

# PORT NELSON

DRAFT Statement of Corporate Intent 2025



// Welcome to

## Port Nelson's Statement of Corporate Intent

E aronui ana ki ō tātou tāngata kei te manawa pātuki o Whakatū, me mihi ka tika hoki.

Mai i ngā pae maunga ki Tangaroa takapou whāriki, Papatūānuku e hora ake nei.

Ko tā tātou i Te Taiuhu, he tautoko i ngā wawata, he hāpai anō hoki i te oranga o te hāpori.

E kōkiri whakamua ana te kounga hei painga mā ō tātou kiritaki.

E aronui ana ki te taiao, kia tū, kia oho, kia mataara ki te anamata.

E kaha whakaputa mai ana i ngā hua mā te hunga whaipānga.

E mahi ngātahi ana, e aro ngātahi ana 'ki te hāpai i te puawaitanga ā-rohe'.

We acknowledge our people, who are at the heart of Port Nelson.

We honour the mountains, the sea and the land under, in, and upon which we operate.

We recognise our role within Te Taiuhu and support the aspirations and wellbeing of our community.

Driving excellence across the supply chain for our customers.

Respecting the environment in which we operate and pushing towards a sustainable future.

Delivering strong and sustained returns for our shareholders.

Working and striving together 'to facilitate regional prosperity'.

# // Contents

## Introduction

Nature and Scope of Activities..... 5

## Strategic Context

Purpose and Goals ..... 8

2030 Strategy Overview ..... 9

Stakeholder Strategies ..... 10

**Our Customers** ..... 10

**Our Environment** ..... 11

**Our People** ..... 12

**Our Community** ..... 13

**Our Shareholders** ..... 14

## 2025 Initiatives and Forecasts

2025 Strategic Initiatives ..... 16

Performance Measures ..... 17

Financial Performance ..... 19

Prospective Summary Financial  
Statements ..... 19

Commercial Valuation ..... 22

Procedure for Acquisition of  
Other Interests ..... 22

Ten-Year Projected Debt Profile ..... 23

Ten-Year Projected Capital Expenditure  
Programme ..... 23

## Governance

Non-Financial Performance ..... 25

Risk Management ..... 25

Sustainability and Climate Change ..... 25

Health and Safety ..... 25

Relationships ..... 26

Governance Performance

Dividend Policy ..... 27

Accounting Policies ..... 27

Approach to Governance ..... 28

Information to be Provided  
to the Shareholder ..... 29

# Introduction



Port Nelson is pleased to present our draft 2025 Statement of Corporate Intent (SoCI). The SoCI describes how we intend to advance our purpose “to facilitate regional prosperity/kia āhei ki te kōkiri whakamua ki te taumata ā-rohe”.

This draft SoCI is provided in accordance with the Port Company Act 1988. Further, the SoCI addresses the relevant requirements in the 'statement of expectation', sent by council shareholders to Infrastructure Holdings Limited (IHL) on 19 December 2023.

## Nature and Scope of Activities

Port Nelson is the maritime gateway for Te Taihū – a vital hub for economic activity and a key facilitator of our region’s continued growth and prosperity.

Port Nelson is an international port located in the city of Nelson owned by Infrastructure Holdings Ltd which is in turn equally owned by Nelson City Council and Tasman District Council. The rich history of Port Nelson has helped shape the region. Early accounts of Wakatū (Nelson) - meaning a 'standing place or shelter for canoes'- described the area’s rich history for Māori trading fish and produce. Since the establishment of the Port Nelson Harbour Board in 1901, Port Nelson has welcomed visitors and commercial traders to Te Taihū and, to this day, continues to respond to its customers’ and community’s needs.

The Port handles a wide variety of cargo, including containerised and bulk cargo. Approximately 67% of Port Nelson’s volumes are exported, and 33% are imported. Major export commodities include forestry products (logs, sawn and processed timber), seafood, pip fruit and wine. Port Nelson is the largest seafood processing port in Australasia, supporting and catering to the needs of some of New Zealand’s main seafood companies and associated fishing fleets. The Port also houses one of New Zealand’s largest marine service sectors. Nelson/Tasman is the second-largest apple growing region in the country, with approximately 28% of the total apple crop being grown here and exported around the world. Approximately 70% of New Zealand’s wine is produced in Marlborough, making Port Nelson a vital link in the wine industry’s supply chain. The main



import commodities to Port Nelson are fuel and vehicles, both second-hand and new.

Since the Port has been established, it has undergone significant expansions and upgrades to accommodate the growing demand for its services. In recent years, Port Nelson has been investing in infrastructure and plant to improve efficiency and capacity. The Port has also focused on diversifying its services, including offering warehousing and logistics services.

Port Nelson creates value for its customers by providing a suite of marine, cargo handling, warehousing, logistic, slipway, and property portfolio services. Marine services include—pilotage, towage, navigation aids, and the berthing, and departure of vessels. The Port operates three tugs and maintains a dredged channel to allow vessels up to 260m in length to access the Port. Cargo handling services include the unloading, temporary storage, and loading of many forms of cargo including containers, logs, cars, fertiliser, cement, methanol, and fuel.

Logistics and warehousing services are provided through our QuayConnect and QuayPack businesses. QuayConnect enables the efficient connection of products to market and works with on-site partner QuayPack to offer integrated transport and third-party logistics (3PL) storage solutions to customers. The Port utilises 23,000m<sup>2</sup> of British Retail Consortium accredited storage facilities at the Patterson Logistics Centre, New Zealand’s largest on-port storage facility, and has a dedicated and scheduled trucking service.

Port Nelson’s scope of services also includes slipway services for vessels up to 2,400t. This facility supports one of New Zealand’s strongest marine engineering clusters. In addition, the Port has over 235,000 m<sup>2</sup> of commercial land that it develops and leases to support the fishing, marine services, and other export-related industries.



Over 122 years since the formation of the Port Nelson Harbour Board



239 FTE Employees



\$381m  
2023 Asset Value



6th Largest NZ Port for Container Numbers



31.27 Hectares of Total Operational Land



22.81 Hectares Commercial Land (Land for Lease)



3 Mobile Harbour Cranes



4 Visiting Container Lines



9 Wharves



3 Tugs



5,000m2 Marlborough Warehousing



34,000m2 On-Port Warehousing



14 Heavy Container Handling Machines



2 Slipways

# Strategic Context



## // Purpose and Goals

Port Nelson's purpose is 'to facilitate regional prosperity/kia āhei ki te kōkiri whakamua ki te taumata ā-rohe'

A keyword in our purpose is 'prosperity'. While traditionally seen from an economic perspective, the Port recognises that sustainable prosperity comes from addressing the needs of all its stakeholders.

The Port has five stakeholders: Customers, Environment, People, Community, and Shareholders.

The Port defines what success looks like from each stakeholder's perspective and has established goals that reflect that understanding. The simple days of 'or' – profit or environment; customer or community; profit or safety are gone - the Port embraces the 'and'.

### Purpose

## Facilitating Regional Prosperity

*Kia āhei ki te kōkiri whakamua ki te taumata ā-rohe*

### Stakeholder Goals



### Values

Our values are traits that our people continually exhibit on a day-to-day basis to drive us to achieve our purpose:





## // 2030 Strategy Overview

Port Nelson's 2030 strategy is a strategic framework which responds to our purpose, goals, and the needs of the Port's stakeholders.

The plan sets the overall direction for Port Nelson over a multi-year period.



### Our Customers

#### Always better

Strive to demonstrably improve operational performance through a combination of continuous improvement and targeted investment

#### The preferred Te Taihu cargo pathway

Champion the needs of Nelson/Tasman exporters and importers and growing the Marlborough cargo through our high service model



### Our Environment

#### Reduce our impact

Reduce our physical and carbon impact on the environment

#### Leadership in sustainability

Engage in sustainability and climate change adaptation that also supports our people and community



### Our People

#### "I see you"

Build on our strong culture and systems to create an environment where each team member is and feels recognised, appreciated and respected

#### One team for health, safety and wellbeing

Continue to build an environment and culture where every member of the Port team, and others who work in our spaces, are fully engaged and united in the continuous pursuit of improved health, safety and wellbeing



### Our Community

#### A trusted partner for our community

Support our social licence to operate with open and transparent engagements and impactful contributions to the community's wellbeing

#### A trusted partner for iwi and Maori

Strengthen our relationship with iwi and Māori through ongoing commitment to support and contribute to Māori aspirations in Te Taihu



### Our Shareholders

#### A fair and sustained return

Lift our economic profit to provide a fair return to shareholders and build resilient infrastructure

#### Diversified income

Strengthen returns from our property portfolio and leverage our expertise in logistics management

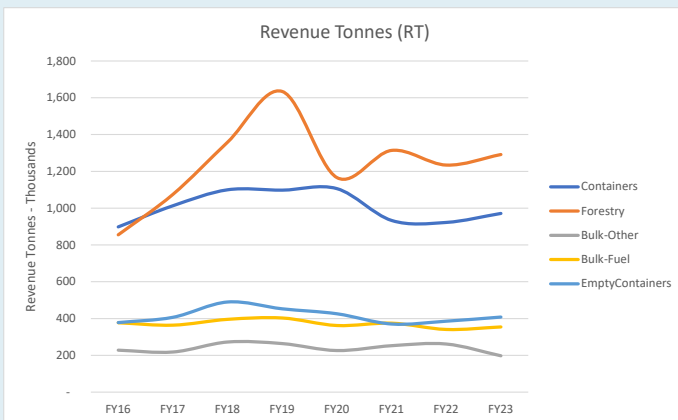
# // Stakeholder Strategies

## Our Customers

Providing leading port operations and driving supply chain innovation is integral to ensure the Port continues to meet the needs of our customers and in turn deliver strong financial returns.

Port Nelson has two types of customers: those that contract directly with the Port and those that export or import through the Port via contracts with third parties

The cargo across Port Nelson reflects the activities of Te Taihu. Export crops dominate this cargo, including: logs, fruit, wine, processed timber, and seafood. Typical of a regional port in New Zealand, exports dominate imports. The graph below describe the make up of our cargo.



### 2030 Strategy

#### Always better

As the region's maritime gateway, we connect cargo owners and shipping services, delivering safe and efficient port services. Our quality services rely on purpose-built infrastructure and a high-performing team.

Adapting to evolving customer needs necessitates operational adjustments and expanding port capacity. This entails continuous improvement, technology investment, and enhancing core infrastructure. Benchmarking and dashboards facilitate driving and measuring improvement in key operational metrics.

#### The preferred Te Taihu cargo pathway

Maintain and expand Marlborough cargo market share handled by QuayConnect, encompassing inbound packaging, raw materials for the wine industry, and outbound bottled and bulk wine exports. QuayConnect aims to manage cargo flow with integrity while supporting Port Nelson's responsiveness to customer demands.

The Port seeks to broaden its service scope to existing and new customers and industries within the Te Taihu region. This expansion relies on a niche high-service model, smart technology integration, and data accessibility as distinctive selling points.

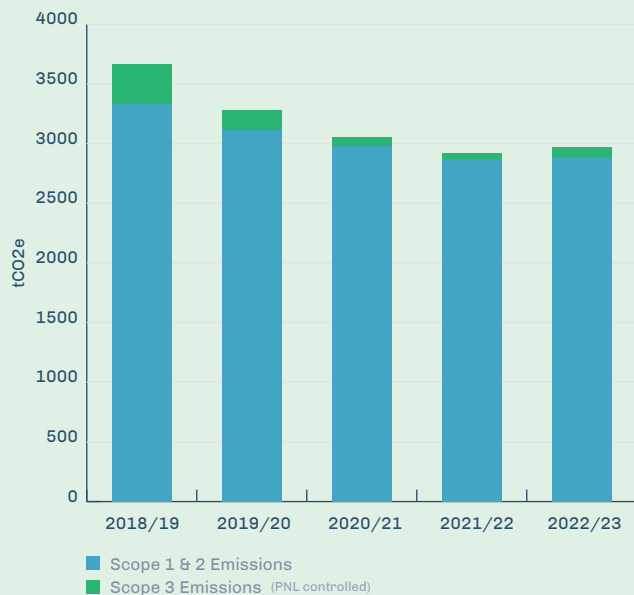
## Our Environment

The Port aims to be a leader in sustainable environmental management in the New Zealand port industry by “reducing our environmental impacts and pushing towards a sustainable future”.

The Port is committed to continual improvement in its environmental performance. Fuel is consumed directly by tugs, cranes, material handling equipment, and port users: trucks and ships, this creates carbon emissions.

In addition, the Port’s activities create adverse physical emissions in the form of noise, dust, stormwater runoff, and the potential for spillage. Reducing these impacts are a priority for the Port.

### Emissions



### 2030 Strategy

#### Reduce our impact

Port Nelson aims to achieve a 67% reduction in carbon emissions from 2019 emissions by 2035. 79% of Scope 1 & 2 emissions stem from petrol and diesel. The focus is to convert our heavy fleet to alternative fuels or electrification, this requires investment in equipment and infrastructure.

Additionally, Port Nelson will minimise operational impacts on the physical environment by enhancing proactive management of high-risk environmental activities such as dredging, dust emissions, stormwater discharges, noise, and spills.

#### Leadership in sustainability

Port Nelson aims to lead in Environmental Management in the Top of the South by implementing innovative solutions to manage environmental impacts and integrating environmental management into daily operations. We will involve customers, suppliers, staff, partners, and the wider community in this journey.

Port Nelson has assessed the effects of natural environmental hazards and climate change on the Port and its infrastructure, and will establish transparent reporting of climate-related disclosures.

## Our People

Port Nelson is proud of its workforce and is committed to “building and keeping safe an engaged high-performing team”.

Port Nelson aims to attract and retain a diverse, and motivated workforce supported by a highly capable and trained leadership team. Port Nelson invests significant resources into training, health and safety and wellbeing. Our people are critical to running a successful business and our objectives are to retain talent and cultivate a progressive workplace.

Over 300 people are employed in the Port team. As Port Nelson is a 24/7 business, the working pattern is primarily driven by the tidal nature of the Port and the intermittent movements of international vessels. This means that a number of our workers are casual workers, making the full-time equivalent (FTE) count approximately 239.

The Port recognises the critical safety risks that exists in its operation and continues to challenge the way “work is done” to reduce risks in this area. The Port is proud of the focus and commitment of the entire team to safety however, there is an ongoing drive for improvements. Key health and safety metrics are provided in the performance target table on page 17.



239

Full-time equivalent employees



### 2030 Strategy

#### “I see you”

Our people are the foundation of our success. We aim to cultivate a work environment where employees feel recognised, engaged, motivated, and appreciated, with equal opportunities for personal and professional growth. Through the “I See You” strategy, we foster respect, inclusivity, and fairness, nurturing strong leaders, high-performing teams, and retaining top talent while upholding company values.

We embrace the future of work with dynamic solutions that empower adaptability, foster innovation, and meet the evolving needs of our diverse workforce. We strive to attract top talent, retain excellence, and thrive in an ever-changing business landscape.

#### One team for health, safety and wellbeing

We will broaden our Health, Safety & Wellbeing team, where the full Port team including Port users are empowered to take ownership for safety in the area around them and strive for continuous safety improvements.

The team will be supported by tools, systems and training that is developed in response to the needs of the team.

## Our Community

The Port recognises that it is at the economic heart of the Nelson community and is vital to the ongoing economic and social welfare of the whole region. Therefore, it is committed to “supporting the improvement of wellbeing in our community”.

The Port is aware of its obligations to the community in which it operates and strives to play its role as a good corporate citizen by contributing to the vibrancy of life in Te Taihū.

As part of our contribution, the Port commits more than 1.2% of its returns to sponsorship funds towards activities related to the protection of the land/sea interface and supporting the community’s wellbeing.

Relationships with iwi have long been important to the Port, however in recent years, we have sought to establish a stronger partnership. To support us in this journey, the Port is actioning an iwi and Māori Partnership Plan over the next 3-5 years in consultation with iwi.



# \$110k

Sponsorship funds for community initiatives



### 2030 Strategy

#### A trusted partner for our community

The Port has the ability to positively impact the community in a number of ways, including: sponsorship; supporting the development of its people to positively engage with the community; and role modelling practices and behaviours that support an enhancement of our communities wellbeing.

The Port will openly share information about its operations and impacts, as well as supporting on-port engagements, while being appropriately mindful of commercial and safety issues. Through this transparency trust will be enhanced.

#### A trusted partner for iwi and Māori

Our community is experiencing a growing resurgence of culture and identity, led by mana whenua and set against the backdrop of national progress in this space. This includes our Shareholders who are also on their own journeys of recognising and developing Te Tiriti partnerships with Te Taihū iwi.

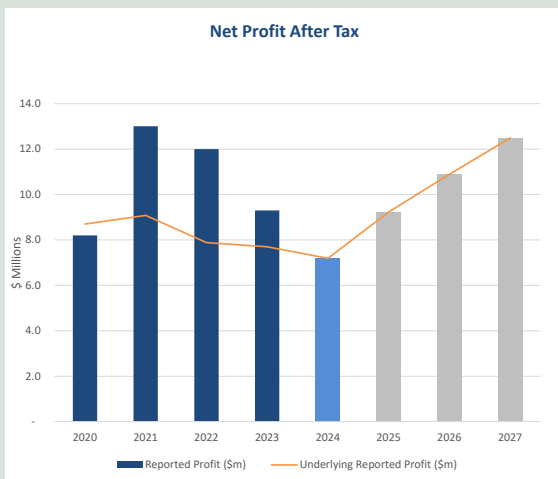
There are now greater opportunities and benefits for organisations such as ours to tangibly support the aspirations of local iwi and Māori. In te Ao Māori, these aspirations stretch across cultural, social, environmental and economic outcomes that are inseparable from each other.

## Our Shareholders

Commercial success is critically important to the Port as it results in a strong dividend to our community through delivering “strong and sustained returns to our shareholders”.

The Port remains committed to investing in its infrastructure, assets, and technology to deliver operational excellence. Completing a comprehensive 2050 master plan highlights the Port’s investment to improve and sustain port infrastructure. Concurrently, investments in technology aim to improve efficiency, safety, and communication, facilitating real-time data analysis for informed decision-making. Furthermore, adopting an asset management approach ensures the development, operation, maintenance, upgrade, and disposal of assets are carried out in the most cost-effective manner.

To also ensure Port Nelson’s economic sustainability and its ability to facilitate projected growth, the Port is focusing on initiatives to improve the Port’s financial performance.



\*Underlying profit excludes revaluation of investment properties.



### 2030 Strategy

#### A fair and sustained return

Current levels of financial performance are insufficient to fund the future Port developmental goals. Using economic profit as the core metric, this strategy is aimed at achieving an economic profit that grows shareholder wealth and improves financial performance, while recognising the competitive environment of Port users.

It is required that investment in the Port’s infrastructure needs to be optimised and fit for purpose over the life of the asset.

#### Diversified income

Port Nelson faces the challenge of cargo unpredictability. Returns from its property portfolio are crucial for risk diversification. PNL aims to attain investment property yields reflecting the highest and best use of current Port property investments, while acknowledging the scarcity of land, particularly on the port, and evolving user needs. This approach entails increasing the Port’s exposure to property development for enhanced returns.

Additionally, this strategy supports the growth of QuayConnect, leveraging its expertise beyond logistic lines related solely to Te Taihū and seeking diversified profitable revenue streams in addition to Te Taihū imports and exports.

# 2025 Initiatives and Forecasts



## // 2025 Strategic Initiatives

The international economic softness of the 2024FY is expected to carry over into the 2025FY.

This will see general tradable goods, including construction materials, fish, fuel, and cars, continue to be lightly traded. Log exports are also likely to be subdued due to the international economic climate, in addition this sector remains vulnerable to the Chinese market.

After struggling to fully move its 2023 vintage due to the build-up of inventory stocks, the wine industry is forecasting a 2024 harvest down 20% on 2023. This will continue to allow built up inventories to reduce, but will see lower volumes moved across the port.

A strong apple and kiwifruit season will be in full swing as we enter the 2025FY, the tail of the export season will positively contribute to volumes across the port in the 2025FY.

Offsetting this softness in cargo volumes the Port will see revenue uplift from its revised pricing structures. Cost constraints will also be a focus for the year as the challenge of right-sizing a fixed asset business to match cargo volumes is further addressed.

Outside of financial matters, the Port will continue its focus to further mitigate safety risks, develop new technologies to improve efficiency and connection, replace or build critical infrastructure, and continue to grow its people. Initiatives addressing these areas are noted below.

**2025 initiatives to be provided in the final version of Port Nelson's Statement of Corporate Intent.**



## // Performance Measures

The below details how the Port will measure its performance to deliver our strategic intent in the 2025 financial year.

The outcomes of these measures will be reported on in the Port's Annual Report.



### Our Customers

Ō tātou  
kiritaki

**Provide leading port logistics operations and drive supply chain innovation**

	2022/23 ACTUAL	2023/24 TARGET	2023/24 FORECAST	2024/25 TARGET
Revenue Tonnes (000)	3,245	3,349	3,288	3,335
Container throughput (TEU - twenty-foot equivalent units - thousands)	105	113	106	107
Vessel visits	769	776	754	772
Revenue growth QuayConnect (\$m)	5.7	1.0	1.0	1.5
Average container crane moves per hour	19	>20	18.9	>20
Average container truck waiting time (mins)	14.7	<15	14.7	<15



### Our Environment

Tō tātou  
taiao

**Reduce our environmental impacts and push towards a sustainable future**

	2022/23 ACTUAL	2023/24 TARGET	2023/24 FORECAST	2024/25 TARGET
Gross reduction on FY19 scope 1 and 2 carbon emissions (cumulative)	14%	18%	20%	21%
Gross reduction on FY19 levels in scope 3 carbon emissions (PNL originated)	72%	85%	70%	72%
Port's significant noise event & events >85dbH (at monitor)	0 & 15	0 & 8	1 & 20	0 & 8
Dust events external complaint	0	0	0	0
Port substance Spills >10L reach harbour	0	0	1	0



**Our People**  
Ō tātou  
whānau

**Build and keep safe  
an engaged and high-  
performing team**

	2022/23 ACTUAL	2023/24 TARGET	2023/24 FORECAST	2024/25 TARGET
High potential risk events	1	<=2	2	<= 2
Lost time injuries (LTI) greater than 5 days off work	17	<=2	16	<= 2
Lost time injury frequency rate (LTIFR)	3.54	<=1.3	2.9	<= 1.3
Critical risk verification reviews	44	44	44	44
Visible safety leadership events	400	400	400	400



**Our Community**  
Tō tātou  
hapori

**Support the improvement of  
wellbeing in our community**

	2022/23 ACTUAL	2023/24 TARGET	2023/24 FORECAST	2024/25 TARGET
Utilisation of slipway - (Calwell)	84%	85% or 312 days	85%	85% or 310 days
Sponsorship as a percentage of NPAT	1.3%	>1.2%	1.5%	>1.2%
Dividend \$ (% (NPAT) ex. prop. reval.)	4.5m	4.5 (50%)	4.5m (62%)	4.8m (51%)



**Our Shareholders**  
Ō tātou  
kaiwhaipānga

**Deliver strong and sustained  
returns to our shareholders**

	2022/23 ACTUAL	2023/24 TARGET	2023/24 FORECAST <sup>+</sup>	2024/25 TARGET
Underlying* revenue	\$82.9m	\$86.1m	\$84.4m	\$91.8m
Underlying earnings before interest and taxes	\$13.9m	\$16.3m	\$14.6m	\$17.3m
Underlying net profit after tax	\$7.7m	\$9.1m	\$7.2m	\$9.2m
Underlying return on assets	2.0%	2.3%	1.9%	2.3%
Underlying return on equity	2.8%	3.2%	2.6%	3.2%
Gearing (debt/equity)	20.1%	21%	22.2%	20.8%

+ Financial results for 23/24FY are based on Jan 24 results and are unaudited

\*Underlying financial performance excludes recognition of investment property revaluation

## // Financial Performance

## Prospective Summary Financial Statements

For the three year period July 2024 to June 2027

## Statement of Comprehensive Income

	2025	2026	2027
	\$000	\$000	\$000
<b>Revenue</b>			
Port Operations	84,150	88,290	92,200
Property	7,660	8,170	8,540
<b>TOTAL REVENUE</b>	<b>91,810</b>	<b>96,460</b>	<b>100,740</b>
<b>Expenses</b>			
Employee Benefit Expenses	26,980	27,830	28,760
Other Operational and Property Expenses	35,330	36,770	38,625
<b>Earnings before Interest, Tax, Depreciation and Amortisation</b>	<b>29,500</b>	<b>31,860</b>	<b>33,355</b>
Depreciation and Amortisation	12,230	11,830	11,710
<b>Earnings before Interest and Tax</b>	<b>17,270</b>	<b>20,030</b>	<b>21,645</b>
Net Financing Costs	4,470	4,620	3,970
<b>NET PROFIT BEFORE INCOME TAX</b>	<b>12,800</b>	<b>15,410</b>	<b>17,675</b>
Income Tax	3,570	4,520	5,185
<b>NET PROFIT AFTER INCOME TAX</b>	<b>9,230</b>	<b>10,890</b>	<b>12,490</b>

## Balance Sheet

	2025	2026	2027
	\$000	\$000	\$000
<b>Current assets</b>			
Cash and Cash Equivalents	280	130	110
Trade and Other Receivables	13,460	14,740	15,170
Inventories	830	830	830
Prepayments and Accruals	1,570	1,850	2,130
<b>TOTAL CURRENT ASSETS</b>	<b>16,140</b>	<b>17,550</b>	<b>18,240</b>
<b>Non-current assets</b>			
Property, Plant and Equipment	355,050	354,090	360,210
Intangible Assets	2,980	2,610	2,350
Investment Properties	35,290	35,290	35,290
<b>TOTAL NON-CURRENT ASSETS</b>	<b>393,320</b>	<b>391,990</b>	<b>397,850</b>
<b>TOTAL ASSETS</b>	<b>409,460</b>	<b>409,540</b>	<b>416,090</b>
<b>Current liabilities</b>			
Trade and Other Payables	14,760	6,730	7,540
Employee Benefit Entitlements	2,950	2,090	1,930
Tax Payable	2,440	3,150	3,360
Dividend Payable	3,100	4,000	4,800
Noise Mitigation	100	100	100
<b>TOTAL CURRENT LIABILITIES</b>	<b>23,350</b>	<b>16,070</b>	<b>17,730</b>
<b>Less non-current liabilities</b>			
Employee Benefit Entitlements	260	260	260
Deferred Tax Liability	18,390	18,390	18,390
Term Loan	76,710	78,010	75,860
Noise Mitigation	200	160	140
Right of Use Assets	150	150	150
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>95,710</b>	<b>96,970</b>	<b>94,800</b>
<b>TOTAL LIABILITIES</b>	<b>119,060</b>	<b>113,040</b>	<b>112,530</b>
<b>Shareholders' funds</b>			
Issued Capital	6,050	6,050	6,050
Retained Earnings	106,820	112,920	119,980
Asset Revaluation Reserve	174,280	174,280	174,280
Minority Interests	3,250	3,250	3,250
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>290,400</b>	<b>296,500</b>	<b>303,560</b>
<b>TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES</b>	<b>409,460</b>	<b>409,540</b>	<b>416,090</b>

## Statement of Cash Flows

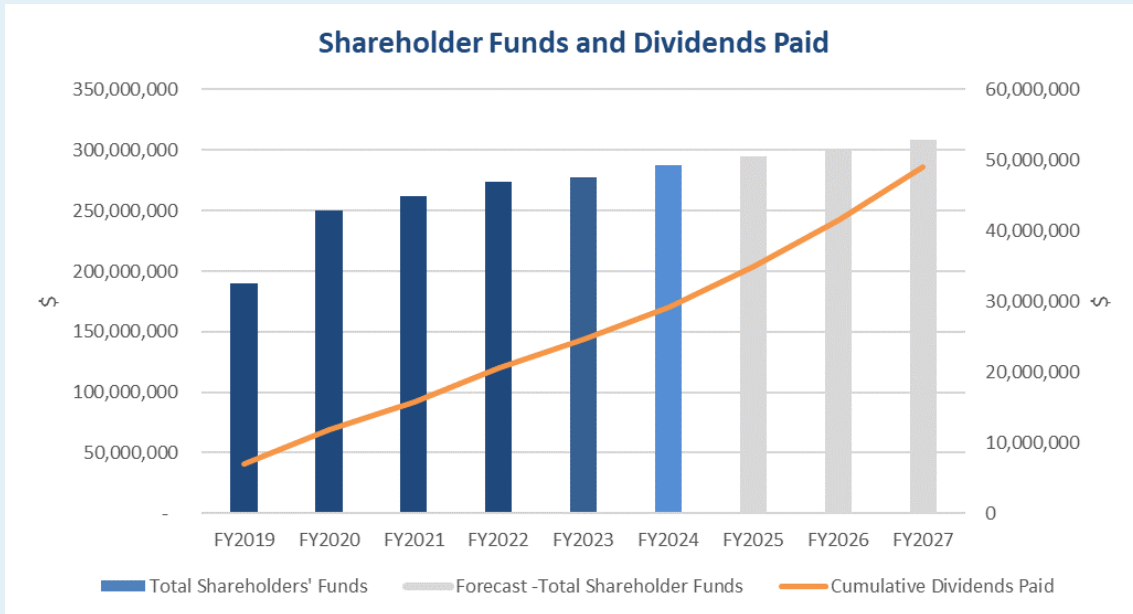
	2025	2026	2027
	\$000	\$000	\$000
<b>Cash flows from operating activities</b>			
Cash was provided from:			
Receipts from customers	83,670	87,690	91,560
Rent received	7,660	8,170	8,540
	<b>91,330</b>	<b>95,860</b>	<b>100,100</b>
Cash was applied to:			
Payments to suppliers and employees	61,600	62,610	66,400
Interest paid	4,540	4,600	4,020
Taxes paid	4,130	5,540	6,180
Net GST paid	(990)	1,100	(60)
	<b>69,280</b>	<b>73,850</b>	<b>76,540</b>
<b>Net operating cash inflows</b>	<b>22,050</b>	<b>22,010</b>	<b>23,560</b>
<b>Cash flows from investing activities</b>			
Cash was provided from:			
Sale of property, plant and equipment	1,800	0	0
	<b>1,800</b>	<b>0</b>	<b>0</b>
Cash was applied to:			
Purchase of property, plant and equipment	12,880	18,250	16,230
Purchase of intangibles	140	10	0
	<b>13,020</b>	<b>18,260</b>	<b>16,230</b>
<b>Net investing cash inflows/(outflows)</b>	<b>(11,220)</b>	<b>(18,260)</b>	<b>(16,230)</b>
<b>Cash flows from financing activities</b>			
Cash was provided from:			
Loans borrowed	8,600	18,160	18,580
	<b>8,600</b>	<b>18,160</b>	<b>18,580</b>
Cash was applied to:			
Loans repaid	13,260	17,460	20,430
Dividend paid	6,000	4,600	5,500
	<b>19,260</b>	<b>22,060</b>	<b>25,930</b>
<b>Net investing cash inflows/(outflows)</b>	<b>(10,660)</b>	<b>(3,900)</b>	<b>(7,350)</b>
<b>Net increase/(decrease) in cash held</b>	<b>170</b>	<b>(150)</b>	<b>(20)</b>
Cash and cash equivalents at 1 July	110	280	130
<b>CASH AT 30 JUNE</b>	<b>280</b>	<b>130</b>	<b>110</b>

+ Financial performance for 2025 and 2026 financial years are presented in 2024 dollars.



### Commercial Valuation

The directors assessment of the value of the shareholders investment in the company is \$288.7m. The value is based on assumptions and forecasts of prospective total shareholders' funds at the time of writing this report.



### Procedure for Acquisition of Other Interests

The company's ability to subscribe for purchase or otherwise acquire shares in any company or other organisation is governed by the company's Constitution and the Companies Act 1993.

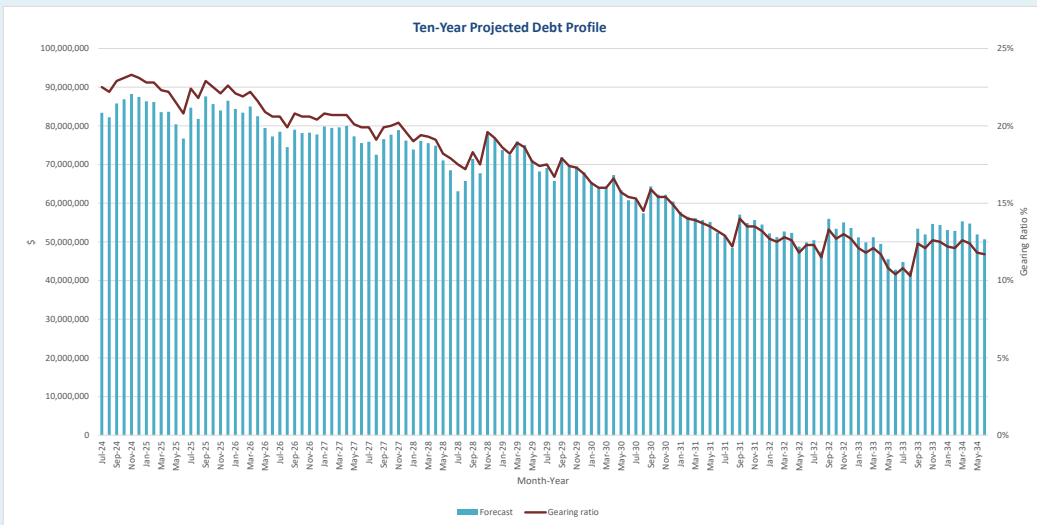
Any major share investment (other than operational investment) inconsistent with the five-year strategic plan will be subject to shareholder approval.



### Ten-Year Projected Debt Profile

The debt profile closely mirrors the annualised breakdown of expected capital expenditure for ten years.

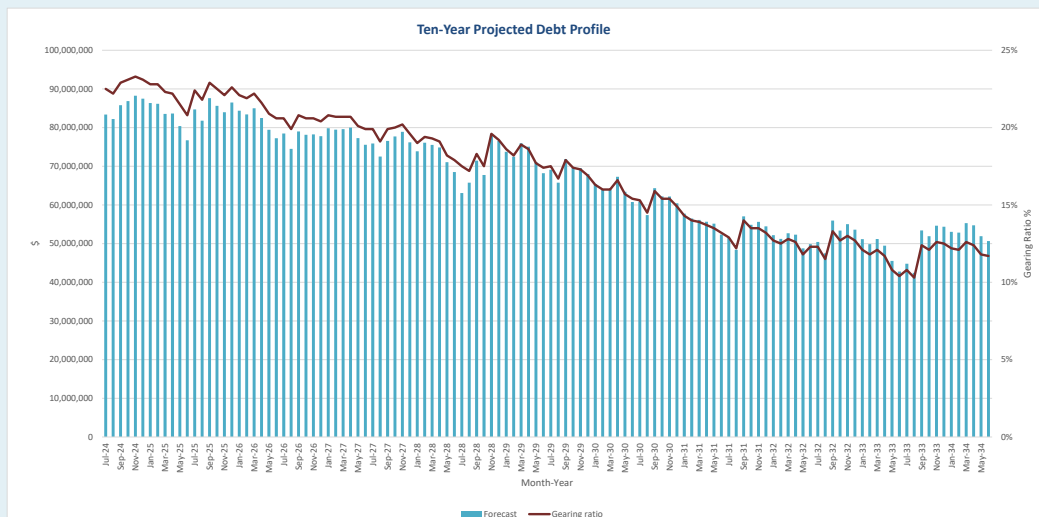
The following graph shows an annualised breakdown of expected debt levels for ten years across the Group, including the Port Nelson Slipways.



### Ten-Year Projected Capital Expenditure Programme

Total forecast capital expenditure over ten years is \$174 million. Key components of this expenditure include the Port Nelson Slipway development in the financial years 2024 and 2025, an investment programme for wharf replacements over the periods 2033 through 2034, and replacement of cranes and the pilot vessel over the financial years 2024 and 2025.

The following graph shows an annualised breakdown of expected capital expenditure for ten years across the Group, including the Port Nelson Slipways.



# Governance







## // Non-Financial Performance

### Risk Management

Risk management forms a part of every aspect of the Port's operations. This ranges from daily toolbox sessions, to job specific assessments, through to capital funding requests and ultimately our long term strategic plan.

Formal company wide risk reviews are undertaken quarterly. These reviews are discussed at board meetings, with a focus on the top 20 risks. In addition, detailed reviews of individual top risks are also covered at Board meetings.

The Finance and Risk Committee takes responsibility for ensuring that the risk management process is appropriate, providing an oversight of financial risks and ensuring risk reporting up to the full Board is effective.

In addition to operational and strategic risks, the company wide risks include natural hazards, such as earthquakes, tsunami and storms, as well as climate change risk.

The Port is not required to report under the Climate-related disclosures and Other Matters Amendment Bill. However, it is the intention of the Port to commence reporting against the climate-related disclosures standard in the 2024FY, with full compliance in the 2026FY.

### Sustainability and Climate Change

The Port is committed to reducing its impact on the environment, including its contribution to climate change, as well as providing transparency to the community on the potential impacts of climate change on Port operations.

#### Carbon reduction:

The Port has established two key targets for carbon reduction:

- 67% reduction of gross carbon emissions from 2019FY by 2035FY, and;
- Net zero carbon emissions by 2050.

The first target aligns with the Climate Leaders Coalition goal of contributing to holding global warming to 1.5 degrees. Independent verification of the Ports performance against this target will be provided by Toitu. Achieving this result for Scope 1 and 2 emissions requires the Port to transition to electric cranes and alternate fuels (e.g. hydrogen) for our heavy plant.

### Health and Safety

Port Nelson has a responsibility to manage health, safety and wellbeing risks and provide a safe and healthy work environment for every person coming onto a port site.

Port Nelson operates under a health and safety management plan which provides the Port with systems and processes that form the foundation to ensure we have a safe work environment. A key part of this plan is to enable our systems and processes to be improved through active engagement.

Every position at Port Nelson has a responsibility for health and safety. The Port also has a responsibility to ensure every worker has a clear understanding of risks associated with their work as well as the associated controls. A structured network of work group meetings ensures engagement, continued focus, and access to data and training.

The Port also provides every worker with the opportunity to report on health and safety matters. Reporting is encouraged to improve health and safety practices and to ensure effective controls are in place.

Port Nelson, through consultation with our people, has identified 7 critical risks that have the potential to cause fatalities, this translates to 42 potential risk events where a critical risk is being managed. Critical Risk Reviews, an improvement review process, ensures the controls the Port has in place are working, and if not, improve and add new ones.



### Health and Safety Governance Committee

Port Nelson’s board is engaged in approving policies and ensuring compliance through the Health and Safety sub-committee. External audits are used to challenge current operations. The Port developed a plan based on the outcomes from the 2023 financial year SafePlus external audit. The Port is currently aligning its systems to ISO 45001, an international standard for health and safety at work developed by national and international standards committees independent of government.

### Relationships

Port Nelson recognises the importance of relationships and engagement with stakeholders as part of our purpose “to facilitate regional prosperity – Kia āhei ki te kōkiri whakamua ki te taumata ā-rohe”.

Port Nelson provides information to shareholding local authorities through an agreed reporting structure. There is also direct contact at mayor, CEO and officer level. The Port appreciates that councillors provide a strong connection to the community and welcome direct contact related to issues that may arise.

With the transfer of Port ownership from council shareholders to Infrastructure Holdings Limited on 1 July 2023, an open communications and a ‘no surprises’ approach continues to be maintained with council shareholders.

As part of the Port’s social licence to operate, the Port continues to build and maintain positive relationships with the community through a multi-faceted approach. This includes a Port Noise Liaison Committee, Environmental Management Committee and active sponsorship. Members of the community are also provided with the opportunity to be informed about Port activities through the Port Nelson website, contact forms, social media, and our newsletter: RE:PORT.

To continue to build positive relationships with iwi, the Port will implement its 3-5 year iwi and Māori partnership plan. The iwi and Māori partnership plan focuses on the important work of improving and strengthening our relationships with tangata whenua and mana whenua. This includes engaging in regular consultation, collaborating with iwi and incorporating their perspectives and concerns into planning and operations.





## // Governance Performance

### Accounting Policies

Port Nelson Limited is a for-profit company incorporated under the Companies Act 1993 and created pursuant to the Port Companies Act 1988.

The accounting policies for Port Nelson are consistent with the legal requirements of the Companies Act 1993, the Financial Reporting Act 1993 and prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable reporting standards appropriate for profit-orientated entities.

Port Nelson's accounting policies are detailed in the most recent annual financial statements, which can be found using the following link:

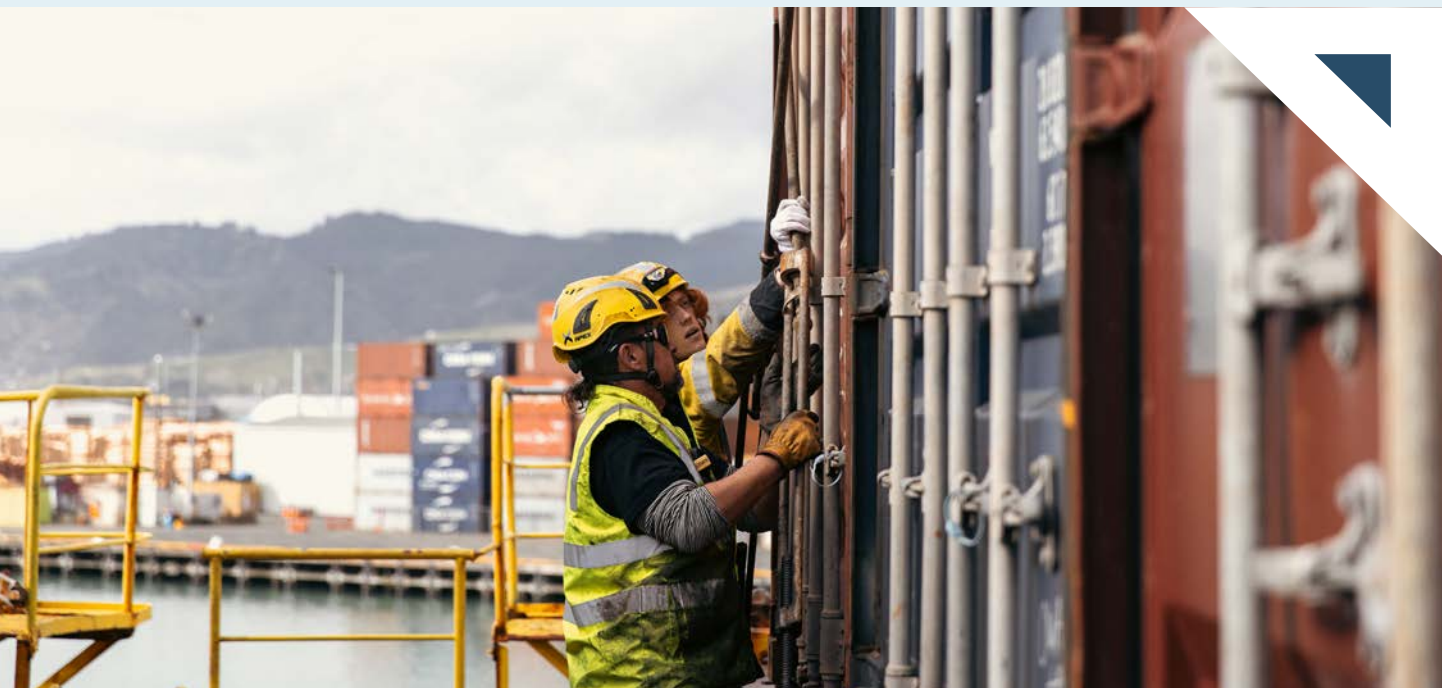
<https://www.portnelson.co.nz/news-room/publications/>

### Dividend Policy

The Port Nelson board will use its best endeavours to accommodate the shareholder's desire for dividend growth within the constraints imposed by the directors' obligations to act in accordance with their statutory duties.

The shareholders desire to receive dividends representing not less than 50% of net profit after tax (excluding non-cash adjustments such as property re-valuations). Similarly, the Port Nelson board expectation is that not more than 75% of net profit after tax shall be distributed to the shareholders. This policy does not cover special dividends.

Proposed dividends provided for in future financial years (note this is different to the timing of actual payments which are covered on page 20) are expected to be up to \$6.0m for the year ended 30 June 2024 (this includes the potential to pass through \$1.5m an additional dividend arising from closure of interest rate swaps associated with the establishment of IHL), \$4.6m in FY2025, \$5.5m in FY 2026 and \$6.3m in FY2027.





## Approach to Governance

Port Nelson recognises the importance of strong corporate governance for its ability to create value for its stakeholders. Accordingly, Port Nelson has a comprehensive set of governance structures and practices to promote best practice, high ethical standards and sound decision making in all areas of governance activity.

### Company

The company’s principal objective is to operate as a successful business as defined by section 5 of the Port Companies Act 1988.

### Corporate Code of Governance

The board of Port Nelson operates within an agreed Corporate Code of Governance and Board Charter reviewed annually by the board.

### Board

The shareholder appoints the board. The board is responsible for the governance, strategic direction and monitoring of the company’s business to achieve its objective in accordance with Port Nelson’s Corporate Code of Governance and Board Charter.

### Board Committees

The board uses committees to allow areas requiring detailed consideration to be dealt with separately by directors with specialist knowledge and experience, thereby enhancing the effectiveness of the board.

Accordingly, the board has constituted three standing committees: the Finance and Risk Committee, the Health and Safety Governance Committee, and the Remuneration and Appointments Committee. In addition, it may form ad hoc committees to deal with specific issues.

### Chairperson

The board elects a chairperson and may elect a deputy Chairperson or alternate. The chairperson is to be responsible for the efficient functioning of the board.

### Chief Executive

The board appoints a CEO. The CEO is responsible for leading and managing the company in accordance with the directions of the board. The CEO may further delegate to other levels for day to day operational decisions of the company in accordance with delegated authorities, as approved by the board.

### Health and Safety

Health and safety governance is a priority for the board. The board will take a leading role in health and safety by reviewing and approving the safety management plan and understanding the effectiveness of the company systems and performance. The board supports the “Good Governance Practice Guidelines for Managing Health and Safety Risks” produced by the Institute of Directors and the Ministry of Business, Innovation and Employment.





## Information to be Provided to the Shareholder

Port Nelson commits to the principle of transparency when it comes to reporting to its key stakeholders.

Over the period covered by this Statement of Corporate Intent, the Port will evolve an integrated reporting framework.

### Annual Statement of Corporate Intent

The company will no later than one month after the commencement of each financial year provide the shareholder with an SCI as required by the Port Companies Act and any other information it considers appropriate. The SCI will be finalised within three months of the commencement of the new financial year.

### Half Yearly Report

Within two months after the end of the first half of each financial year, the company will deliver to the shareholders and the Minister of Transport its Half Yearly Report prepared in accordance with the NZ IFRS and the Financial Reporting Act 1993, including the unaudited consolidated financial statements and performance commentary, together with such other information as the Board consider appropriate. The report will include:

- Performance Commentary
- Statement of Comprehensive Income
- Balance Sheet
- Statement of Cash Flows
- Performance against the SCI Performance Targets and Other Measures

### Annual Report

Within three months after the end of each financial year, and no less than ten working days from the date on which the shareholders meeting is to be held, the company will deliver to the Shareholders and the Minister of Transport its Annual Report prepared in accordance with the reporting requirements of the NZ IFRS and the Financial Reporting Act 1993 and will include the audited annual consolidated financial statements and performance commentary, together with such other information as the board considers appropriate.

The report will include:

- Performance Commentary
- Statement of Comprehensive Income
- Balance Sheet

- Cash Flow Statement
- Statement of Changes in Equity
- Notes to the Financial Statements
- Performance against the SCI performance targets and other measures
- Auditor's Report

### Quarterly Reporting

Within six weeks after the end of each financial year's September and March quarters, the company will deliver to the shareholder a quarterly report on the preceding quarter. The company's quarterly report to the shareholder shall include a performance commentary, together with such other information as the board consider appropriate.

Financial results for the December and June quarters will be incorporated in the Half Year Reports and Annual Reports to be delivered to shareholders in accordance with the timetables of those stated above.

Any reports provided to the shareholders may be released at their discretion.

### General Disclosure

The company will provide information to the shareholder on an ongoing but confidential basis to ensure that the shareholders are informed promptly of significant events related to the company and which may affect the shareholders.

Any reports, including the company's Quarterly and Half Year reports provided to the shareholder, may be released to the public at their discretion.

### Communication of Information

For all formal reports and ad hoc business matters, the company's primary line of communication is direct to the shareholder or their nominated representatives.

### Procedure for Acquisition of Shares

The company's ability to subscribe for, purchase or otherwise acquire shares in any company or other organisation is governed by the company's constitution and the Companies Act 1993. Any major share investment (other than operational investment) inconsistent with the five-year strategic plan will be subject to shareholder approval.

### Compensatory Activities

The company will seek compensation for all non-commercial activities performed by it on behalf of local authorities.

**PORT  NELSON**

Port Nelson  
Nelson 7010, New Zealand