



QUAYSIDE
UNIT TRUST

Annual Report 2023



Quayside Securities Limited as Trustee for Quayside Unit Trust

Director's Declaration

For the year ended 30 June 2023

Quayside Unit Trust is part of the 'Quayside Group'. The Quayside Group's Statement of Intent, prepared in accordance with the Local Government Act 2002, covers prudent financial management and risk management. The Quayside Group achieved the majority of its objectives as set out in its Statement of Intent for the year ended 30 June 2023. Refer to note 5 for further information.

The performance of Quayside Securities Limited as Trustee for Quayside Unit Trust in undertaking its monitoring and advisory functions will be assessed with respect to:

- The quality of financial and other analysis.
- The robustness and accuracy of the information relied upon in providing advice.
- The clarity, timeliness and materiality of advice.
- Compliance with the shareholder's expectation that there should be "no surprises" arising from the company.
- Compliance with the shareholder's expectation for optimal commercial performance from the company.

Achievements

During the year the Bay of Plenty Regional Council (Council) has been fully informed by the directors of the company as to the performance of Quayside Securities Limited as Trustee for Quayside Unit Trust. The performance has met the shareholder's expectation as defined in the Quayside Group's Statement of Intent.

The directors of Quayside Securities Limited, as Trustee for the Quayside Unit Trust, are pleased to present the financial statements for the year ended 30 June 2023.

For and on behalf of the Board of Directors:



Director



Director

Quayside Securities Limited as Trustee for Quayside Unit Trust

For the year ending 30 June 2023

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Independent Auditor's Report

To the readers of Quayside Securities Limited as Trustee for Quayside Unit Trust's financial statements and performance information for the year ended 30 June 2023

The Auditor-General is the auditor of Quayside Securities Limited as Trustee for Quayside Unit Trust (the Trust). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 5 to 13 and pages 20 to 24, 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; and
- the performance information of the company on pages 14 to 19.

In our opinion:

- the financial statements of the company on pages 5 to 13 and pages 20 to 24:
 - 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 the New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime; and
- the performance information of the company on pages 14 to 19 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2023.

Our audit was completed on 29 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 the performance information, we comment on other information, 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 and the performance information

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 also responsible for preparing the performance information for the company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, 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 the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, 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 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 and the performance information.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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 and the performance information, 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 for 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 evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- 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 and the performance information 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 and the performance information, including the disclosures, and whether the financial statements and the performance information 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 pages 1 and pages 25 to 28, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information 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 and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information, 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 Trust.



Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

Quayside Securities Limited as Trustee for Quayside Unit Trust
Income Statement
For the year ended 30 June 2023

	Note	30 June 2023 \$000	30 June 2022 \$000
Income			
Dividend income	6	55,266	51,582
Operating income		55,266	51,582
Expenses			
Trading and other expenses	7	(70)	(71)
Operating expenses		(70)	(71)
Operating profit before finance costs and taxation		55,196	51,511
Finance income		59	4
Finance expenses		-	-
Net finance costs	8	59	4
Profit before income tax		55,255	51,515
Income tax expense	9	-	-
Net profit after tax		55,255	51,515

Quayside Securities Limited as Trustee for Quayside Unit Trust Statement of Comprehensive Income
For the year ended 30 June 2023

	30 June 2023 \$000	30 June 2022 \$000
Net profit after tax	55,255	51,515
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss:</i>		
Investment in subsidiaries revaluation reserve	(3,684)	(302,119)
Total comprehensive income for the period	51,571	(250,604)

Quayside Securities Limited as Trustee for Quayside Unit Trust
Statement of Changes in Equity
For the year ended 30 June 2023

	Share capital \$000	Revaluation reserve \$000	Retained earnings \$000	Total equity \$000
Balance at 1 July 2021	7,525	2,524,905	39,415	2,571,845
Profit after tax	-	-	51,515	51,515
Investment in subsidiaries revaluation	-	(302,119)	-	(302,119)
Total comprehensive income	-	(302,119)	51,515	(250,604)
Dividends to shareholders	-	-	(51,582)	(51,582)
Balance at 30 June 2022	7,525	2,222,786	39,348	2,269,659

	Share capital \$000	Revaluation reserve \$000	Retained earnings \$000	Total equity \$000
Balance at 1 July 2022	7,525	2,222,786	39,348	2,269,659
Profit after tax	-	-	55,255	55,255
Investment in subsidiaries revaluation	-	(3,684)	-	(3,684)
Total comprehensive income	-	(3,684)	55,255	51,571
Dividends to shareholders	-	-	(55,212)	(55,212)
Balance at 30 June 2023	7,525	2,219,102	39,391	2,266,018

Quayside Securities Limited as Trustee for Quayside Unit Trust
Statement of Financial Position
For the year ended 30 June 2023

	Note	30 June 2023 \$000	30 June 2022 \$000
Assets			
Current assets			
Cash and cash equivalents		135	93
Total current assets		135	93
Non-current assets			
Investments in subsidiaries	10	2,265,892	2,269,576
Total non-current assets		2,265,892	2,269,576
Total assets		2,266,027	2,269,669
Liabilities			
Current liabilities			
Trade and other payables	11	9	10
Total current liabilities		9	10
Total liabilities		9	10
Net assets		2,266,018	2,269,659
Equity			
Paid up units	12(a)	7,525	7,525
Reserves		2,219,102	2,222,786
Retained earnings		39,391	39,348
Total equity		2,266,018	2,269,659

These financial statements have been authorised for issue by the Board of Directors on 29 August 2023.



Director



Director

Quayside Securities Limited as Trustee for Quayside Unit Trust
Statement of Cash Flows
For the year ended 30 June 2023

	30 June 2023 \$000	30 June 2022 \$000
Cash flows from operating activities		
Dividends received	55,266	51,582
Interest received	59	4
Payments to suppliers	(71)	(70)
Net cash flow from operating activities	55,254	51,516
Cash flows from financing and investing activities		
Dividends paid	(55,212)	(51,582)
Net cash flow from financing activities	(55,212)	(51,582)
Effects of exchange rate changes on cash and cash equivalents	-	-
Net decrease in cash and cash equivalents	42	(66)
Cash and cash equivalents at the beginning of the year	93	159
Cash and cash equivalents at the end of the year	135	93

Quayside Securities Limited as Trustee for Quayside Unit Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

**Quayside Securities Limited as Trustee for the Quayside Unit Trust
Notes to the Financial Statements
For the year ended 30 June 2023**

1 Reporting entity

Quayside Unit Trust (the “Trust”) was established under a Trust Deed dated 25th July 1991.

Quayside Securities Limited is the Trustee for Quayside Unit Trust. These financial statements are for Quayside Unit Trust. The Parent of Quayside Securities Limited as Trustee for Quayside Unit Trust is Quayside Holdings Limited and the ultimate controlling entity is the Bay of Plenty Regional Council. The Trust is a council-controlled organisation as defined under Section 6 of the Local Government Act 2002, by virtue of the Council’s right to appoint the Board of Quayside Holdings Limited.

The Trust has an investment in the Port of Tauranga Limited. The Trust is classified as a for-profit entity.

For the purposes of these financial statements, the Quayside Group comprises Quayside Holdings Limited and its subsidiaries and equity accounted investees, including Quayside Unit Trust. Refer to the diagram below of the Quayside Group.

Group Ownership				
Parent			Type of Business	Ownership
Quayside Holdings Ltd (QHL)			Holding Company	100%
Subsidiaries				
	Aqua Curo Limited		Aquaculture	100%
	Quayside Investment Trust (QIT) *		Trust	100%
	Quayside Securities Limited (QSL) *		Trust	100%
	Quayside Properties Limited (QPL)		Regional Benefit Investment	100%
Real Asset Subsidiaries				
	Quayside Barnett Place Limited		Real Asset Investment	100%
	Quayside Mystery Valley Limited		Forestry	100%
	Quayside Portside Drive Limited		Real Asset Investment	100%
	Quayside Tauriko Limited		Real Asset Investment	100%
	Quayside Te Papa Tipu Limited		Real Asset Investment	100%
	Quayside The Vault Limited		Real Asset Investment	100%
Joint Ventures				
	Huakiwi Services Limited		Horticulture (Kiwifruit)	50% 50%
	Tauranga Commercial Developments Ltd (TCD)		Commercial Property JV	50% 50%
	Lakes Commercial Developments Ltd (LCD) **		Commercial Property JV	50% 25% 25%
	HRL Property Limited		Real Asset Investment	63.7%
		Subsidiary		
	Quayside Unit Trust (QUT) *	Port of Tauranga Ltd	Parent company	
		Port of Tauranga Trustee Company Limited	Holding Company	
		Quality Marshalling Limited	Port operations	
		Timaru Container Terminal Limited	Port operations	
		Northport Limited	Port - Associate Company	
		Prime Port Timaru Limited	Port - Associate Company	
		Port Connect Limited	Port operations - Associate Company	
		Coda Group Limited	Port operations - Associate Company	
		Ruakura Inland Port LP	Port JV - Associate Company	
Other				
	Toi Moana Trust*		Managed by QHL	Trust

* QSL is trustee of TMT, QUT and QIT
**LCD is 50% GPL and 25% QHL

Quayside Securities Limited as Trustee for Quayside Unit Trust

Notes to the Financial Statements (continued)

For the year ended 30 June 2023

2 Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements comply with New Zealand Equivalents to International Financial Reporting Standards – Reduced Disclosure Regime (“NZ IFRS RDR”) and other applicable Financial Reporting Standards as appropriate to for-profit entities. The Trust is a reporting entity for the purposes of the Financial Reporting Act 2013 and these financial statements comply with that Act.

NZ IFRS – Reduced disclosure regime

The Trust applies External Reporting Board Standard A1 ‘Accounting Standards Framework (For-profit Entities Update)’ (‘XRB A1’). For the purposes of complying with NZ GAAP, the Trust is eligible to apply Tier 2 For-profit Accounting Standards (NZ IFRS RDR) on the basis that it is not a large for-profit public sector entity.

The financial statements were approved by the Board of Directors on 29 August 2023.

Basis of measurement

The financial statements have been prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: other financial assets and liabilities (including derivatives) mandatorily measured at fair value through the income statement. The methods used to measure fair values are discussed further in note 4.

Functional and presentation currency

These financial statements are prepared in New Zealand dollars (\$), which is the Trust’s functional currency. Where presented, all financial information has been rounded to the nearest thousand.

Changes in accounting policies

There have been no changes in accounting policies. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of 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 accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amount recognised in the financial statements relates to the valuation of financial instruments (refer note 4(b)).

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Financial instruments

(i) Non-derivative financial assets

The Trust initially recognises non-derivative financial assets on the date that they originated. Financial assets measured at fair value through profit and loss are recognised initially on the trade date at which the Trust becomes a party to the contractual provisions of the instrument.

Quayside Securities Limited as Trustee for Quayside Unit Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

3 Significant accounting policies

The Trust classifies non-derivative financial assets into the following categories:

Financial assets at amortised cost

Financial assets at amortised cost are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, the assets are measured at amortised cost using the effective interest method, less any impairment losses. Financial assets at amortised cost include: cash and cash equivalents; trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts, when applicable, are shown within borrowings in current liabilities in the Statement of Financial Position.

Financial assets at fair value through comprehensive income

Financial assets at fair value through comprehensive income are investments in equity instruments that are designated as such on initial recognition and are not held for trading. Financial assets at fair value through comprehensive income are recognised initially at fair value plus any directly attributable transaction costs. They are subsequently measured at their fair value with gains and losses recognised in other comprehensive revenue and expense. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred within equity to retained earnings. Dividends from these financial assets are recognised in profit and loss.

Financial assets designated at fair value through comprehensive income comprise: Investment in subsidiaries.

(ii) Non-derivative financial liabilities

The Trust initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Trust becomes a party to the contractual provisions of the instrument. The Trust derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Trust classifies non-derivative financial liabilities into the financial liabilities at amortised cost category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities measured at amortised cost comprise: trade and other payables.

b) Dividend income

Dividend income is recognised on the date that the right to receive payment is established, being the ex-dividend date.

c) Finance income and expense

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method. Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method.

d) Income tax expense

Income tax expense includes components relating to current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets

Quayside Securities Limited as Trustee for Quayside Unit Trust

Notes to the Financial Statements (continued)

For the year ended 30 June 2023

and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

3 Significant accounting policies (continued)

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

e) Units issued

Units issued are classified as equity.

Where the Trust issues new or cancels existing units, the value of units issued or cancelled is calculated on the value of net assets of the Trust divided by the units on issue.

f) Goods and Services Tax (GST)

The Trust is not registered for GST. All amounts stated are inclusive of GST.

4 Determination of fair values

A number of the Trust's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

a) Trade receivables and payables

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

b) Non-derivative financial assets

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.


Quayside Securities Limited as Trustee for Quayside Unit Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

5. Quayside Group Statement of Service Performance

The Company is a member of the *Quayside Group*. The *Quayside Group* is required to prepare a Statement of Service Performance reporting on performance measures and results. Recorded below are the ten targets and results of the *Quayside Group's* Statement of Intent categorised under five portfolio activities.

(a) Port portfolio

The *Quayside Group* has a majority shareholding in Port of Tauranga.

Performance target	Performance measure	2023 result	
1. Maintain a majority holding in the Port of Tauranga Limited.	Holding of greater than 50.1%. Council approval and community consultation through the Special Consultative Procedure set out in Section 93 of the Act and the relevant Council policy must be sought prior to any change to the current shareholding.	Quayside held 54.14% of Port of Tauranga shares as at 30 June 2023.	

Target met: **Yes**

The Port of Tauranga continues to provide the *Quayside Group* and Council with dividend returns and capital growth. The *Quayside Group* is a long-term investor in Port of Tauranga and must maintain a majority shareholding in accordance with Council policy. The *Quayside Group* cannot sell any Port shareholding without the endorsement from Council.

Of significant interest to shareholders of Quayside is the financial performance of the Port of Tauranga and the participation rate of Quayside as shareholder in governance of the Port of Tauranga.


	30 June 2023	30 June 2022
Shareholding		
Issued shares*	680,581,230	680,581,230
Quayside shares	368,437,680	368,437,680
% held By Quayside	54.14%	54.14%
Operations		
Operating revenues	\$420.9m	\$375.2m
Results from operating activities	\$210.6m	\$193.1m
Net profit	\$117.1m	\$111.4m
Cash flows		
Ordinary dividends paid out	\$102.1m	\$95.2m
Ordinary dividends received by Quayside	\$55.3m	\$51.6m
Ordinary dividends as percent of profit	86%	73%
Dividend declared post balance date	\$59.9m	\$55.8m
Asset Backing		
Share price (last bid price)	\$6.15	\$6.16
Market value of Port	\$4,184.7m	\$4,140.5m
Market value of Quayside Holding	\$2,265.8m	\$2,269.6m
Net tangible assets per share (dollars per share)	\$3.14	\$3.05
Governance		
Number of directors	7	7
Number of Quayside affiliated directors	2	2
*Includes treasury shares		

Further information on Port of Tauranga's non-financial performance can be found in its Annual Report or on its website www.port-tauranga.co.nz.

Quayside Securities Limited as Trustee for Quayside Unit Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

5. Quayside Group Statement of Service Performance (continued)

(b) Investment portfolio

Performance target	Performance measure	2023 result
2. Generate commercial returns across the Investment portfolio.	Five year rolling gross return target of $\geq 7.0\%$ per annum.	Five year rolling gross return of 9.78% for the Quayside consolidated group achieved at 30 June 2023. 

Target met: **Yes**

The *Quayside Group* manages a diversified investment portfolio with a market value of \$202.3m at 30 June 2023. These investments include domestic and foreign equities, and cash. Quayside holds equity investments as part of a portfolio of non-port assets, to diversify our investments in a targeted manner, reducing our reliance on one investment stream and thereby supporting sustainable, intergenerational shareholder returns over time.

The 7% p.a. five year rolling gross return target (2022 7.0%) is based on current industry and analyst expectation of long-term performance of equity markets. This target is reviewed annually. The Quayside Group exceeded its rolling five year gross return objective with a return of 9.78%.

Quayside's Statement of Investment Policy and Objectives (SIPO), sets out the investment governance and management framework. Quayside's Responsible Investment Policy ensures Quayside invests in a manner that is complementary to the policies and objectives of the Bay of Plenty Regional Council and is a responsible, commercially focused investor. The primary objectives of the strategic investment policies for the portfolio, are to ensure that the value of the assets is protected long term, managed and grown while generating income that can be distributed to the shareholder as required.


Quayside Consolidated Group Investment Portfolio financial highlights are tabled below:

	30 June 2023	30 June 2022
Investment portfolio value	\$202.3	\$189.8
1 year gross return (actual)	14.06%	(5.36%)
5 year rolling gross return (actual)	9.78%	10.78%
5 year rolling gross return (target)	7.00 %	7.00 %

Quayside Securities Limited as Trustee for Quayside Unit Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

5. Quayside Group Statement of Service Performance (continued)

(c) Real asset portfolio

Performance target	Performance measure	2023 result
3. Generate long term commercial returns through a portfolio of real assets.	Pricing and Valuation quarterly meeting to regularly assess individual assets.	Pricing and Valuation Meetings held 18 August 2022, 30 November 2022, 22 February 2023, 22 May 2023. 

Target met: **Yes**


The *Quayside Group* real asset portfolio currently comprises commercial buildings in Mount Maunganui, Tauranga, Rotorua and Hamilton, industrial land at Rangiuru and horticulture investments locally and in the Nelson/Tasman region. As at year end the Pricing and Valuation Committee has determined that each of the currently held real assets continue to remain strong long-term assets for future growth and return.

Real asset portfolio financial highlights are tabled below.

	30 June 2023	30 June 2022
Invested	\$143.5*	\$141.2*

*Real assets as a total, is reflective of investment assets and regional benefit assets.

(d) Private equity

Performance target	Performance measure	2023 result
4. Generate long term commercial returns through a portfolio of private equity assets.	Pricing and Valuation quarterly meeting to regularly assess individual assets.	Pricing and Valuation Meetings held 18 August 2022, 30 November 2022, 22 February 2023, 22 May 2023. 

Target met: **Yes**

Quayside currently has investments in a number of private equity entities both through direct holdings and third-party management. These investments continue to provide promising returns for the Group, Council and the wider region, with further capital invested into these entities during the year.

	30 June 2023	30 June 2022
Invested	\$121.5m	\$105.6m
Undrawn Commitments	\$73.9m	\$58.1m

Quayside Securities Limited as Trustee for Quayside Unit Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

5. Quayside Group Statement of Service Performance (continued)

(e) Regional benefit assets

Performance target	Performance measure	2023 result
5. Develop the business park at Rangiuru to create long term benefit for the Bay of Plenty region.	Quarterly reporting by Quayside to Council on progress and matters related to strategic risk and financial aspects and regional and social benefits of the development.	Development of the business park is well advanced with 2 seasons of earthworks and the interchange works underway.
Continue to hold the land at Tauriko for future strategic benefit and/or Council initiatives	Retain ownership. Divestment must only occur with the agreement of Quayside and Council.	Quayside presented to Council regarding the development at Rangiuru in September 2022, December 2022 (workshop) March 2023 (workshop verbal update only) and April 2023. Quayside continues to hold the land at Tauriko.



Target met: **Yes**

The Quayside Group owns land at the future Rangiuru Business Park; a 148-hectare industrial business park development. The Business Park, once completed, will provide much needed industrial development for the region.

During the year, significant progress was made with Quayside completing another season of earthworks for stage one and making steady progress on the interchange works. Activity is set to ramp up again next year with key infrastructure works to begin. Design work has continued at pace and enduring relationships with key stakeholders are being formed to ensure the Park is a future focussed asset which represents its local community and the history of the whenua.

Quayside Securities Limited as Trustee for Quayside Unit Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

5. Quayside Group Statement of Service Performance (continued)



(f) Governance

This activity relates to the policies and procedures the *Quayside Group* will adopt to satisfy governance requirements and expectations and ensures that open dialogue exists between the *Quayside Group* and Council, so that Council are kept informed of all significant matters relating to the *Quayside Group* at the earliest opportunity.

Performance measure	Performance target	2023 result
<p>6. Keep Council informed on a no surprises basis, providing quality and timely information. Provide Council with timely advice on financial and commercial decision making as required.</p>	<p>A minimum of two presentations around interim and end of year financials and two workshops per annum to Council, as shareholders. Timely advice and support as required. Matters of urgency are reported to Council at the earliest opportunity. Long term forecasting of key financial information and key risks provided to Council annually.</p>	<p>Quayside presented to Council in September 2022, December 2022 (workshop) March 2023 (workshop verbal update only) and April 2023. Open communication with Council maintained during the year through regular meetings with Quayside CE and Council executive. Financial forecasting and risk information provided through:</p> <ul style="list-style-type: none"> - Quarterly presentations/ workshops to Council, - Statement of Intent preparation process, - Quayside Distribution and Reserving Policy.
<p>7. Ensure Group policies and procedures are current and appropriate.</p>	<p>All policies and procedures reviewed no less than biennially by the Quayside Executive.</p>	<p>All policies reviewed in accordance with the Policy and Charter Schedule.</p>
<p>8. Meet shareholder distribution expectations as outlined in the Statement of Intent.</p>	<p>Distributions paid in accordance with the Distribution Policy. Such distributions are based on actual assets and performance and may vary from the forecast provided in the SOI. Quayside will make a recommendation to Council on the use of any special dividends received from the Port.</p>	<p>Cash dividends of \$42.5m (target \$42.5m) paid to Council as forecast in the SOI. Gross PPS dividend of \$7m (target \$6.7m) paid to PPS holders. No special dividend from POTL in 2023</p>

Quayside Securities Limited as Trustee for Quayside Unit Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

5. Quayside Group Statement of Service Performance (continued)

Performance measure	Performance target	2023 result
9. Compliance with NZX listing requirements for PPS.	Disclosures are made in line with continuous disclosure requirements. Board reporting of PPS compliance and monitoring.	Filing of interim and annual financial statements achieved within deadlines. Internal audit compliance systems show no open issues or instances of non-compliance with NZX requirements. Board receives regular reporting on PPS Compliance. 
10. Promote and support approaches to responsible investment that align capital with achieving a healthy, sustainable society, environment, and economy.	Maintain a written set of principles for responsible investment which is reviewed no less than biennially. Benchmark, through biennial review, the Group responsible investment principles against international standards and comparative national entities (for example for the Framework being adopted as part of the climate related disclosures).	The Group holds written principles for responsible investment. These were last reviewed in June 2022. These are currently under review by management and will be updated to align with claim related risks and opportunities identified by the Group through its inaugural climate related disclosures. A benchmark review of holdings was done as at 31 December 2022 and 30 June 2023 against the New Zealand Super Fund Responsible Investment Exclusion List (February 2021), no breaches were identified. Exchange Traded Funds (ETF's) were reviewed down to a constituent level of 5% against the Exclusion list no breaches were identified. No investments were made in excluded categories. New investments are screened against responsible investment principles and ESG analysis is included in investment proposals. The Group annual report contains responsible investment reporting. 

Targets met: 10/10

The Group maintains an extensive suite of policies which are subject to internal operational review regularly, and Board review no less than biennially.

Key

 Met  Substantially met  Not met  Not applicable

Quayside Securities Limited as Trustee for Quayside Unit Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

6 Operating income

	30 June 2023 \$000	30 June 2022 \$000
Dividend income		
Dividends (Port of Tauranga)	55,266	51,582
Total dividend income	55,266	51,582

7 Expenses

	30 June 2023 \$000	30 June 2022 \$000
Trading and other expenses		
Audit NZ – fees for financial statements	(9)	(10)
Other expenses	(61)	(61)
Total trading and other expenses	(70)	(71)

8 Finance income and expenses

	30 June 2023 \$000	30 June 2022 \$000
Finance income	-	-
Interest income	59	4

Quayside Securities Limited as Trustee for Quayside Unit Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

9 Income tax

	30 June 2023 \$000	30 June 2022 \$000
Taxable income		
Net profit before income tax	55,255	51,515
Income tax on surplus at 28% (2021: 28%)	(15,471)	(14,424)
Amounts which are non-deductible / (non- taxable):		
Dividend imputation credits	15,471	14,424
Non assessable income/(expenditure)	-	-
Income tax expense	-	-
Income tax expense is represented by:		
Current tax	-	-
Deferred tax	-	-

A deferred tax asset resulting from a tax loss of \$7,712,581 (2022: \$7,738,390) has not been recognised as it is not probable that future taxable profit will be available to utilise the benefits therefrom.

10 Investment in subsidiaries

Investment in Port of Tauranga Limited

Quayside Securities Limited holds the shares in Port of Tauranga Limited as Trustee for the Quayside Unit trust. This is in accordance with the Declaration of trust by Quayside Securities Limited. Section 92 of the Companies Act 1993 prevents Notice of any Trust being entered on the share register, and consequently the share certificate is in the name of Quayside Securities Limited. The name on the share certificate however is not necessarily determinative of beneficial ownership. The shares in Port of Tauranga Limited were purchased at \$1.27 per share. During 2002 the Port of Tauranga Limited had a 2:1 share split on, resulting in a total number of shares held of 73,687,536. A further 5:1 share split on 17 October 2016 has resulted in a total number of shares held of 368,437,680. Listed shares held in the Port of Tauranga Limited are stated at fair value as determined by reference to published current bid price quotations in an active market and are categorised under the level 1 fair value hierarchy. The last bid price at 30 June 2023 was \$6.15 (2022: \$6.16) which has resulted in an decrease in the fair value of the investment in Port of Tauranga Limited of \$3,684,377 (2022: decrease of \$302,118,898).

Quayside Securities Limited as trustee for the Quayside Unit trust holds the shares in Port of Tauranga Group through its 54.14% (2022: 54.14%) investment in the Port of Tauranga Limited.

Port of Tauranga Limited facilitates export and import activities through the Port of Tauranga, located in Mount Maunganui in the Bay of Plenty, New Zealand.

	30 June 2023 \$000	30 June 2022 \$000
Ordinary shares at cost	46,791	46,791
Ordinary shares at fair value	2,265,892	2,269,576

Shares in Port of Tauranga Limited are measured at fair value through other comprehensive income, as designated on initial recognition.

Quayside Securities Limited as Trustee for Quayside Unit Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

11 Trade and other payables

	30 June 2023 \$000	30 June 2022 \$000
Accruals	9	10
Balance as at 30 June	9	10

Trade and other payables are non interest-bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value.

12 Capital and reserves

a) Units issued

	30 June 2023 No.	30 June 2022 No.	30 June 2023 \$000	30 June 2022 \$000
Units held				
'A' Units - Quayside Holdings Limited				
Balance as at 1 July	7,525,000	7,525,000	7,525	7,525
Balance as at 30 June	7,525,000	7,525,000	7,525	7,525
'C' Units - Bay of Plenty Regional Council				
Balance as at 1 July	100	100	-	-
Balance as at 30 June	100	100	-	-

'A' Units have a right to vote and receive dividends if they are declared. 'C' Units have no voting rights. All units were issued for \$1 and are fully paid.

(b) Dividends

The following dividends were declared and paid during the period:

	30 June 2023 \$000	30 June 2022 \$000
A Units		
Total dividends paid	55,212	51,582

Quayside Securities Limited as Trustee for Quayside Unit Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

13 Related party transactions

Parent and ultimate controlling entity

The Parent entity of Quayside Securities Limited as Trustee for the Quayside Unit Trust is Quayside Holdings Limited, which is 100% owned by the Bay of Plenty Regional Council – refer Note 1.

Transactions with key management personnel

The administration and management of the Trust is undertaken by Quayside Securities Limited as Trustee for Quayside Unit Trust. Therefore there is no management personnel compensation in relation to the Trust. Quayside Securities Limited contracts with Quayside Holdings Limited for management services.

Other related entities

Other related parties include subsidiaries in the Group – refer Note 1. During the year, the Trust entered into transactions with companies in which Directors hold directorships. These directorships have not resulted in significant influence over the operations, policies or key decisions of these companies.

Related party transaction values and outstanding balances are as follows:

	30 June 2023 \$000	30 June 2022 \$000
Quayside Holdings Limited		
Dividends paid by Quayside Unit Trust	55,212	51,582
Quayside Securities Limited		
Trustee fees paid by Quayside Unit Trust	61	61
Port of Tauranga Limited		
Dividends paid to Quayside Unit Trust	55,212	51,582

In the *Quayside Group*, interest is on charged on intercompany loans at the actual rate of interest incurred by Quayside Holdings Limited.

The Trust had no transactions with equity accounted investees of its parent, Quayside Holdings Limited. No related party debts have been written off or forgiven during the year.

14 Capital commitments and contingencies

The Trust has no capital commitments or contingencies at 30 June 2023 (2022: nil).

Quayside Securities Limited as Trustee for Quayside Unit Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

15 Financial instruments

Categories of financial instruments

	30 June 2023 \$000	30 June 2022 \$000
Financial assets at amortised cost		
Cash and cash equivalents	135	93
	135	93
Financial assets designated at fair value through other comprehensive income upon initial recognition	-	-
Investment in subsidiaries	2,265,892	2,269,576
Financial liabilities at amortised cost	-	-
Trade and other payables - current	(9)	(10)
	(9)	(10)

Taxes payable/receivable included within trade and other payables and trade and other receivables in the statement of financial position, are not classified as financial instruments

16 Subsequent events

There were no significant events after balance date. The Trust continues to monitor the Coronavirus pandemic and its potential effects on financial performance including both Port dividend income and share price.

Quayside Securities Limited as Trustee for Quayside Unit Trust

Statutory Information

For the year ended 30 June 2023

Interests register

The Company is required to maintain an interests register in which the particulars of certain transactions and matters involving the directors must be recorded. The interest register for Quayside Properties Limited is available for inspection at the registered office. The directors of the Company have made general disclosures of interest in accordance with S140(2) of the Companies Act. Current interests and those which ceased during the year, are tabulated below. New disclosures advised since 1 July 2022 are italicised.

Director	Entity	Position
MCLEOD, Robert (Chair)	China Construction Bank (New Zealand) Limited	Director
	Ngāti Porou Holding Company Limited	Director Chair
	Port of Tauranga Limited	Director
	QHL Perpetual Preference Shares	Shareholder
	Quayside Holdings Limited	Director Chair
	Quayside Properties Limited	Director Chair
	Quayside Securities Limited	Director Chair
	Sanford Limited	Chair
	Sanford LTI Limited	Director
	<i>Singita Holdings Limited (appointed 28/3/23)</i>	Director
	<i>Singita Investments Limited (appointed 27/3/23)</i>	Director
<i>Real Fresh Limited (appointed 4/4/23)</i>	Director	
CROSBY, Stuart Alan	Bay of Plenty Regional Council	Councillor
	Equip GP Limited	Director
	Quayside Holdings Limited	Director
	Quayside Securities Limited	Director
	Quayside Properties Limited	Director
	Templogger NZ Limited	Director Shareholder
HEWLETT, Brett Donald	Comvita Limited	Chair Director
	Oriens Capital	Shareholder
	Quayside Holdings Limited	Director
	Quayside Properties Limited	Director
	Quayside Securities Limited	Director
HORNE, Keiran Anne	Hamilton City Council	ARC Chair
	Quayside Holdings Limited	Director
	Quayside Securities Limited	Director
	Quayside Properties Limited	Director
	ScreenSouth Limited	Director Chair
	Spey Downs Limited	Shareholder
	Television New Zealand Limited	Director ARC Chair
	University of Canterbury	Council Member ARC Chair
	<i>Enable Networks Limited (appointed 24/1/23)</i>	Director ARC Chair
	<i>Enable Services Limited (appointed 24/1/23)</i>	Director

Quayside Securities Limited as Trustee for Quayside Unit Trust
Statutory Information (continued)
For the year ended 30 June 2023

Interests register (continued)

Director	Entity	Position
MCTAVISH, Fiona Catherine	Bay of Plenty Regional Council	Officer
	BOPLASS Limited	Director
	McTavish – Huriwai Investments Limited	Director Shareholder
	Priority One WBOP Inc	Executive Board Member
	Quayside Holdings Limited	Director
	Quayside Securities Limited	Director
PARKER, Warren James	Quayside Properties Limited	Director
	FarmlQ Systems Limited (appointed 1 August 2021)	Director Chair
	Farmlands Cooperative Society Limited	Director
	Focus Genetics	Director
	Landcorp Estates Limited	Director Chair
	Landcorp Holdings Limited	Director Chair
	Landcorp Pastoral Limited	Director Chair
	PAMU, Landcorp Farming Limited	Director Chair
	Quayside Holdings Limited	Director
Quayside Securities Limited	Director	
Quayside Properties Limited	Director	
WHITE, Te Taru	Bay of Plenty Regional Council	Councillor
	Indigenuity Limited	Director
	Pukahukiwi Kaokaoroa Inc	Trustee
	Kahukiwi Management Limited	Director
	Noa New Zealand Limited	Director Shareholder
	Quayside Holdings Limited	Director
	Quayside Properties Limited	Director
	Quayside Securities Limited	Director
	Te Taru White Consultancy Limited	Director Shareholder
	Whenua Fruits Limited	Shareholder
<i>Manaakiora Trust (appointed 18.5.23)</i>	Director	
Te Tatau o Te Arawa Charitable Trust	Board Member	

Quayside Securities Limited as Trustee for Quayside Unit Trust
Statutory Information (continued)
For the year ended 30 June 2023

Information used by directors

During the financial year there were no notices from directors of Quayside Securities Limited as Trustee for Quayside Unit Trust requesting to use information received in their capacity as a director which would not otherwise have been available to them.

Indemnification and insurance of directors and officers

The *Quayside Group* has arranged policies of Directors' and Officers' Liability Insurance and separate Directors' and Officers' defence costs insurance.

Donations

No donations were made by Quayside Securities Limited as Trustee for Quayside Unit Trust during the year ended 30 June 2023 (2022: nil).

Directors

The following directors of Quayside Securities Limited as Trustee for Quayside Unit Trust held office as at 30 June 2023:

R McLeod (Chair)

S Crosby

B Hewlett

K Horne

F McTavish

W Parker

T White

Directors were remunerated by Quayside Securities Limited.

Loans

There were no loans by Quayside Securities Limited as Trustee for Quayside Unit Trust, to directors.

Employees

The Trust does not have any employees. All administration is carried out by Quayside Holdings Limited under a management agreement with Quayside Securities Limited.

Auditor's remuneration

The following amount is payable to the auditor of the company for the year:

Audit New Zealand: Audit Fees \$10,063 (GST inclusive)

Quayside Securities Limited as Trustee for Quayside Unit Trust Directory

Registered office

Level 2, 41 The Strand
Tauranga 3110
Ph: (07) 579 5925

Postal address

PO Box 13564
Tauranga 3141

Auditors

Audit New Zealand
On behalf of the Auditor-General
745 Cameron Road
PO Box 621
Tauranga 3110
New Zealand

Solicitor

Cooney Lees Morgan
PO Box 143
Tauranga 3110

