

**PORT
NELSON**

Annual Report 2023

CONNECTION
WHĀNAUNGA TANGA



// Welcome to
**Port Nelson
Annual
Report**

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 hapori.

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'.

Mā te tika, mā te pono, me te
māramatanga, ka tutuki pai
ai te kaupapa.

Through following a sound
process, through determination
and clarity of thought, anything
is possible.

Port Nelson Overview



// 2023 performance

	2023	2022	2021	2020	2019	2018
Operations						
Cargo throughput (million revenue tonnes)	3.2	3.2	3.2	3.3	3.9	3.6
Container throughput (thousands TEUs – twenty-foot equivalent units)	105.4	103.2	103	116.1	119	121.5
Shipping tonnes (million GRT – gross registered tonnes)	9.1	9.1	9.2	9.6	11.1	12.2
Vessel visits (more than 100 GRT)	747	767	781	760	804	887
Employees (FTEs – full-time equivalents)	239	230	223	233	214	210
Financial (\$ millions)						
Revenue	85.8	76.8	73.5	66.7	70.7	67.2
<i>Underlying revenue*</i>	82.9	72.7	69.6	66.4	68.1	65.0
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	26.7	28.0	28.6	20.9	30.5	27.7
Earnings before interest and taxation (EBIT)	16.1	18.3	19.3	12.9	22.9	20.7
<i>Underlying earnings before interest and taxation (EBIT)*</i>	13.9	14.1	15.4	13.4	20.3	18.5
Net profit after taxation (NPAT)	9.3	12.0	13.0	8.2	15.3	14.1
<i>Underlying net profit after taxation*</i>	7.7	7.9	9.1	8.7	12.7	11.9
Dividend declared	4.0	4.3	4.6	4.0	6.3	7.0
Dividend declared as a percentage of underlying net profit after taxation	52%	54%	51%	46%	50%	59%
Capital expenditure	7.1	12.6	22.0	16.1	19.2	15.2
Total assets	380.6	381.1	371.4	356.8	278.1	264.3
Term debt	71.2	76.7	75.7	70.5	61.9	55.6
Equity	276.8	272.8	261.7	250.4	190.4	183.8
Shareholder return metrics						
Earnings per share (cents)	36.7	47.3	51.3	32.1	60.0	55.3
Dividend per share (cents)	15.7	16.9	18.1	15.7	24.8	27.5
Net assets per share (\$)	10.9	10.8	10.3	9.9	7.5	7.2
Equity as a percentage of total assets	72.7%	71.8%	70.5%	70.2%	68.5%	69.5%
Gearing percentage	20.1%	21.9%	22.3%	21.9%	24.4%	23.1%
Return on equity	3.4%	4.5%	5.1%	3.7%	8.2%	7.8%
<i>Underlying return on equity*</i>	2.8%	3.0%	3.6%	3.9%	6.8%	6.7%
Return on average assets	2.4%	3.2%	3.6%	2.6%	5.6%	5.4%
<i>Underlying return on average assets*</i>	2.0%	2.1%	2.5%	2.7%	4.7%	4.6%

*Underlying financial performance excludes recognition of one-offs.
For 2023FY, one-offs are referenced in the Chair-CEO report.

// 2023 performance

Our Customers

Ō tātou kiritaki

3.2
million

Cargo throughput –
revenue tonnes

105,448

Container throughput – TEU

747

Vessel visits

Our Environment

Tō tātou taiao

14%

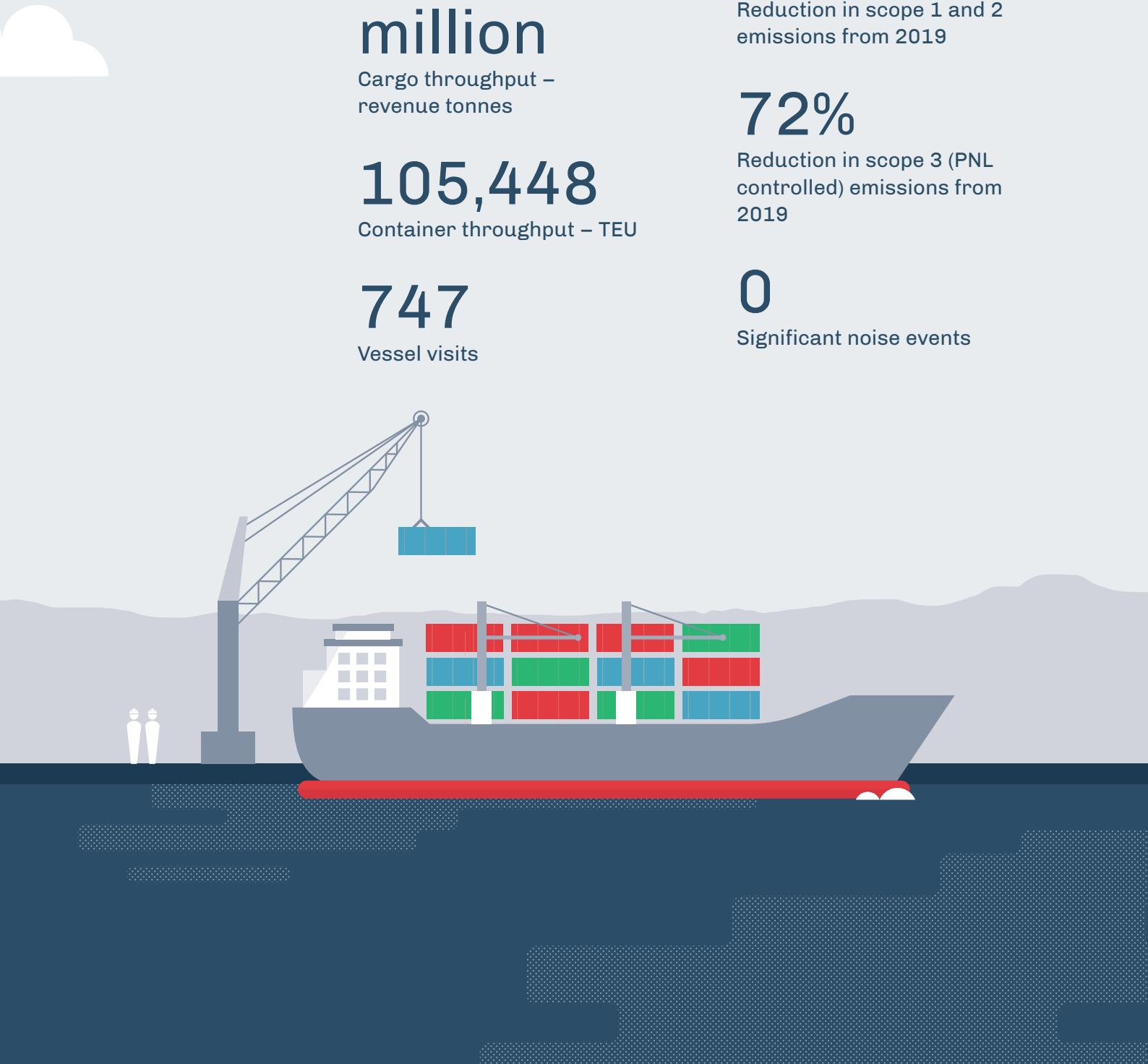
Reduction in scope 1 and 2
emissions from 2019

72%

Reduction in scope 3 (PNL
controlled) emissions from
2019

0

Significant noise events



Our People

Ō tātou whānau

239

Full time equivalent employees

3.54

Lost time injury frequency rate (per 100,000 hours)

44

Critical risk reviews completed

Our Community

Tō tātou hapori

\$4.0m

Dividends declared to shareholders

\$98,000

Sponsorship funds paid

Our Shareholders

Ō tātou kaiwhaipānga

\$9.3m

Net profit after tax

3.4%

Return on equity

72.7%

Shareholder equity



// Chair & CEO report



Paul Zealand

Chair



Hugh Morrison

Chief Executive Officer

Tēnā koutou katoa. Greetings to all.

We are delighted to share with you the journey of the Port over the 2023 financial year.

Ehara taku toa i te toa takitahi, engari, he toa takitini.

My strength is not that of an individual, but that of the collective.

Recognising the importance of strong connections with our various stakeholders, our theme through the 2023 financial year (FY) has been “Connection/Whanaungatanga”.

For many of our customers, 2023FY was another difficult year. Positively, cargo volumes were in line with forecasts, however, tightening export markets began to impact towards the end of the year and supply chain challenges remained. Our Port team implemented stronger weekly communications to assist exporters to steer their way through these challenges. Within the Port, increased communication was also a focus, enabling efficiency improvements, shared resources and improved team morale.

We have seen many areas of improvement throughout the year and areas of opportunity moving forward:

- Container shipping schedules are significantly improved, although still not at the reliability levels seen four years ago.
- Shipping costs have fallen, although relatively speaking New Zealand rates remain high.
- Export demand in some markets has eased more than expected, driven in part by the product backlog in the supply chain.
- A connected and resilient Te Taihu supply chain responded well to the August 2022 storms and kept product flowing between Marlborough and Nelson. To improve this resilience further we have committed to build an inland port in Marlborough.
- Despite the challenge of fully resourcing some of our teams, there was no significant cargo flow impact. Changes to worker rosters are being trialled to improve the appeal of working as a Stevedore at the port.
- As the community recovers from Covid, we continue to focus on wellbeing and mental health matters.
- We have made strides in continuing to provide transparent communications to our community and working to build meaningful relationships with iwi and Māori.
- Sustainability goals, aligned with the Climate Leaders Coalition have been set with an ambitious carbon emissions reduction target.





A review of the Port’s 2023 financial year is provided below from the perspective of the five stakeholders that we use to guide our business.

Customers

Cargo across the wharf was 3.24 million tonnes. This was down 2% on the 2023 – 2025 Statement of Corporate Intent (SoCI) target, but up 2.5% on 2022FY.

Container numbers were down 7.8% on the SoCI budget, but up 2% on the 2022FY.

Key cargo categories moving across the Port were:

Apples — A strong year for apples. The 2023FY harvest exported through Nelson was the largest on record. This was an excellent outcome for an industry hit hard by the late 2020 hail storm.

Wine — A record year for wine volumes. This result is a credit to all involved in this industry, as it required a pan-industry effort to demonstrate the resilience of the Marlborough to Nelson supply chain through challenging weather events.

Processed timber — A strong year for MDF exports, unfortunately, sawn timber exports were reduced due to lower customer demand.

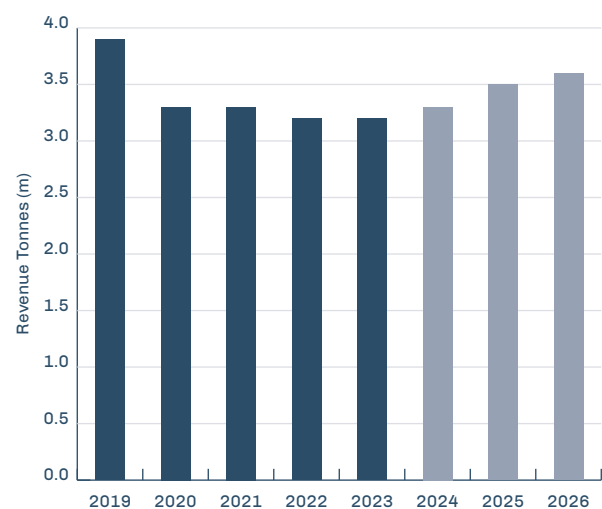
Fish exports and imports — A challenging year for the fish and seafood industries. Combined import and export volumes are the lowest they have been for the last three years.

Logs — A slow start to the year, however the sector recovered to return to forecasted volumes ahead of a market collapse in June. With China’s building industry contracting, the industry faces a difficult medium-term future.

Our logistics facilitation business, QuayConnect, continues to grow rapidly as it addresses a gap in the market of matching cargo movements across Te Taihu and builds its reputation as a smart supply chain solutions business across a variety of industry sectors.

The graph below presents the history of cargo and the three years forecast for the 2024-2026 SoCI.

Cargo Volumes





Environment

Carbon emissions continue to be below the average of the last four years, however similar to the previous financial year. Scope 1, 2 and 3 (PNL controlled) carbon emissions were down 19% on 2019FY emissions.

The focus in 2023 continued to be on laying the foundations for effective action in sustainability. These foundations include:

- Engaging Toitū to provide independent verification of carbon reporting.
- Recommitting to the enhanced Climate Leaders Coalition target to hold global warming at only 1.5 degrees. For the Port, this means a commitment to reduce our scope 1 & 2 carbon emissions by 67% from 2019 levels, by 2035.
- Commencing procurement of our first mobile electric crane and converting an existing crane to electric.
- Trialing the use of hydrogen injection for our heavy plant.
- Carrying out the \$20m Slipway redevelopment project in a manner that maximises sustainability.
- Committing to climate change reporting aligned with the Taskforce on Climate-related Financial Disclosures.
- Continued support to regeneration projects including: seagrass growth in the Nelson Haven and pest eradication on Haulashore Island.

People

The Port Nelson team is a special one. While we could fairly be accused of bias in making that comment, we are passing on comments that we receive from many external parties who connect with our team members. Words like: passionate; problem solvers; professional; proud to represent the region; and caring, are common in the feedback we receive. We would like to acknowledge the work the team has done in what has been another challenging year.

After a number of years of steadily improving safety statistics and strengthening engagement, this year we saw an increase in safety incidents. We focused on raising awareness of safety matters and we engaged an external safety auditor SafePlus to assist us in our improvement initiatives. This aligned with a number of other ports in New Zealand.

The Port's commitment to providing rewarding work has been reflected in its plan to move from an 'on call' work schedule to a roster system within Stevedoring. This will provide stevedores, who make up a third of our workforce, with increased certainty over their work schedule.

Community

Our sponsorship programme is very important to the Port, and we feel privileged to engage with the many amazing people who lead initiatives that positively impact Te Taihū. One key area of contribution was the Port Charity Golf Day.



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Lifeline has been the benefactor of this event for the last two years and we acknowledge the important work that they do in the mental health and wellbeing area. We are pleased to announce that Riding for the Disabled (Whakatū and Richmond branches) will be the benefactor of the event for 2023 and 2024. This charity was selected by a poll of our 320 Port Team members.

During the year, we initiated an Iwi and Māori Partnership Plan. The plan recognises that in addition to the legislated requirements to engage with iwi and Māori, the Port believes that there is a moral and historic requirement to establish genuine partnerships. Our plan acknowledges that this journey will take time and there is much learning to occur.

Shareholders

Consistent with the SoCI, dividends of \$4.0m were declared for the financial year.

Port Nelson's Net Profit After Tax (NPAT) was \$9.32 million. Underlying NPAT, after allowing for one-offs, was \$7.7 million.

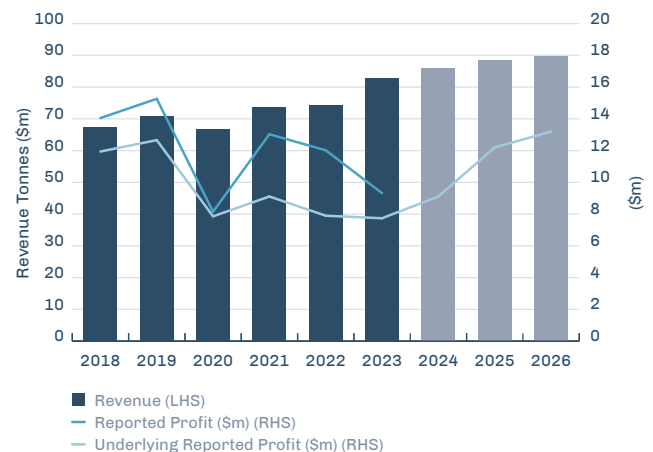
There were three one-off factors that contributed significantly to the outcome. Firstly, following the transfer of Port Nelson's shares to Infrastructure

Holdings Limited and the move to secure debt funding from the Local Government Funding Authority (LGFA), Port Nelson expects to gain from the closure of its interest rate hedges. As a result, a portion of the anticipated gain has been accounted for in the 23FY, leading to an increase in after-tax profit by \$1.7 million. Secondly, our commercial property portfolio underwent revaluation, resulting in a \$0.5 million improvement to the balance sheet. Lastly, we incurred a write-off of \$600k in feasibility costs related to the proposed Science & Technology Precinct initiative.

In addition to softer cargo volumes other financial headwinds in the year were: fuel costs; payroll pressure; and financing costs.

The graph below provides context to the profit result, showing historical and forecast figures.

Revenue and Profitability





Capital investment in the year was \$7.1 million. This was mainly focused on the Slipway Redevelopment project and some minor plant replacements.

A significant disappointment in the year was the decision not to proceed with the Science & Technology Precinct. The Port had invested, along with other parties, in developing the design and commercial basis for the Precinct. Regrettably, the impact of Covid on working patterns and general concerns about the post Covid environment changed the viability of the precinct for the key tenant.

The commitment to proceed with Infrastructure Holdings Limited (IHL) was given by Council shareholders early in the 2023FY. Shares in Port Nelson were transferred to IHL on 1 July 2023. In October 2023, IHL is expecting to go to the Local Government Funding Authority, to raise funds to replace commercial loans held by the Port and Nelson Airport. It is estimated that the interest cost savings for both entities because of IHL is forecast to be approximately \$0.8 million in the 2024FY.

Paul Zealand was appointed chairman of the board at the start of the year. Paul brings a strong background in the petroleum and energy sector. Leaving the board during the year was Tony Reynish. Over a period of eight years, Tony had brought an extensive background in the port and property sectors. The Port welcomed Guy Roper to the board this year. Guy brings strong experience in the port sector, having been CEO of Port Taranaki with a background in logistics through organisations such as Fonterra.

Looking ahead to the 2024FY

The Port's current SoCI, 2024 – 2026, (available through our website) describes the key goals and initiatives for the next three years. The development of a 30-year Infrastructure Masterplan commenced during the 2023FY and a draft of the plan will be out for consultation in the 2024FY. This work has shown that the Port will likely need to accommodate a 50% annual increase in cargo over 30 years; driven by growth in apples, kiwifruit, wine, and timber. The growth speaks to the exciting potential of our region, Te Taihū.

Within this annual report, we have presented a summary of our 2030 Strategic Plan, a result of the collaboration from all teams across the Port. This plan charts Port Nelson's direction over the next seven years. We look forward to you reading about the future of Port Nelson in our themed article: Connecting on the future of Port Nelson.

Looking ahead to 2024FY, we see a difficult trading time for many of our exporters over much of the year. Some consolation should be a continued improvement in the reliability of container shipping schedules.

We thank all our customers and those who have used the Port over the last year, and we wish you well for 2024.

Mō tātou, ā, mō kā uri ā muri ake nei - For us, and for those who will come after us



// Connecting on the future of Port Nelson





With a legacy reaching back over 150 years, owned by our community and fundamental to its prosperity, the weight of responsibility on this generation of Port people to continue to be a catalyst and facilitator of regional prosperity is significant.

The focus of the 2022FY was to deepen our understanding of our purpose by actively engaging with stakeholders. In the 2023FY, our focus has been to develop a long-term strategic plan that sets the overall direction for Port Nelson up to 2030. In addition to the Long Term Strategic Plan, the Port commenced an Infrastructure Master Plan, looking ahead for 30 years (see page 48).

As part of this process, we identified challenges that needed to be addressed; importers and exporters needed efficiency and speed to market; a need to respond to global warming and contribute to its reduction; supporting our people in what is becoming a more diverse and technologically changing work environment, where we share a growing intolerance for hurting the people who come to our workplace;

// In the 2023FY, our focus was to develop a long-term strategic plan that sets the overall direction for Port Nelson up to 2030.

operating within a growing community and being a good neighbour; and providing strong and sustained returns to the community in an increasingly volatile economy.

The success of the way in which we respond to these challenges will ultimately be determined by our five main stakeholders: Our Customers, Our Environment, Our People, Our Community and Our Shareholders.

It's important to gather various perspectives and insights when discussing the direction of the Port. As part of this process we have extensively engaged with the Port Nelson team through town halls, focus sessions, posters, a website with online feedback forms, and physical feedback boxes in breakrooms. The outcome was high levels of engagement and connection across teams at the Port, not only with each other but with the future direction of our Port.

The following graphic outlines a top-level overview of our 2030 plan.

// 2030 Strategy

Purpose

Facilitating Regional Prosperity

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

2030 Goal

Championed by our stakeholders

Stakeholder Goals



Values

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



Strategy



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

Championing 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

Engaged 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 Māori

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 for growth

Our Customers

Founder and owner
of te Pā, Haysley
MacDonald and
partner Julie
(see story on
page 25)



// Our Customers

2023 Performance Results

	2022/23 Target	2022/23 Result	
Cargo volumes revenue tonnes (000)	3,308	3,245	○
Container throughput TEU (000)	114	105	○
Vessel visits (greater than 100 GRT)	781	769	○
QuayConnect revenue growth (\$m)	1.5	5.7	☑
Average container crane rate per hour	>20	18.9	○
Improved container truck waiting time (mins)	<15	14.7	☑

Despite a year of challenges, including shipping volatility, weather events and container shortages, the Port moved towards a sense of normality by the end of the financial year.

The reinstatement of berth windows by New Zealand's largest ports played a pivotal role in alleviating congestion and enhancing the consistency of vessel schedules. 769 vessels visited Port Nelson this financial year, an increase on last year's result, but below target.

Several other key metrics also demonstrated upward trends compared to the previous financial year. Cargo volumes reached 3.2 million tonnes, and container throughput reached 105,448 TEUs. However, while these figures displayed growth in the 2022FY, they fell slightly short of the annual targets.

QuayConnect's revenue was above target by \$4.5m, a record-breaking result considering the logistical challenges caused by the August storms which shut down a major transport link in Te Taihū. Notably, a significant contributor to this outcome was the remarkable upswing in bottled and bulk wine exports from Marlborough, facilitated through Port Nelson.

The impact of shipping schedule disruption continued to impact on the efficiency of our container terminal operations, resulting in the crane rate dropping below target.

On a positive note, truck container waiting times outperformed the annual target, clocking in at 14.7 minutes. This achievement demonstrates the Port's commitment to enhancing operational fluidity and minimising delays for truck traffic.



Pursuing excellence in Stevedoring

Port Nelson has been providing stevedoring services for over 30 years. Stevedoring handles the exchange of cargo to and from vessels for Te Taiuhu.

This commitment to providing the service ensures that importers and exporters have a responsive and complete workforce to turn around arriving vessels within tidal windows.

Within our Stevedoring team, we have intensified our focus on several initiatives aimed at enhancing servicing for a wide array of cargo whether on container ships or break-bulk vessels. This included transitioning to third-party contracting for log stevedoring, increased focus on health and safety, and a roster system for Stevedores.

Ramon Tovey, Forestry and General Stevedoring Manager, says the focus on these initiatives have allowed for a better-equipped team. "Our foundations have strengthened this year, we have a robust offering to handle fluctuations in cargo volumes, provide improved container servicing and third-party contracted log loading solutions. The Port's focus on enhanced service and improved safety practices will show Port Nelson as the port of choice for our customers to move goods".

// A positive development for the year was the announcement of our collaboration with a new customer for the export of Mineral Sands.

This year has seen an increase in moving cargo via break-bulk vessels. A direct shipping route between Tasmania, Australia and Port Nelson for the movement of salmon feed was established early in the 2022FY. The Port expects an uplift in cargo transported by break bulk vessels moving forward.

A positive development for the year was the announcement of our collaboration with a new customer for the export of Mineral Sands. This new venture will involve loading the sands at Port Nelson and exporting bulk quantities of the sand through to China. "It's exciting for Port Nelson to support a new enterprise in the region. The first expected shipment is scheduled for September 2023."

The Port has also been working in partnership with the Rail and Marine Transport Union to implement a new roster system to improve work-life balance for Stevedores and improve the servicing of vessels at Port Nelson (page 37) .

// People Profile

Nathan Dickinson

The role of Customer Services Coordinator at QuayPack is a critical one, supporting the flow of supplies to the Marlborough wine industry and the return of full bottles.

This importance has been even more evident through the challenges the industry has faced over the last few years. Nathan Dickinson is our Customers Services Coordinator responsible for overseeing 'finished products' within QuayPack. Despite challenges like vessel omissions, storage constraints, and labour shortages that wreaked havoc on customers' supply chains, Nathan's efforts, along with his whole team at QuayPack, have enabled a record volume of product to be exported.

Nathan's professional journey began in the realm of customer service, where he worked as an insurance broker. His subsequent stint at Cold Storage Nelson marked his entry into the logistics and supply chain sector. "During my time at Cold Storage, my focus was on export documentation for fish and apples. Learning about a role with QuayConnect at Port Nelson, I recognised how well my experience aligned with this newly established venture."

When Nathan joined the Port team, the Patterson Logistics Centre was run by QuayConnect, a newly formed sustainable supply chain business focusing on warehousing and logistics. However in a drive to both improve efficiencies and connect more closely with its customers, Port Nelson restructured its logistics and warehousing operations in 2020. The move saw all warehousing and packing services on the Port consolidated into one operation, QuayPack, allowing QuayConnect's operation to work more closely with clients, to offer innovative supply chain solution services. As a result, Nathan's role moved into the QuayPack team.

QuayPack offers a comprehensive range of services encompassing freight handling, storage solutions, and transportation. Their collaboration with QuayConnect is instrumental in delivering exceptional customer

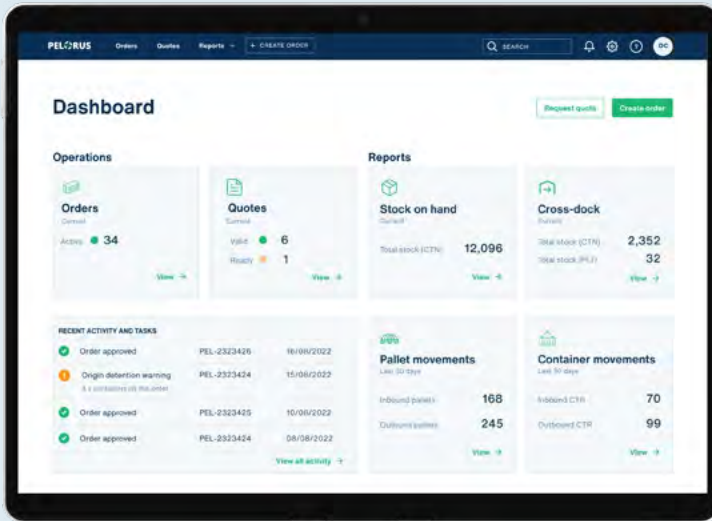


// "Connection is key across the business to ensure we offer the highest levels of customer service."

services within the Port Nelson segment of the supply chain for both imports and exports.

Nathan says that his role requires collaboration across the Port teams. "Connection is key across the business to ensure we offer the highest levels of customer service, we are one part of a large supply chain, so we have to work together efficiently. There were so many examples of connection to shout out about this year, however I have to shout out to the Port's container yard. Their dedication greatly supported us and our customers. Constantly dealing with last-minute changes wouldn't have been easy, but our partnership was highly effective. Recognising that we function as one Port team, at QuayPack we grasp the significance of collective effort and supporting various teams across the Port."

An upcoming change involves Nathan's family relocating further south to Ashburton, while he transitions to remote work with periodic visits to the Port. "I am really pleased the port are flexible around people's lifestyles. I needed to move due to personal circumstances, and the Port shows that if the work gets done then they are open-minded on locations. It's so positive to have a supportive manager and an employer that thinks outside the box."



Our team can do more valuable activities than hunting for event dates and cargo status.

The ability to tie deliveries to specific orders is tremendous and will eliminate confusion.

There has been nothing like this for the industry to date, so get it off the ground. Get it out as soon as possible so customers can realise the benefits.

On-demand visibility will be excellent. It is like a one-stop shop, from rate requests to delivery made simple.

A system like this will save the team time and simplify part of their supply chain.

// Pelorus is a unique selling point for customers and adds a lot of value to QuayConnect's service offering.

Innovative cargo solutions

As QuayConnect continues to grow, harnessing the power of technology to achieve and sustain this growth was underscored with the announcement of a revitalised version of QuayConnect's supply chain management tool, Pelorus.

QuayConnect's workflow tool is being further developed in line with QuayConnect's mission to continuously look for opportunities to enhance customer experience. Pelorus will be rolled out to customers in the 2024 financial year and will give customers real-time insights into order status, inventory management, and product tracking across the supply chain.

Jaron McLeod, General Manager QuayConnect, says this tool will give QuayConnect the ability to align scalability with projected growth and further streamline processes whilst also responding to the needs of customers. "This tool will provide customers

with a holistic view of their relationship with multiple facets of the Port, including warehousing, shipping, and container packing and movements. The last few years have shown us how critical technology is to support a resilient and efficient supply chain."

To ascertain the pulse of customer's needs, QuayConnect connected with customers to showcase a working prototype of Pelorus, offering insights into the functions of the tool. Jaron says the support from customers has been overwhelming. "Our customers could see the significant value that Pelorus would bring to their supply chain management. Pelorus is a unique selling point for customers and adds a lot of value to QuayConnect's service offering."

In the pursuit of growth and innovation, QuayConnect is embracing the use of strategic technology. Pelorus is poised to reshape the landscape of supply chain management and is due to be rolled out to QuayConnect customers by the end of 2024.



Marlborough wine industry moves record 2022 harvest

The Marlborough region's wine harvest in 2022 was a record 415,000 tonnes. Exceeding the previous year's volume by 54% and 35% above the long-term average.

Producing and moving this volume of wine tested all parts of the industry. This was made even more difficult by the challenges to the resilience of the supply chain caused by weather events, which shut down roads and the challenges with shipping links to the North Island.

The vast majority of Marlborough's export wine passes through Port Nelson. In the 2023 financial year, over 15,000 TEU (Twenty Foot Equivalent Unit) of bottled and bulk wine was exported, a 20% increase on the previous year.

The Top of the South's supply chain strength is strengthened by regular services from major container shipping lines like MSC and Maersk at Port Nelson. Additionally, we have a coastal connection via Pacifica, offering direct international links. Three road routes connect the port to Marlborough, avoiding the challenging Cook Strait crossing and demonstrating resilience during the last two seismic events.

Customers benefit from an on-port container unpacking/packing facility and QuayConnect service, allowing for efficient matching of import supplies to the wine industry's needs (e.g., empty bottles, cardboard, caps) and return trips with full wine bottles. Furthermore, local businesses in Te Taiuhu are committed to collaborating with industry partners, fostering strong relationships across the supply chain, sharing expertise, and proactively meeting customer demands.

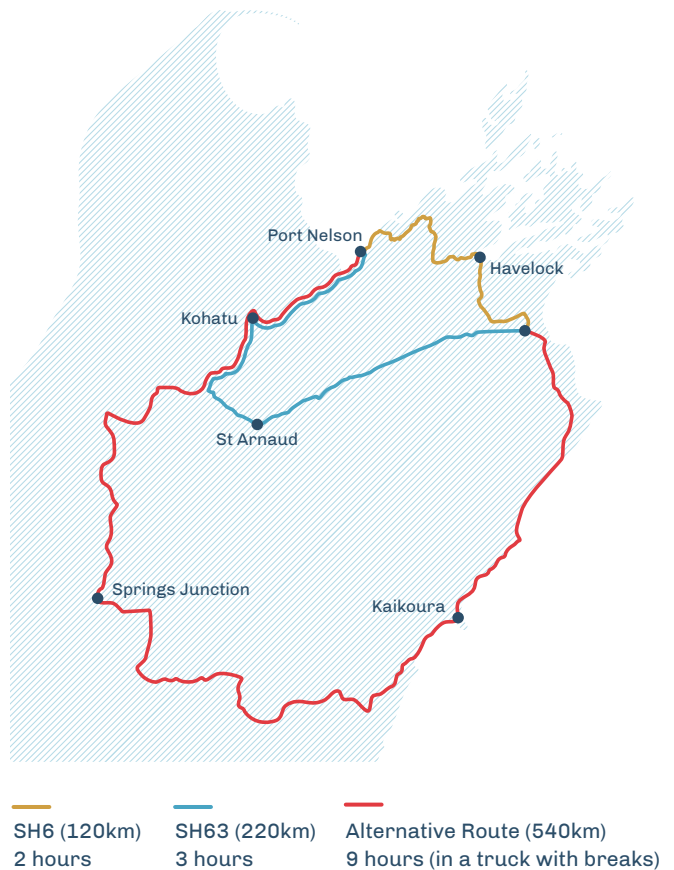


An example of this regional partnership is the QuayConnect Partnership of QuayConnect, WineWorks and Central Express. This was formed in 2017 with a purpose to “deliver unprecedented value by actively pursuing efficiency and sustainability across the wine supply chain through collaborative partnerships and smart logistics solutions”.

Over the last 12 months, QuayConnect and QuayPack have demonstrated the ability to export increased wine volumes. QuayConnect connected with on-port partner QuayPack to facilitate increased packing capacity at the Port’s 23,000m² Patterson Logistics Centre. QuayConnect also increased warehousing capacity in Marlborough over this time, hired more people on the ground, and purchased additional equipment to build efficiency.

A project to install racking in the Patterson Logistics Centre is currently being explored in response to the volume uplift. QuayConnect has also committed to developing a Marlborough Inland Port. The Inland Port will contain 5,000m² of warehousing for storage and packing and a facility for container operations and storage to further build efficiencies and responsiveness for Marlborough’s importers and exporters. The Marlborough Inland Port is expected to be completed mid to late 2024.

Routes - Nelson to Blenheim used during August 2022 flooding event





// Recent Achievements

Gold Medal for a New Zealand Sauvignon Blanc at the prestigious IWSC and being shortlisted for the White Wine Producer of the Year trophy!

Further recognition for our 2022 te Pā Sauvignon came from USA Decanter awarding it a Gold 95 points.

Te Pā Chardonnay (2021 vintage) won White Wine of the Show at the New World Wine Awards – New Zealand's leading premium supermarket retailer wine awards

Te Pā 2021 Seaside Sauvignon Blanc (awarded 98 points by WineState Magazine)

Te Pā 2022 Sauvignon Blanc (selected for Air New Zealand 'Koru Lounge')

Te Pā Sauvignon Blanc Oke (highly awarded across vintages, including Decanter 95 points and Best Alternate Marlborough Sauvignon Blanc at the 2022 Marlborough Wine Show sponsored by QuayConnect)

// Customer Profile

Te Pā Winery

Located in Lower Wairau, Marlborough, te Pā winery was founded by Haysley MacDonald (Iwi / Tribal Affiliations: Rangitāne o Wairau, Ngāi Tahu, Ngāti Rārua), who has over 800 years of family ancestry tied to the Wairau Bar area.

Haysley's ancestors have lived on the land around the Wairau Bar ever since early migrations. Haysley says that the land is surrounded by two bodies of water, the land is fertile and seafood is abundant, making it a 'food bowl' for the early tribes who lived here. "In the 1900s the land was farmed by my family for agricultural purposes, my father was growing potatoes and supplying pre-cut fresh potato chips to many of the bars and restaurants in the Top of the South Island."

After a stint in the USA, Haysley returned to his home in 2003, and convinced his father to convert the land into vineyards. "We started growing grapes for large wine companies. I saw how expressive and distinctive the fruit from our lands were, so I launched my own winery te Pā in 2011." The name of the winery is based on the word 'Pā', which is a traditional Māori village / settlement – or home. Te Pā's range includes the flagship Sauvignon Blanc, Pinot Gris, Chardonnay, Pinot

Noir, Rose, Riesling, dessert Sauvignon Blanc and an acclaimed barrel fermented Sauvignon Blanc. Haysley and the team have added more vineyards and brands to the portfolio, with Koha (USA), Pā Road, Montford Estate and the te Pā Reserve Collection all offering interesting histories and delicious wines that talk to Haysley's history and the lands here in Marlborough.

Exporting their wines to more than 18 countries, te Pā has been exporting through Port Nelson for 10 years. In 2020, te Pā partnered with QuayConnect as their logistics partner. Haysley says the team at te Pā has continued to be impressed with the level of service and customer focus received from the QuayConnect team to ensure export orders are received, packed and on their way to meet shipping deadlines. "Even on occasions when timeframes have been tight or with recent challenging weather disruptions the team at QuayConnect respond positively to export our products, providing good clear communications on timeframes."

A recent example of collaboration was QuayConnect receiving feedback from te Pā's team on their new Supply Chain Management Tool, Pelorus. "This tool will be a transformational change in how we request and track services performed by QuayConnect, providing efficiency, accuracy and transparency benefits to our business."

Our Environment



// Our Environment

2023 Performance Results

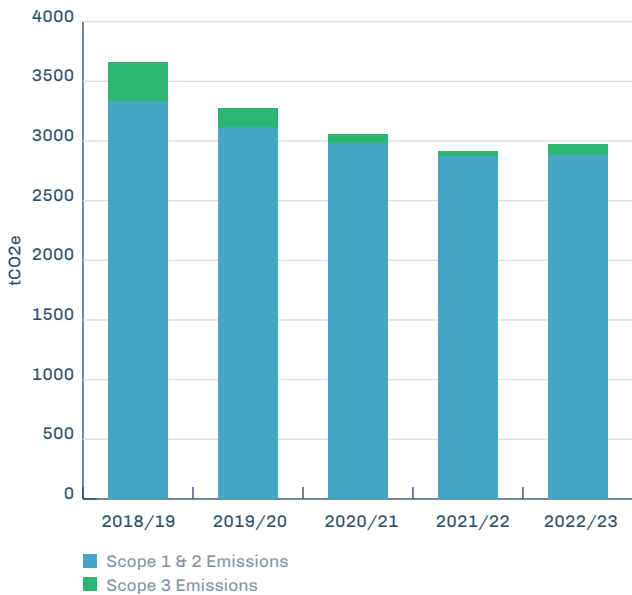
	2022/23 Target	2022/23 Result	
Gross reduction on FY19 scope 1 and 2 carbon emissions	15%	14%	○
Gross reduction on FY19 levels in scope 3 carbon emissions (PNL originated)	80%	72%	○
Port's significant noise event >89dBh & events >85dBh (at monitor)	0 & 5	0 & 15	○
Dust events external complaints	0	0	☑
Port substance spills >10L reach harbour	0	0	☑

The ports total emissions are similar to last financial year, however down 19% on our baseline 2019FY.

Scope 1 and 2 emissions (fuel and electricity) were down 14% on 2019FY emissions. This reflects the steady reduction in fuels. An increase in the use of electricity has been recorded, this being largely due to the increased use of electric forklifts and higher utilisation of reefer containers due to the strong apple season. The Port procures its electricity from a provider that primarily uses renewable energy sources.

Scope 3 emissions (originated by PNL – waste, travel, accommodation) are down 72% on 2019FY emissions. This result is a slight decrease in the amount of carbon reduction from the previous financial year, due to an increase in travel after COVID restrictions lifted. The graph to the right shows the Port's Scope 1, 2 and 3 emissions since the 2019FY.

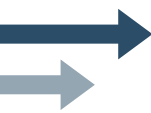
Emissions





Noise management remains an area of focus for the Port. During the year, we again had no 'significant noise events', (defined as a noise reading at the Port boundary >85dBA, which is equivalent to a reading of >89dBA at the monitor), this is a credit to our Stevedoring team. However, a rise in low frequency generator noise complaints due to two vessels servicing Port Nelson resulted in an increase in overall complaints from our community, these vessels no longer service the region.

This year there were no external dust complaints. The health of the Nelson haven continues to be a priority for the Port. There were no Port substance spills in the Nelson harbour. In addition, a maintenance dredging monitoring report provided by the Cawthron Institute shows that contamination levels within the harbour are well below the consent limits and are on a decreasing trend.



0 Port substance spills in the Nelson harbour

Journey to decarbonisation

Port Nelson's dedication to sustainability and environmental stewardship was highlighted this year, as the Port announces its pathway towards decarbonisation.

This year marked a significant milestone as Port Nelson took bold steps to accelerate the reduction of its carbon footprint, reaffirming its commitment to a greener future.

Aligned with the objectives of the Climate Leaders Coalition, which seeks to mitigate the impacts of climate change by supporting the delivery of substantial reductions needed to limit future warming to 1.5 degrees Celsius, Port Nelson announces targets that acknowledges its commitment to contribute meaningfully to this global cause.





By 2035, the Port is targeting a 67% reduction in gross GHG direct emissions for scope 1 and 2 emissions, from a baseline year of 2019. Furthermore, Port Nelson will reduce Scope 3 (PNL originated) emissions, by facilitating waste reduction and encouraging suppliers to align with emission reduction pathways.

To achieve these targets, Port Nelson has put together a strategy focusing on reducing our environmental impacts and pushing towards a sustainable future.

Reduce our impact

Reduce our physical and carbon impact on the environment

Efficient Plant and Light Vehicles

The Port has established a plant replacement programme replacing older diesel plant with more efficient plant and has provided a programme to replace light vehicles and forklifts with electric or hybrid vehicles/plant. The new container reach stacker, which provides significant savings in fuel is a good example of this. Alternative fuel options for heavy plant will continue to be explored as technology develops in this space, and the future sees the Port's cranes electrified instead of powered by diesel.

Fuel Use

A hydrogen injection trial will commence mid-way through the 2024 financial year. The Port is looking to achieve a fuel saving of around 12% with a similar reduction in carbon emissions. If proven to be successful this technology could be installed in our container handlers and other heavy machinery.

Noise, Dust, Stormwater

Port Nelson commits to continuously improving its management of noise, dust and stormwater. For noise

management, the port will continue to focus on generator noise and container handling operations to achieve a 50% reduction in noise events exceeding 85dBALmax at the Port noise monitor for container vessels. The Port is committed to controlling and suppressing airborne contaminants to improve air quality, and to that effect is working on improving the log yard operations.

Leadership in sustainability

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

Training and Education

The Port will integrate environmental management into its business processes by providing employees with the tools and knowledge to reduce their impact across the business. The Port is committed to providing operators of plant, vessels, and equipment with data to assist them in understanding how best to reduce the use of fuel in their operations (while keeping a safe and appropriate pace of work).

Operational waste reduction

The Port will adopt a zero waste to landfill approach and provide the team education and resources to achieve a 10% reduction per year of waste to landfill over the next 3 years. The port will also be working closely with suppliers and contractors to reduce waste.

Reporting

By 2025FY, the Port will adopt climate change reporting with TCFD (Task Force on Climate-related Financial Disclosures). TCFD reporting is the disclosure of environmental, social and corporate governance data.



A focus on fuel reduction

79% of the Port's carbon emissions come from fuel. One initiative currently being explored to reduce fuel use, is the use of injecting hydrogen. The aim of this trial is to achieve 12% fuel savings and a reduction in carbon emissions.

The innovative trial involves the introduction of hydrogen, a clean and potent fuel into machinery. The increase in the air to fuel ratio improves the combustion and reduces emissions at the source, resulting in lower fuel consumption and better efficiency.

Colin Devenish, General Manager Environment, Infrastructure and Maintenance, says that the hydrogen injection trial provides us with the opportunity to test alternate fuels while the technology and supply is developed for full hydrogen engines on our larger container equipment. "Once we have a baseline of fuel usage, we will track the usage

over a 3 month period and measure the effectiveness of this fuel saving method."

With the potential of cleaner operations, considerable fuel savings, and a reduced carbon footprint, this hydrogen injection trial could be a potentially transformative contribution to a more sustainable future.

Zero waste to landfill

The Port's commitment to a 10% reduction per year of waste to landfill over the next 3 years begins with understanding what waste is generated by what team at the Port. In the 2024FY, a waste audit will commence to create a baseline of waste composition. This will help the environment team to understand what education and resources are required in each area. In the 2023 financial year, there was good progress on waste reduction through education in weekly company wide toolbox notes, an e-waste recycling drive, and an environmentally focused company wide BBQ.

Our People



// Our People

2023 Performance Results

	2022/23 Target	2022/23 Result	
High risk events	<=2	1	✓
Lost time injuries (LTI) greater than 5 days off work	<=2	17	○
Lost time injury frequency rate (LTIFR)	<=1.3	3.54	○
Critical risk verification reviews	44	44	✓
Visible safety leadership events	400	406	✓

A positive safety culture does not exist without leadership visibility and engagement.

The Port completed 44 critical risk reviews. These reviews ensure the controls the Port has in place related to risks that can seriously injure a person are working, and if not, to identify improvements or new controls. The Port also reported 406 visible safety leadership events. These events are recorded observations and conversations between leaders and workers on the working environment, conditions and activities relating to health and safety.

The Port saw an increase in safety incidents this year. There were 17 injury incidents resulting in greater than 5 days off work. The Port's lost time injury frequency rate also saw an increase from 1.12 to 3.54.

After a number of years of steadily decreasing incidents, all at the Port were surprised and disappointed to see these numbers rise. The Port responded to this uplift in events with strengthened health and safety governance, an external safety review, an increased focus on training, and a greater emphasis on hazard identification and safety awareness.

406
Visible safety leadership events



186

An online safety survey garnered responses from 186 participants, and an external safety review was carried out.



Connecting on safety

Connecting with our people to hear their feedback on the Port's safety culture has been a key focus this year. The feedback has allowed us to challenge our current approach to health and safety and drive improvements.

To accomplish this, the Port employed the use of SafePlus, an impartial health and safety assessment methodology endorsed by WorkSafe. This assessment was divided into two segments: an online survey conducted in September 2022, which garnered responses from 186 participants, and an on-site assessment carried out in February 2023, involving around 30 team members. The participants included an array of individuals, ranging from port workers, management, board members, health and safety representatives, to union representatives.

Overall, the results showed the Port actively strives for improvement to protect staff from harm, there was confidence in the commitment of senior leadership to the health and safety of workers, and that risk identification and assessment practices are robust. Workers also highlighted the ability to take action that directly affects their own health and safety or that of others. Areas for enhancement were identified, encompassing the need to enhance reporting metrics, worker engagement, and risk management.

Steve Alexander, Senior Health and Safety Advisor, said the national port industry has witnessed considerable change in recent years and Port Nelson is embracing

the intensified focus on health and safety. "The Port wants to be in a leadership position in the industry and demonstrate high levels of safety and wellbeing in an ever-changing environment. This year's focus was on identifying areas for improvement, while next year's focus is on actioning a plan to continue to build on our safety culture." Steve says that initiatives were launched in 2023 based on feedback from the surveys. "We focused on encouraging our team to report health and safety events, which resulted in a massive uptake in reporting."

In addition, Steve says that other areas of focus were traffic management, injury management, and reinvigorating wellbeing initiatives. "The Port launched initiatives throughout the year focused on bringing our people together to improve their wellbeing. Noteworthy among these were initiatives for Mental Health Awareness Week and Pink Shirt Day. We also reinvigorated the Port's 'Connectors'. This is a team who are the 'go to' people within the Port, trusted by work mates, have a good listening ear and are resourced and trained to safely connect colleagues with mental health support within the organisation or community."

For the 2024FY, the Port will focus on clarity, compliance, and consistency for health, safety and wellbeing. Clarity, to ensure clear communication and understanding of safety procedures, with a focus on everyone's roles and responsibilities. Compliance, with emphasis on adherence to safety rules, regulations, and standards, demonstrating our commitment to keeping everyone safe. Consistency, to build trust and foster a strong safety culture by uniformly applying our safety practices.



Enhancing port operations through comprehensive training

Port Nelson provides a comprehensive in-house training programme. The Port's success is tied to its training programs, ensuring seamless and efficient operations and facilitating a skilled and capable workforce in a safety-critical environment.

At the core of Port Nelson's training philosophy lies a strong foundation of health and safety. Every employee's journey begins with health and safety inductions, followed by site-specific training. As the training process unfolds, specific task-based training requirements come to the forefront, ensuring that each employee is equipped with the necessary skills for their roles. The trainers at the Port recognise the unique challenges posed by the Port's safety-critical environment and, therefore, place a priority on a comprehensive in-house training program ensuring that legal and company objectives are met.

Depending on the area of training, Port Nelson provides a tiered approach to learning. New starters begin in a generic role, providing them with a comprehensive overview of Port operations. Once they establish situational safety awareness they progress onto the next stage. A confident, capable, and trained workforce is critical to a safe environment. To foster this, Port Nelson employs strong buddy and training systems that eliminate the concept of lone workers.

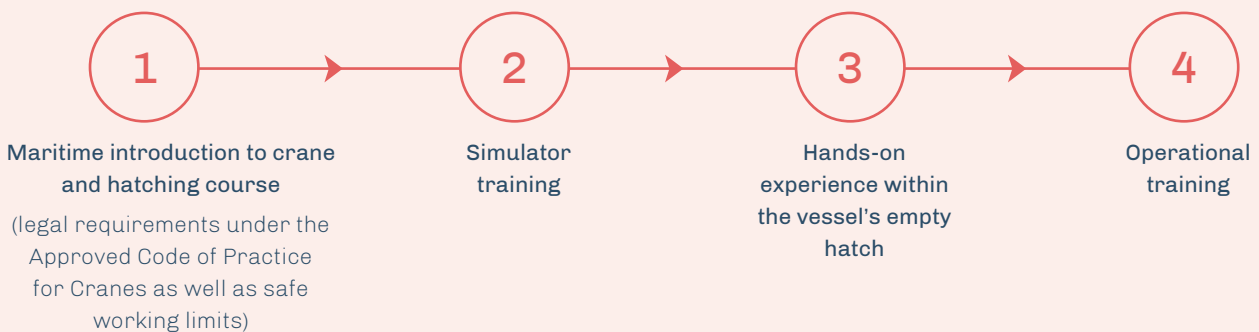


The Port's training requirements are diverse. Time frames vary based on experience, with confidence, capability, and commitment forming the foundation of training programmes.

For example, the training pathway for crane operators entails a series of carefully designed steps, the pathway below details the process.

The Port looks to embrace technology to simplify procedures. This year, the Port prioritised the transition of practical assessments to an online format, and automated on-the-job training records for Stevedoring. Another key area of focus is leadership training to ensure that leaders are equipped to guide their teams effectively.

// Training Pathway



// People Profile
Olivia Carson

This year, Olivia Carson moved into the role of Training Advisor for Operations, embracing the role with enthusiasm and a renewed dedication for training across the Port. Olivia transitioned to the position from working as a People Development Advisor for Stevedoring.

Olivia started at the Port five years ago in Stevedoring; she says that the role gave her incredible insight into the complexity of Port Nelson's operations, including supporting a 24 hour workforce. As the role evolved over the years to incorporate more of a people focus, she says it was a natural fit to move into the People and Safety team to facilitate training for wider operations. "I hold the fortunate position of knowing every person employed by Port Nelson. I have the opportunity to work closely with teams to connect the wider Port initiatives relating to training and development while still focusing on the position requirements of the roles at the Port. But more importantly, getting to know the incredible individuals that make up those teams."

After taking on the role halfway through the financial year, a considerable amount of time has been devoted to understanding the intricacies and demands of the position. Delving deeply into every facet, Olivia has developed an understanding of regulatory and operational requisites for ensuring safety and efficiency in Port operations.

Looking ahead, the next 12 months are poised to be transformative, marked by a shift from manual systems to streamlined automation, designed to enhance the efficiency and effectiveness of our training initiatives. This adds mutual benefit; addressing skills shortages in Stevedoring, upskilling other teams to provide resilience during peak seasons, or providing cover when people are away. It's also an opportunity to increase our talent pool and provide greater opportunities for individuals to develop and grow.



// **"Training and development is accomplished with investment and the genuine belief that we have the right people in the right places to contribute to achieving the vision of facilitating regional prosperity."**

Olivia says that none of her work would be possible without the mahi of our workplace trainers. "I would like to express my gratitude to our supervisors and managers and acknowledge their significant contribution". Olivia adds that watching the growth and development of our people achieving their professional aspirations gives her a sense of pride for Port Nelson. "Training and development is accomplished with investment and the genuine belief that we have the right people in the right places to contribute to achieving the vision of facilitating regional prosperity."

Mā te rongo, ka mōhio; Mā te mōhio, ka mārāma; Mā te mārāma, ka mātau; Mā te mātau, ka ora

(Through resonance comes cognisance; through cognisance comes understanding; through understanding comes knowledge; through knowledge comes life and well-being.)



High performance high engagement: connecting teams to implement a roster trial

The trial of a roster system was a clear example of the 'High Performance High Engagement' model, where teams have an opportunity to come together to be connected and engaged in finding solutions for the problem at hand.

The problem in this case, was how Port Nelson could implement a roster system to benefit both Stevedores and Port operations. The engagement connected Stevedores, Port Nelson Management, and the Rail Maritime Transport Union.

The goal of implementing a roster system at the Port is to provide stevedores with working pattern stability while also supporting a 24-hour port operation. The roster system should enable the Port to schedule shifts and allocate resources more effectively, making sure that our Stevedoring team can work efficiently and productively. This will also provide Stevedores with a better work-life balance and increased stability, all while prioritising safety.

// **The goal of implementing a roster system at the Port is to provide stevedores with working pattern stability and support the nature of a 24-hour port operation.**

After a year of collaboration, the trial commenced in May 2023. Lenore Richter, General Manager People and Safety says that the trial so far has largely been a success however it hasn't been without its challenges. "It's important when using a model that depends on high levels of engagement from the team to ensure we continue to receive feedback throughout the process, as well as consult and make changes as we go. As the trial continues, we will look to see how we can improve Stevedores work life balance and ensure that our team has certainty with rosters whilst also providing high levels of service to our customers."

The trial continues into the 2024 financial year.



// Team Profile
Marine Team

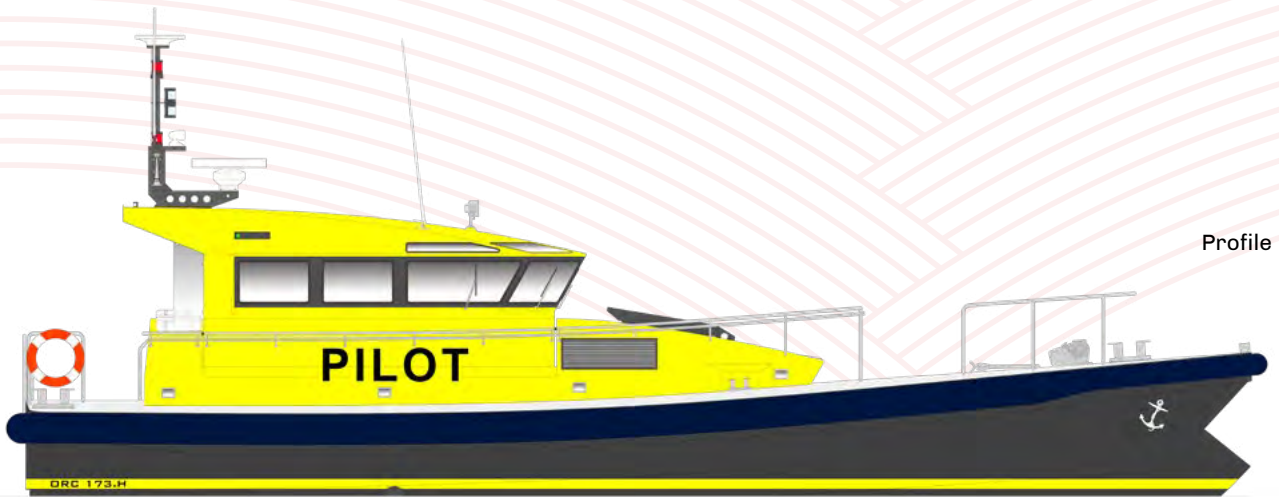
The marine team at a port are collectively responsible for safely bringing vessels in and out of port as well as in and around the slipway and between berths. From pilots, tugmasters and engineers, to deckhands, launch crew and line handlers, the team requires a diverse range of qualifications, skills and experience to perform this role safely at all hours of the day and night.

// **The marine team's purpose is to ensure vessels safely manoeuvre through the Nelson Harbour.**

Alexandra Haughey, Marine Operations Manager, says that Port Nelson has its own set of challenges for vessel movements. This is due to the physical and environmental characteristics of our port such as having to navigate vessels through 'the cut' in the boulder bank and the effects of the wind and tide. "The marine team's purpose is to ensure vessels can safely manoeuvre through the Nelson Harbour, without negatively impacting the environment, or other harbour users."

Operating in such an environment presents significant challenges for the team, with each member playing a crucial role in the overall process. This includes the marine co-ordinator communicating with the ship or agent to plan timings and understand any limitations of the vessel, the pilot launch crew to safely transfer the pilots to and from the vessels, pilots navigating the vessels, tug crews providing a helping push or pull where necessary, and linehandlers tying up or letting go these vessels. "Managing these dynamic and complex operations involves critical considerations such as weather conditions, the state of the tide and the characteristics of the vessel being moved, all





Profile



Main Deck

of which demand the team’s training and professionalism to control for the risk and safely execute every vessel movement.”

These last 12 months have seen numerous positive changes for the marine team. “Because the teams are specialised and work on a roster, it can be easy to get fatigued and be disconnected with the rest of the team and the wider port. It was time to re-evaluate how the department was resourced and structured to best respond to this and the fluid nature of shipping operations 364 days a year. Alex says this saw the marine team re-structured to create more capacity and opportunity for oversight, leadership, health and safety, and training and connection through regular meetings and communication within the department.

Another focus of the last year has been a peer review of Port Nelson’s safety management system as part of the Port and Harbour Marine Safety Code. The Port and Harbour Marine Safety Code is a voluntary national standard involving Port Companies, Councils (Harbourmaster) and Maritime NZ that is designed to ensure the safe management of marine activities in ports and harbours. The review panel and working group assessed that Nelson is consistent with the

// The 17.3m Hart Marine vessel is purpose designed and built for safe pilot transfers.

requirements of the code and that our arrangements, procedures and processes within the safety management system are effective in managing the risks, and that there are sufficiently effective working relationships between the parties and evidence of ownership and commitment to the Code. “This outcome has been a journey over several years, with intensified focus in the last 12 months. The marine team were an integral part of the process, and the team should be proud of the successful outcome.”

Over the next 12 months, the marine team will continue to focus on embedding the significant progress of the last 12 months. The team will also see the arrival of a replacement pilot launch. The 17.3m Hart Marine vessel is purpose designed and built for safe pilot transfers. It will be larger with significantly increased stability and capability than the current pilot launch, Waimea II. The vessel is expected to arrive by late 2024.



Our Community



// Our Community

2023 Performance Results

	2022/23 Target	2022/23 Result	
Utilisation of Slipway - Calwell	85% or 312 days	84%	
Sponsorship (% of underlying NPAT)	>1.2%	1.3%	
Dividend \$ (% underlying NPAT) ex. property revaluations and one-offs	4.0m (51%)	4.0m (52%)	

The Port contributed \$98,000 towards community sponsorship for the year. Highlights include the Cawthron Seagrass Project to restore biodiversity in the Nelson Haven; the Port Nelson Charity Golf Day, raising funds to donate to local charity LifeLinc; Moananui which supports the blue economy, and the Port Nelson Export Hub providing support and guidance to local importers and exporters.

In addition, the Port made a full-year dividend payment to shareholders of \$4m as forecasted.

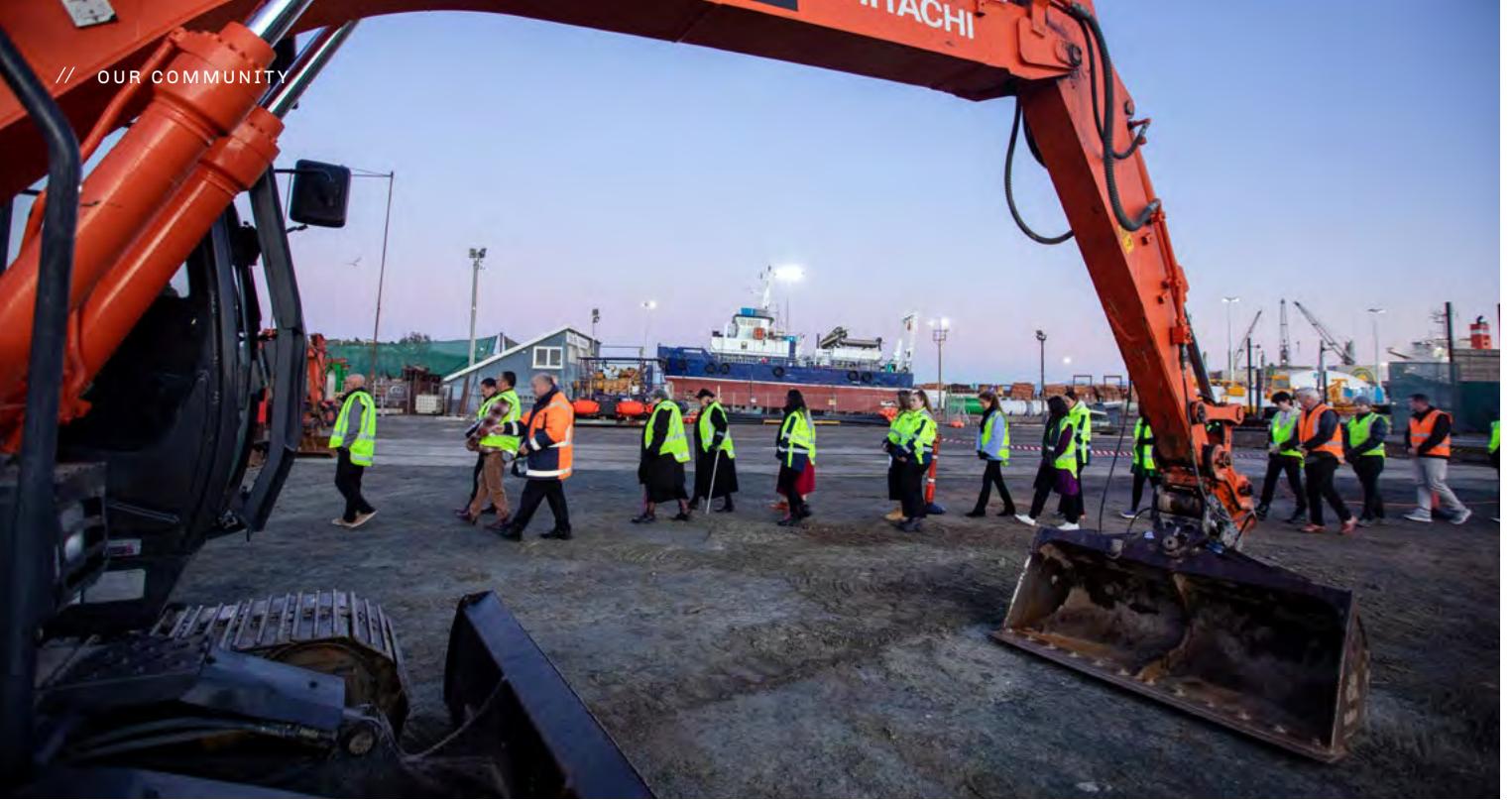
The Calwell Slipway's utilisation rate was at 84% for the year, slightly under target.

The Port also welcomed cruise ships back to the region after a 3-year hiatus. Over the course of the season, which ran from November 2022 to March 2023, Port Nelson welcomed a total of 7 cruise ships with over 2500 passengers visiting the Nelson/Tasman region.

2,500

passengers visited Te Taihu across 7 cruise ships.





Strengthening our connection: Kia Whakapakaritia i a tātou Tūhononga

Relationships with iwi have long been important to the Port, however in recent years, the Port has sought to establish stronger partnerships. With the support and guidance of a Māori Partnerships Manager, the Port has developed and is implementing an iwi and Māori Partnership Plan over the next 3-5 years.

Erin King, Executive Assistant/Māori Partnerships Manager says that going on this journey makes sense for an organisation like ours. "This journey supports our social licence to operate within Te Taihū. We are looking to strengthen the identity of our own organisation, grow our cultural confidence and contribute positively to iwi and Māori aspirations [here in Te Taihū]."

As part of the process to develop and design the plan, the Port has been working with a local strategy, communications and engagement firm that specialises in strategic planning, community and iwi engagement, as well as pro-actively engaging with iwi at a pace and level that they desire. "We have been privileged to gain insights and feedback from some highly regarded individuals within iwi who hold a lot of knowledge, wisdom and mana, and we will continue to seek out feedback as we move further into our plan, Kia whakatōmuri te haere whakamua – I walk backwards into the future with my eyes fixed on my past".

This first year of the plan is focused on education and awareness, including establishing and communicating the Port's reason for embarking on this journey within the port whānau, including the Port's own kaimahi Māori, and seeking valued feedback and desired level of input from iwi and Māori. "The success and integrity of this plan rests on trust. All actions in this plan aim towards building trust and authentic alignment."

With any change, challenges can come to the forefront. Erin says that overall, there is a lot of support for the Port to embark on this journey based on a genuine desire to learn, understand, and become confident and capable of walking in both worlds of te ao Māori and te ao Pākehā. "The reality is that there will be some who will remain resistant to understanding the stance that we have taken as an organisation. However, our intent is clear, we are forging a path ahead, and make no mistake we are on this journey. We're taking it slowly and working through it so that it's authentic and meaningful. Building relationships and trust is the key priority for us here."

In the 2024 financial year, Port Nelson will sponsor Te Mana Kuratahi 2023 (the national primary schools Kapa Haka competition being hosted here in Whakatū/Nelson). Erin is excited about the opportunity to support this kaupapa and says that it's a great way to tangibly support the growth, development and promotion of te Reo Māori me ōna tikanga in our region, not to mention supporting our schools and tamariki (children).

// People Profile Erin King

Joining Port Nelson in 2022, Erin King started as the Port's Executive Assistant within the senior management team and quickly stepped into the role as a kaiarataki (bridge) to help the Port in its journey to authentically engage with iwi. Within a year, she took on the role of iwi and Māori Partnerships Manager and has been instrumental in the development of the Iwi and Māori Partnership Plan.

Erin said the Port, being such an integral part of the community and region, as well as the variability of the role, attracted her to the position. "Working in a place that is so strongly connected to the moana (sea) with the stunning maunga (mountains) as a backdrop is simply awesome. Understanding the port's desire to better strengthen connections and relationships with iwi and Māori and embracing our unique and precious culture and language was definitely the deal breaker for me in joining the Port Nelson whānau."

The Port's desire to continue its legacy is reflective of Erin's personal journey to be a good ancestor. A reference point that the Port refers to is the Te Taihū Intergenerational Strategy and how the Port can meaningfully contribute to the eight outcomes outlined in this document. "I am motivated to influence and drive change to the best of my abilities - for our tūpuna (ancestors) and for our tamariki (children): Mō tātou, ā, mō kā uri ā muri ake nei". As a wāhine Māori / Moriori, the journey of the Port is especially important to Erin - The journey of ngā iwi o Te Taihū to reclaiming their identity, language and culture resonates strongly with her and that of her own Kai Tahu iwi and Moriori imi.

Relationships are also important to Erin. "For me it's about whanaungatanga – being connected, aroha – giving with no expectation of anything in return, whakapapa – knowing who you are and where you belong, kōrero awhi



// **"We have such a large and diverse team here with a huge amount of skills and experience, it's a great feeling to be a part of this port whānau."**

– positive communications and actions, mana manaaki – building and upholding the mana of others, care and kindness and tikanga – doing things the right way according to our values and finally, acknowledging that I am, and will always be, learning!" To Erin, the Port feels like an extended whānau where everyone looks out for each other. "We have such a large and diverse team here with a huge amount of skills and experience; it's a great feeling to be part of this port whānau."

The highlight of the last year for Erin has been the strong relationships and connections she has made both internally and externally and she says there are a multitude of opportunities to meaningfully engage and connect with iwi kaumātua, leaders and whānau whānui (wider hapū).

Looking forward to the next 12 months, Erin's focus will be to continue building on and establishing relationships. "He aha te mea nui o te ao? He tāngata, he tāngata, he tāngata! What is the most important thing in the world? It is the people, it is the people, it is the people!"



Supporting the acceleration of the blue economy

Port Nelson is a founding member of Moananui. Moananui aims to accelerate the growth of the 'blue economy' through developing and commercialising blue economy products, services, technology, research and capability related to the ocean, in an equitable and sustainable manner.

With more than 400 marine-related businesses in Te Taihū, and more than 30 percent of New Zealand's fishing, aquaculture and seafood processing based here, Moananui Chief Executive Jodie Kuntzsch says Nelson was the natural place to establish the cluster.

"The ocean is key to the region's well-being and prosperity. Developing the economy is often seen as being at odds with social and environmental goals but they are intrinsically linked. If we're going to accelerate the growth of our blue economy in an intelligent, sustainable and successful way, as guardians, we need to come together and collaborate in new ways."

The establishment of Moananui received significant government funding with \$500,000 of funding provided through the Ministry for Primary Industries' (MPI's) Sustainable Food and Fibre Futures fund. In addition

// **Moananui is a collaboration between organisations, with the shared goal of transforming Aotearoa New Zealand into a world-leading ecosystem.**

\$400,000 invested by Moananui's founding partners over the next two years, including Port Nelson, Cawthron Institute, Sealord, Pharmalink Extracts, Plant & Food Research, Kernohan Engineering, the Nelson Regional Development Agency, Wakatū Incorporation, and MacLab.

Hugh Morrison, Port Nelson's CEO, highlights the significance of connecting businesses to support the blue economy. "By pooling resources, and sharing knowledge and expertise, together we can achieve greater success in growing the blue economy and responsibly managing the ocean's resources."

Moananui envisions positioning Aotearoa as a world-leading blue economy. Tapping into international markets and investors to boost innovation and grow not only in Te Taihū but also across the country.

With start-up funding secured, Moananui is prepared to actively drive innovation projects, attract investment and grow its membership base.



Renewed sponsorship of export hub initiative

Port Nelson renewed its sponsorship of Nelson Tasman Chamber of Commerce's Export Hub, highlighting the importance the Port places on a hub for businesses to connect and work together during challenging economic times.

The Port Nelson Export Hub plays a vital role in supporting regional businesses with their exporting activities. Events throughout the year aim to provide valuable insights into the supply chain perspective and offer opportunities for exporters to connect with others in the industry.

Ali Boswijk, Nelson Tasman Chamber of Commerce Chief Executive, says a link between the region's port and an organisation that supports businesses has always been important, so the ongoing partnership of the two organisations was a 'no brainer'. "If you're an exporter, getting your product to its end destination requires a lot of moving parts to sync up and for a long time now, that has not been easy. Given the importance of export to the region, and the range of organisations that we connect with through the Port Nelson Export Hub, the partnership is a valuable and integral part of our support services. I know that the exporters that attend our Port Nelson Export Hub events appreciate the opportunity the events provide to get some insight into the bigger picture from a supply chain perspective, and just as importantly, it enables them to make useful connections with other exporters. So, continuing our export hub events is a no-brainer."

Hugh Morrison, Port Nelson's CEO, agrees the partnership is a good fit. "We see the export hub as a way to actively contribute to businesses gaining access to valuable information and expertise. By doing so, our region's exporters can maximise their opportunities to export to international markets. At the same time, we are reaching aspiring exporters who are looking for advice and can benefit from the experience of other businesses." The Port also recognises the valuable work that the chamber undertakes for Nelson/Tasman businesses.

Port Nelson has provided funding support to NTCC since 2020 which has enabled the Chamber to run free events for local exporters.

// **We see the export hub as a way to actively contribute to businesses gaining access to valuable information and expertise.**



// Sponsorship List







Going Bananas Show
 Nelson Tasman Chamber of Commerce
 Tasman Rugby Union Inc
 Special Olympics Nelson Basketball
 Cawthron Institute
 Caring Families Aotearoa
 Port Nelson Mission to Seafarers Inc
 Marlborough Wine Show
 Port Nelson Fishermans Association
 Hearing Assoc. Nelson Inc
 Nelson Port & Transport Industry Charity Golf
 Nelson Triathlon & Multisport Club Inc
 Port Māpua Museum/Mapua Boat Club
 Friends of Motu Manuka/Haulashore Island
 Coastguard Boating Education Service
 Tasman Bay Guardian Trust
 Nelson Yacht Club
 Whakatu Marae Waka Ama Club
 Big Brothers Big Sisters

Our Shareholders



// Our Shareholders

2023 Performance Results

	2022/23 Target	2022/23 Result	
Underlying revenue	\$76.8m	\$82.9m	
Underlying earning before interest and taxes	\$12.8m	\$13.9m	
Underlying net profit after tax	\$7.8m	\$7.7m	
Underlying return on assets	2.0%	2.0%	
Underlying return on equity	2.9%	2.8%	
Gearing	21.9%	20.1%	

A record revenue result was delivered in the year. This reflects the growth of our logistics business, QuayConnect.

Much of this growth came from the record wine harvest in 2022, as well as the growing reach of the business into other supply chains. The 4PL business model of QuayConnect provides a lower profitability return compared to core port operations, consequently overall profit has not risen at the rate of revenue increases.

Underlying NPAT of \$7.7m was only marginally down on target. This level of profitability is the fourth in a row at what might be called 'covid levels'. These years have seen shipping reliability issues lead to reduced cargo movement and increased inefficiencies across the port. In addition, high cost increases over the last two years in particular have not been matched by relative revenue increases.

As a result of the subdued profit result, return on equity, is below the long-term target for the Port. While the 2024FY will be impacted by the global slow-down in economic activity, the Port is focused on improving the return on equity to provide shareholders with a fair return for its investment.



Planning for the port's future

To ensure long-term economic sustainability, Port Nelson has initiated an Infrastructure Master Plan aimed at optimising investments and resilience of its infrastructure and assets through to 2050.

The Master Plan demonstrates the Port's significant cargo growth potential, encompassing existing and new commodities. Rather than extensive port expansion, the plan provides a pathway for enhancing operational efficiencies, reducing noise, and promoting safer operations through incremental adjustments. Leveraging existing land, supply chain networks and waterside assets is at the core of this Master Plan, enabling the Port to meet future demand without causing undue disruption to its surroundings.

The Port's Master Plan centres around two primary focus areas:

1. Maximisation: Focusing on maximising resilience, efficiency, and development opportunities within the current Port area and available assets.
2. Expansion and Resilience: Identifying, planning, and developing undeveloped or surrounding areas adjacent to the Port boundary to enhance resilience.

Trade is a central factor driving the Port Master Plan. To ascertain the need for increased capacity to meet future demand, the plan assesses the commodities and

services that may need to be accommodated and how these factors may influence infrastructure and land requirements within the Port.

This plan is designed to be adaptable, recognising the dynamic nature of the port industry. It allows the Port to review and update its strategies in response to unexpected challenges or events that could significantly impact the plan.

In pursuit of this process, Port Nelson has engaged with stakeholders to gather essential insights into their business objectives and future trade requirements and identify stakeholders' interests, involvement, and concerns regarding the port's future development. These engagements have included discussions with government agencies, port customers, shipping lines, community organisations, and the cruise sector.

In the 2024FY, further engagement will be sought with both internal and external stakeholders, including iwi.

Container Throughput
High Case Forecast

213k

TEU by 2053



Port Nelson History

Whakapapa. We are all part of an unbroken and unbreakable chain of people who share a special culture

		<p>1843 Auckland Point, the first Port Nelson</p>	
		<p>1862 Nelson Lighthouse assembled on the Boulder Bank</p>	
<p>Railway wharf</p>			<p>1903 Dredge John Graham cutting its way through the Boulder Bank</p>
<p>By 1957 the planned reclamation was totally enclosed with gravel embankments</p>			<p>1959 The reclamation progresses</p>
<p>Almost there! The second-to-last phase of the reclamation before the second yacht basin and recreational area was reclaimed</p>			<p>2017 Opening of the Patterson Logistics centre</p>
<p>100m extension of main wharf</p>			<p>2023 Berthing of our longest ever ship</p>
	<p>Now</p> <ul style="list-style-type: none"> Short-term <5 years Medium-term 6-15 years Long-term 15-30+ years 		



E mihi ana ki ngā maunga
me ngā wai, e horapa nei i
tēnei rohe ataahua o tātou,
tēnā koutou katoa! Ka korihi
te manu kō, kua ao, kua ao,
kua awatea, tihei mauri ora!

We pay homage to the
heavens above, to the land
below and to this place. We
pay homage to the ancestral
mountains and waterways
that embrace this area of
ours. We greet you all.

As the bellbird calls, 'tis
dawn, 'tis dawn, 'tis daylight
– I exhort the breath of life!

Blessing marks the start of slipway development

The Port Nelson slipway development reached an important milestone this year when mana whenua blessed the development site at dawn with a karanga and karakia. The marine engineering cluster, local government, councils, other key industry groups, and Port Nelson joined the ceremony.

The project, which is expected to take a year to complete, is an important infrastructure project which will increase capacity and bring in more business for the local marine engineering cluster.

Hugh Morrison, Port Nelson's CEO, says the project has been a long time coming for our community. "The project has faced multiple challenges over the years, however the investment from government, council, and industry groups shows the support of our community to ensure this development succeeds".

The primary funders of this project are Port Nelson and central government, with the latter contributing \$9.8 million through the COVID-19 Response and Recovery

Fund. The Kānoa - Regional Economic Development & Investment Unit is responsible for administering the government's contribution. Funding has also been provided by Nelson City Council and industry groups.

The site will host a modern marine maintenance facility, utilising a 7000sqm hardstand area and an 18 metre tall marine travel lift to lift vessels up to 550 tonnes. Hugh adds, "the travel lift is huge. To put it into context, the lift is taller than our Patterson Logistics Centre which stands at 16.6m. This piece of equipment will be an important asset for marine engineers to service small to medium vessels and allows the Calwell Slipway to focus on servicing larger vessels up to 2400 tonnes".

Part of the redevelopment is to improve the management and catchment of contaminated materials and stormwater. During construction, contaminated silts will be removed from the harbour basin adjacent to the slipways, a similar process used during the Calwell Slipway Remediation project completed in 2018. The new facility will also include an upgrade to the existing treatment facility at the Calwell slipway for waste from vessel cleaning operations.

The project is expected to be completed by late 2024.

// People Profile

Paul Zealand, Board Chair

With a remarkable 50 year association within the maritime industry, Paul Zealand, Port Nelson's board chair, began his career journey in the Merchant Navy, giving him a solid background in maritime operations.

Bringing this experience, as well as a wealth of expertise around the world in the oil and gas sector with his past roles as CEO of Origin Energy and Chairman of Shell New Zealand, Paul joined the Port Nelson board in 2020, and became board chair in the 2023 financial year. Paul is also a director of a number of companies in New Zealand and Australia.

Paul says his drive to contribute to the community he lives in propelled him to join the board, "I recognise the pivotal role the Port plays in facilitating regional prosperity, I wanted to make a significant impact and contribute to the wellbeing of our region."

Paul explains that the regional connection that the Port has to the community and customers across Te Taihuhu is vital. "We are a primary producing and exporting area, and the Port acts as the heart beat for not only our customers but their customers. What happens for our region's customers in other parts of the world, is felt by us here in Te Taihuhu. We must understand our customer's needs as importers and exporters rely on us to be a conduit to global markets. Many in our community are impacted by our operations, telling our stories and listening to their issues is an important part of our continued operation."

Paul sees success as being intertwined; a business demands collective success for all stakeholders. "All of us are part of a bigger supply chain to keep New Zealand products moving; we need to talk to each other and connect across the supply chain."

The theme of connection for the year played an important role at all levels of the Port, including at the board level.



// "We are inspired by the commitment and behaviours demonstrated by our people."

Part of the board's purpose revolves around intuitively understanding our organisation's pulse with a regular on-site presence and attentive listening to ensure that the board understands the emotional landscape and activities within the company. This year's focus has been working with Senior Management on the Port's safety culture and accountability. "Leading safety is the hardest and most important thing we do. Whilst there are areas for improvement, every time we go out within operations, we are inspired by the commitment and behaviours demonstrated by our people. There are different working patterns across the Port, however the team are connected by their passion for what they do and how much they care about each other."

Looking ahead, connection continues to be a theme for the Port and the board. "It's a never-ending job to build trust across the business and wider supply chain; we need to tackle the hard things together with open minds." Paul says the last 12 months have shown him how important trusted connections are both personally and for business. "In times of crisis, connections can be a real support, so invest in them in the good times."

Governance





Paul Zealand - chair

Paul Zealand joined the board on 1 July 2020 and is currently a Director of Genesis Energy and Refining NZ in New Zealand and Lochard Energy in Australia. Paul's prior executive experience includes Country Chairman for Shell in New Zealand and Upstream CEO for Origin Energy. Paul currently serves as chair of the Port Nelson board.



Kim Wallace

Kim Wallace is a Christchurch-based professional director and consultant. She was appointed to the Port Nelson board in 2017. Additionally, Kim serves on the boards of Origin Capital Partners and AgResearch plus Chair of Christchurch City Council Assurance and Risk Committee and member of Ministry of Primary Industries Risk and Assurance committee. Previously Kim held finance roles in the global dairy industry including positions in New Zealand, Australia, Germany and USA. Kim currently serves as chair of the Finance and Risk Committee on the Port Nelson board.



Jon Safey

Jon Safey is a Nelson based professional director and Consultant. Jon also currently serves as an advisor to Nippon Suisan Kaisha, a 50% shareholder in the Sealord Group. Jon has had an extensive career in the export of primary products from New Zealand, starting in the dairy sector and to date in the fishing industry. Jon currently serves as chair of the Remuneration and Appointments Committee as part of the Port Nelson board.



Gerrard Wilson

(Ngāti Apa ki te Rā Tō, Kai Tahu)

With a background in commercial property, Gerrard is a Nelson-based property consultant and company director. Previously within the corporate sector, Gerrard now consults independently to public and private sectors clients. He holds a number of volunteer and professional trustee and directorships including with Nelson Building Society and the commercial arm of local iwi Ngāti Apa ki te Ra To.



Meg Matthews

(Kai Tahu)

Meg Matthews joined the board on 1 December 2021. Meg brings a background across finance, marketing, and HR with significant experience within the tourism sector. Meg has an in-depth understanding of the Nelson Tasman regional economy through her role as chair at Nelson Regional Development Agency (NRDA) and is also chair of Cawthron Institute.



Guy Roper

Guy Roper is a New Plymouth based professional director and consultant. He was appointed to the Port Nelson board in September 2022. Guy was CEO of Port Taranaki until September 2021 and prior to that held senior executive roles within the NZ Dairy industry. He is currently a director of Fisher Funds Management Limited a leading New Zealand KiwiSaver and Fund Manager. Guy is a fellow of Chartered Accountants Australia and New Zealand.



Our Senior Management Team left to right:
Daryl, Lenore, Hugh, Matt, Erin, Jaron, Colin (absent).

Directory

Board of directors

- Paul Zealand (chair)
- Kim Wallace
- Jon Safey
- Meg Mathews
- Gerrard Wilson
- Guy Roper (appointed from 27 September 2022)
- Tony Reynish (retired 2 November 2022)

Secretary

Daryl Wehner

Senior Management

- Hugh Morrison
Chief Executive Officer
- Daryl Wehner
Chief Financial Officer
- Matt McDonald
General Manager Operations
- Lenore Richter
General Manager People and Safety
- Colin Devenish
*General Manager Environment,
Infrastructure and Maintenance*

Jaron McLeod
General Manager QuayConnect

Erin King
*Executive Assistant/iwi
and Māori Partnerships Manager*

Registered Office

8 Vickerman Street, Port Nelson,
Nelson 7040, New Zealand
(03) 548 2099
info@portnelson.co.nz
www.portnelson.co.nz

Auditor

Ernst & Young (on behalf of the Auditor-General)

Solicitors Pitt & Moore, Barristers and Solicitors
PO Box 42, Nelson 7040

Simpson Grierson, Barristers and Solicitors
PO Box 2402, Wellington 6140

Bankers

Westpac Banking Corporation
PO Box 643, Nelson 7040

Statutory Information

Ownership

The Port Nelson Limited Group ("the Group") consists of Port Nelson Limited and its subsidiaries, Port Nelson Slipways Limited, Port Nelson Property Management Limited and Port Nelson Property Investments LLP. Port Nelson Limited is owned jointly and equally by the Nelson City Council and Tasman District Council.

On July 1 2023, the shares of Port Nelson Limited were transferred to Infrastructure Holdings Limited. Tasman District Council and Nelson City Council own and control Infrastructure Holdings Limited and remain the ultimate shareholders of Port Nelson.

Principal Activities

During the year Port Nelson provided marine services including pilotage, towage, navigation aids, berths and wharves; cargo operational services including container terminal, cargo handling services and vessel slipping services; warehousing and distribution services including warehousing, supply chain and 4PL solution services and investment property at the port of Nelson and within the wider Nelson/Marlborough region.

Role of the Board

The board is appointed by the shareholders and is responsible for governance and the strategic direction of Port Nelson for the purpose of achieving its stated objectives.

As a framework for working, the board has developed a Governance Code of Practice and Board Charter. This considers several aspects including ethics, composition and performance of the board, roles, duties and responsibilities, health and safety objectives, stakeholder relations, reporting and disclosures and board committees.

Statement of Corporate Intent

In accordance with the Port Companies Act 1988 and the Company's constitution, annually the board prepares and delivers to the shareholders a Statement of Corporate Intent for approval.

The Statement of Corporate Intent sets out Port Nelson's objectives, principal activities and performance indicators. A copy of the Statement of Corporate Intent is available on Port Nelson's website.

The board also aims to ensure that the shareholders are informed of all major developments and issues affecting the company.

Board Committees

The board delegates some responsibilities and tasks to board committees. However, the board retains the ultimate responsibility and accountability for any committee decisions. All directors have the right to attend committee meetings.

The board's three committees are:

The Finance and Risk Committee that liaises with the company's independent auditor and reviews the quality and reliability of internal controls, financial information used and issued by the board, and risk management framework.

The Remuneration and Appointments Committee that reviews the company's remuneration policies and practices and reviews and sets the remuneration of the company's Chief Executive Officer and Senior Management Team.

Health and Safety Governance Committee that reviews and approves the safety management plan and understands the effectiveness of the company systems and performance.

The following directors served as committee members during the year:

Finance and Risk Committee

Kim Wallace (chair), Gerrard Wilson, Paul Zealand.

Remuneration and Appointments Committee

Jon Safey (chair), Guy Roper, Meg Matthews.

Health and Safety Governance Committee

Guy Roper (chair), Meg Matthews, Jon Safey

Directors' Insurance

The company arranges comprehensive Directors & Officers Liability Insurance cover within the limits and requirements as set out in the Companies Act 1993 and the company's constitution.

Loans to Directors

The company does not make loans to directors.

Donations

Donations made during the year are disclosed in the financial statements.

Statutory Information (continued)

Auditors

In accordance with section 19 of the Port Companies Act 1988 and section 14 of the Public Audit Act 2001, Ernst & Young Global Limited on behalf of the Auditor-General is the auditor of the company.

Use of Company Information

During the year the board received no notices from directors requesting to use company information received in their capacity as directors that would not otherwise have been available to them.

Directors' Register of Interests

Directors recorded the following interests in the interest register for the year ended June 30, 2022.

Paul Zealand

Director, Z Energy Ltd
 Director, Lochard Energy Pty Ltd
 Director, Genesis Energy Ltd
 Director, Channel Infrastructure NZ Limited
 Director, Infrastructure Holdings Limited

Kim Wallace

Director, Origin Capital Partners Management Limited
 Deputy Chair, AgResearch Limited
 Independent Consultant, NZ Transport Agency
 Director, Kim Wallace Limited
 Director, Seahorse Beach Investments Ltd
 Advisory Group – O'Connor Partners Ltd
 Chair, Te Manawataki o Te Papa Limited

Guy Roper

Director, Rocco Holdings Limited
 Director, Fisher Funds Management Limited
 Director, FFML HoldCo Limited
 Director, FFML TopCo Limited
 Director, Kiwi Wealth Limited
 Director, Kiwi Wealth Management Limited
 Director, Kiwi Wealth Investments General Partner Limited
 Director, Kiwi Investment Management Limited
 Director, Portfolio Custodial Nominees Limited

Jon Safey

Director, Safeone Consulting Ltd
 Director, Kumon (Advisor) Nippon Suisan Kaisha Japan
 Director, Australian Longline Pty Ltd

Gerrard Wilson

Director, Nelson Building Society
 Director, Ngāti Apa Investments Ltd
 Director, Ngāti Apa Pito Whenua Limited
 Director, Kurahaupo General Partner Limited
 Director, Ngati Apa ki te Ra To Assets Holding Company Ltd
 Director, Whanganui iwi Fisheries Limited
 Director/Shareholder, Urbis Investments Ltd
 Director/Shareholder, Owhiro Investments Ltd
 Director, Infrastructure Holdings Limited
 Trustee, Te Ngakinga o Whanganui Investment Trust
 Trustee, Mt Robert Foundation
 Trustee, Philanthropic Charitable Trust

Meg Matthews

Chair, Cawthron Institute
 Director, TVNZ
 Director, Halberg Foundation
 Director, Kono
 Director, RealNZ Limited
 Advisor, Centre for Women's Health Research, Victoria University
 Brother of M Matthews is Deputy CEO Maritime NZ

Statutory Information (continued)

Directors Remuneration

The total remuneration received by the company's directors during the year was as follows:

Gerrard Wilson	\$38,090.12	
Paul Zealand	\$73,478.00	
Guy Roper	\$29,435.00	Appointed September 27
Tony Reynish	\$12,966.53	Retired November 2
Kim Wallace	\$39,440.00	
Meg Matthews	\$38,196.55	
Jon Safey	\$39,439.28	
Total	\$271,045.48	

Employee Remuneration

The following table reflects remuneration paid to employees in excess of \$100,000 per annum. The amount paid reflects actual payments made during the year. Any 'at risk' payments that were paid after balance date are excluded.

Remuneration	Number of Employees	2023
\$100,001 to \$110,000		21
\$110,001 to \$120,000		11
\$120,001 to \$130,000		3
\$130,001 to \$140,000		11
\$140,000 to \$150,000		2
\$150,001 to \$160,000		4
\$160,001 to \$170,000		5
\$210,001 to \$220,000		2
\$220,001 to \$230,000		2
\$230,001 to \$240,000		1
\$250,001 to \$260,000		1
\$260,001 to \$270,000		1
\$280,001 to \$290,000		1
\$300,001 to \$310,000		1
\$540,001 to \$550,000		1
		67



Paul Zealand
Chair of Directors
For and on behalf of the board



Kim Wallace
Director

Financial Statements



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INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF PORT NELSON LIMITED GROUP'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Port Nelson Limited group (the Group). The Auditor-General has appointed me, Bruce Loader, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements of the Group on his behalf.

Opinion

We have audited the financial statements of the Group on pages 64 to 87, that comprise the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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.

In our opinion, the financial statements of the Group:

- 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 New Zealand equivalents to International Financial Reporting Standards.

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, 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

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.



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

In preparing the financial statements, the Board of Directors is responsible on behalf of the Group 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 there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Port Companies Act 1988.

Responsibilities of the Auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, 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 it 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.

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

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, 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 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 Group'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 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 Group'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 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.



**Building a better
working world**

However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 in the Annual Report, but does not include the financial statements on pages 64 to 87, and our auditor's report thereon.

Our opinion on the financial statements 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, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors and, if uncorrected, to take appropriate action to bring the matter to the attention of users for whom our auditor's report was prepared.

Independence

We are independent of the Group 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 Group.

Bruce Loader
Ernst & Young
On behalf of the Auditor-General
Christchurch, New Zealand





// Consolidated Statement of Comprehensive Income

For the year ended 30 June 2023

	Notes	2023	2022
		\$000	\$000
Revenue			
Port Operations	A1	76,344	66,513
Property	A1	7,045	10,280
Other Income	A1, C1	2,391	-
Total Revenue		85,780	76,793
Expenses			
Employee Benefit Expenses		25,505	22,591
Other Operational and Property Expenses	A2	33,591	26,235
Earnings Before Interest, Tax, Depreciation and Amortisation		26,684	27,967
Depreciation and Amortisation		10,574	9,708
Earnings Before Interest and Tax		16,110	18,259
Net Financing Costs	A3	3,550	3,107
Net Profit Before Income Tax		12,560	15,152
Income Tax	A4	3,243	3,130
Net Profit After Income Tax		9,317	12,022
Other Comprehensive Income			
Movements in Fixed Asset Reserves		(81)	-
Movements in Hedging Reserve		(1,262)	3,963
Total Other Comprehensive Income		(1,343)	3,963
Total Comprehensive Income		7,974	15,985

// Consolidated Statement of Changes In Equity

For the year ended 30 June 2023

	Issued Capital	Retained Earnings	Asset Revaluation Reserve	Hedging Reserve	Total Equity
	\$000	\$000	\$000	\$000	\$000
Balance at 30 June 2021	6,046	83,378	174,276	(2,001)	261,699
Net Profit for the Year	-	12,022	-	-	12,022
Other Comprehensive Income					
Changes in the fair value of cash flow hedges	-	-	-	5,504	5,504
Deferred tax impact of movement in reserves	-	-	-	(1,541)	(1,541)
Total Other Comprehensive Income	-	-	-	3,963	3,963
Total Comprehensive Income for the Year	-	12,022	-	3,963	15,985
Dividends payable		(2,800)			(2,800)
Dividends paid		(2,060)			(2,060)
Balance at 30 June 2022	6,046	90,540	174,276	1,962	272,824
Net Profit for the Year	-	9,317	-	-	9,317
Other Comprehensive Income					
Movement on disposal of fixed asset	-	-	(81)	-	(81)
Changes in the fair value of cash flow hedges	-	-	-	589	589
Deferred tax impact of movement in reserves	-	-	-	540	540
Hedging reserve reclassification	-	-	-	(2,391)	(2,391)
Total Other Comprehensive Income	-	-	(81)	(1,262)	(1,343)
Total Comprehensive Income for the Year	-	9,317	(81)	(1,262)	7,974
Dividends payable	-	(2,500)	-	-	(2,500)
Dividends paid	-	(1,500)	-	-	(1,500)
Balance at 30 June 2023	6,046	95,857	174,195	700	276,798

// Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	2023	2022
		\$000	\$000
Current Assets			
Cash and Cash Equivalents		1,393	389
Trade and Other Receivables	C1	12,906	10,242
Inventories		893	707
Prepayments and Accrued Income		393	885
Derivatives	C1	567	49
Total Current Assets		16,152	12,272
Non-Current Assets			
Property, Plant and Equipment	B1	320,083	324,745
Intangible Assets	B2	4,102	4,372
Investment Properties	B3	37,590	37,085
Derivatives	C1	2,673	2,611
Total Non-Current Assets		364,448	368,813
Total Assets		380,600	381,085
Current Liabilities			
Trade and Other Payables	C1	4,508	4,027
Employee Benefit Entitlements	D1	3,170	2,910
Tax Payable		1,915	971
Dividend Payable		2,500	2,800
Noise Mitigation	D1	83	109
Bank Loan	C1	31,200	40,000
Lease Liabilities	C1, D5	1,132	462
Total Current Liabilities		44,508	51,279
Non-Current Liabilities			
Employee Benefit Entitlements	D1	322	259
Deferred Tax Liability	A4	17,744	19,226
Bank Loan	C1	40,000	36,700
Noise Mitigation	D1	285	321
Lease Liabilities	C1, D5	943	469
Derivatives	C1	-	8
Total Non-Current Liabilities		59,294	56,982
Total Liabilities		103,802	108,261
Net Assets		276,798	272,824
Shareholders' Funds			
Issued Capital	D2	6,046	6,046
Retained Earnings		95,857	90,540
Asset Revaluation Reserve	B1	174,195	174,276
Hedging Reserve	C1	700	1,962
Total Shareholders' Funds		276,798	272,824

Signed on behalf
of the Board by:



Paul Zealand
Chairman of Directors



Kim Wallace
Director

These financial statements were approved by the Board on 29 August 2023

// Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Notes	2023	2022
		\$000	\$000
Cash Flows From Operating Activities			
Cash was provided from:			
Receipts from customers		73,649	66,035
Rent received		6,544	6,159
Interest received		-	5
		80,193	72,199
Cash was applied to:			
Payments to suppliers and employees		55,848	48,627
Interest paid		3,550	3,112
Taxes paid		3,239	4,797
Net GST paid/(received)		56	(44)
		62,693	56,492
Net Operating Cash Inflows	D3	17,500	15,707
Cash Flows From Investing Activities			
Cash was provided from:			
Sale of property, plant and equipment		41	74
Grants received		1,375	700
		1,416	774
Cash was applied to:			
Purchase of property, plant and equipment		7,104	7,246
Purchase of intangibles		4	1,787
Purchase of investment properties		4	3,555
		7,112	12,588
Net Investing Cash Inflows/(Outflows)		(5,696)	(11,814)
Cash Flows From Financing Activities			
Cash was provided from:			
Loans borrowed		-	1,030
		-	1,030
Cash was applied to:			
Loans repaid		5,500	-
Dividend paid		4,300	4,560
Payment of lease liabilities		1,000	348
		10,800	4,908
Net Financing Cash Inflows	D4	(10,800)	(3,878)
Net Increase/(Decrease) in Cash Held		1,004	15
Cash and cash equivalents at 1 July		389	374
Cash at 30 June		1,393	389

Notes to the Financial Statements



// Notes to the Financial Statements

Reporting Entity

The financial statements presented are for Port Nelson Limited (the Company) and its subsidiaries (together, Port Nelson or the Group). Port Nelson is a for-profit entity and the Company is incorporated under the Companies Act 1993 and created pursuant to the Port Companies Act 1988. The Group consists of Port Nelson Limited, Port Nelson Slipway Limited, Port Nelson Property Management Limited and Port Nelson Property Investment LLP.

Port Nelson operates in one industry and one geographical segment providing marine services including pilotage, towage, navigation aids, berths and wharves; cargo operational services including container terminal, cargo handling services and vessel slipping services; warehousing and distribution services including warehousing, supply chain and 4PL solution services and Investment Property at the port of Nelson and within the wider Nelson/Marlborough region.

Basis of Preparation

The financial statements have been 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 as appropriate for profit-orientated entities.

The financial statements are presented in New Zealand dollars rounded to the nearest thousand. The financial statements were authorised for issue by the Directors on 29 August 2023.

Notes to the Financial Statements

Information that is considered material and relevant to the users of these financial statements is included within the notes to the financial statements. The assessment of materiality and relevance includes qualitative as well as quantitative factors including the size and nature of the balance and if the balance is important in understanding Port Nelson's current or future performance or position.

Foreign Currency

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction. Monetary items outstanding at balance date are converted at the exchange rate ruling at balance date or the forward exchange contract rate where derivatives have been used to hedge the exposure.

Standards and Interpretations Issued and Not Yet Adopted

Port Nelson has applied all new and revised accounting standards and interpretations that are effective in the year. This did not result in a material impact on the financial statements.

Accounting Policies

There have been no changes in accounting policies during the financial year disclosed in the financial statements. Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

Critical Judgements and Estimates

In applying the accounting policies management are required to make estimates, assumptions and judgements. Estimates and assumptions are based on historical experience and other factors, including expectations or future events that are expected to be reasonable under the circumstances. Actual results may differ from the estimates and assumptions. There are no estimates and assumptions in the view of the Directors that have a risk of causing a significant adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical Judgements

Port Nelson has two cash-generating units (CGUs). The Port Operations CGU consists of Property, Plant and Equipment and Intangible assets. See B1 and B5 for assumptions included in the fair value of these assets.

The Property CGU consists solely of investment property. See B5 for assumptions included in the fair value of these assets.

With the establishment of Infrastructure Holdings Limited, it is expected that Port Nelson's current borrowings will be restructured within the next financial year. Consequently, Port Nelson has determined that the economic relationship between the future interest payments and the underlying hedges is no longer effective. Judgement has been applied on the date the hedges are no longer considered effective. This has resulted in a portion of the hedge reserve being reclassified to profit or loss. See C1 for further details.

A. Revenue and Expenses

A1. Revenue

	2023	2022
	\$000	\$000
Port Operations		
Marine	12,756	11,051
Cargo Operations	40,353	39,261
Warehousing and Distribution	23,076	15,972
Gain on Sale of Assets	31	74
Lease Income	128	155
Total Port Operations	76,344	66,513
Property		
Lease Income and Licences	6,544	6,159
Fair Value Adjustment of Investment Property	501	4,121
Total Property	7,045	10,280
Other Income		
Hedging Reserve Reclassification	2,391	-
Total Other Income	2,391	-
Total Revenue	85,780	76,793

Recognition and Measurement

Port Operations

Port Nelson generates revenue by providing a number of services to vessels and associated industry.

Port Nelson provides an integrated service of marine and berthage, combined with cargo operations as outlined below:

Marine services consists of pilotage, towage and access to moorings and berthage. The performance obligations are arrival, departure and berthage and revenue is recognised over time based on time elapsed since the vessel entered port (and input method). The transaction price is determined by contract and allocated to the performance obligations on a standalone basis.

Cargo operations consist of wharfage, storage and stevedoring of bulk goods. Revenue is recognised over time, from the time goods are transferred to port (an input method). The transaction price is determined by contract and allocated to only one performance obligation.

Warehousing and distribution revenue is generated from 4PL logistic services, storage, transportation, container packing and unpacking of customer cargo and is a single performance obligation. Revenue is recognised over time based on the transport services provided (an output method). The transaction price is agreed per contract.

Revenue for all port operations are based on service prices specified in the relevant pricing schedule or specified customer contract, which reflect the value transferred to the customer.

Maturity Analysis of Operating Lease Revenue

	2023	2022
	\$000	\$000
Due within 1 year	5,948	5,679
Due between 1 to 2 years	5,550	5,227
Due between 2 to 3 years	4,557	4,822
Due between 3 to 4 years	3,833	3,904
Due between 4 to 5 years	3,165	3,303
Due over 5 years	18,481	18,136
Total Non-Cancellable Operating Lease Revenue	41,534	41,071

Lease revenue

Lease revenue is accounted for on a straight line basis and payments are made in advance.

Future Receivables Under Operating Leases

Non-cancellable operating leases represent undiscounted future expected lease receipts arising from the leasing of Port Nelson's property.

A2. Other Operational and Property Expenses

	2023	2022
	\$000	\$000
Operational		
Audit Fees – Current Year	150	114
Bad Debts Written-Off	42	8
Contract Services	1,473	1,179
Donations and Sponsorship	120	107
Electricity	951	881
Freight and Transportation	10,793	7,376
Fuel	1,476	1,174
Insurance	2,631	2,302
Plant Hire	692	634
Repairs and Maintenance	5,384	3,617
Other Operating Expenses	8,368	7,417
Total Operational	32,080	24,809
Property		
Feasibility Expenditure	642	-
Insurance	374	327
Repairs and Maintenance	89	96
Property Lease Buyback	-	577
Other Operating Expenses	406	426
Total Property	1,511	1,426
Total Other Operational and Property Expenses	33,591	26,235

A3. Net Financing Costs

	2023	2022
	\$000	\$000
Finance revenue	33	5
Finance costs	3,583	3,112
Net Financing Costs	3,550	3,107

Recognition and Measurement

Finance Revenue

Finance revenue represents interest received. This is recognised on a time proportion basis using the effective interest method.

Finance Costs

Finance costs are recognised as an expense when incurred.

A4. Taxation

	2023	2022
	\$000	\$000
Provision for Taxation		
Current Tax	4,390	3,741
Adjustment to current tax in prior periods	(205)	206
Deferred Tax	(942)	(817)
Tax Expense	3,243	3,130
Profit from Continuing Operations	12,560	15,146
Tax at 28%	3,515	4,241
Prior Year Adjustment	(140)	31
Non-Deductible Expenses	8	12
Non-Taxable Income	(140)	(1,154)
Tax Expense	3,243	3,130

Recognition and Measurement

Current Tax

The income tax expense is the tax payable on the current financial year's taxable income based on the income tax rate and adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and for unused tax losses (if any).

Deferred Tax (Assets) and Liabilities

2023	PP&E	Other	Total
	\$000	\$000	\$000
Opening Balance	19,168	58	19,226
Charged/(Credited) to Profit or Loss	(685)	(257)	(942)
Charged/(Credited) to Equity	-	(540)	(540)
Balance at 28%	18,483	(739)	17,744

Deferred Tax

Deferred tax assets and liabilities are recognised for temporary differences at the rate expected to apply when the assets are recovered or liabilities are settled (currently 28%). The tax rate is applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

2022	PP&E	Other	Total
	\$000	\$000	\$000
Opening Balance	19,814	(1,312)	18,502
Charged/(Credited) to Profit or Loss	(646)	(171)	(817)
Charged/(Credited) to Equity	-	1,541	1,541
Balance at 28%	19,168	58	19,226

Deferred tax assets are recognised for deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences.

Imputation Credits to Shareholders

	2023	2022
	\$000	\$000
Imputation credits available to shareholders for future use	37,224	35,932

B. Key Assets

B1. Property, Plant and Equipment

Fair Value of Assets

At each reporting date, Port Nelson reviews the carrying amount of port operational Property, Plant and Equipment assets, Intangible assets and Investment Property to determine whether those assets are carried at fair value.

For Property Plant and Equipment, where the asset's carrying value is materially different to its fair value, a revaluation is recorded. Any gains or losses are recognised against the revaluation reserve. Where the loss is greater than the balance in the revaluation reserve, the excess loss is expensed through the profit or loss.

For Investment Property, any gains or losses arising from the change in the fair value of investment property are included in the Statement of Comprehensive Income for the period in which they arise.

	Operational Land and Buildings	Property Land and Buildings	Wharves	Plant, Furniture, Fittings and Equipment	Infrastruc- tural Assets	Dredging	Work in Progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Fair Value								
At 30 June 2021	116,763	59,360	76,292	90,115	23,416	3,652	22,823	392,421
Additions and Transfers at cost	128	36	21,008	3,049	3,004	-	(20,679)	6,546
Disposals	-	-	-	(561)	-	-	-	(561)
At 30 June 2022	116,891	59,396	97,300	92,603	26,420	3,652	2,144	398,406
Additions and Transfers at cost	174	791	60	2,348	151	-	2,124	5,648
Disposals	-	-	-	(1,144)	-	-	-	(1,144)
At 30 June 2023	117,065	60,187	97,360	93,807	26,571	3,652	4,268	402,910
Accumulated Depreciation								
At 30 June 2021	(2,714)	(592)	(9,589)	(46,881)	(4,879)	(135)	-	(64,790)
Depreciation expense	(755)	(176)	(3,482)	(4,312)	(662)	(45)	-	(9,432)
Disposals	-	-	-	561	-	-	-	561
At 30 June 2022	(3,469)	(768)	(13,071)	(50,632)	(5,541)	(180)	-	(73,661)
Depreciation expense	(757)	(540)	(3,426)	(4,816)	(716)	(45)	-	(10,300)
Disposals	-	-	-	1,134	-	-	-	1,134
At 30 June 2023	(4,226)	(1,308)	(16,497)	(54,314)	(6,257)	(225)	-	(82,827)
Net Book Value								
Net Book Value 30 June 2021	114,049	58,768	66,703	43,234	18,537	3,517	22,823	327,631
Net Book Value 30 June 2022	113,422	58,628	84,229	41,971	20,879	3,472	2,144	324,745
Net Book Value 30 June 2023	112,839	58,879	80,863	39,493	20,314	3,427	4,268	320,083

B1. Property, Plant and Equipment (continued)

Right-of-Use Assets

	2023	2022	Right-of-Use Assets
	\$000	\$000	
Opening balance	962	590	The right of use assets consist of log moving equipment and ISO tanks used to transport wine and other cargoes.
Additions and Transfers	2,055	717	For applicable leases, right-of-use assets have been recognised and included in Plant, Property and Equipment.
Depreciation expense	(941)	(345)	
Closing Balance at June 30	2,076	962	

Recognition and Measurement

Property, Plant and Equipment is initially measured at cost and subsequently measured at fair value. Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefit will flow to Port Nelson and the items can be reliably measured. Port Nelson has assessed that there has been no material movement in the fair value of Property, Plant and Equipment from the amounts reported in the annual financial statements for the year ended 30 June 2023.

Valuation Basis

Choice of Valuation Technique

Port Nelson measures all Property, Plant and Equipment as a single unit using the income-based approach. Port Nelson believes that valuing the assets based on future cash flows (the income-based approach) is the most appropriate technique to use to assess fair value. In assessing the present value, the cash flows have been aggregated across all assets as they are, in effect, interdependent and cannot be meaningfully separated into individual units. Therefore, a single valuation has been estimated.

The value is based upon cash flows and approximates the price that a willing buyer or seller would pay for the Port's combined Property, Plant and Equipment assets. The Port's Property, Plant and Equipment are all categorised as Level 3 in the fair value hierarchy.

Disposal

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses are included in the profit and loss. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings. Further details on the fair value measurement are included in notes B1 and B5.

Depreciation	Useful Life (Years)	Recognition and Measurement
Plant, Furniture and Equipment	2-50	Depreciation is written off depreciable assets on a straight line basis over the estimated economic life of the assets.
Wharves	3-67	
Infrastructural Assets	3-50	Dredging is not amortised, apart from consents, which are amortised over their life.
Buildings	2-50	The cost of maintaining the dredged depth is expensed.
Intangible Assets	3-13	

B2. Intangible Assets

	Software	Goodwill	Total
	\$000	\$000	\$000
Cost or Fair Value			
At 30 June 2021	5,495	-	5,495
Additions and Transfers	61	1,759	1,820
Disposals	(33)	-	(33)
At 30 June 2022	5,523	1,759	7,282
Additions and Transfers	4	-	4
At 30 June 2023	5,527	1,759	7,286
Accumulated Amortisation			
At 30 June 2021	(2,634)	-	(2,634)
Amortisation expense	(276)	-	(276)
At 30 June 2022	(2,910)	-	(2,910)
Amortisation expense	(274)	-	(274)
At 30 June 2023	(3,184)	-	(3,184)
Carrying Amounts			
Net book value 30 June 2021	2,861	-	2,861
Net book value 30 June 2022	2,613	1,759	4,372
Net Book Value 30 June 2023	2,343	1,759	4,102

Recognition and Measurement

Intangible Assets

Intangible assets are comprised of Goodwill, software, and licences.

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The Group measures goodwill as the fair value of consideration transferred, less the net identifiable assets and liabilities assumed at that date.

Goodwill is measured at cost less accumulated impairment losses.

Software and licences have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses.

Development costs (including employee expenses) that are directly attributable to the design and testing of identifiable and unique software products controlled by Port Nelson are recognised as intangible assets only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and if Port Nelson intends to and has sufficient resources to complete development and to use or sell the asset.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Amortisation expense is included in the depreciation and amortisation expense total disclosed in the Consolidated Statement of Comprehensive Income.

B3. Investment Property

	2023	2022
	\$000	\$000
Opening Fair Value of Investment Property	37,085	29,409
Additions/Reclassifications at cost	4	3,555
Revaluations (recognised in property revenue)	501	4,121
Closing Fair Value of Investment Property	37,590	37,085

Recognition and Measurement

Investment Property

Investment Property is held to earn rental income and for capital appreciation and is measured at fair value. Gains or losses from changes in the fair value of investment property are included in the profit or loss in the period in which they arise. Investment Properties are not depreciated.

Valuation Basis

Investment properties are revalued annually and were valued on 30 June 2023 by Ian McKeage, Registered Valuer, FNZIV, FPINZ of Telfer Young. The valuer's have recent experience in the location and category of the item being valued. Further detail on the fair value measurement is included in note B5.

B4. Capital Commitments

Capital commitments at balance date are \$4.1m. This relates to the purchase of a marine travel lift in connection with the redevelopment of the Nelson Slipway, (2022: \$2m, two projects).

The redevelopment project, in partnership with the Crown will redevelop the Nelson Slipway area to create a new wharf that will allow a new marine travel lift to operate having a capacity of 550 tonnes. The facility will include a new environmental treatment facility and contaminated silts will be removed from the harbour basin adjacent to the slipway. The total redevelopment project is estimated to cost \$19.2m.

B5: Fair Value Measurements

The valuation of assets requires the application of judgement and use of estimates and assumptions. The independent valuation reports for Investment Property are subject to internal review by the management team. The review focuses on checking material movements and ensuring all additions and disposals are captured. A summary report on valuation movements is provided to the Board and full copies of the valuer's reports are available to Directors.

For Property, Plant and Equipment that is measured using an income-based approach, the significant assumptions are considered by both management and the Board and sensitivity analysis is performed. Valuations are categorised within a three tier fair value hierarchy table based upon the observability of valuation inputs

Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly, as prices, or indirectly, derived from prices.

Level 3 inputs: Inputs for the asset or liability that are not based on observable market data, that is, unobservable inputs.

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

The following tables summarise the valuation approach and key assumptions used by the valuers to arrive at fair value.

Valuation Approach	Description of Valuation Approach
Sales Comparison Approach	A valuation methodology whereby the subject property is compared to recently sold properties of similar features with fair value determined through the application of positive and negative adjustments for their differing attributes.
Income Capitalisation Approach	A valuation methodology which determines fair value by capitalising a property's sustainable net income at an appropriate, market derived capitalisation rate with subsequent capital adjustments for near-term events, typically including letting-up allowances for vacancies and pending expiries, expected short-term capital expenditure and the present value of any difference between contract and market rentals.
Discounted Cashflow	A valuation methodology which determines fair value by discounting estimated future cashflows to net present value.



B5: Fair Value Measurements (continued)

The key assumptions used to measure the fair value of Property, Plant and Equipment and Investment Property classified as level 3, along with their sensitivity are as follows:

Measurement of Property, Plant and Equipment as a single unit

The Port has assessed that its Property, Plant and Equipment assets work together as a single unit to generate cash flows (CGU). The key premise of this assumption is that all assets within Property, Plant and Equipment are interdependent and cannot meaningfully be separated into individual units. For example, the shipping channel, wharves, land behind the wharves and associated infrastructure enables the port to exist. As a result the Port has elected to measure all Property, Plant and Equipment as a single unit for the purposes of fair value.

Revaluation

On completion of the income-based approach to valuing Port Operational Property, Plant and Equipment at June 30, 2023, the valuation was not materially different from the carrying value of the Port Operational Property, Plant and Equipment. Therefore no revaluation was recorded at June 30, 2023.

Sensitivity Analysis

The calculation of the fair value for the Port Operations Property, Plant and Equipment is most sensitive to the inputs for cargo volumes, container throughput and the post-tax discount rate. Cargo volumes and container throughput are influenced by several factors that are difficult to predict, in particular nature and export market conditions. The post-tax discount rate is an estimate of Port Nelson's weighted average cost of capital and is influenced by several external factors such as the risk-free rate and inflation. The sensitivity of the valuation model to cargo volumes, specifically log volumes, and discount rate, where all other inputs remain constant, is as follows:

Significant Unobservable Inputs	Sensitivity of Change	Valuation Impact
	%	\$000
Post-tax discount rate	(0.3)	15,627
	0.3	(15,627)
Log Volumes	(10)	(25,153)
	15	32,224

B5. Fair Value Measurements (continued)

Asset Classification	Valuation Approach	Significant Unobservable Inputs	Range of Unobservable Inputs	Relationship of Unobservable Input to Fair Value	
Property, Plant and Equipment/ Port Operations CGU	Discounted cashflow	Future capital expenditure		The Port has used the historical capital expenditure, adjusted for known differences in asset management plans.	The higher the capital expenditure the lower the fair value.
		Discount rate		8.63%	The higher the discount rate the lower the fair value
		Terminal growth rate		2.45%	The higher the terminal growth rate the higher the fair value
		Future cargo, container volumes and changes	The Port has used forecast container volumes reflecting historical levels		The higher the forecast volumes the higher the fair value.
		Future ship visits and changes	Based on forecast cargo volumes and container throughput, historical levels for non-Port Nelson visits and known differences		The higher the forecast volumes the higher the fair value.
		Future port logistic customer numbers and warehouse utilisation	Forecast customer numbers, storage volumes and pricing.		The higher the forecast volumes the higher the fair value.
		Operating Expenditure	The Port has used forecast operational costs reflecting historical cost ratios and trends, adjusted inflation.		The higher the forecast cost the lower the fair value.
Investment Property – Land Subject to Ground Leases	Sales comparison approach	Freehold land value per s/m	\$334 - \$836		The higher the price per s/m the higher the fair value
		Ground rental rate	5.57% - 6.66%		The higher the rental rate versus the contract rent, the lower the fair value
Investment Property - Land Freehold	Sales comparison approach	Freehold land price per s/m	\$394 - \$540		The higher the price per s/m the higher the fair value
Investment Property - Buildings Freehold	Income capitalisation approach	Rental per s/m	\$127 - \$202		The higher the rental per s/m the higher the fair value
		Capitalisation rate	6.00% - 6.25%		The higher the capitalisation rate the lower the fair value.

C. Financial Risk Management

C1. Financial Instruments

Port Nelson's operations expose it to a variety of financial risks which it seeks to manage through the application of its Treasury Policy. This policy provides guidance to management on carrying out appropriate financial risk management activities including the use of derivative financial instruments to manage this risk. Port Nelson does not enter into speculative trades.

Key Financial Risks

Interest Rate Risk

Port Nelson is exposed to interest rate risk on the cash flows arising from its variable rate borrowings. The Board does not consider there is any significant exposure to interest rate risk on its investments.

Port Nelson's interest rate exposures are managed in accordance with specific borrowing parameters outlined in the Treasury Policy which requires the fixing of interest rates for specified portions of borrowings based upon the term remaining and outlines the approved derivative instruments that can be used to do this.

To manage its interest rate risk, Port Nelson enters into hedging instruments or cash flow hedges, otherwise known as Interest Rate Swaps (IRS). IRS swap the floating rate exposure on a notional value of borrowings for a fixed rate. Such derivatives are measured at fair value.

Required Hedging Levels on Borrowings

Term	Minimum Fixed Rate Amount	Maximum Fixed Rate Amount
Up to 2 years	40%	100%
2 years to 4 years	20%	80%
4 years to 8 years	0%	60%

At the inception of the hedge relationship, Port Nelson documents the nature of the risk being hedged, the economic relationship between the hedged item, the instrument for effectiveness testing along with its risk management objectives for undertaking various hedge transactions. After the initial assessment of the hedge effectiveness at the inception of the hedge, the hedge effectiveness is assessed at each subsequent reporting date (30 June and 31 December) and upon a significant change in the circumstances affecting the hedge effectiveness requirements.

The hedged item (the borrowings) creates an exposure to pay interest on the notional value, settled at intervals prescribed by the hedge agreement. The IRS on the same notional value creates an equal and opposite interest receipt and a fixed interest payment, creating an exact offset for this transaction and resulting in a net fixed interest payable.

The effective portion of changes in the fair value of the derivative financial instruments that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to any ineffective element is recognised immediately in the profit or loss.

With the establishment of Infrastructure Holdings Limited, and the expected restructuring of Port Nelson borrowings in the following financial year, Port Nelson has determined for the year ended June 30, 2023, that the existing economic relationship between the hedged item and the hedging instrument is unlikely to continue after 31 December 2023, deeming the hedge relationship ineffective from this date.

An amount of \$2.391m, representing the ineffective portion of the IRS, has been reclassified from the hedging reserve to the profit and loss. The hedge ineffectiveness arises from variations in the expected timing of future cash flows and discrepancies between the hedged item, borrowings and the hedging instrument, IRS.

C1. Financial Instruments (continued)

Sensitivity Analysis

Interest Rate Change	Impact on Profit	Impact on Equity
	\$000	\$000
-200bp	336	(1,552)
-100bp	168	(755)
+100bp	(168)	727
+200bp	(336)	1,417

The table to the left illustrates the potential profit or loss and equity impact for reasonably possible interest rate movements, with all other variables held constant, based on Port Nelson's financial instrument exposure at the balance date.

Cash Flow Hedges	Average Contracted Fixed Interest Rate		Notional Principal Value	
	2023	2022	2023	2022
	%	%	\$000	\$000
Less than 1 year	1.5	2.8	14,000	7,000
1 to 2 years	3.9	1.5	10,000	14,000
2 to 5 years	2.1	2.6	29,000	39,000
			53,000	60,000

The table to the left details the notional principal amounts and remaining terms of IRS contracts outstanding at the end of the reporting period, including those with forward start dates, designated in to cash flow hedging relationships.

Credit Risk

Port Nelson is exposed to credit risk on its cash and cash equivalents from the possibility of counter-parties failing to perform their obligations. This risk is represented by the carrying value in the Statement of Financial Position. Port Nelson consider this risk to be not material.

Trade and Other Receivables

	2023	2022
	\$000	\$000
Trade Receivables	12,885	10,351
Related Party Receivables	237	8
Less Provision for Expected Credit Losses	(216)	(116)
Total Trade Receivables	12,906	10,242

Recognition and Measurement

Trade and Other Receivables

Trade and Other Receivables are measured at fair value less any provision for impairment. They are non-interest bearing and have payment terms of generally the 20th of the month of receipt of invoice, but vary on a case-by-case basis between 7-61 days.

C1. Financial Instruments (continued)

Trade Receivables Past Due

	2023	2022
	\$000	\$000
Less than three months	3,506	72
Greater than three months	294	183
Total Past Due	3,800	255
Trade Receivables Not Past Due	9,106	9,987
Total Trade Receivables	12,906	10,242

Recognition and Measurement

Impairment of Trade Receivables

The provision for Expected Credit Loss represents impairment losses on contracts with customers. Port Nelson measures the Expected Credit Loss for trade receivables at an amount equal to lifetime expected credit losses. The allowance is estimated by reference to past default experience of the debtor, an analysis of the debtor's current financial position as well as forward looking information. Port Nelson writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. None of the trade receivables that have been written off are subject to enforcement activities.

Expected Credit Loss

Port Nelson's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between Port Nelson's different customer base.

Currency Risk

Port Nelson is exposed to currency risk on purchases of Plant and Equipment from overseas which it undertakes from time to time.

Management actively monitor the currency risk exposure and will enter into forward foreign exchange contracts to hedge this risk where required by the Treasury Policy. As at balance date Port Nelson had three forward foreign exchange contracts, EUR 598,500 expiring November 2023, EUR 1,077,300 expiring February 2024 and EUR 119,700 expiring May 2024. (2022: Nil). The EUR exchange related contracts are in connection with the purchase of a marine travel lift.

Liquidity Risk

Liquidity risk is the risk that Port Nelson will encounter 'difficulty' raising funds to meet commitments as they fall due.

Liquidity risk is managed by maintaining sufficient cash. This is achieved by ensuring the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

C1. Financial Instruments (continued)

Multi-Option Credit Facility

Port Nelson has financing arrangements with Westpac Banking Corporation totalling \$100,000,000 for a multi-option credit facility made up of a three facility agreement one expiring December 2023 and two July 2024. The first is for a funding facility of \$40,000,000, the second is for a funding facility of \$40,000,000 and the third is for a funding facility of \$20,000,000.

Security for the multi-option credit facility is by a first and exclusive debenture charge over the assets and undertakings of Port Nelson.

Funding agreements are under review and remain unchanged at the time of preparation of the financial statements. The existing facilities are set to mature between December 2023 and July 2024. The Directors are confident in the renewal or restructuring of funding facilities before these dates.

The following table details the tranches that make up the multi-option credit facility arrangement.

	Facility	Maturity	Drawn Down Amount	
			2023	2022
	\$000		\$000	\$000
Current Interest Bearing Loans				
Bank Loan	40,000	December 31, 2023	31,200	40,000
Total Current Borrowings	40,000		31,200	40,000
Non-Current Interest Bearing Loans				
Bank Loan	40,000	July 1, 2024	40,000	22,850
Bank Loan	20,000	July 1, 2024	-	13,850
Total Non-Current Borrowings	60,000		40,000	36,700
Total Borrowings	100,000		71,200	76,700

C1. Financial Instruments (continued)

Recognition and Measurement

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method where this differs from face value.

Trade and other payables are recognized at fair value on receipt of goods and services, and subsequently measured at cost using the effective interest method. Amounts representing unpaid liabilities for goods and services received prior to year end and are typically settled within 30 days. Their fair value approximates their carrying value.

Maturity analysis for the principal amounts of non derivative financial instrument liabilities based upon the contractual maturities.

	Weighted Average Effective Interest Rate	Due within 1 year	Due between 1 to 2 years	Due between 2 to 5 years	Total
2023		\$000	\$000	\$000	\$000
Borrowings	4.45%	31,200	40,000	-	71,200
Trade and Other Payables		4,508	-	-	4,508
Finance Lease Commitment		1,132	758	185	2,075
		36,840	40,758	185	77,783
2022					
Borrowings	3.77%	40,000	22,850	13,850	76,700
Trade and Other Payables		4,027	-	-	4,027
Finance Lease Commitment		462	240	228	930
		44,487	23,090	14,078	81,656

Fair Value of Financial Derivatives

Financial instruments carried at fair value include Interest Rate Swaps which are valued at a total asset of \$3.266m (2022: \$2.652m) at balance date. These are considered a Level 2 valuation in the Fair Value Hierarchy defined in Note B5.

The valuation of Interest Rate Swaps is derived from the New Zealand Financial Markets Association closing rates on the revaluation date. From these rates the mark to market is calculated to reflect the net present value of the remaining fixed and floating cash flow obligations.

D. Other Information

D1. Provisions

Employee Benefit Liabilities

	2023	2022
	\$000	\$000
Accrued Pay	711	677
Annual Leave	1,734	1,565
Long Service Leave	411	340
Other Benefits	636	587
Total Employee Benefit	3,492	3,169
Current	3,170	2,910
Non-Current	322	259
Total Employee Benefit	3,492	3,169

Recognition and Measurement

Provisions

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and other benefits in the period the related service is rendered.

Annual leave and long service leave have been calculated on an accrued basis at current rates of pay.

Noise Mitigation Provision

	2023	2022
	\$000	\$000
Current	83	109
Non-Current	285	321
	367	430

Noise Mitigation Provision

Port Nelson reviews its Noise Mitigation provision each year as the mitigation work is undertaken. The provision relates to Stages One, Two and Three. The Noise Variation within the Nelson City Resource Management Plan became operative on the 23rd February 2012. Port Nelson has quantified the costs of its obligation as at 30 June 2023.

Port Nelson recognises it has an obligation to assist with noise mitigation works for noise-affected properties adjacent to the port. Noise mitigation costs may include building work, professional fees, building consents, preparation of drawings and project management.

D2. Issued Capital

At 30 June 2023 Port Nelson has 25,415,404 (2022: 25,415,404) ordinary shares. All shares are fully paid and have no par value. All shares carry equal voting rights and the right to share in any profit on winding up of the company. None of the shares carry fixed dividend rights.

D3. Reconciliation of Net Operating Cash Flows

	2023	2022
	\$000	\$000
Net Profit	9,317	12,022
Add non-cash items:		
Depreciation and amortisation	10,574	9,708
Net movement in deferred tax/hedging reserves	(4,000)	(813)
Appreciation of Investment Property	(501)	(4,121)
Net Noise Mitigation provision	(62)	(151)
	6,011	4,623
Add (less) movements in other working capital items:		
Trade and other receivables	(2,665)	(404)
Inventories	(186)	(76)
Prepayments and accruals	493	(560)
Trade and other payables	481	330
Current employee benefit entitlements	260	36
Current movement lease liabilities	670	135
Tax payable	1,613	(853)
	666	(1,392)
Add (less) items classified as investing or financing activities:		
Non-current movement employee benefit entitlements	63	7
Non-current movement lease liabilities	1,474	521
Net gain on sale of assets	(31)	(74)
	1,506	454
Net Cash Inflow From Operating Activities	17,500	15,707

D4. Reconciliation of Financing Activities

	2023	2022
	\$000	\$000
Cash Movements		
Movement in borrowings	(5,500)	1,030
Dividend paid	(4,300)	(4,560)
Payment of lease liabilities	(1,000)	(348)
Net Cash Inflow From Financing Activities	(10,800)	(3,878)

D5. Lease Liability

Lease Liability

	2023	2022
	\$000	\$000
Opening Lease Liability	930	622
Additions	2,029	624
Interest	116	32
Payments	(1,000)	(348)
Closing Lease Liability	2,075	930
Current	1,132	462
Non-Current	943	469
Total Lease Liability	2,075	931
Amounts Recognised in Profit and Loss		
Depreciation on right of use asset	941	345
Finance Cost	116	32
Short term and low value	435	690

Recognition and Measurement

Leases as a Lessee

Port Nelson has recognised right of use assets and lease liabilities using a straight-line basis over the lease term.

The lease term is the period during which the lease cannot be terminated, along with any options to extend the lease. A judgement has been made to assess the likelihood of exercising any rights of renewal for each individual lease.

Short-term (less than 12 months), and low value leases are recognised directly in the profit and loss.

D6. Related Party Disclosures

		2023	2022
		\$000	\$000
Nelson City Council	Services Provided by Port Nelson	240	816
	Services Provided to Port Nelson	1,051	829
	Accounts Receivable by Port Nelson	2	8
	Accounts Payable by Port Nelson	37	22
	Dividends Payable by Port Nelson	1,250	1,400
	Dividends Paid by Port Nelson	2,150	2,280
Tasman District Council	Services Provided by Port Nelson	209	-
	Dividends Payable by Port Nelson	1,250	1,400
	Dividends paid by Port Nelson	2,150	2,280
Infrastructure Holdings Limited	Accounts Receivable by Port Nelson	235	8
Nelmac	Services Provided to Port Nelson	31	48

Nelson City Council and Tasman District Council jointly own Port Nelson.

Nelmac and Infrastructure Holdings are 100% owned by Nelson City Council and are therefore a related party.

D6. Related Party Disclosures (continued)

Directors and Key Management Personnel

The Key Management Personnel comprise the Chief Executive Officer, and their direct reports, who hold the highest authority in shaping the company's strategic direction and overseeing its management.

Throughout the year, the Group engaged in transactions with companies that share common directorships. These transactions were conducted at arms length on a fair and impartial basis, without any preferential treatment.

Details of compensation paid to Key Management Personnel and Directors during the financial year

		2023	2022
		\$000	\$000
Directors	Salaries and Other Short-Term Benefits	271	249
Key Management Personnel	Salaries and Other Short-Term Benefits	1,688	1,414

D7. Contingent Assets and Liabilities

Port Nelson is a party to an investigation following an incident in January 2023. There is potential for charges to be filed against Port Nelson however, as of the balance date no charges have been laid. It is expected that any financial impact on Port Nelson will be not material, (2022: \$nil).

There are no contingent assets at 30 June 2023, (2022: \$nil).

D8. Business Combination

Nelson Slipway

On 29 September 2021, Port Nelson limited acquired the assets of Nelson Slipway Limited at the agreed price of \$2.48m. As a result of the transaction goodwill of \$1.8 million was generated. This has been allocated to the Port Operations CGU due to the synergies provided.

D9. Events After Balance Date

Infrastructure Holdings Limited and Shareholding Change

On 1 July 2023 the shares of Port Nelson Limited were transferred to Infrastructure Holdings Limited (IHL). Tasman District Council and Nelson City Council own and control IHL and remain the ultimate shareholders of Port Nelson.

Minimal operational impact is expected through the establishment of IHL, however a number of benefits may arise including the potential for reduced borrowing cost through the use of the Local Government Funding Agency.



PORT  NELSON

Port Nelson
Nelson 7010, New Zealand