	Group 2025	Group 2024
Interest on loans	7,987	9,274	8,598	9,846
Capitalised borrowing costs	-	-	(1,870)	(1,122)
	7,987	9,274	6,728	8,724

Borrowing costs directly attributable to the acquisition and/or construction of property, plant and equipment and long-term investment property development projects are capitalised as part of the cost of those assets. Other borrowing costs are expensed in the period in which they are incurred.

Cash Flow Statement for the year ended 30 June 2025

\$000s	Council 2025	Council Budget	Council 2024	Group 2025	Group 2024
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from exchange transactions					
Receipts from customers	70,789	64,893	55,810	157,032	147,010
Grant income and subsidies	26,331	21,991	30,401	26,331	30,401
Other receipts	9,940	10,856	12,318	9,940	12,318
Receipts from non-exchange transactions					
Interest and investment income	8,260	9,765	9,743	8,260	9,743
Rental income	997	-	893	41,785	39,563
Dividends	18,000	18,000	16,000	-	-
Other receipts	1,042	3,649	3,980	1,042	3,980
Payments to suppliers and employees (119,382)	(118,284)	(118,334)	(116,224)	(193,822)	(187,663)
Interest and other costs of finance paid	(7,987)	(9,424)	(9,274)	(13,256)	(14,860)
Income tax received / (paid)	-	-	-	(11,543)	(8,697)
Donations	(350)	-	(350)	(350)	(350)
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	7,651	1,396	3,297	25,419	31,445
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest capitalised	-	-	-	(1,870)	(1,122)
Proceeds from the sale of Property, Plant and Equipment	189	500	1,737	10,429	1,748
Proceeds from the sale of Intangibles	150	-	-	150	-
Proceeds from sale of held for sale asset 3,350	7,900	-	-	7,900	-
Insurance proceeds	-	-	-	602	841
Sale of investment property	-	-	1,095	32,604	19,736
Advance to joint venture	-	-	-	(7,355)	-
Proceeds from other financial assets	102	(750)	(1,114)	102	(1,114)
Purchase of improvements to investment property	-	-	-	(30,436)	(24,956)
Purchase of Property, Plant and Equipment	(11,982)	(17,643)	(6,073)	(53,878)	(27,411)
Purchase of intangible assets	(166)	(1,350)	(149)	(166)	(149)
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES	(2,720)	(19,243)	(4,504)	(41,918)	(32,427)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings	36,233	5,000	(11,429)	57,147	7,981
Lending to Port Otago Ltd	(36,381)	-	11,410	-	-
Repayment of borrowings	-	-	-	(35,810)	(8,225)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES	(148)	5,000	(19)	21,337	(244)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	4,783	(12,847)	(1,226)	4,838	(1,226)
CASH AND CASH EQUIVALENTS AS AT 1 JULY 2024	13,604	15,303	14,830	13,659	14,885
CASH AND CASH EQUIVALENTS AS AT 30 JUNE 2025	18,387	2,456	13,604	18,497	13,659

Reconciliation of Surplus to Net Cash Flows from Operating Activities

\$000s	Council 2025	Council 2024	Group 2025	Group 2024
SURPLUS / (DEFICIT) FOR THE YEAR	9,246	3,436	51,235	17,893
ADD / (LESS) NON-CASH ITEMS				
Depreciation and amortisation	3,853	4,024	17,121	17,208
(Gain) / loss on sale of property, plant and equipment	(4,703)	(198)	(10,884)	(3,008)
Provision for doubtful debts and bad debts written off	44	101	44	101
(Gain) / loss on revaluation of investment property	(150)	(1,150)	(33,124)	(5,541)
Net change in fair value of derivative financial instruments	155	-	1,343	639
Net change in fair value of financial instruments	(1,782)	(1,147)	(1,782)	(1,147)
Proceeds from sale of investment property	-	(1,095)	-	-
Share of surpluses retained by joint ventures	-	-	369	-
Unrealised foreign currency (gains) losses	-	-	-	(23)
Movement in non-current employee entitlements	-	-	102	153
Deferred tax	-	-	2,309	6,578
	6,663	3,971	26,733	32,853
Add/(less) items classified as investing or financing activities	(973)	135	(6,806)	(4,813)
Add/(less) movements in working capital items	3,048	(809)	5,493	3,405
	2,075	(674)	(1,313)	(1,408)
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	8,738	3,297	25,420	31,445

Reconciliation of Surplus to Net Cash Flows from Financing Activities

Reconciliation of Surplus for the year to Net Cash Flows from Financing Activities	Council 2025	Council 2024	Group 2025	Group 2024
\$000s				
BORROWING				
Opening Balance	138,887	138,906	165,612	165,856
Proceeds from borrowings	36,233	-	57,147	7,981
Lending to Port Otago Ltd	(36,381)	11,410	-	-
Repayment of borrowings	-	(11,429)	(35,810)	(8,225)
Interest bearing liabilities balance as at 30 June	175,120	138,887	186,949	165,612

$$\begin{array}{r}
 (2,060) \\
 3,048 \\
 \hline
 988
 \end{array}$$

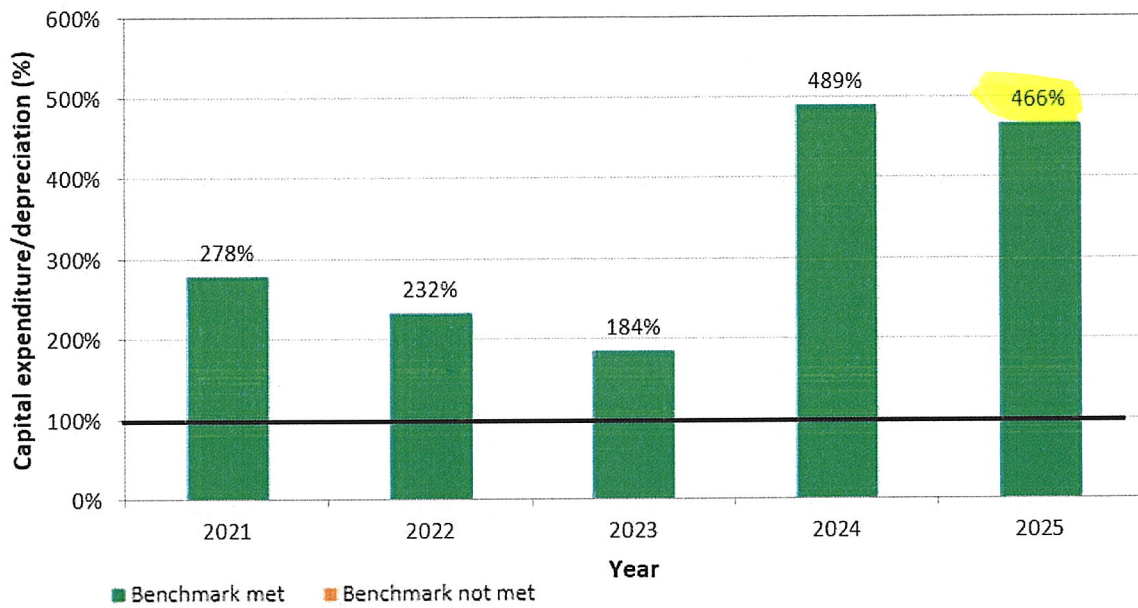
$$\begin{array}{r}
 (7,893) \\
 5,493 \\
 \hline
 (2,400)
 \end{array}$$

Essential Services Benchmark

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services.

The Council's network services comprise flood protection and river management.

The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



previously 294%