

## NOTICE OF MEETING

### Joint Shareholders Committee

#### Komiti Joint Shareholders

**Date:** Thursday 27 April 2023

**Time:** 1.30 pm

**Venue:** Tasman Council Chamber  
189 Queen Street, Richmond

**Zoom Link:** <https://us02web.zoom.us/j/86933000465?>

**Meeting ID:** 869 3300 0465

**Passcode:** 644446

#### MEMBERSHIP

| Members | Tasman District Council | Nelson City Council            |
|---------|-------------------------|--------------------------------|
|         | Mayor T King            | Mayor N Smith                  |
|         | Deputy Mayor S Bryant   | Deputy Mayor R O'Neill-Stevens |
|         | Cr B Dowler             | Cr M Benge                     |
|         | Cr K Maling             | Cr M Courtney                  |
|         | Cr C Mackenzie          | Cr K Paki Paki                 |
|         | Cr C Hill               | Cr R Sanson                    |

(Quorum 6 members)

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## AGENDA

### 1 OPENING, WELCOME, KARAKIA

### 2 APOLOGIES AND LEAVE OF ABSENCE

#### Recommendation

That apologies be accepted.

### 3 PUBLIC FORUM

Registration is required to speak at public forum. You can register [here](#)

### 4 DECLARATIONS OF INTEREST

### 5 LATE ITEMS

### 6 CONFIRMATION OF MINUTES

That the minutes of the Joint Shareholders Committee meeting held on Tuesday, 29 November 2022 and the minutes of the Extraordinary Joint Shareholders Committee meeting held on Tuesday, 13 December 2022, be confirmed as a true and correct record of the meeting.

### 7 PRESENTATIONS

Nil

### 8 REPORTS

- 8.1 Tasman Bays Heritage Trust Half Yearly Report to 31 December 2022 and Draft Statement of Intent 2023/2024..... 4
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- 8.3 Nelson Airport Limited - Half Yearly Report to 31 December 2022..... 47
- 8.4 Port Nelson Ltd Interim Six-Month Report ended 31 December 2022 ..... 73
- 8.5 Infrastructure Holdings Limited - transfer of shares in Port Nelson Limited and Nelson Airport Limited (Late Covering Report)..... 94

### 9 CONFIDENTIAL SESSION

- 9.1 Procedural motion to exclude the public..... 95
- 9.2 Infrastructure Holdings Limited draft Statement of Intent 2023/2024 ..... 95
- 9.3 Reappointment of Directors to Port Nelson Ltd ..... 95

### 8 CLOSING KARAKIA

## 8 REPORTS

### 8.1 TASMAN BAYS HERITAGE TRUST HALF YEARLY REPORT TO 31 DECEMBER 2022 AND DRAFT STATEMENT OF INTENT 2023/2024

Decision Required

**Report To:** Joint Shareholders Committee  
**Meeting Date:** 27 April 2023  
**Report Author:** Martin Croft, Strategic Advisor Community Services  
**Report Number:** RJSC23-04-1

#### 1 Purpose of the Report

- 1.1 To receive the Tasman Bays Heritage Trust (TBHT) half yearly performance report 1 July to 31 December 2022 (**Attachment 1**).
- 1.2 To receive the TBHT draft Statement of Intent 2023/24 and provide shareholder comments to the Trust (**Attachment 2**).

#### 2 Draft Resolution

**That the Joint Shareholders Committee:**

1. receives the Yearly Report to 31 December 2022 and Draft Statement of Intent 2023/24 report, RJSC23-04-1 and its attachments; and
  2. notes the delivery of the Tasman Bays Heritage Trust Draft Statement of Intent 2023/24 as required under the Local Government Act 2002; and
  3. instructs staff to advise the Tasman Bays Heritage Trust of the following comments on the Draft Statement of Intent 2023/24:
  4. *to be discussed at the meeting*
- OR
5. that the Tasman Bays Heritage Trust Draft Statement of Intent 2023/24 meets Committee's expectations, as set out in the Letter of Expectations dated 21 Dec 2022

### 3 Background and Discussion

#### Half Yearly Report

- 3.1 The THBT half yearly report covers the period 1 July 2022 to 31 December 2022 (**Attachment 1**).
- 3.2 This report details the strategic goals of the Trust, and the actions planned to achieve these goals. All have been achieved or are on target to be achieved, except one which has been deferred to 2024 (**Attachment 1**, pages 9-15).
- 3.3 The Statement of Comprehensive Income shows a net deficit of \$55,345 for the period, which is better than the projected deficit of \$114,848.
- 3.4 The new Archives, Research and Collections Facility (ARC) capital project has progressed significantly in this period, with the site master plan and concept design being completed. The resource consent application has been submitted and is currently with Nelson City Council.
- 3.5 Some of the highlights in this period for the Museum include:
  - 3.5.1 Hosting three different exhibitions concurrently in the upstairs gallery.
  - 3.5.2 Two new accessibility initiatives being introduced alongside the exhibition 'Curious Contraptions' for neurodiverse visitors.
  - 3.5.3 Securing a new Ministry of Education contract to deliver local curriculum for the next three and a half years.
  - 3.5.4 The completion of a multi-year project to replace the Museum's ageing server, significantly increasing storage capacity, data security, and allowing a greatly enhanced user experience.
- 3.6 Whilst this period began with slow visitation, numbers have picked up significantly, finishing with over 22,000 visitors.
- 3.7 The Chief Executive, Lucinda Jimson will attend the meeting to present the report and respond to any questions.

#### Draft Statement of Intent

- 3.8 TBHT is a joint Council Controlled Organisation.
- 3.9 Under the Local Government Act 2002, the Trust is required to provide a draft Statement of Intent (SOI) to the shareholding councils, no later than 1 March each year. This requirement has been met.
- 3.10 The councils have an opportunity to provide comments to the Trust within two months of this date, and the Trust has until 30 June 2023 to deliver the final SOI to the councils. The draft SOI is included as **Attachment 2**.
- 3.11 Schedule 8 of the Local Government Act outlines the purpose of an SOI, what is to be included, and how it is to be approved. The SOI, as supplied by the Trust, is compliant.
- 3.12 A Statement of Expectations (SOE) was sent to the Trust on 21 December 2022, to help guide the Trust in the creation of the SOI. This is available [here](#). It did not include any specific expectations.
- 3.13 The Committee should note that in the Projected Operating Statement of Financial Performance, the TBHT has assumed a 5% increase in council funding year-on-year.

**4 Options**

- 4.1 There is no decision to be made on the half-yearly report. The Trust has complied with the legislation in preparing and presenting the report to the councils.
- 4.2 The Committee may decide to:

| <b>Option 1: Note the TBHT’s Draft SOI 2023/24 meets the Committee’s expectations</b>  |  |
|--|--|
| Advantages   | <ul style="list-style-type: none"> <li>Gives clarity to the TBHT and the Committee on the direction for the period 2023-2024.</li> </ul>                   |
| Risks and Disadvantages  | <ul style="list-style-type: none"> <li>None obvious.</li> </ul>  |
| <b>Option 2: Instruct staff to provide comments to the TBHT on its updated SOI, including a comment to adjust Council funding to match what is confirmed in both Nelson City Council’s and Tasman District Council’s annual plans. (Recommended)</b> |  |
| Advantages   | <ul style="list-style-type: none"> <li>The Trust will have an opportunity to make changes to the draft SOI to reflect the Committee’s comments.</li> </ul> |
| Risks and Disadvantages  | <ul style="list-style-type: none"> <li>None obvious.</li> </ul>  |

**5 Important considerations for decision-making**

|   |
|---|
| <b>5.1 Fit with Purpose of Local Government</b>   |
| The preparation of a draft Statement of Intent and delivery of the half yearly report is a requirement of Schedule 8 of the Local Government Act.   |
| <b>5.2 Consistency with Community Outcomes and Council Policy</b>   |
| The Trust contributes to the outcomes ‘Our communities have opportunities to celebrate and explore their heritage, identity and creativity’ and ‘Our communities have access to a range of social, educational and recreational facilities and activities’. |
| <b>5.3 Risk</b>   |
| There is medium risk that expectations of funding for the ARC capital project to house and care for the Nelson Tasman regional heritage collection may not be realised.   |
| <b>5.4 Financial impact</b>   |
| The provision of the museum is a budgeted activity for both councils.   |
| <b>5.5 Degree of significance and level of engagement</b>   |

|            |   |
|------------|---|
|            | This matter is of low significance and no further consultation is proposed.   |
| <b>5.6</b> | <b>Climate Impact</b><br>Climate impact is addressed through the strategic objective of sustainability performance.   |
| <b>5.7</b> | <b>Inclusion of Māori in the decision-making process</b><br>No engagement with Māori has been undertaken in preparing this report. Iwi are represented on the Trust Board and through an advisory komiti.   |
| <b>5.8</b> | <b>Delegations</b><br>The Joint Shareholders Committee has the following delegations to consider:<br><br><i>Areas of Responsibility:</i> <ul style="list-style-type: none"> <li>• <i>All matters relating to jointly owned Council Controlled Organisations and Council Controlled Trading Organisations and port companies, including statements of intent, statements of corporate intent, half yearly reports, the appointment of directors and setting of directors' fees.</i></li> </ul><br><i>Powers to Decide:</i> <ul style="list-style-type: none"> <li>• <i>All matters relating to jointly owned Council Controlled Organisations and Council Controlled Trading Organisations and port companies including statements of intent, statements of corporate intent, half yearly reports, the appointment of directors and setting of directors' fees.</i></li> </ul> |

## 6 Conclusion and Next Steps

- 6.1 TBHT has submitted the draft Statement of Intent 2023/24 as required by the Local Government Act.
- 6.2 The Committee has an opportunity to provide comments to the Trust on the draft SOI for consideration by the TBHT board in finalising the draft SOI 2023/24.

## 7 Attachments

- |                      |  |    |
|----------------------|--|----|
| 1. <a href="#">↓</a> | Tasman Bays Heritage Trust Half Yearly Performance Report 1 July to 31 December 2022 | 8  |
| 2. <a href="#">↓</a> | Tasman Bays Heritage Trust Draft Statement of Intent 2023/2024                       | 24 |



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## Tasman Bays Heritage Trust | Nelson Provincial Museum Half Year Report to Joint Committee

1<sup>st</sup> July 2022 – 31<sup>st</sup> December 2022





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## TASMAN BAYS HERITAGE TRUST HALF-YEAR REPORT TO JOINT COMMITTEE

### Introduction

Nelson Provincial Museum's Purpose is:

*To care for, strengthen and make widely accessible the taonga and heritage collections of Nelson Tasman; and to create unforgettable experiences that stimulate awareness, celebrate diversity and entertain.*

The Museum makes a significant contribution to Council Community Outcomes in the Nelson Tasman region. As identified in the recent BERL report into 'The Value of Museums and Galleries in Aotearoa'<sup>1</sup>, museums make quantifiable contributions to the Economic, Cultural, Social and Environmental Wellbeing of their rohe. Research demonstrates that our communities feel passionately about both our value, and our vital role in creating liveable cities.

Nelson Provincial Museum is charged by NCC and TDC with caring for a significant Regional Heritage Collection currently valued at \$20m. We are an employer of 20 staff including a number of highly skilled and nationally respected museum professionals. While receiving less funding than some other comparable regional museums, we continue to punch above our weight in bringing outstanding value to ratepayers and non-fiscal benefits to our local families who engage with our programmes inside and outside our walls.

It is a pleasure to present Nelson Provincial Museum's Half-Yearly Report which outlines how we have performed against our Statement of Service Indicators since 1<sup>st</sup> June 2022.

### Archives, Research and Collections Facility

As outlined in the Museum's Statement of Intent for the past five years, our key strategic goal is to **plan for and commence a capital works project which will safely and appropriately house and care for the Nelson Tasman Regional Heritage Collection.**

Significant progress has been achieved in the period of this report. In September we informed both Nelson City and Tasman District Councils of the appointment of the lead architect and supporting team for the design phases of the ARC facility project. CGW Consulting Engineers, our selected project management partner, conducted a robust procurement process and continue to manage the project through the design phases. The Site Master Plan and Concept Design has been completed, and the Preliminary Design is due to be completed in January 2023.

The rain event in August 2022 was a timely reminder of the critical need for a new facility to house the collection, with the Isel Park facility facing ongoing water tightness challenges including flood risk. Staff worked around the clock to ensure the safety of the collections. The curators are skilled professionals who do their best with plastic sheeting and sandbags, but the conditions are grossly inadequate for a regional collection which - although valued at NZD\$20 million - is irreplaceable. If lost, these taonga and treasures will be lost forever.

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<sup>1</sup> BERL 2022, reference #6302, available on request from Nelson Provincial Museum



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Ongoing Council support and action is required during the next six months to process the resource consent application (submitted in January 2023), resolve the issue of the abandoned land alongside the site of the new ARC facility, and fulfil financial commitments of the design phase to enable timely progress on this crucial regional project.

### **Taonga Māori**

The Museum is guided by Te Taiao Komiti, the Iwi advisory group consisting of the six mana whenua iwi from the marae in Whakatū, Motueka and Mōhua.

Mahi in this period has included liaising with local whānau to tell the stories in the new upcoming exhibition *'Morimoritia Ngā Taonga Tuku Iho | Treasured: Objects of Mana and Significance'*. This exhibition also has the distinction of being the Museum's first fully bi-lingual self-curated exhibition, with all labels in te reo Māori and English. We are especially delighted that whānau themselves have written the accompanying text for their taonga.

The Museum's Kaitiaki Taonga Hamuera Manihera works closely with Ngākahu National Repatriation Partnership. On a regional level, he also helped to facilitate the Ngākahu tikanga workshop at Omaka Marae.

The Museum was delighted to commission a contemporary pūtātara made by Layton Robertson, Ngāti Apa ki te Rā Tō. The artist applies traditional techniques and materials to its construction which complements older taonga pūoro in the collection.

### **The Regional Heritage Collection**

In this period the collections team, with support from regular volunteers and a visiting intern, have focussed on preparing the collection for relocation. This included reducing backlogged material, auditing and securing hazardous material, improving catalogue records and identifying opportunities for rationalisation and deaccession. Researcher enquiries have been strong, with an average of 20 hours per month spent answering these. Most enquiries result in new research and catalogue updates that benefit future users. Image orders continue to provide content for community displays, local and international researchers, and publication (although, in line with the experience of other museums international, paid orders for image reproduction continue to drop).

Curators have also written a variety of taonga and object-based research articles which are published monthly in the Nelson Mail. These have a readership ranging between 1,000 – 7,000. Taonga Māori stories have seen particularly high readership and positive response from iwi, with some shared widely by national organisations including Te Papa – a tribute to their scholarship and mātauranga.

As part of our support for regional heritage organisations, the Museum provided professional expertise and assistance to staff and volunteers from Motueka Museum and external loans to the Suter Art Gallery, Isel House and Broadgreen House. The Senior Curator of Photography delivered five invitation talks over four months to over 140 local attendees in the community. We also offered support to the Suter Art Gallery when our colleagues were impacted by the flooding.



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Key acquisitions to the Collection during this period include an original Snow Craft freezing works advertising sign from the 1940s/50s and a NCC voting box from the 1950s/60s.

### **Visitor Experience and Exhibitions**

The second half of 2022 saw three different exhibitions available concurrently in our upstairs gallery, while we also created opportunities for community engagement partnerships with Nelson Clay Week and Nelson Arts Festival. We were delighted to have the *'Ablaze'* (Tasman Fires 2019) exhibition out on display again at the Higgins Park Transport Festival, the National Forest Growers Research conference, and the Marlborough and Nelson A&P Shows in collaboration with FENZ. Our new summer hands-on display *'Curious Contraptions'*, on tour from London, has received fantastic feedback and good visitor numbers since opening mid-December. We are confident it will continue to bring strong visitation over the summer period.

We were also pleased to roll out two new accessibility initiatives alongside the exhibition *'Curious Contraptions'* for our neurodiverse visitors. The Social Stories and Sensory Bags have been very warmly received by the community.

Museum staff have enjoyed the opportunity to complement internationally touring shows with local stories. The UNESCO-inscribed photography collection was used to curate both 1) *'The Voice of Climate Change'* alongside the internationally touring *'Meltdown: Visualising Climate Change'* exhibition; and 2) *'Have you heard of Pixie Town? Nelson's Curious Creations'* alongside *'Curious Contraptions'*. Local visitors in particular have enjoyed the glimpses of Nelson's past provided by the latter, as F N Jones's puppets were a treasured memory of many local childhoods.

The Museum introduced a free after school drop-in session *'Toi Ahiahi | Afternoon Art'* every Thursday afternoon during term time. This initiative saw great uptake with over 100 participants. Our team also offered a one-off event as part of the Night Vision event of the Arts Festival where visitors viewed the *'Meltdown'* exhibition by torchlight. Both initiatives have received excellent feedback and we are looking forward to offering further events the second part of the year, including those for Tuku 23 Heritage Festival.

### **Education**

The Museum was pleased to secure a new Ministry of Education contract to deliver local curriculum content for the next 3.5 years. At a time when several established museum providers lost their funding, this is a vote of confidence in our ability to share taonga-based local knowledge and iwi histories (including the Nelson Tenth) with tamariki and rangatahi. Teacher satisfaction levels are currently at 100%.

### **Visitation**

This period began with slow visitation, once again impacted by Covid outbreaks and a lack of international visitors. With the reopening of borders, and the opening of the extremely popular *'Curious Contraptions'* exhibition in December, visitor numbers picked up significantly. The Museum finished this period with over 22,000 visitors. With two record breaking days following in January, we are confident of meeting our annual target.



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It was a pleasure to see the return of international visitors, bringing with them the hope of a return to normal visitation patterns. Their return has also had a positive impact in our gift shop sales, and also put money into the pocket of the local artists and makers whose products we stock.

### **Sustainability**

In prior financial years, the Museum undertook an EMSOL Energy Audit to measure our energy footprint and identify ways to reduce our energy footprint. We are now implementing their recommendations to reduce energy consumption, which in this period included replacing standard light fittings to LEDs in this period, upgrading the Building Management System (BMS) and implementing nightly Heating, Ventilation Air Conditioning (HVAC) shutdowns. These measures have been effective in reducing our power usage. However, the savings have been offset by the significant increases in power costs, although reducing the Museum's carbon footprint.

A business case is in development to investigate the feasibility of solar power for both the current Museum and the ARC Facility.

### **Facilities, Maintenance and Infrastructure**

As is widely acknowledged, the Research Facility at Isel Park is at the end of its useful life. Unfortunately, expenditure is still required on the building to protect the Regional Collection in the short-term. In this period, work has been undertaken to repair leaks and improve watertightness, and the security system has been upgraded. A FENZ review of fire safety has recently identified new issues to resolve.

On-going maintenance has also been required at the Trafalgar St site, with a replacement of a front window and upgrade to the BMS required.

A multi-year project to replace the Museum's ageing server has been completed, significantly increasing storage capacity, data security, and allowing a greatly enhanced user experience.

### **Finance**

The Museum continues in a healthy financial position due to prudent fiscal management. The YTD Jul-Dec budget was for a loss of \$115k once adjustment has been made for fair-value Council loans, but the actual result is a loss of \$56k.

Lower than budgeted exhibition costs are due to the production timeline for '*Morimoritia Ngā Taonga Tuku Iho | Treasured: Objects of Mana and Significance*' falling in the second half of the financial year. Staffing costs are also temporarily under budget.

It is also to be noted that the 2022/23 FY budget had been prepared based on the amount applied for to the Ministry of Education. This funding was not adjusted upwards, so education expenditure has been trimmed to balance income.

ARC Facility expenditure is currently funded from operational spending and financial support from Councils is required to be able to progress this vital project.



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**STATEMENT OF COMPREHENSIVE INCOME**  
**For the Period 1 July - 31 December 2022**

|                            | Actual<br>2022  | Budget<br>2022   | Actual<br>2021 |
|----------------------------|-----------------|------------------|----------------|
| Revenue                    | 1,158,686       | 1,180,739        | 1,176,888      |
| Less Direct Costs          | 789,543         | 883,127          | 799,016        |
| Gross Profit               | 369,144         | 297,612          | 377,872        |
| Less Expenses              | 185,164         | 191,580          | 159,219        |
| Operating Profit           | 183,980         | 106,032          | 218,653        |
| Less Depreciation          | 239,325         | 220,880          | 199,634        |
| <b>Net Surplus/Deficit</b> | <b>(55,345)</b> | <b>(114,848)</b> | <b>19,019</b>  |



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**STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2022**

|                                   | 2022              | 2021              |
|-----------------------------------|-------------------|-------------------|
| <b><u>Assets</u></b>              |                   |                   |
| Cash and Bank                     | 203,787           | 354,805           |
| Debtors and Prepayments           | 54,021            | 65,223            |
| Term Deposit                      | 160,873           | 160,000           |
| Stock on Hand                     | 34,519            | 28,820            |
| WIP (ARC Project)                 | 107,784           | -                 |
| Non Current Assets                | 31,967,595        | 32,188,023        |
| <b>Total Assets</b>               | <b>32,528,579</b> | <b>32,796,870</b> |
| <b><u>Liabilities</u></b>         |                   |                   |
| Creditors and GST                 | 155,432           | 107,004           |
| Income in Advance                 | 46,199            | 48,123            |
| Accruals (Annual leave and Wages) | 73,335            | 74,814            |
| Term Liabilities                  | 706,220           | 867,075           |
| <b>Total Liabilities</b>          | <b>981,187</b>    | <b>1,097,016</b>  |
| <b>Net Assets</b>                 | <b>31,547,392</b> | <b>31,699,855</b> |
| <b><u>Equity</u></b>              |                   |                   |
| Current Year Earnings             | (55,345)          | 19,019            |
| Retained Earnings                 | 14,583,164        | 14,661,263        |
| Revaluation Reserve               | 17,019,573        | 17,019,573        |
| <b>Total Equity</b>               | <b>31,547,392</b> | <b>31,699,855</b> |



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**CASHFLOW STATEMENT**  
**For the Period 1 July - 31 December 2022**

|  | 2022           | 2021           |
|--|----------------|----------------|
| <b><u>Cash flows from Operating Activities</u></b> |                |                |
| Council Operating Grants                           | 999,380        | 943,475        |
| Contracts  | 42,295         | 41,095         |
| Interest Received                                  | 2,887          | 477            |
| Receipts from Other Revenue                        | 113,968        | 213,883        |
| Payments to Suppliers (incl GST) and Employees     | (951,671)      | (1,066,487)    |
| Net Cash from Operating Activities                 | 206,859        | 132,443        |
| <b><u>Cash flows from Investing Activities</u></b> |                |                |
| WIP - ARC Project                                  | (107,784)      | -              |
| Purchase of Property Plant and Equipment           | (66,309)       | (87,151)       |
| Net Cash from Investing Activities                 | (174,093)      | (87,151)       |
| <b><u>Cash flows from Financing Activities</u></b> |                |                |
| Repayment of Council Loans                         | (100,000)      | (100,000)      |
| Net Cash from Financing Activities                 | (100,000)      | (100,000)      |
| Net Increase/(Decrease) in Cash                    | (67,234)       | (54,708)       |
| Cash at 1 July 2022                                | 271,021        | 408,868        |
| <b>Cash at 31 December 2022</b>                    | <b>203,787</b> | <b>354,160</b> |



**TASMAN BAYS HERITAGE TRUST**

**HALF-YEARLY REPORT TO JOINT COMMITTEE 1 July 2022 – 31 December 2022**

| Strategic goal  | Actions  | Measures / KPI   | Status                  | Notes   |
|---|--|--|-------------------------|---|
| <b>1.</b><br><br><b>To plan for and commence a capital works project which will safely and appropriately house and care for the Nelson Tasman Regional Heritage Collection.</b> | 1.1<br><br>Robust planning, budgeting, fundraising and project management. | 1.1.1<br><br>Project Phases 2- 5 complete by 30 June 2023 including: <ul style="list-style-type: none"> <li>• Site Master Plan</li> <li>• Concept Design including iwi and Council consultation</li> <li>• Developed Design</li> </ul> | <b>On Track</b>         | <ul style="list-style-type: none"> <li>• Architect and design team procurement completed</li> <li>• Site Master Plan and Concept Design completed<br/>Architect presentation to Komiti complete; ongoing engagement</li> <li>• Developed (Preliminary) Design due to be complete in January 2023</li> <li>• Resource consent application to be submitted by February 2023</li> </ul> <p>Six weeks has been allowed for Council to process the Resource consent application. <i>Any Council delays may impact project.</i></p> |
|   | 1.2<br><br>Identifying, canvassing and securing funding sources            | 1.2.1<br><br>50% of non-Council funding secured by 30 June 2023.   | <b>Deferred to 2024</b> | <ul style="list-style-type: none"> <li>• Changes in the funding environment has resulted in adjustments to the timing of funding applications. For example the Lotteries Significant Projects Grant fund is in recess this year (a decision on whether LSPF comes out of recess is due in late June 2023)</li> <li>• There is a requirement for Resource Consent to be obtained before applying to The Lottery Grants Board; Resource Consent has been lodged and is progressing well.</li> </ul>                             |

|   |   |  |                 |  |
|---|---|--|-----------------|--|
|   |   |  |                 | <ul style="list-style-type: none"> <li>• Lottery Grants Board Environment &amp; Heritage application in progress</li> <li>• Procured external campaign expertise to design Fundraising Campaign.</li> <li>• Completed work to ensure the organisation is 'fundraising fit', which included developing a fundraising policy, procedure, internal forms and processes.</li> </ul>  |
| <b>2.<br/>To be a highly valued visitor destination, educational provider and venue for cultural and community connection</b> | 2.1<br><br>Implement a programme which attracts our diverse local communities | 2.1.1<br><br>Design and deliver a varied visitor experience including at least three temporary exhibitions by 30 June 2022 | <b>Achieved</b> | <ol style="list-style-type: none"> <li>1. 'Te Ngū Tipua: Ngā Wāhanga Weriweri! Colossal Squid: Freaky Features!' (Jun-Aug '22)</li> <li>2. 'Meltdown: Visualising Climate Change' (Jun-Nov '22)</li> <li>3. 'Voices of Climate Change' (Jul-Nov '22)</li> <li>4. 'Curious Contraptions' (Dec – Feb '23)</li> <li>5. 'Have you heard of Pixie town?' (Dec – Feb '23)</li> <li>6. 'Morimoritia Ngā Taonga Tuku Iho   Treasured: Objects of Mana and Significance' (Apr-Jul '23)</li> </ol> |
|   |   | 2.1.2<br><br>Implement at least one new accessibility improvement by 30 June 2022  | <b>Achieved</b> | <ol style="list-style-type: none"> <li>1. Social-story for neuro-diverse visitors published on website</li> <li>2. Sensory Packs available for neurodiverse visitors developed for 'Curious Contraptions'</li> </ol>   |

|  |   |  |                 |   |
|--|---|--|-----------------|---|
|  |   | 2.1.3<br>Design at least one initiative in partnership with iwi to support Māori visitation          | <b>On Track</b> | 1. <i>Morimoritia Ngā Taonga Tuku Iho / Treasured: Objects of Mana and Significance</i> exhibition will be fully bi-lingual and will have significant Māori content. Taonga interpretation will be provided by whānau.        |
|  |   | 2.1.4 Implement a Te Reo Māori language policy   | <b>On Track</b> | <ul style="list-style-type: none"> <li>Based upon policies from other museums and adapted for our circumstances. Scheduled for presentation to Te Tai Ao Komiti meeting for feedback before presenting to Trustees</li> </ul> |
|  | 2.2<br>Consolidating and attaining visitation targets in post-COVID environment | 2.2.1<br>Achieve target visitation of 50,000 across all venues (excluding education) by 30 June 2023 | <b>On Track</b> | 1 <sup>st</sup> July – 31 <sup>st</sup> Dec 22,351<br><br>Visitation in January 2023 so far: 7,532<br>With two record setting days (5 <sup>th</sup> : 947, 6 <sup>th</sup> : 1,003)   |
|  | 2.3   | 2.3.1<br>Achieve target of 6,000 education visits and outreach, including ECE primary,               | <b>On Track</b> | 1 <sup>st</sup> July – 31 <sup>st</sup> Dec: 2223 students, accompanied by 240 adults   |

|     |   |  |                 |   |
|-----|---|--|-----------------|---|
|     | Consolidate education visitation in a post-Covid and post-LEOTC environment | and secondary groups, subject to confirmation of Ministry of Education ELC funding enabling increased staffing levels. |                 | Note: Ministry of Education reduced the target to 5,500 since the SOI was published   |
| 2.4 | Provide a high-quality customer service and visitor experience              | 2.4.1<br>Demonstrated by a minimum of two customer surveys with rating of at least 85% satisfaction                    | <b>On Track</b> | <ul style="list-style-type: none"> <li>• Visitor Survey underway for Curious Contraptions. Currently at 89% satisfaction.</li> <li>• Will take part in national month-long Museums Aotearoa survey in February</li> </ul> |
| 2.5 | Provide a high-quality educational service                                  | 2.5.1<br>Teacher satisfaction demonstrated by an average of at least 90% over all teacher evaluations.                 | <b>On Track</b> | Current 100% satisfaction rate  |

|  |   |   |                 |   |
|--|---|---|-----------------|---|
| <b>3.</b><br><br><b>To actively support and collaborate with iwi and Nelson Tasman cultural heritage organisations</b> | <b>3.1</b><br><br>Providing advice, guidance, content, mentoring and support to smaller galleries, libraries, archives and museums within Nelson Tasman | <b>3.1.1</b><br><br>Provide 50 hours of professional support and assistance to Te Taihu district museums and cultural organisations by 30 June 2023 | <b>Achieved</b> | <ul style="list-style-type: none"> <li>• 16 hours of professional support to Murchison Museum</li> <li>• ABLAZE – Higgins Heritage Park Transport Festive (1-2 Oct '22) - 40 hours</li> </ul>     |
|  |   | <b>3.1.2</b><br><br>Organise at least two regional museum hui by 30 June 2023   | <b>On track</b> | Organisation underway   |
|  | <b>3.2</b><br><br>Collaborating with Nelson Tasman cultural heritage organisations and iwi  | <b>3.2.1</b><br><br>Participate in at least one collaborative project with a Nelson Tasman cultural heritage organisation or iwi by 30 June 2023.   | <b>On track</b> | 1. Collaboration with Ngāti Kuia on Regional Gallery case refreshment<br><br>2. In conversation with Q Youth to develop digital content<br><br>3. Involvement in Tuku 23 Nelson Heritage Festival |

|   |  |  |          |  |
|---|--|--|----------|--|
| <b>4.</b><br><br><b>To continue to develop and provide appropriate care for a strong Collection which is relevant and accessible to, and valued by, Nelson Tasman communities</b> | <b>4.1</b><br><br>Actively collecting objects that are strongly related to the history and cultural story of Nelson Tasman | <b>4.1.1</b><br><br>Collect at least two relevant contemporary local objects or taonga by 30 June 2023 | On track | Putatara commissioned from Layton Robinson   |
|   | <b>4.2</b> Provide access for our visitors to connect with the Collection digitally, on-site and in the community          | <b>4.2.2</b><br><br>Upgrade Collections Online to use Vernon Browser version 7.0                       | On track | Upgrade scheduled in March-April 2023  |
|   | <b>4.3</b><br><br>Prepare collection for relocation  | <b>4.3.1</b><br><br>Implement first phase collection relocation plan                                   | On track | 1. Iwi consultation about taonga movements underway<br>2. Backlog processing in progress |

|   |   |   |          |  |
|---|---|---|----------|--|
| <b>5.<br/><br/>To improve our sustainability performance.</b> | 5.1 Implement energy savings identified in EMSOL Energy Audit | 5.1.1<br><br>Implement three initiatives identified in EMSOL Energy Audit to reduce power consumption by 30 June 2023 | On track | <ol style="list-style-type: none"> <li>1) 90 light fittings to be replaced by LEDs. Education and Exhibition offices, Foyers and 95% of gallery lighting has now been changed over.</li> <li>2) Network fee load group change underway</li> <li>3) Bathroom and Workshop PRI sensors in train</li> </ol> |
|   | 5.2 Implement actions to improve sustainability performance   | 5.2.1<br><br>Implement at least one new staff driven initiative by 30 June 2023                                       | Achieved | <ol style="list-style-type: none"> <li>1. Battery recycling implemented for both Town and Isel sites</li> <li>2. Secure print being introduced on all printers to reduce unwanted printing</li> <li>3. Nightly HVAC shutdowns extended</li> </ol>  |

## **TASMAN BAYS HERITAGE TRUST | NELSON PROVINCIAL MUSEUM**

### **STATEMENT OF INTENT 2023-2024**

**DRAFT**



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Click to view on our [website](#)

[Purpose Statement and Mission](#)

[Governance Statement: Structure, Function and Obligations of the Board](#)

## **Tasman Bays Heritage Trust**

### **Statement of Intent 2023-2024**

#### **INTRODUCTION**

This Statement of Intent (SOI) is submitted by the Tasman Bays Heritage Trust ('the Trust'), operating as Nelson Provincial Museum ('the Museum'), a Council Controlled Organisation of Nelson City Council and Tasman District Council ('the Stakeholders'), and in accordance with Section 64 of the Local Government Act 2002 and its amendments, and sets out the intentions and expectations of the Trust for the period 1 July 2023 – 30 June 2024.

In presenting this SOI we wish to thank the Nelson City Council and Tasman District Council for their continued support of Tasman Bays Heritage Trust. We are confident that our strategic plan will enhance the value of the Museum to our communities, adding to the vibrancy and attractiveness of the region as a destination for visitors and for our resident communities, and enable us to protect and share the region's heritage treasures for future Nelson Tasman generations.

***Please click through to the Museum's website to read the Trust's [Purpose Statement, Mission, Values and Activities](#) and [Governance Statement: Structure, Function and Obligations of the Board](#).***

#### **PURPOSE STATEMENT**

To care for, strengthen and make widely accessible the taonga and heritage collections of Nelson Tasman; and to create unforgettable experiences that stimulate awareness, celebrate diversity and entertain.

#### **STRATEGIC GOALS 2023/24 FY**

This SOI defines five strategic objectives with associated activities and key performance indicators (KPIs), each of which underpin the strategic direction for the next three years. These are derived from the priorities and stated objectives of the Trust, combined with the expressed expectations of our two stakeholder Councils:

1. To plan for and commence a capital works project which will safely and appropriately house and care for the Nelson Tasman Regional Heritage Collection;
2. To be a highly valued visitor destination, educational provider and venue for cultural and community connection;
3. To actively support and collaborate with iwi and Nelson Tasman cultural heritage organisations;
4. To continue to develop and provide appropriate care for a strong Collection which is relevant and accessible to, and valued by, Nelson Tasman communities;
5. To improve our sustainability performance.

**1. To plan for and commence a capital works project which will safely and appropriately house and care for the Nelson Tasman Regional Heritage Collection**

The Trust's key strategic goal for the 2023/24 FY is to **plan for and commence a capital works project which will safely and appropriately house and care for the Nelson Tasman Regional Heritage Collection.**

As is widely understood in the Nelson Tasman community, the Isel Park Research Facility is at the end of its functional life. A replacement is urgently required to provide ongoing care for the Museum's nationally – and internationally - significant Regional Collection.

The planned replacement - working title Archives Research and Collections Facility (ARC) - has been discussed and workshopped with Councils over the last five years. These discussions have included approval of the Business Case, a Joint Committee Working Group to decide on the optimum location, and subsequent approval to purchase the Church Street site.

The ARC Facility will not only deliver on the Museum's core objective of protecting the Regional Collection, but it will also increase access to it. The central city site will add to the vibrancy of the area and deliver upon NCC's Taonga Tuku Iho Cultural Heritage Strategy. Easy access to cultural and heritage is a vital part of 'liveable cities' and this project will enable iwi, multi-generational families, migrant and refugee-background communities, students and visitors to easily connect with our region's unique and precious history. Access to local history is a key part of the Ministry of Education's Aotearoa New Zealand Histories curriculum and our schools have told us they need the easy access to the collections for senior students that this central-city facility will provide.

We are grateful to Nelson City Council and Tasman District Council for allocating \$3.165m and \$3.2m respectively towards the ARC project in their Long-Term Plans. Ongoing support from both Councils is required to deliver on financial commitments, demonstrate support for the project, and reassure other potential funders that the fundraising target is achievable.

Following approval of the preliminary design in the 23FY, and the processing of the resource consent application by Nelson City Council, the focus for the remainder of the 2023 calendar year is the Detailed Design. Specifically, this will include obtaining Iwi guidance and input for Kaupapa Māori design, building consent processing, and updating the cost plan. Please see Appendix A for further detail on the project deliverables.

As resource consent a requirement of significant funders, grant applications to Lottery Grants Board and central government funds can now be formally submitted (in the expectation that NCC consents have been approved in March 2023.). The local community fundraising campaign will be well underway by the time a Go-No Go decision is required at the end of the 2023 calendar year.

The ARC Facility Capital Project has a strong governance and advisory structure. The build aspect is being overseen by a sub-committee co-chaired by Trustees Brendon Silcock and Derek Shaw together with external expert advisors John Hambleton and Ian MacLennan. This group works closely with the project managers Cameron Gibson Wells (CGW) and the Museum's internal Project Manager Belinda Wheatley, appointed specifically to deliver the project.

The Fundraising committee is by TBHT Deputy Chair Emma Thompson, with fellow Trustee Jo Brady adding her considerable expertise in the area. The Fundraising Campaign will deliver strong and vibrant engagement, and has been designed by Downing Creative.

With support from both Councils, central government and the community, construction will commence in early 2024. The building of the new facility represents a significant investment in the Nelson Tasman region and its future.

**2. To be a highly valued visitor destination, educational provider and venue for cultural and community connection**

We aim to be a vibrant, dynamic, and contemporary institution that is relevant to, and inclusive of, all people in the Nelson Tasman region. We will continue to grow our reputation as a provider of quality content and dynamic storytelling with a strong connection to local communities. We will deliver compelling narratives and outstanding interpretation through a variety of formats and media including onsite experiences, engaging special exhibitions, educational and outreach programmes, and digital channels.

The Museum makes a significant contribution to Council Community Outcomes in the Nelson Tasman region. As identified in the recent BERL report into ‘The Value of Museums and Galleries in Aotearoa’<sup>1</sup>, museums make quantifiable contributions to the Economic, Cultural, Social and Environmental Wellbeing of their rohe. Research demonstrates that our communities feel passionately about both our value, and our vital role in creating liveable cities.

***Exhibitions***

We are looking forward to hosting the touring exhibition ‘Codebreakers: Women in Games’ (Aug – Nov 2023). This interactive exhibition is on tour from ACMI in Australia and celebrates the achievements of Australian and New Zealand women working in video games. It includes the work of Māori designer Maru Nihoniho - founder and managing director of Metia Interactive. This exhibition will be an excellent way to connect with some rangatahi who tend not to visit museums but will be attracted to learn about gaming technology.

The Museum is proud to curate an exhibition of local photographer Melissa Banks’ images of kapa haka, and there are plans to tour this exhibition nationally. We will also host a display from the Nelson Embroiderer’s Guild in October, ‘Sew, That’s Embroidery’.

Our summer exhibition is currently in negotiation, but we are confident that it will be a strong attractor over our region’s high-visitor season.

***Visitation***

From 2016 to 2020, visitation to the Museum increased significantly, bringing us in line with other high-performing regional museums (despite smaller budgets and staff numbers). Unfortunately, COVID-19 then hit our visitation and heavily impacted our numbers. Going forward, with the return of international visitors, we are expecting visitation will bounce-back.

The Museum has set a visitation target of 54,000 (excluding education audiences, who are measured separately) for the 2024 FY. In setting this target, we looked at trends both across the region and across the museum sector. NRDA research suggests that international visitation levels won’t return to pre-pandemic levels until 24/25FY. Our colleagues in similar sized regional museums are expecting a drop of 10% on pre-pandemic levels.

<sup>1</sup> BERL 2022, reference #6302, available on request from Nelson Provincial Museum

Our school programme is funded by the Ministry of Education through the new Enriching Local Curriculum programme on a 3.5year contract. We were selected to provide these services through a highly-competitive tender process. Our success is a vote of confidence in the Museum’s ability to deliver upon the new Aotearoa New Zealand Histories curriculum by sharing local stories and knowledge including mana whenua purakau.

It is to be noted though that the value of Ministry of Education funding has not increased materially in over seven years, although the expectation is that it now also covers early childhood education. Our visitation target for student visits remains at 5,500, but our focus of course is quality over quantity. Teacher satisfaction levels are currently tracking at 100%.

### **3) To actively support and collaborate with iwi and Nelson Tasman cultural heritage organisations**

The Museum works with iwi through Te Taiao Komiti, consisting of representatives of the six mana whenua iwi of the marae in Mōhua, Motueka and Whakatū. This forum provides expert guidance on matters of tikanga, taonga and mātauranga Māori, and is shared with the Bishop Suter Trust, providing opportunities for collaboration and cross-organisational synergies. This year we aim to collaborate on updating iwi displays in the Museum’s regional gallery.

As the regional museum for Nelson Tasman, the Trust aims to continue supporting the Tasman district museums (Golden Bay, Motueka and Murchison), and institutions such as Willow Bank Heritage Village and Higgins Heritage Park. We also work to support iwi, cultural and community organisations throughout the rohe including marae, Founders Park, Isel House and Broadgreen House. We do this through support and participation in community-based events such as the Multicultural Festival and A&P Shows; through the provision of expertise, hands-on assistance and professional museum support; and providing pre-made exhibits for display. In recent years this support has taken a variety of forms including curatorial assistance, providing a free venue, professional advice, exhibition loans, programme provision and exhibition development assistance. Our intention is to continue to add cultural, social and economic value across the wider Nelson Tasman region through our outreach programme, supporting our communities in their goals and smaller organisations in their aspirations.

In addition to working with individual organisations, we also support collaboration and partnerships across the region’s galleries, libraries, archives and museums (the GLAM sector). We provide advice, guidance, mentoring and coordination for regional hui. We also develop workshops to help strengthen the sector, loan objects for exhibit, and share skills and resources digitally and in person.

This year we will provide professional support on request to Te Taihu district museums and cultural organisations, rather than specifying a set number of hours. This will enable our Collections team to both focus on preparing for the relocation, and to be able to be more responsive when those requests do come in. We will also organise at least two regional hui on topics relevant to all participants.

### **4) To continue to develop and provide appropriate care for a strong Collection which is relevant and accessible to, and valued by, Nelson Tasman communities;**

The Trust’s Collections Management Policy empowers us to collect objects with strong local significance. Active measures are taken to acquire items for the Collection that represent our

region's rich history and unique biodiversity. In addition to securing significant historic items for the Regional Heritage Collection as they become available, we also collect objects relating to significant contemporary events (including the 2022 floods) and local individuals, artisans and businesses. These objects will better enable our successors to tell the history of today.

This year the focus of the Collection staff will be on auditing/updating records, measuring and packing objects to be move-ready when the ARC building is completed. This is a massive task which will require additional resource – this has been budgeted within the ARC project budget over the next two FY. This focus is likely to require curatorial and collection staff to be involved in fewer outreach programmes this year.

#### **5). To improve our sustainability performance**

Our focus on preserving the past for future generations means that we are also very conscious of the need to safeguard natural resources for the future too. As a scientific institution, we have a role in disseminating research and information about the climate issues.

The Museum places sustainability front and centre of all our operations. A staff Sustainability Committee meets monthly to identify areas for improvement and to workshop solutions. In recent years we commissioned an Audit and Energy Management plan from EMSOL, and we are rolling out implementations of many of its recommendations.

A strong opportunity for the Museum to reduce our energy footprint is thought the ARC Facility project. This year we are undertaking to measure the ecological impact of the planned collection move and to identify at least one way to reduce this – for example through sustainable packaging. We are also investigating solar power options to reduce ongoing energy consumption, a significant and rising operational cost.

By these actions the Museum can demonstrate good organisational citizenship, community leadership, best practice sustainability and make our own contribution to addressing the pressing global challenges of climate change.

## TASMAN BAYS HERITAGE TRUST

### Alignment with Joint Community Outcomes

The Museum makes a significant contribution to Joint Community Outcomes in the Nelson Tasman region. As identified in the recent BERL report into ‘The Value of Museums and Galleries in Aotearoa’<sup>2</sup>, museums make quantifiable contributions to the Economic, Cultural, Social and Environmental Wellbeing of their rohe. Research demonstrates that our communities feel passionately about both our value, and our vital role in creating liveable cities.

#### **1. Our unique natural environment is healthy and protected**

The Museum profiles a variety of environmental issues and encourages engagement with, and protection of, our regional biodiversity through education, events and exhibitions. Recently, for example, the Museum partnered with both the Arts Festival and Brook Waimarama Sanctuary to tell stories of climate action and safeguarding our local biodiversity. We are implementing internal initiatives and measures for sustainability as outlined in Goal 5 of our Statement of Intent.

#### **2. Our urban and rural environments are people friendly, well-planned, and sustainably managed**

The Museum is a welcoming and engaging social space which contributes significantly to the activation of the Upper Trafalgar precinct. The Museum is free to visit for Nelson Tasman residents (except for occasional major touring exhibitions for which there may be a small entry fee based on a cost recovery basis). Our contribution to the vibrancy of the region provides community engagement in the heart of the city, and the new ARC Facility will greatly enhance our residents’ connection to their heritage. We will continue to support cultural heritage activities across the region through outreach to district museums, galleries, libraries, marae, and other heritage facilities and organisations.

#### **3. Our infrastructure is efficient, cost effective and meets current and future needs**

The Archive, Research and Collections Facility capital works project will deliver a facility that provides the most cost-effective, appropriate and long-term solution to care for the Regional Heritage Collection for future generations.

The Museum is tightly financially managed, as can be seen in the financial results of prior years. We have a low-threshold for risk and The Trust maintains an Asset Register and Building Maintenance Schedule.

#### **4. Our communities are healthy, safe, inclusive and resilient**

Museums provide opportunities for community engagement, lifelong learning and engaging experiences. These have been widely identified as key components of Liveable Cities. Our core activities are free for Nelson Tasman residents and our programming will increasingly cater to the diversity of the region. Our public programmes focus on inclusivity. Bespoke programmes are available for visitors with disabilities or neural diversity. We are currently working with Q Youth to better cater to the rainbow community.

The ARC Facility will add to these activities and allow many more people the ability to connect with their culture and heritage – a vital component of wellbeing - in the central city.

<sup>2</sup> BERL 2022, reference #6302, available on request from Nelson Provincial Museum

**5. Our communities have opportunities to celebrate and explore their heritage, identity and creativity**

Our core business is to enable local residents to connect with their heritage, both cultural and environmental. We do this through a range of programmes at the Museum, in the community and digitally, making the region's treasures available for visitors and locals alike. We are focused on ensuring engagement across the region as well as increasingly catering to a broader demographic. The ARC Facility will greatly enhance this connection, as can be seen from its core role delivering NCC's Taonga Tuku Iho Cultural Heritage Strategy.

**6. Our communities have access to a range of social, cultural, educational and recreational facilities and activities**

We provide social engagement across demographics and opportunities for life-long learning, recreation and leisure. Museum exhibitions provide significant opportunities for social and cultural connection, and is a favourite recreational activity for many of the region's families and older demographics.

In the last year we have delivered free-of-charge programmes for thousands of school children, plus tertiary groups, English as a Second Language (ESL) classes, pre-schoolers, aged communities, special interest groups and the general public. The Museum has received a 3.5 year contract from the Ministry of Education under the Enriching Local Curriculum fund, a vote of confidence in our ability to deliver local histories and purakau in a meaningful and relevant way to students of all ages.

**7. Our Council provides leadership and fosters partnerships, a regional perspective and community engagement**

The Museum works with the community to create opportunities for engagement on-site, on-line and in the community. We provide leadership and guidance within and across the sector, to support the activities of local museums and heritage parks, heritage houses, marae, historic organisations, galleries and libraries. Each year we work with Tuku 23 (the Heritage Festival), the Suter Art Gallery, Richmond Public Library, the Historical Societies and many other organisations to create relevant and engaging community engagement.

**8. Our region is supported by an innovative and sustainable economy**

As arguably the most visited cultural tourism attraction in the region, the Museum supports and complements the region's tourism offerings. High-impact window displays, an enhanced digital experience and an attractive retail area has markedly improved the Museum's value proposition and helps bring destination traffic to the Upper Trafalgar precinct. Our shop stocks and promotes local artisans and makers, and visitors to our strong summer exhibition programme brings money into our region.

We also attract innovative, highly-educated specialists and creative people from around New Zealand and the world to work at the Museum, who contribute to the regional arts and cultural sector and the local economy.

The ARC Facility is a major project and will provide a boost to local employment during its construction. These workers will bring money into the central city which benefit small businesses and be a visible signal of revitalisation.



## TASMAN BAYS HERITAGE TRUST

## DRAFT STATEMENT OF INTENT KPIs

## STRATEGIC GOALS 2023 – 2024

| Strategic goal   | Actions   | Measures / KPI Revised for 2023/24   |
|--|---|--|
| <p><b>1.</b></p> <p><b>To plan for and commence a capital works project which will safely and appropriately house and care for the Nelson Tasman Regional Heritage Collection.</b></p> | <p>1.1</p> <p>Robust planning, budgeting, fundraising and project management.</p> | <p>1.1.1</p> <p>Project Phases 4 &amp; 5 complete including:</p> <ul style="list-style-type: none"> <li>• Iwi design input</li> <li>• Detailed Design</li> <li>• Community consultation including Church St precinct owners and proprietors</li> <li>• Construction commences subject to successful funding</li> </ul>   |
|  | <p>1.2</p> <p>Canvassing and securing funding sources</p>                         | <p>1.2.1</p> <p>Funding commitments obtained including:</p> <ul style="list-style-type: none"> <li>• Nelson City Council and Tasman District Council ARC Facility funding commitment confirmed in the Councils Annual Plans</li> <li>• Applications for at least two large grant funders completed, subject to timely processing of Resource Consent by NCC as per funding requirements</li> <li>• Funding commitment from Ministry of Culture &amp; Heritage</li> </ul> <p>[Note dependency: NCC resource consent is required for large grant applications]</p> |

|  |  |  |
|--|--|--|
| <p><b>2.</b></p> <p><b>To be a highly valued visitor destination, educational provider and venue for cultural and community connection</b></p> | <p>2.1</p> <p>Implement a programme which attracts our diverse local communities</p> | <p>2.1.1</p> <p>Design and deliver a varied visitor experience including at least three short-term exhibitions</p>                   |
|  |  | <p>2.1.2</p> <p>Implement at least one new accessibility improvement</p>   |
|  |  | <p>2.1.3</p> <p>Refresh one manawhenua iwi case in the Museum’s Regional Gallery</p>   |
|  | <p>2.2</p> <p>Consolidate and attain visitation targets</p>                          | <p>2.2.1</p> <p>Achieve target visitation of 54,000 across all venues (excluding education)</p>                                      |
|  | <p>2.3</p> <p>Achieve Ministry of Education visitation target</p>                    | <p>2.3.1</p> <p>Achieve target of 5,500 education visits and outreach, including early childhood, primary, and secondary groups.</p> |

|   |   |  |
|---|---|--|
|   | 2.4<br>Provide a high-quality customer service and visitor experience   | 2.4.1<br>Demonstrated by a minimum of two customer surveys with rating of at least 85% satisfaction                    |
|   | 2.5<br>Provide a high-quality educational service   | 2.5.1<br>Teacher satisfaction demonstrated by an average of at least 90% over all teacher evaluations.                 |
| <b>3.<br/>To actively support and collaborate with iwi and Nelson Tasman cultural heritage organisations</b>  | 3.1<br>Providing advice, guidance, content, mentoring and support to iwi, smaller galleries, libraries, archives and museums within Nelson Tasman | 3.1.1<br>Provide Museum support and assistance on request to Te Taihū district museums, iwi and cultural organisations |
|   |   | 3.1.2<br>Organise at least two regional museum hui   |
| <b>4.<br/>To continue to develop and provide appropriate care for a strong Collection which is relevant and accessible to, and valued by, Nelson Tasman communities</b> | 4.1<br>Actively collecting objects that are strongly related to the history and cultural story of Nelson Tasman                                   | 4.1.1<br>Collect at least two relevant contemporary local objects or taonga  |

|  |  |  |
|--|--|--|
|  | <p>4.2</p> <p>Provide access for our visitors to connect with the Collection digitally, on-site and in the community</p> | <p>4.2.1</p> <p>Add at least six Topics to Collections Online to support the interpretation of significant objects/collections</p> |
| <p><b>5. To improve our sustainability performance</b></p> | <p>5.1</p> <p>Implement actions to improve sustainability performance</p>  | <p>5.1.1</p> <p>Measure ecological impact of planned collection move and identify at least one measure to reduce this</p>          |
|  | <p>5.2</p> <p>Support and promote sustainable transport options for visitors</p>   | <p>5.2.1</p> <p>Implement one initiative to support sustainable transport options for visitors</p>                                 |

## TASMAN BAYS HERITAGE TRUST

## PROJECTED OPERATING STATEMENT OF FINANCIAL POSITION

|                                   | Actual<br>June<br>2022 | Forecast<br>June<br>2023 | Forecast<br>June<br>2024 | Forecast<br>June<br>2025 | Forecast<br>June<br>2026 |
|-----------------------------------|------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>Assets</b>                     |                        |                          |                          |                          |                          |
| Cash & Bank                       | 271,020                | 61,530                   | 105,460                  | 189,699                  | 355,488                  |
| Bank (ARC Project)                | -                      | 138,678                  | 698,538                  | 1,360,726                | -                        |
| Debtors                           | 12,610                 | 4,610                    | 4,610                    | 4,610                    | 4,610                    |
| Debtors ARC Project               | -                      | -                        | -                        | -                        | -                        |
| Stock on Hand                     | 32,362                 | 33,000                   | 33,000                   | 33,000                   | 33,000                   |
| Investments                       | 161,841                | -                        | -                        | -                        | 1,360,726                |
| WIP ARC Project                   | -                      | 618,395                  | 4,809,857                | 11,504,669               | -                        |
| Non Current Assets                | 32,140,610             | 31,738,510               | 31,306,410               | 30,858,410               | 41,859,079               |
| <b>Total Assets</b>               | <b>32,618,443</b>      | <b>32,594,723</b>        | <b>36,957,875</b>        | <b>43,951,114</b>        | <b>43,612,903</b>        |
| <b>Liabilities</b>                |                        |                          |                          |                          |                          |
| Bank Overdraft (Revolve Facility) | -                      | -                        | 90,000                   | 90,000                   | -                        |
| Creditors                         | 159,481                | 100,000                  | 100,000                  | 100,000                  | 100,000                  |
| Creditors ARC Project             | -                      | 138,678                  | 700,000                  | -                        | -                        |
| GST                               | (41,056)               | (20,000)                 | (20,000)                 | (20,000)                 | (20,000)                 |
| Wage & Holiday Pay Accrual        | 85,957                 | 85,000                   | 85,000                   | 85,000                   | 85,000                   |
| Grants Received in Advance        | 5,104                  | 5,000                    | 5,000                    | 5,000                    | 5,000                    |
| Loan ex NCC/TDC                   | 806,220                | 639,036                  | 465,263                  | 284,630                  | 96,855                   |
| <b>Total Liabilities</b>          | <b>1,015,706</b>       | <b>947,714</b>           | <b>1,425,263</b>         | <b>544,630</b>           | <b>266,855</b>           |
| <b>Net Assets</b>                 | <b>31,602,737</b>      | <b>31,647,009</b>        | <b>35,532,612</b>        | <b>43,406,484</b>        | <b>43,346,048</b>        |
| <b>Equity</b>                     |                        |                          |                          |                          |                          |
| Retained Earnings                 | 14,661,263             | 14,583,164               | 14,627,436               | 18,513,039               | 26,386,911               |
| Current Year Earnings             | (78,099)               | 44,271                   | 3,885,603                | 7,873,872                | (60,436)                 |
| Revaluation Reserve               | 17,019,573             | 17,019,573               | 17,019,573               | 17,019,573               | 17,019,573               |
| <b>Total Equity</b>               | <b>31,602,737</b>      | <b>31,647,009</b>        | <b>35,532,612</b>        | <b>43,406,484</b>        | <b>43,346,048</b>        |

**Notes and Assumptions**

\* Revolve credit facility of \$600,000 expires May 2025. Interest rate on facility from 1 December 2022 is 8.24% pa

\* Council Loans shown at fair value, actual amount repayable as at 30 June 2026 will be \$25,000 to each Council

\* No GST included in ARC payables

\*WIP for ARC Project doesn't include \$820k purchase of Church St as this is already on FAR

## TASMAN BAYS HERITAGE TRUST

## PROJECTED OPERATING STATEMENT OF CASHFLOWS

|  | Actual<br>June<br>2022 | Forecast<br>June<br>2023 | Forecast<br>June<br>2024 | Forecast<br>June<br>2025 | Forecast<br>July<br>2026 |
|--|------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b> |                        |                          |                          |                          |                          |
| Council Operating Grants                           | 1,886,950              | 1,998,760                | 2,098,697                | 2,203,631                | 2,313,813                |
| Contracts  | 89,626                 | 82,190                   | 82,190                   | 82,190                   | 82,190                   |
| External ARC Funding                               | -                      | 250,000                  | 4,100,000                | 8,057,000                | -                        |
| Interest Received                                  | 1,140                  | 4,968                    | -                        | -                        | -                        |
| Receipts from Other Revenue                        | 356,246                | 249,035                  | 226,760                  | 222,540                  | 224,540                  |
| Payments to Suppliers & Employees                  | (1,986,967)            | (1,936,492)              | (1,542,295)              | (2,866,721)              | (2,157,354)              |
| Interest Paid                                      | (6)                    | (4)                      | -                        | (7,400)                  | (7,400)                  |
| Goods and Services Tax (Net)                       | (18,869)               | 21,056                   | -                        | -                        | -                        |
| <b>Net Cash from Operating Activities</b>          | <b>328,120</b>         | <b>669,513</b>           | <b>4,965,352</b>         | <b>7,691,240</b>         | <b>455,789</b>           |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b> |                        |                          |                          |                          |                          |
| Maturing/Sale of Investments                       | 160,000                | 160,873                  | -                        | -                        | -                        |
| Purchase of New Property and Fixed Assets          | (265,967)              | (82,806)                 | (60,100)                 | (50,000)                 | (11,504,669)             |
| ARC Project WIP                                    |                        | (618,395)                | (4,191,462)              | (6,694,812)              | 11,504,669               |
| Purchase of Investments                            | (160,000)              |                          |                          |                          | (1,360,726)              |
|  | (265,967)              | (540,328)                | (4,251,562)              | (6,744,812)              | (1,360,726)              |
| <b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b> |                        |                          |                          |                          |                          |
| Cash from/(to) Overdraft (Revolve Facility)        |                        | -                        | 90,000                   | -                        | (90,000)                 |
| Repayment of Council Borrowings                    | (200,000)              | (200,000)                | (200,000)                | (200,000)                | (200,000)                |
|  | (200,000)              | (200,000)                | (110,000)                | (200,000)                | (290,000)                |
| <b>Net Increase (Decrease) in Cash</b>             | <b>(137,847)</b>       | <b>(70,815)</b>          | <b>603,790</b>           | <b>746,428</b>           | <b>(1,194,937)</b>       |
| Opening Cash Balance                               | 408,868                | 271,021                  | 200,206                  | 803,996                  | 1,550,424                |
| Closing Cash Balance                               | 271,021                | 200,206                  | 803,996                  | 1,550,424                | 355,487                  |

## TASMAN BAYS HERITAGE TRUST

## PROJECTED OPERATING STATEMENT OF FINANCIAL PERFORMANCE

|  | Actual<br>June<br>2022 | Forecast<br>June<br>2023 | Budget<br>June<br>2024 | Forecast<br>June<br>2025 | Forecast<br>June<br>2026 |
|--|------------------------|--------------------------|------------------------|--------------------------|--------------------------|
|  | 1.50%                  | 5.90%                    | 5.00%                  | 5.00%                    | 5.00%                    |
| <b>Revenue</b>                                   |                        |                          |                        |                          |                          |
| TDC Operating Grant                              | 905,557                | 958,984                  | 1,006,932              | 1,057,278                | 1,110,142                |
| NCC Operating Grant                              | 904,995                | 958,832                  | 1,006,775              | 1,057,113                | 1,109,969                |
| NCC Operating Grant Extra                        | 76,398                 | 80,944                   | 84,990                 | 89,240                   | 93,702                   |
| <b>Total Councils</b>                            | <b>1,886,950</b>       | <b>1,998,760</b>         | <b>2,098,697</b>       | <b>2,203,631</b>         | <b>2,313,813</b>         |
| Contracts - Education LEOTC/ELC                  | 82,190                 | 82,190                   | 82,190                 | 82,190                   | 82,190                   |
| Other Non Exchange Revenue                       | 38,472                 | 18,022                   | 17,000                 | 20,000                   | 22,000                   |
| Exchange Revenue *                               | 326,998                | 227,960                  | 209,760                | 202,540                  | 202,540                  |
| <b>Total Revenue</b>                             | <b>2,334,610</b>       | <b>2,326,932</b>         | <b>2,407,647</b>       | <b>2,508,361</b>         | <b>2,620,543</b>         |
| Staffing   | 1,072,987              | 1,115,253                | 1,183,662              | 1,207,335                | 1,231,482                |
| Education  | 74,407                 | 65,000                   | 71,500                 | 72,930                   | 74,389                   |
| Property   | 187,947                | 204,050                  | 211,904                | 222,499                  | 233,624                  |
| Other  | 216,795                | 216,324                  | 208,270                | 212,435                  | 216,684                  |
| <b>Total Direct Costs</b>                        | <b>1,552,136</b>       | <b>1,600,627</b>         | <b>1,675,336</b>       | <b>1,715,200</b>         | <b>1,756,179</b>         |
| <b>Gross Surplus</b>                             | <b>782,474</b>         | <b>726,305</b>           | <b>732,311</b>         | <b>793,161</b>           | <b>864,364</b>           |
| Overheads  | 244,981                | 261,114                  | 279,179                | 298,722                  | 319,632                  |
| Trustee Fees                                     | 65,587                 | 70,414                   | 73,962                 | 77,660                   | 81,543                   |
| Finance Costs                                    | 0                      | 4                        | 0                      | 7,400                    | 7,400                    |
| Depreciation                                     | 445,344                | 484,906                  | 492,200                | 498,000                  | 504,000                  |
| <b>Total Operating Expenses</b>                  | <b>755,912</b>         | <b>816,438</b>           | <b>845,341</b>         | <b>881,782</b>           | <b>912,575</b>           |
| Net Result from Operating Activities             | 26,562                 | (90,133)                 | (113,030)              | (88,621)                 | (48,211)                 |
| Fair Value adjustments on Council Loans          | 39,145                 | 32,816                   | 26,227                 | 19,367                   | 12,225                   |
| <b>Operating Surplus/(Deficit)</b>               | <b>(12,583)</b>        | <b>(122,949)</b>         | <b>(139,257)</b>       | <b>(107,988)</b>         | <b>(60,436)</b>          |
| <b>Net Result before Revaluations</b>            | <b>(12,583)</b>        | <b>(122,949)</b>         | <b>(139,257)</b>       | <b>(107,988)</b>         | <b>(60,436)</b>          |
| Property Revaluation                             |                        |                          |                        |                          |                          |
| Net comprehensive revenue before ARC Project     | (12,583)               | (122,949)                | (139,257)              | (107,988)                | (60,436)                 |
| ARC Project Direct Costs (net of Friends income) | (65,516)               | (82,780)                 | (75,140)               | (75,140)                 | -                        |
| ARC Project Funding (all external sources)       |                        | 250,000                  | 4,100,000              | 8,057,000                | -                        |
|  | (65,516)               | 167,220                  | 4,024,860              | 7,981,860                | -                        |
| <b>Net Result Incl ARC Project</b>               | <b>(78,099)</b>        | <b>44,271</b>            | <b>3,885,603</b>       | <b>7,873,872</b>         | <b>(60,436)</b>          |

**Notes and Assumptions**

- \* Assume 5% Increase in Council funding year on year
- \* Allow 5% increase in Property costs and Trustee fees year on year and 2% increase in staff salaries and other direct costs
- \* Allow 7% Increase in Overheads as this section includes Insurance
- \* Only ARC Project direct costs such as fundraiser payments included on Statement of Financial Performance.
- \* Most of the payments for ARC go direct to Balance Sheet
- \* Staff costs of the ARC have been included in the Capital costs recorded as WIP on the balance sheet
- \* 2024 includes drawdown of \$90k on Revolve facility. Interest for 12 months @ 8.24% is \$7,400
- \* No GST included in ARC income or payments
- \* Car Park Revenue ceases December 2023

# Dashboard Report

Tasman Bay Heritage Trust

Archives, Research & Collections Facility

Monthly

8 February 2023

11



## Summary and Overview

| Phase    | Planning | Design | Procurement | Construction | Close Out |
|----------|----------|--------|-------------|--------------|-----------|
| Progress | 95%      | 10%    | 0%          | 0%           | 0%        |

### Looking Back (Activity Delivered During Last Month)

| Scheduled Activity                 | Critical Path? | On Target | Owner        | % Completed |
|------------------------------------|----------------|-----------|--------------|-------------|
| Resource Consent Application works | YES            | YES       | CGW and TBHT | 100%        |
| Concept Design                     | YES            | YES       | CGW and ISA  | 100%        |
| Preliminary Design                 | YES            | NO        | CGW and ISA  | 95%         |
| Preliminary Cost Report            | YES            | NO        | CGW and ISA  | 0%          |

### Looking Forward (Activity Scheduled for Next Period)

| Scheduled Activity                                 | Critical Path? | Owner        | Estimated Completion   |
|--|----------------|--------------|------------------------|
| Storage supplier procurement (cont.)               | YES            | TBHT         | Confirmation required. |
| Final Report/Preliminary Design Review             | YES            | ISA          | 14/02/2023             |
| Submission of Concept design to Urban Design Panel | NO             | ISA          | Confirmation required. |
| Trust Board Meeting                                | YES            | ISA and TBHT | Confirmation required  |

## PCG Directions Sought

| Activity   | Actions / Comments:  |
|--|--|
| Procurement of storage supplier                    | This activity is currently out of scope for CGW, direction is sought on who the PCG would prefer to manage this procurement. We propose this be managed by the trust and head curator Shae Trewin, as these parties have extensive experience and have prepared all reporting that is available identifying key fit out requirements and remedial solutions. |
| Preliminary Design sign-off                        | Following meetings at the beginning of the year, the Preliminary building layout/design has been presented to client, final confirmation and approval is still pending operational confirmation especially with respect to climate control parameters. The Cost Report review may require a further iteration of this design.                                |
| Submission of Concept design to Urban Design Panel | ISA to proceed with this submission.   |

## 3 Top Risks (Whole Project)

The top risks from the project risk register have been summarised below.

| Risks:  | Impact on Project |     |      | Action / Comments:  |
|---|-------------------|-----|------|---|
|   | Low               | Med | High |   |
| Designed storage space does not house all collection, or as much of collection as desired |                   | M   |      | A lot of work is being done in this area to define both conditions and building locations for the collection. This may result in split locations for certain collections depending on the storage temperature conditions required. Peer review has been completed by Bronwyn Symes. |
| Designed storage space does not meet cultural requirement for Taonga storage and access   |                   |     | H    | Komiti to advise on kaitiaki of Taonga, ISA is aware and cognisant of this aspect. Taonga location currently set at ground floor – confirmation required urgently.  |
| Neighbouring businesses are disrupted by site fencing, noise and /or vibration            |                   |     | H    | Communication plan developed, keep stakeholders informed of progress, TBHT to initiate the Stakeholder Engagement meetings with Resource Consent documentation set.   |
| Building cost rises due to external market factors  |                   |     | H    | Construction budget proves to be insufficient due to construction cost escalation. Contingency included in budget. Expediting design/tender engagement may assist.  |
| Impact on neighbouring properties   |                   |     | H    | Fire exit from Kush Café and neighbouring car parks will be inaccessible when ARC building is constructed to the boundary. Stakeholder engagement item.   |
| Insufficient funds raised to complete project   |                   |     | H    | A fundraising subcommittee is to be established, there are also ongoing engagement with NCC about timing of contributions.  |

|                                    |          |    |  |  |
|------------------------------------|----------|----|--|--|
| Commence Construction              | 16/02/24 | OT |  |  |
| Practical Completion               | 16/01/25 | OT |  |  |
| Commence Relocation of Collections | 16/01/25 | OT |  |  |
| Complete Relocation of Collections | 16/01/26 | OT |  |  |
| Operational Readiness              | 16/01/26 | OT |  |  |

## 5 Cost Analysis

### Project Costs Overview PTD

| Category        | Budget            | Anticipated Spend | Variation | Variation % |
|-----------------|-------------------|-------------------|-----------|-------------|
| Construction    | 7,140,000         | 7,140,000         | 0         | 0%          |
| Contingency     | 1,999,000         | 1,999,000         | 0         | 0%          |
| Fitout          | 550,000           | 550,000           | 0         | 0%          |
| Fees & Consents | 1,428,000         | 1,428,000         | 0         | 0%          |
| Internal Costs  | 1,290,000         | 1,290,000         | 0         | 0%          |
| <b>Total</b>    | <b>12,407,000</b> | <b>12,407,000</b> | <b>0</b>  | <b>0%</b>   |

All actual costs to date fall within the budgeted allowance.

Spent this period: \$35,618.44

| Category        | Anticipated Spend | Spent to Date    | Spent to Com %    |
|-----------------|-------------------|------------------|-------------------|
| Construction    | 7,140,000         | 0                | 7,140,000         |
| Contingency     | 1,999,000         | 0                | 1,999,000         |
| Fitout          | 550,000           | 0                | 550,000           |
| Fees & Consents | 1,428,000         | 228,370          | 1,159,630         |
| Internal Costs  | 1,290,000         | 820,000          | 410,000           |
| <b>Total</b>    | <b>12,407,000</b> | <b>1,048,000</b> | <b>11,460,000</b> |

## 4 Milestone Summary

The key milestones have been itemised below.

| Milestone:                 | Expected / Achieved Date: | Progress: (On Target, Delivered, Potential to Slip, Achieved) |   |    |    | Comments:  |
|----------------------------|---------------------------|---|---|----|----|--|
|                            |                           | OT  | D | PS | A  |  |
| Design Brief               | 29/04/22                  |   |   |    | A  | Completed, formally issued to Belinda on 27/50/22.   |
| Procure Design Team        | 27/07/22                  |   |   |    | A  | All consultants are engaged as of the 12/09/2022.  |
| Preliminary Design         | 14/2/23                   |   |   | PS |    | The commencement of Preliminary design was delayed due to the time taken to execute agreement for the Architect/ lead designer. Preliminary design is 95% complete currently with cost report and client decisions critical to mitigating the lost time. |
| Lodge Resource Consent     | 05/02/23                  |   |   |    | A  | Lodged.  |
| Developed Design           | 08/03/23                  |   |   | PS |    | Run-on effects of Preliminary Design delay. Close management with potential to make up time to be fully scoped   |
| Detailed Design / Lodge BC | 14/09/23                  |   |   |    | OT |  |
| Procure Contractor         | 15/02/24                  |   |   |    | OT |  |

### Budget

- Construction
- Contingency
- Fitout
- Fees and Consents
- Internal Costs





## 8.2 TASMAN BAYS HERITAGE TRUST - TRUSTEE ROTATION

**Decision Required**

**Report To:** Joint Shareholders Committee  
**Meeting Date:** 27 April 2023  
**Report Author:** Martin Croft, Strategic Advisor Community Services  
**Report Number:** RJSC23-04-2

### 1 Purpose of Report

- 1.1 To note the reappointment of Brendon Silcock as a trustee of Tasman Bays Heritage Trust (TBHT) for a further three-year term, beginning May 2023 and ending May 2026.
- 1.2 To note the reappointment of Derek Shaw as a trustee of Tasman Bays Heritage Trust (TBHT) for a further three-year term, beginning November 2023 and ending November 2026.
- 1.3 To note the decision of the TBHT Appointments Committee to appoint Kimiora McGregor as Te Tai Ao Komiti iwi-nominated trustee.
- 1.4 To note the decision of the TBHT Appointments Committee to appoint Stephen Broad-Paul as a seventh trustee.

### 2 Draft Resolution

**That the Joint Shareholders Committee**

- 1. receives the Tasman Bays Heritage Trust - Trustee Rotation report, RJSC23-04-2; and**
- 2. notes the decision of the Tasman Bays Heritage Trust Appointments Committee to appoint Brendon Silcock for a three-year term, ending May 2026; and**
- 3. notes the decision of the Tasman Bays Heritage Trust Appointments Committee to appoint Derek Shaw for a three-year term, ending November 2026; and**
- 4. notes the decision of Te Tai Ao Komiti to appoint Kimiora McGregor as the iwi-nominated trustee; and**
- 5. notes the decision of the Tasman Bays Heritage Trust Appointments Committee to appoint Stephen Broad-Paul as a seventh trustee; and**
- 6. thanks Olivia Hall for her eleven-years' service as a trustee of Tasman Bays Heritage Trust.**

### 3 Background

- 3.1 TBHT is a joint Council Controlled Organisation, established in 2000 to manage and operate Nelson Provincial Museum Pupuri Taonga O Te Tai Ao.
- 3.2 The current trustees of TBHT are:
- Olivia Hall: Chairperson, first appointed October 2012, term ends November 2024
  - Brendon Silcock: first appointed May 2020, term ends May 2023
  - Emma Thompson: first appointed November 2015, term ends November 2025
  - Derek Shaw: first appointed November 2015, term ends November 2023
  - Darren Mark: first appointed November 2015, term ends November 2024
  - Jo Brady: first appointed in April 2022, term ends April 2025
- 3.3 Trustees are appointed by an Appointments Committee, following a process set out in the TBHT Trust Deed. This requires that the Trust has between five and seven trustees.
- 3.4 The Appointments Committee includes representatives from both councils. Current members of the committee are: Mayor Tim King (Chair) and Chief Executive Officer Janine Dowding (Tasman District Council); Councillors Mel Courtney and Kahu Paki Paki (Nelson City Council); Olivia Hall and Jane du Feu (iwi representatives).
- 3.5 The criteria for appointments of general trustees are mandated in the Trust Deed as follows:  
*The Appointments Committee shall appoint Trustees from the list of persons nominated and in making any appointment shall take into account the following criteria:*
1. *Trustees should be interested in and able to promote the objectives of the Tasman Bays Heritage Trust.*
  2. *Trustees should be persons known in the communities for their respective business acumen, competence in financial stewardship, or expertise and knowledge in heritage matters and issues.*
  3. *Trustees should be familiar with and have or be willing and able to gain an appreciation of heritage issues, education, tourism and regional development issues, promotional interests and iwi perspective and a cultural awareness especially of issues relating to Maori taonga (clause 14.1(c)).*
- 3.6 The Councils also have a joint policy for appointments: Joint Appointment of Directors/Trustees of Council Controlled Organisations and Council Controlled Trading Organisations (Joint Policy).
- 3.7 As the Appointments Committee is established by the Trust Deed, rather than by the two Councils, the Appointments Committee has authority to make appointments to the Trust. This Trust Deed is given precedence over the joint policy of the two Councils.

#### Reappointment of Trustees

- 3.8 Brendon Silcock has only served one term as a trustee. His current term ends in May 2023 and he has confirmed interest in being reappointed for another term.
- 3.9 Derek Shaw has served three terms as a trustee. His current term ends in November 2023 and he has confirmed interest in being reappointed for another term.

- 3.10 TBHT Chair Olivia Hall provided a letter on 12 April 2023 requesting that Brendan Silcock and Derek Shaw be reappointed for a subsequent term (**Attachment 1**).
- 3.11 The Trust Deed does not set out limits on the number of times a trustee can be reappointed. However, Councils' policy on Joint Appointment of Directors/Trustees of Council Controlled Organisations and Council Controlled Trading Organisations states:
- No Director/Trustee may be reappointed for a fourth consecutive term unless there are special circumstances.*
- 3.12 Both trustees have served less than four consecutive terms as trustees.
- 3.13 The Trust Deed sets out the process for reappointments, including that a public recruitment process is not required:
- Provided that where the Appointments Committee is satisfied that a Trustee retiring pursuant to Clause 16.1 continues to meet the criteria in Clause 14.1(c), and is likely to be the best candidate for appointment, then the calling for nominations and advertising as required by Clause 14(b) shall not be required to fill the vacancy in respect of which the retiring Trustee seeks reappointment (clause 16.2).*
- 3.14 Consistent with the Trust Deed, the Appointments Committee agreed this approach and a decision was confirmed at the meeting of the Appointments Committee held on 18 April 2023.
- 3.15 The Appointments Committee unanimously confirmed that Brendon Silcock and Derek Shaw should be reappointed for three-year terms.

#### **Appointment of Iwi-Nominated Trustee**

- 3.16 Trustees of TBHT include general trustees and an iwi representative trustee. Olivia Hall was the iwi nominated trustee, appointed by Te Tai Ao Komiti.
- 3.17 Ms Hall has confirmed that after 11 years on the Trust, she is stepping down from the board.
- 3.18 Te Tai Ao Komiti were informed of this decision and asked to consider who they will appoint to this role.
- 3.19 The Memorandum of Understanding of Te Tai Ao Komiti states it will:
- Elect one of their Members to be their representative on the Tasman Bays Heritage Trust. The name of the elected person will be notified in writing to the Secretary of the Trust who will notify the Appointments Committee of the Joint Stakeholder Committee accordingly to seek ratification.*
- 3.20 Olivia Hall advised that Kimiora McGregor (Ngāti Koata) has been appointed by Te Tai Ao Komiti as her replacement as the iwi-nominated trustee (**Attachment 1**).

#### **Appointment of Seventh Trustee**

- 3.21 The Trust Board has requested an increase in the number of their trustees from six to seven. In accordance with clause 12.2 of the Trust's Deed: "there shall be no more than 7 nor fewer than 5 Trustees".
- 3.22 As several trustees have indicated that they may be standing down at the end of their terms, a seventh trustee would aid continuity and expand the base of possible Chairs.
- 3.23 The Trust Board has confirmed it will split its current remuneration between the seven trustees. The next opportunity for the Joint Shareholders Committee to agree remuneration for the Trust Board will be at its August meeting.

- 3.24 The Trust Board is cognisant of the needs of the Archives, Research and Collections (ARC) capital works project and museum operations, and requested that the recruitment process prioritised the following attributes:
- Strong engagement with local communities including business
  - A long-standing relationship with the Nelson Tasman region
  - Experience in governance roles, including as chair
- 3.25 In 2022, recruitment was undertaken to appoint a new trustee to replace Chris Bowater, who had resigned. Two excellent candidates were interviewed by the TBHT Appointments Committee panel and Jo Brady was offered a position on the Trust.
- 3.26 The Trust Board asked if the second candidate, Stephen Broad-Paul could now be considered as the preferred candidate, as he has the attributes required for the role. It is understood that he is still available and interested in becoming a trustee. This was the Board's preference rather than undertaking a new recruitment process, which would be costly and a relatively lengthy process.
- 3.27 The TBHT Appointments Committee agreed with the Trust Board's view and agreed to offer a position on the Trust to Stephen Broad-Paul.
- 3.28 Past practice has been for the Appointments Committee decisions to be noted (rather than approved) by the Joint Shareholders Committee.

#### **4 Conclusion**

- 4.1 The appointment of the iwi-nominated trustee, reappointed trustees and new trustee will be announced publicly at the Trust's Annual General Meeting on 8 November 2023, and prior to that through the Museum's online and social media channels.

#### **5 Attachments**

1. [↓](#) Letter from Olivia Hall - Tasman Bays Heritage Trustee Retirement and Recruitment 45



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Andrew White

Group Manager Community Services

Nelson City Council

John Ridd

Group Manager Service & Strategy

Tasman District Council

*By email*

12/04/2023

**RE: Tasman Bays Heritage Trust trustee retirement and recruitment**

Kia ora Andrew, John

1. As you are aware, I have signalled my desire to stand down from the Trust, after eleven years of service.
2. The Board requests that the appointments committee initiate recruitment proceedings for my replacement at the earliest opportunity.
3. The Board is cognisant of the needs of the ARC capital works project and Museum operations, and requests that the recruitment process prioritises the following attributes:
  - a. Strong engagement with local communities including business.
  - b. A long-standing relationship with the Nelson Tasman region.
  - c. Experience in governance roles, including as Chair.
4. During the recruitment process last year, an excellent candidate with the required skills for this role was identified. The Trust understands that this person is still available and recommend that the Committee consider his direct appointment, as previously discussed with you both.
5. Kimiora McGregor (Ngāti Koata) has been appointed by Te Taiao Komiti as my replacement as the iwi-nominated Trustee.



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6. As I had filled both the Chair and the iwi representative role, the Trust requests that the number of Trustee role expands from six to seven, as allowed under the Deed of Trust, and as previously discussed with yourselves.
7. Trustee Brendon Silcock's term concludes in May 2023. The Trust requests that he be reappointed for a subsequent term.
8. Trustee Derek Shaw's term finishes in November 2023. The Trust requests that he be reappointed for a subsequent term.

TBHT would welcome the opportunity to discuss any aspect with you in further detail and I look forward to the opportunity to assist with the recruitment process.

Nāku noa, nā

Olivia Hall

Chair, Tasman Bays Heritage Trust

### 8.3 NELSON AIRPORT LIMITED - HALF YEARLY REPORT TO 31 DECEMBER 2022

Information Only - No Decision Required

**Report To:** Joint Shareholders Committee  
**Meeting Date:** 27 April 2023  
**Report Author:** Nikki Harrison, Group Manager Corporate Services  
**Report Number:** RJSC23-04-3

#### 1 Purpose of the Report

1.1 To receive the Nelson Airport Limited half yearly report to 31 December 2022.

#### 2 Draft Resolution

**That the Joint Shareholders Committee receives the Nelson Airport Limited - Half Yearly Report to 31 December 2022, RJSC23-04-3.**

### 3 Background and Discussion

- 3.1 Section 66 of the Local Government Act requires Nelson Airport Limited to deliver a half yearly report on performance within two months of the end of that period. The councils must publish the half yearly report on their website within one month of receiving it. These requirements have been met. The half yearly report of the Airport for the period ending 31 December 2022 is included as **Attachment 1**.
- 3.2 The half yearly report shows that Nelson Airport Limited (NAL) is on target to meet the majority of its Statement of Intent objectives for 2022/23 (see pages 6 to 8 of **Attachment 1**). Targets on staff turnover and carbon emissions are not on target to be met by 30 June 2023.
- 3.3 For the first six months of this financial year, NAL reported profit before tax (PBT) of \$2.85 million compared with the previous year result of \$1.35 million. Passenger numbers were higher at 457,214 year-to-date compared with same time last year at 280,820 (63% higher).
- 3.4 Nelson Airport is forecasting an end of year profit before tax result of \$2.93 million up on the Statement of Intent level of \$1.6 million and up on last year's result of \$2.8 million.
- 3.5 Financial performance for the second half of the current financial year is forecast to be more conservative than that reported for the first half, with Profit before Tax forecast at \$0.1 million. This is due to several factors including:
- 3.5.1 the full deconstruction and removal of two significant buildings and services removal from a third;
  - 3.5.2 a \$0.6 million movement in the value of the interest rate swaps portfolio;
  - 3.5.3 increased repairs and maintenance expenditure as previously deferred maintenance is conducted;
  - 3.5.4 a marginal reduction in several revenue streams.

### 4 Attachments

1. [1](#) Nelson Airport Half Year Report to 31 December 2022

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# INTERIM REPORT

For the Six-Month Period Ended  
31 December 2022



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## DIRECTORS' AND CHIEF EXECUTIVE REPORT FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

| Six-month period ended 31 December | 2022     | 2021     | Variance |
|------------------------------------|----------|----------|----------|
| Total Revenue                      | \$8.27m  | \$5.70m  | +45%     |
| (EBITDA)                           | \$5.31m  | \$2.80m  | +90%     |
| Net Profit before Tax              | \$2.85m  | \$1.35m  | +112%    |
| Total Assets                       | \$149.2m | \$140.7m | +6%      |
| Equity                             | \$102.6m | \$94.7m  | +8%      |
| Passenger Numbers                  | 457,214  | 280,820  | +63%     |

### OVERVIEW

The first half of our fiscal year saw our recovery post Covid continue, the reopening of the international border in July continued to provide a cautious return to normality in terms of air travel. The Nelson Airport Limited (NAL) team has continued to manage well through the disruptions caused by ongoing waves of Covid.

August saw a significant weather event that saw the road between Blenheim and Nelson closed for seven weeks. Nelson Airport played an important role in supporting air links during this time. Mark Thompson our CEO continues to focus on financial performance, sustainability and building a strong leadership team. The team continues work on ensuring our assets are resilient and is developing plans for long-term strategic growth.

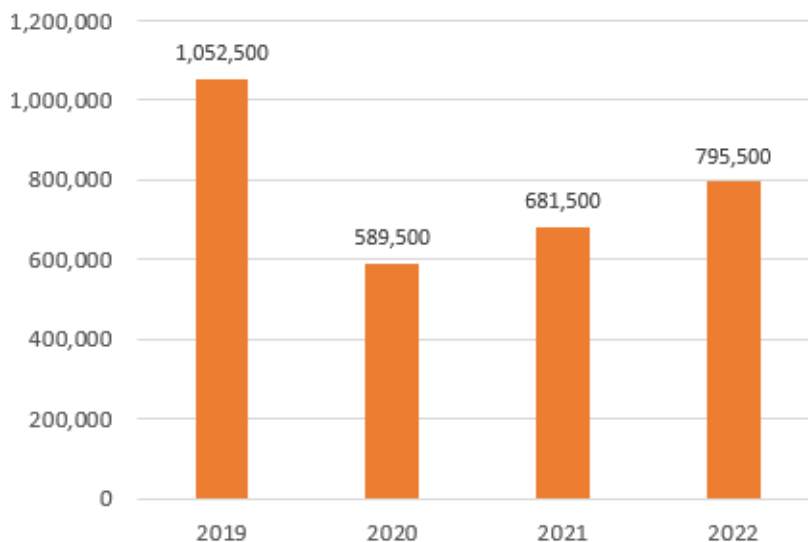
During the period we saw the retirement of two long serving Board Members in Paul Steere and Catherine Taylor, stepping down as Chair and Deputy Chair respectively. Paul and Catherine had led Nelson Airport through significant change and development during their time at NAL including the construction of the incredible terminal building.

Financial performance continues to be strong as passenger volumes have recovered faster than expected post Covid. All indications at this point are that we should see continued recovery post Covid even with the current head winds in the economy.

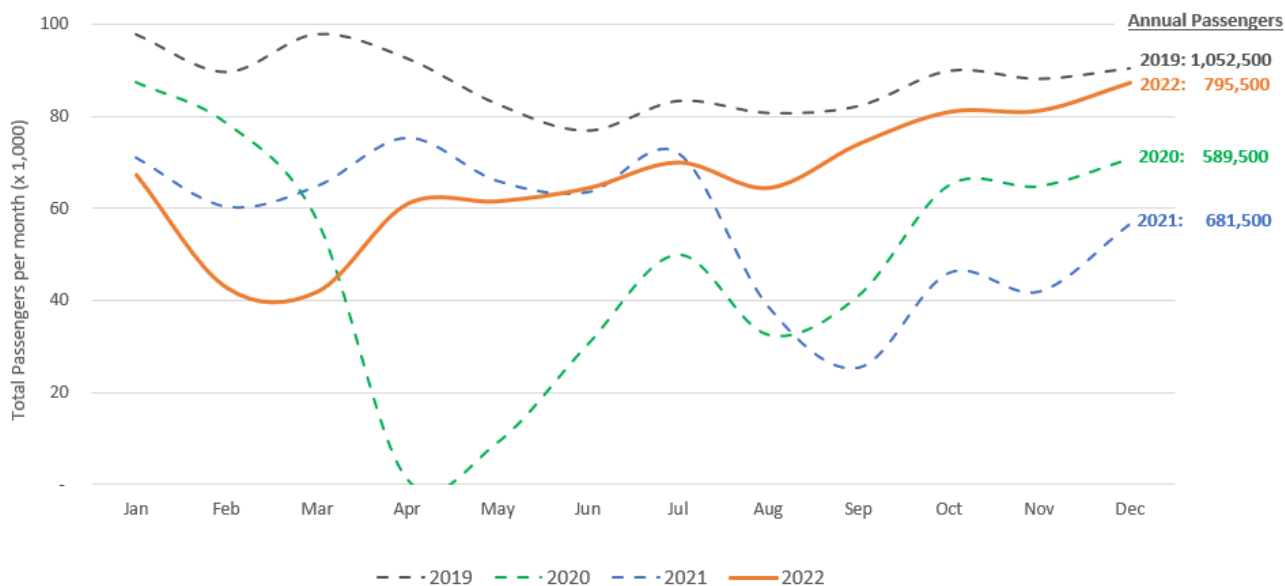
*The financial statements have not been subject to an audit and should be read in conjunction with accompanying Notes to the Financial Statements*

The following graphs show a simple comparison of total passengers by calendar year for the last four years as well as the monthly detail that demonstrates the impact on passenger numbers throughout NAL’s Covid journey.

### Total Passengers per Calendar Year



### Passenger Comparison - Latest Four Calendar Years



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## HEALTH, SAFETY AND RISK

Ensuring safety and managing our risks to as low as practicable remains the top priority for Nelson Airport. A proactive safety culture across airport operators and tenants protects against complacency, and this is evidenced by the active reporting of incidents and hazards by our users. Ongoing communication in areas of overlapping duties also ensures risks are considered from several viewpoints.

The arrival of the new Rosenbauer Panther fire truck, along with an increase in Rescue Fire personnel, is a step change in our ability to effectively respond to an airfield emergency.

Our bird strike risk, as determined by CAA, has reduced from Medium to Low. This is largely due to the extra resource in the Rescue Fire team, allowing them to discourage bird activity more proactively at the airport.

## CUSTOMERS AND STAKEHOLDERS

Demand for tenancies at the airport continues to be strong with essentially all lettable space occupied. Building on last year's planning work that culminated in the public release of our 2050 Master Plan, we are nearing completion of a more detailed Development Plan that will provide a road map for the infill of our three development precincts: the Southern Airfield, Jenkins Creek eastern precinct, and our undeveloped Bolt Road land.

Late in the period under review, we secured the necessary consents for a new back of house precinct for rental car operations and look forward to breaking ground on that development.

October saw the opening of our new Kiosk Building for our on-airport rental car partners. The new building is a welcome addition and confirms our determination to offer world class facilities.

Our airline partners continue to demonstrate the strong underlying demand for their services with passenger numbers rapidly rebounding towards, and at times, ahead of pre-Covid levels.

We have increased our focus on the customer experience with the introduction of the Customer Service Kiosk in the centre of the terminal to provide increased accessibility and enhanced service to passengers, stakeholders, and contractors.

And based on feedback from our customer survey presenting a demand for a children's play area we have created the Kids Zone, a dedicated play area for young children, which opened in November 2022.

## OUTLOOK

Looking ahead we are expecting demand for domestic travel to remain strong with international visitors returning and Covid cases declining. Our second half passenger activity forecast remains at budgeted levels, marginally more conservative than first half performance. Our focus on customer service will continue as we complete projects designed to further improve the experience through the airport.

Our safety and security focus continues to increase as our CAA<sup>1</sup> and HSWA<sup>2</sup> obligations are met and the delivery of state-of-the-art equipment such as the Rosenbauer Fire Truck and the security fencing around the total airside perimeter.

The airports resilience will become a major focus as we know that natural events are more common today and the need to make our airport resilient to such events is a top priority.

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<sup>1</sup> Civil Aviation Authority

<sup>2</sup> Health & Safety at Work Act

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People are our biggest asset and we are investing in their training and development to ensure that we have a highly engaged workforce that will deliver the expectations of our customers, shareholders and stakeholders.

Financial performance for the second half of the current financial year is forecast to be more conservative than that reported for the first half, with *Net Profit before Tax* forecast at \$0.1m. This is due to a number of reasons including; the full deconstruction and removal of two significant buildings and services removal from a third; a \$0.6m movement in the value of the interest rate swaps portfolio; increased *Repairs and Maintenance* expenditure as previously deferred maintenance is conducted; a marginal reduction in several revenue streams. The full year forecast of *Net Profit before Tax* remains positive at \$2.93m.



Quinton Hall  
Chair  
22 February 2023



Mark Thompson  
Chief Executive  
22 February 2023

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## SERVICE PERFORMANCE REPORT

For the Six-Month Period Ended 31 December 2022

NAL has developed six strategic areas to improve business performance and encourage growth. These strategies are underpinned by a series of activities and key performance indicators.

The following table provides a commentary of achievement towards the targets published in the 2022/23 Statement of Intent.

| STRATEGIC AREA                     | MEASURE   | TARGET   | PROGRESS   |
|------------------------------------|---|--|--|
| <b>People, Culture and Values</b>  | Annual employee engagement survey to be undertaken  | Move from “Good” <sup>3</sup> to “Great” <sup>4</sup> result   | Employee survey scheduled for April 2023           |
|                                    | Manage staff turnover and unplanned absenteeism.  | Nil unplanned staff turnover   | Not achieved.                                      |
|                                    | Implement a formal training programme for employees   | 30 hrs/FTE of personal development   | On track   |
| <b>Health, Safety and Risk</b>     | Meet all our obligations and standards under Civil Aviation Act Rules   | No “major” findings  | On track. CAA recertification audit in April 2023. |
|                                    | Have a behavioural based safety culture where everyone is responsible for safety on the Airport and uses the Safety Management System (SMS) daily | Top 10 risk register reviewed fortnightly by Senior Leadership Team<br>One key risk reviewed at every Board meeting.<br>Board Safety walks scheduled quarterly | On track.  |
|                                    | Have an NAL-facilitated Health and Safety Committee in place  | Minimum of 9 safety meetings with all major airside and landside PCBUs <sup>5</sup>  | On track   |
|                                    | Provide best practice safety services   | Deliver new Rosenbauer rescue fire appliance and associated training programme   | Achieved and training on track                     |
| <b>Infrastructure and Property</b> | Develop an asset management system to manage the condition, criticality, and life cycle of all assets   | Asset management system in place by 30 June 2023   | On track   |

<sup>3</sup> Employee Engagement Survey Net Promoter Score between 0-30%

<sup>4</sup> Employee Engagement Survey Net Promoter Score between 30-70%

<sup>5</sup> Person Conducting a Business or Undertaking

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| STRATEGIC AREA                      | MEASURE   | TARGET  | PROGRESS  |
|-------------------------------------|---|---|---|
|                                     | Attract commercial investment in developments that deliver our vision                     | Deliver Rental Car Kiosk and Go Rental project by 30 June 2023                    | Achieved Rental Car Kiosk Building opened in October 2022. Go Rentals in progress |
| <b>Financial Results</b>            | Manage financial performance to ensure we are optimising returns                          | Total Operating Revenues \$14.3m EBITDA <sup>6</sup> \$7.0m                       | On track  |
|                                     | Diversify revenue streams to provide resilience to macro activities outside our control   | Add at least one non-aeronautical revenue stream                                  | On track  |
|                                     | Annual Audit  | Achieve an unqualified audit opinion  | Achieved  |
| <b>Customers and Stakeholders</b>   | Deliver an exceptional customer experience for those visiting the Airport in any capacity | Improvement on FY22 Customer Satisfaction Survey Score from “Good” to “Excellent” | Survey scheduled for April 2023   |
|                                     | Engage cultural advisor and consult on all major Airport developments                     | Establish iwi engagement model by 30 June 2023                                    | On track  |
| <b>Environmental Sustainability</b> | Pursue sustainability initiatives that deliver our goal to be carbon neutral by 2030      | CO <sub>2</sub> e per-passenger reduction<br>Level 1 Airport Carbon Accreditation | On track<br><br>Achieved and On Track to achieve Level 2                          |
|                                     | Enhance oversight of noise levels as set out in the Nelson Resource Management Plan       | Introduce an industry compliant monitoring system for engine testing noise        | Achieved  |
|                                     | Zero carbon emission  | 20% improvement in carbon emissions pre offset                                    | Not likely to be achieved due to delays with potential green energy partners      |

<sup>6</sup> Earnings before interest, taxes, depreciation, and amortisation

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## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the Six-Month Period Ended 31 December 2022

|   | Note | Dec 2022<br>\$000s | Dec 2021<br>\$000s |
|---|------|--------------------|--------------------|
| Revenue   | 2    | 8,274              | 5,702              |
| Operating costs   | 3    | (2,038)            | (1,788)            |
| Administration expenses   | 3    | (927)              | (1,113)            |
| Depreciation and amortisation   | 3    | (2,036)            | (1,755)            |
|   |      | (5,000)            | (4,656)            |
| <b>Profit before Financing and Investing</b>                              |      | <b>3,274</b>       | <b>1,046</b>       |
| Interest revenue  |      | 6                  | 0                  |
| Movement in unhedged derivative financial liability - revenue / (expense) | 11   | 272                | 856                |
| Finance costs   | 3    | (724)              | (557)              |
| <b>Net Financing Income</b>   |      | <b>(446)</b>       | <b>300</b>         |
| Gain on sale of fixed assets  |      | 23                 | -                  |
| <b>Investing Income</b>   |      | <b>23</b>          | <b>-</b>           |
| <b>Profit before Tax</b>  |      | <b>2,851</b>       | <b>1,346</b>       |
| Income tax expense  | 9    | (802)              | (379)              |
| <b>Profit after Tax</b>   |      | <b>2,049</b>       | <b>967</b>         |
| <b>Other Comprehensive Income</b>   |      |                    |                    |
| Gain on asset revaluation   |      | -                  | 23                 |
| Tax on asset revaluation  |      | -                  | (6)                |
| <b>Total Comprehensive Income</b>   |      | <b>2,049</b>       | <b>984</b>         |

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## CONDENSED STATEMENT OF CHANGES IN EQUITY

For the Six-Month Period Ended 31 December 2022

|   | Note | Dec 2022<br>\$000s | Dec 2021<br>\$000s |
|---|------|--------------------|--------------------|
| Opening Retained Earnings   |      | 19,539             | 18,504             |
| Total profit for the period   |      | 2,049              | 967                |
| Balance of disposed asset transferred from asset revaluation reserve        |      | 71                 | 5                  |
| <b>Retained Earnings as at Period End</b>                                   |      | <b>21,659</b>      | <b>19,476</b>      |
| Opening Asset Revaluation Reserve   |      | 78,614             | 72,857             |
| Gain on asset revaluation   |      | -                  | 17                 |
| Balance of disposed asset transferred to retained earnings                  |      | (99)               | (5)                |
| Movement in deferred tax on disposed asset transferred to retained earnings |      | 28                 | 1                  |
| <b>Asset Revaluation as at Period End</b>                                   |      | <b>78,543</b>      | <b>72,870</b>      |
| Share capital   |      | 2,400              | 2,400              |
| <b>Closing Equity as at Period End</b>                                      |      | <b>102,601</b>     | <b>94,746</b>      |

### Note

The opening equity as at 1 July 2022 was \$100,553k

*The financial statements have not been subject to an audit and should be read in conjunction with accompanying Notes to the Financial Statements*

## CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

|                                      | Note | Dec 2022<br>\$000s | Jun 2022<br>\$000s |
|--------------------------------------|------|--------------------|--------------------|
| <b>Assets</b>                        |      |                    |                    |
| <b>Current Assets</b>                |      |                    |                    |
| Trade and other receivables          | 7    | 1,523              | 944                |
| Cash and cash equivalents            | 8    | 194                | 141                |
| Other current assets                 |      | 88                 | 65                 |
| Derivative financial assets          | 11   | 588                | 291                |
| <b>Total Current Assets</b>          |      | <b>2,393</b>       | <b>1,441</b>       |
| <b>Non-Current Assets</b>            |      |                    |                    |
| Property, plant and equipment        | 5    | 146,045            | 145,388            |
| Intangible assets                    |      | 121                | 130                |
| Derivative financial assets          | 11   | 617                | 643                |
| <b>Total Non-Current Assets</b>      |      | <b>146,783</b>     | <b>146,161</b>     |
| <b>Total Assets</b>                  |      | <b>149,176</b>     | <b>147,602</b>     |
| <b>Liabilities</b>                   |      |                    |                    |
| <b>Current Liabilities</b>           |      |                    |                    |
| Trade and other payables             | 10   | 1,358              | 2,127              |
| Current income tax liability         |      | 701                | 271                |
| Employee entitlements                |      | 260                | 296                |
| Interest bearing loans               | 12   | 30,415             | 30,363             |
| <b>Total Current Liabilities</b>     |      | <b>32,735</b>      | <b>33,057</b>      |
| <b>Non-Current Liabilities</b>       |      |                    |                    |
| Deferred tax                         | 9    | 13,839             | 13,992             |
| <b>Total Non-Current Liabilities</b> |      | <b>13,839</b>      | <b>13,992</b>      |
| <b>Total Liabilities</b>             |      | <b>46,574</b>      | <b>47,049</b>      |
| <b>Net Assets</b>                    |      | <b>102,601</b>     | <b>100,553</b>     |
| <b>Equity</b>                        |      |                    |                    |
| Issued share capital                 |      | 2,400              | 2,400              |
| Retained earnings                    |      | 21,659             | 19,539             |
| Asset revaluation reserve            |      | 78,543             | 78,614             |
| <b>Total Equity</b>                  |      | <b>102,601</b>     | <b>100,553</b>     |

*For and on behalf of the Board*



Quinton Hall  
Chair  
22 February 2023



Darren Mark  
Director  
22 February 2023

*The financial statements have not been subject to an audit and should be read in conjunction with accompanying Notes to the Financial Statements*

**CONDENSED STATEMENT OF CASH FLOWS**

For the Six-Month Period Ended 31 December 2022

|  | Note     | Dec 2022<br>\$000s | Dec 2021<br>\$000s |
|--|----------|--------------------|--------------------|
| <b>Cash Flows from Operating Activities</b>            |          |                    |                    |
| <i>Cash was provided from:</i>                         |          |                    |                    |
| Receipts from airport users                            |          | 7,952              | 5,699              |
| Interest received                                      |          | 6                  | 0                  |
|  |          | <u>7,957</u>       | <u>5,699</u>       |
| <i>Cash was disbursed to:</i>                          |          |                    |                    |
| Payments to suppliers and employees                    |          | (2,983)            | (3,265)            |
| Interest paid  |          | (724)              | (557)              |
| Income tax paid  |          | (525)              | (510)              |
| Net GST movement                                       |          | 82                 | 8                  |
|  |          | <u>(4,150)</u>     | <u>(4,323)</u>     |
| <b>Net Cash Flows from Operating Activities</b>        | <b>4</b> | <b>3,807</b>       | <b>1,376</b>       |
| <b>Cash Flows from Investing Activities</b>            |          |                    |                    |
| <i>Cash was provided from:</i>                         |          |                    |                    |
| Sale of property, plant and equipment                  |          | 27                 | -                  |
|  |          | <u>27</u>          | <u>-</u>           |
| <i>Cash was disbursed to:</i>                          |          |                    |                    |
| Purchase of property, plant and equipment              |          | (2,730)            | (1,363)            |
| Purchase of intangible assets                          |          | (4)                | -                  |
|  |          | <u>(2,734)</u>     | <u>(1,363)</u>     |
| <b>Net Cash Flow from Investing Activities</b>         |          | <b>(2,706)</b>     | <b>(1,363)</b>     |
| <b>Cash Flows from Financing Activities</b>            |          |                    |                    |
| <i>Cash was provided from:</i>                         |          |                    |                    |
| Increase in term loans                                 |          | 6,275              | 3,600              |
|  |          | <u>6,275</u>       | <u>3,600</u>       |
| <i>Cash was disbursed to:</i>                          |          |                    |                    |
| Dividend paid  |          | (1,100)            | (1,000)            |
| Decrease in term loans                                 |          | (6,223)            | (2,459)            |
|  |          | <u>(7,323)</u>     | <u>(3,459)</u>     |
| <b>Net Cash Flow from Financing Activities</b>         |          | <b>(1,048)</b>     | <b>141</b>         |
| Net increase / (decrease) in cash and cash equivalents |          | 53                 | 154                |
| Opening cash and cash equivalents                      |          | 141                | 41                 |
| <b>Closing cash and cash equivalents</b>               |          | <b>194</b>         | <b>195</b>         |

The financial statements have not been subject to an audit and should be read in conjunction with accompanying Notes to the Financial Statements

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the Six-Month Period Ended 31 December 2022

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### 1. STATEMENT OF ACCOUNTING POLICIES

#### REPORTING ENTITY

Nelson Airport Limited is an Airport Company pursuant to Section 3 of the *Airport Authorities Act 1996* and is a Council Controlled Trading Organisation under Section 6 of the *Local Government Act 2002*. Nelson Airport Limited is registered under the *Companies Act 1993*.

Nelson Airport Limited operates and manages the Nelson regional airport. The major activities are the provision of facilities for aircraft landing and servicing, and the airline and landside processing of passengers and freight to and from the aircraft.

The shares in Nelson Airport Limited are held by both Tasman District Council (50%) and Nelson City Council (50%). Neither of these entities has the ultimate control over Nelson Airport Limited.

The unaudited interim financial statements for Nelson Airport Limited are for the six-month period ended 31 December 2022.

#### BASIS OF PREPARATION

The unaudited interim financial statements have been prepared in accordance with *Generally Accepted Accounting Practice* in New Zealand as required by the *Companies Act 1993*, *Financial Reporting Act 2013* and financial reporting standards adopted by Chartered Accountants Australia and New Zealand.

The interim financial statements are presented in New Zealand dollars. The interim financial statements are prepared on the basis of historical cost with the exception of property, plant and equipment which is measured at fair value.

- The unaudited interim financial statements have been prepared in accordance with the *New Zealand Equivalent to International Accounting Standard No. 34* (Interim Financial Reporting) and should be read in conjunction with the previous annual report.
- There have been no significant changes in accounting policies. All policies have been applied on bases consistent with those used in the previous annual report. To ensure consistency with the current period, comparative figures have been restated where appropriate.

#### FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are prepared in New Zealand dollars and all values are rounded to the nearest thousand dollars. This may result in some rounding calculation differences in financial statements and notes. The functional currency of Nelson Airport Limited is New Zealand dollars (NZ\$).

*The financial statements have not been subject to an audit and should be read in conjunction with accompanying Notes to the Financial Statements*

## 2. REVENUE

|                               | Dec 2022<br>\$000s | Dec 2021<br>\$000s |
|-------------------------------|--------------------|--------------------|
| <b>Contract Revenue</b>       |                    |                    |
| Aeronautical charges          | 4,596              | 2,627              |
| Ground transport revenue      | 1,739              | 888                |
| Advertising revenue           | 118                | 96                 |
| Property revenue              | -                  | 2                  |
| Sundry income                 | -                  | 2                  |
| <b>Total Contract Revenue</b> | <b>6,453</b>       | <b>3,615</b>       |
| <b>Other Revenue</b>          |                    |                    |
| Ground transport revenue      | 488                | 290                |
| Retail revenue                | 193                | 134                |
| Property revenue              | 1,140              | 1,459              |
| Sundry income                 | 0                  | 79                 |
| Wage subsidy                  | -                  | 126                |
| <b>Total Other Revenue</b>    | <b>1,821</b>       | <b>2,087</b>       |
| <b>Total Revenue</b>          | <b>8,274</b>       | <b>5,702</b>       |

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### 3. EXPENSES

#### a) Operating Costs

|                            | Dec 2022<br>\$000s | Dec 2021<br>\$000s |
|----------------------------|--------------------|--------------------|
| Employee entitlements      | 1,231              | 924                |
| Other operating expenses   | 755                | 859                |
| Loss on disposal of assets | 51                 | 5                  |
|                            | <b>2,038</b>       | <b>1,788</b>       |

#### b) Administration Costs

|                               | Dec 2022<br>\$000s | Dec 2021<br>\$000s |
|-------------------------------|--------------------|--------------------|
| Auditors remuneration         | 31                 | 31                 |
| Directors' fees               | 89                 | 75                 |
| Insurance and rates           | 434                | 415                |
| Other administration expenses | 373                | 592                |
|                               | <b>927</b>         | <b>1,113</b>       |

#### c) Depreciation and Amortisation

|                                    | Dec 2022<br>\$000s | Dec 2021<br>\$000s |
|------------------------------------|--------------------|--------------------|
| Depreciation                       | 2,020              | 1,725              |
| Depreciation – right of use assets | 2                  | 8                  |
| Amortisation of intangible assets  | 14                 | 21                 |
|                                    | <b>2,036</b>       | <b>1,755</b>       |

#### d) Finance Costs

|                                      | Dec 2022<br>\$000s | Dec 2021<br>\$000s |
|--------------------------------------|--------------------|--------------------|
| Interest expense                     | 723                | 555                |
| Interest expense – lease liabilities | 0                  | 1                  |
|                                      | <b>724</b>         | <b>557</b>         |

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#### 4. RECONCILIATION OF COMPREHENSIVE INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

|   | Dec 2022<br>\$000s | Dec 2021<br>\$000s |
|---|--------------------|--------------------|
| Net Profit for the Period                             | 2,049              | 967                |
| <i>Add / (less) non-cash and non-operating items:</i> |                    |                    |
| (Gain) / loss on disposal of assets                   | 28                 | 5                  |
| Depreciation and amortisation                         | 2,036              | 1,755              |
| Movement in deferred taxation                         | (153)              | 124                |
| Movement in derivative financial instrument           | (272)              | (856)              |
| Tax on asset revaluation                              | -                  | (5)                |
| <i>Movement in working capital:</i>                   |                    |                    |
| (Increase) / decrease in other current assets         | (23)               | -                  |
| (Increase) / decrease in receivables                  | (579)              | (268)              |
| Increase / (decrease) in current tax payable          | 430                | (250)              |
| Increase / (decrease) in payables                     | 291                | (96)               |
| <b>Net cash flows from operating activities</b>       | <b>3,807</b>       | <b>1,376</b>       |

*The financial statements have not been subject to an audit and should be read in conjunction with accompanying Notes to the Financial Statements*



## 5. PROPERTY, PLANT & EQUIPMENT

| December 2022                                       | Land & Improvements \$000s | Buildings \$000s | Airfield Infrastructure \$000s | Landside Infrastructure \$000s | Equipment \$000s | Motor Vehicles \$000s | Fixtures & Fittings \$000s | Capital Work in Progress \$000s | Total \$000s   |
|---|----------------------------|------------------|--------------------------------|--------------------------------|------------------|-----------------------|----------------------------|---------------------------------|----------------|
| <b>Cost or Valuation</b>                            |                            |                  |                                |                                |                  |                       |                            |                                 |                |
| Balance as at 1 July 2022                           | 42,448                     | 58,056           | 25,249                         | 16,887                         | 452              | 151                   | 455                        | 2,313                           | 146,011        |
| Reclassification                                    | -                          | 1,870            | 389                            | 282                            | 92               | 1,251                 | -                          | (3,883)                         | (0)            |
| Additions   | -                          | 8                | 8                              | 2                              | 29               | 32                    | -                          | 2,655                           | 2,734          |
| Disposals   | -                          | -                | (49)                           | -                              | (3)              | (99)                  | (4)                        | -                               | (155)          |
| Balance as at 31 December 2022                      | 42,448                     | 59,935           | 25,597                         | 17,170                         | 570              | 1,336                 | 451                        | 1,085                           | 148,592        |
| <b>Cumulated Depreciation and Impairment Losses</b> |                            |                  |                                |                                |                  |                       |                            |                                 |                |
| Balance as at 1 July 2022                           | -                          | 96               | 1                              | 3                              | 216              | 101                   | 206                        | -                               | 623            |
| Depreciation  | -                          | 785              | 824                            | 341                            | 32               | 18                    | 23                         | -                               | 2,023          |
| Disposals   | -                          | -                | -                              | -                              | (2)              | (97)                  | (1)                        | -                               | (100)          |
| Balance as at 31 December 2022                      | -                          | 881              | 825                            | 344                            | 246              | 22                    | 228                        | -                               | 2,547          |
| <b>Net Book Value as at 31 December 2022</b>        | <b>42,448</b>              | <b>59,054</b>    | <b>24,771</b>                  | <b>16,826</b>                  | <b>324</b>       | <b>1,313</b>          | <b>223</b>                 | <b>1,085</b>                    | <b>146,045</b> |
| <b>December 2021</b>                                |                            |                  |                                |                                |                  |                       |                            |                                 |                |
| <b>Cost or Valuation</b>                            |                            |                  |                                |                                |                  |                       |                            |                                 |                |
| Balance as at 1 July 2021                           | 38,666                     | 57,309           | 25,092                         | 16,188                         | 360              | 180                   | 458                        | 1,464                           | 139,717        |
| Reclassification – opening balances                 | -                          | (23)             | -                              | -                              | 23               | -                     | -                          | -                               | -              |
| Reclassification                                    | -                          | 218              | 1,458                          | 39                             | 78               | -                     | -                          | (1,794)                         | -              |
| Additions   | -                          | 52               | 1                              | 14                             | 20               | -                     | 5                          | 1,289                           | 1,381          |
| Movement in asset revaluation                       | -                          | 23               | -                              | -                              | -                | -                     | -                          | -                               | 23             |
| Disposals   | -                          | -                | -                              | (5)                            | (6)              | -                     | -                          | (44)                            | (54)           |
| Balance as at 31 December 2021                      | 38,666                     | 57,580           | 26,551                         | 16,237                         | 475              | 180                   | 464                        | 915                             | 141,068        |
| <b>Cumulated Depreciation and Impairment Losses</b> |                            |                  |                                |                                |                  |                       |                            |                                 |                |
| Balance as at 1 July 2021                           | -                          | 48               | 0                              | 4                              | 201              | 113                   | 158                        | -                               | 524            |
| Depreciation  | -                          | 793              | 597                            | 278                            | 27               | 10                    | 29                         | -                               | 1,734          |
| Disposals   | -                          | -                | -                              | 0                              | (5)              | -                     | -                          | -                               | (5)            |
| Balance as at 31 December 2021                      | -                          | 841              | 597                            | 282                            | 222              | 123                   | 187                        | -                               | 2,252          |
| <b>Net Book Value as at 31 December 2021</b>        | <b>38,666</b>              | <b>56,739</b>    | <b>25,954</b>                  | <b>15,955</b>                  | <b>253</b>       | <b>57</b>             | <b>277</b>                 | <b>915</b>                      | <b>138,816</b> |

The financial statements have not been subject to an audit and should be read in conjunction with accompanying Notes to the Financial Statements

## VALUATION

Residential and commercial land was valued as at 30 June 2022 by Duke & Cooke Limited in accordance with International Financial Reporting Standards, NZ International Accounting Standards, specifically NZ IAS16, the Australia and New Zealand Guidance Papers for Valuers and Property Professionals, and International Valuation Standards (fair value \$3,048,000).

Leasehold aerodrome land, upon which the airport is situated, was vested by the Crown to be held in trust by Nelson City Council. Nelson Airport Limited has a renewable 60-year lease over this land at a peppercorn rental. The leasehold interest in airport land was valued as at 30 June 2022 by Duke & Cooke Limited in accordance with International Financial Reporting Standards, NZ International Accounting Standards, specifically NZ IAS16, the Australia and New Zealand Guidance Papers for Valuers and Property Professionals, and International Valuation Standards (fair value \$39,400,000).

Buildings were valued as at 30 June 2022 by Duke & Cooke Limited in accordance with International Financial Reporting Standards, NZ International Accounting Standards, specifically NZ IAS16, the Australia and New Zealand Guidance Papers for Valuers and Property Professionals, and International Valuation Standards (fair value \$57,644,398).

Airfield infrastructure was valued as at 30 June 2022 by Beca Limited in accordance with International Valuation Standards, NZ International Accounting Standards, specifically NZ IAS16, and Property Institute of New Zealand Guidance Papers for Valuers and Property Professionals (fair value \$25,244,518).

Landside infrastructure was valued as at 30 June 2022 by Beca Limited in accordance with International Valuation Standards, NZ International Accounting Standards, specifically NZ IAS16, and Property Institute of New Zealand Guidance Papers for Valuers and Property Professionals (fair value \$16,753,948).

Both Duke & Cooke Limited and Beca Limited are independent registered valuers.

## 6. INTANGIBLE ASSETS

| Dec 2022          | Original Cost<br>\$000s | Accum Amortisation<br>\$000s | Opening WDV<br>\$000s | Additions<br>\$000s | Reclassifications<br>\$000s | Disposals<br>\$000s | Amortisation<br>\$000s | Closing WDV<br>\$000s |
|-------------------|-------------------------|------------------------------|-----------------------|---------------------|-----------------------------|---------------------|------------------------|-----------------------|
| Software          | 96                      | 66                           | 30                    | 4                   | -                           | -                   | 8                      | 26                    |
| Other Intangibles | 180                     | 79                           | 100                   | -                   | -                           | -                   | 6                      | 94                    |
| <b>Total</b>      | <b>275</b>              | <b>145</b>                   | <b>130</b>            | <b>4</b>            | <b>-</b>                    | <b>-</b>            | <b>14</b>              | <b>121</b>            |

| Dec 2021          | Original Cost<br>\$000s | Accum Amortisation<br>\$000s | Opening WDV<br>\$000s | Additions<br>\$000s | Reclassifications<br>\$000s | Disposals<br>\$000s | Amortisation<br>\$000s | Closing WDV<br>\$000s |
|-------------------|-------------------------|------------------------------|-----------------------|---------------------|-----------------------------|---------------------|------------------------|-----------------------|
| Software          | 96                      | 46                           | 50                    | -                   | -                           | -                   | 11                     | 39                    |
| Other Intangibles | 180                     | 59                           | 121                   | -                   | -                           | -                   | 10                     | 110                   |
| <b>Total</b>      | <b>275</b>              | <b>105</b>                   | <b>170</b>            | <b>-</b>            | <b>-</b>                    | <b>-</b>            | <b>21</b>              | <b>149</b>            |

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## 7. TRADE AND OTHER RECEIVABLES

|                                      | Dec 2022     | Jun 2022   |
|--------------------------------------|--------------|------------|
|                                      | \$000s       | \$000s     |
| Trade receivables – contract revenue | 1,035        | 716        |
| Trade receivables – other revenue    | 213          | 182        |
| Accrued debtors                      | 8            | 1          |
| Prepayments                          | 268          | 45         |
|                                      | <b>1,523</b> | <b>944</b> |

## 8. CASH AND CASH EQUIVALENTS

|              | Dec 2022   | Jun 2022   |
|--------------|------------|------------|
|              | \$000s     | \$000s     |
| Cash on hand | 7          | 8          |
| Bank Balance | 187        | 132        |
|              | <b>194</b> | <b>141</b> |

## 9. INCOME TAX

### Components of Income Tax Expense

|   | Dec 2022   | Dec 2021   |
|---|------------|------------|
|   | 6 months   | 6 months   |
|   | \$000s     | \$000s     |
| Current tax expense                     | 955        | 260        |
| Prior years tax under / (over) provided | -          | -          |
| Deferred tax expense                    | (153)      | 119        |
|   | <b>802</b> | <b>379</b> |

### Relationship between Tax Expense and Accounting Profit

|  | Dec 2022   | Dec 2021   |
|--|------------|------------|
|  | 6 months   | 6 months   |
|  | \$000s     | \$000s     |
| Operating Profit before Taxation                             | 2,851      | 1,346      |
| Prima facie tax @ 28%  | 798        | 377        |
| Adjustment for timing and taxation differences               | 153        | (118)      |
| Adjustment for permanent differences                         | 3          | 1          |
| Prior years tax under / (over) provided                      | -          | -          |
| Adjustments for deferred tax                                 | 66         | 236        |
| Adjustments for deferred tax – property, plant and equipment | (220)      | (117)      |
| <b>Income Tax Expense</b>                                    | <b>802</b> | <b>379</b> |

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**Deferred Tax**

|                                       | Dec 2022<br>6 months<br>\$000s | Dec 2021<br>6 months<br>\$000s |
|---------------------------------------|--------------------------------|--------------------------------|
| <b>Property, Plant and Equipment</b>  |                                |                                |
| Opening balance                       | (13,773)                       | (13,145)                       |
| Charged to profit and loss            | 220                            | 117                            |
| Charged to asset revaluation reserve  | -                              | (5)                            |
| Closing balance                       | (13,553)                       | (13,033)                       |
| <b>Employee Entitlements</b>          |                                |                                |
| Opening balance                       | 41                             | 34                             |
| Charged to profit and loss            | 6                              | 4                              |
| Closing balance                       | 47                             | 38                             |
| <b>Derivative Financial Liability</b> |                                |                                |
| Opening balance                       | (262)                          | 200                            |
| Charged to profit and loss            | (76)                           | (240)                          |
| Closing balance                       | (338)                          | (39)                           |
| <b>Other Provisions</b>               |                                |                                |
| Opening balance                       | 1                              | 2                              |
| Charged to profit and loss            | 4                              | (1)                            |
| Closing balance                       | 5                              | 1                              |
| <b>Total</b>                          | <b>(13,839)</b>                | <b>(13,033)</b>                |

**10. TRADE AND OTHER PAYABLES**

|                                  | Dec 2022<br>\$000s | Jun 2022<br>\$000s |
|----------------------------------|--------------------|--------------------|
| Trade payables                   | 547                | 643                |
| Trade payables (related parties) | 27                 | 38                 |
| Dividend payable                 | -                  | 1,100              |
| Accruals                         | 441                | 118                |
| GST liability                    | 322                | 178                |
| Income received in advance       | 22                 | 49                 |
|                                  | <b>1,358</b>       | <b>2,127</b>       |

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## 11. DERIVATIVE FINANCIAL INSTRUMENTS

|                                    | Dec 2022<br>\$000s | Jun 2022<br>\$000s |
|------------------------------------|--------------------|--------------------|
| <b>Derivative Financial Assets</b> |                    |                    |
| <b>Interest rate swaps</b>         |                    |                    |
| Current portion                    | 588                | 291                |
| Non-current portion                | 617                | 643                |
|                                    | <b>1,206</b>       | <b>934</b>         |

Nelson Airport Limited manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. The notional principal amounts of outstanding floating to fixed interest rate swap contracts as at 31 December 2022 (including swaps in place for future borrowings on a floating interest rate) totalled \$19,000,000 (2021: \$19,000,000). Their fair value at balance date was an asset of \$1,205,827 (June 2022: \$934,165).

The weighted average fixed interest rate on swaps held at balance date was 3.63% (June 2022: 3.63%).

Nelson Airport Limited has chosen not to determine whether the interest rate swaps in place are an effective hedge in mitigating cash flow risk from changes in interest rates. The movement in the interest rate swaps has been recognised as a movement in profit or loss within finance costs.

## 12. INTEREST BEARING LOANS

|                                  | Dec 2022<br>\$000s | Jun 2022<br>\$000s |
|----------------------------------|--------------------|--------------------|
| <b>Repayable as follows:</b>     |                    |                    |
| Less than 1 year                 | 30,415             | 30,360             |
| Between 1 and 5 years            | -                  | -                  |
|                                  | <b>30,415</b>      | <b>30,360</b>      |
| <b>Finance Lease Liabilities</b> |                    |                    |
| Less than 1 year                 | 0                  | 3                  |
| Between 1 and 5 years            | -                  | -                  |
|                                  | <b>0</b>           | <b>3</b>           |

Nelson Airport Limited arranged for a line of credit with Westpac to finance the business during and post the construction of the new terminal and associated landside infrastructure completed 2020. This loan is secured by a general security agreement over assets and undertakings of Nelson Airport Limited.

The total line of credit with Westpac is \$40 million, to be made available and drawn down as required.

The interest rate applying to the loan facility at balance date was 5.95% (June 2022: 3.70%).

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## 13. TRANSACTIONS WITH RELATED PARTIES

### TRANSACTIONS WITH SHAREHOLDERS

The Company is jointly owned by Nelson City Council (NCC) (50%) and Tasman District Council (TDC) (50%).

The Company paid rates, maintenance, consents, fees and facility hire costs to NCC amounting to \$310,059 (2021: \$267,662) and the balance included as owing in trade payables as at 31 December 2022 is \$20,357 (2021: \$18,748).

The Company is liable to pay a peppercorn rent to the Nelson City Council, if requested, in respect of aerodrome reserve land.

### TRANSACTIONS WITH ENTITIES OWNED BY SHAREHOLDERS

Nelmac Limited is a 100% subsidiary of Nelson City Council. Nelson Airport Limited paid grounds maintenance and other fees to Nelmac Limited amounting to \$48,452 (2021: \$49,905) and the balance included as owing in trade payables as at 31 December 2022 was \$6,670 (2021: \$16,221).

### TRANSACTIONS WITH ENTITIES RELATED TO KEY MANAGEMENT PERSONNEL

During the period, Nelson Airport Limited paid \$30 (2021: \$35) to New Zealand Transport Agency for motor vehicle registration information, of which Catherine Taylor, NAL Director, is a director.

Nelson Airport Limited paid \$2,807 (2021: nil) for director fees to Findex NZ Ltd, of which Darren Mark, NAL Director, is a senior partner.

With the exception of a peppercorn rent in relation to the aerodrome land all related party transactions are at arms-length and were charged on normal terms and conditions and outstanding accounts are payable on normal trading terms. No related debts have been written off or provided for as doubtful. All related party balances are unsecured.

## 14. DISTRIBUTIONS TO SHAREHOLDERS

No interim dividend has been declared for the period ending 31 December 2022. The final dividend for the 2021/22 financial year of \$1,100,000 was paid to shareholders on 08 July 2022.

## 15. CONTINGENCIES

There are no material contingent liabilities to record as at 31 December 2022.

## 16. EVENTS AFTER BALANCE DATE

### THE COVID-19 PANDEMIC

At balance date, and to date, the Company has recognised the uncertainties around the ongoing effects of the Covid pandemic and the impact on air travel demand. Notwithstanding the potential for ongoing impacts of Covid on the business the view of the directors is that the business retains strong business fundamentals. The directors are confident that the Company is well paced to continue operating as a going concern pending the ultimate return of more usual levels of trading. Underlying passenger performance has been steadily returning towards pre-pandemic levels. Passenger performance in December 2022 was only 3.6% down on the last pre-COVID 19 December period being December 2019.

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## FORECAST CHANGE OF OWNERSHIP

Following Tasman District Council and Nelson City Council's respective resolutions to establish a Holding Company, to hold the two Councils' shareholdings in Nelson Airport and Port Nelson, work continues towards establishing the new group. The Group is expected to be established in 2023 and Nelson Airport Ltd and Port Nelson Ltd will be subsidiaries of the new company. Infrastructure Holdings Ltd (the entity to ultimately become the holding company) was incorporated on 17<sup>th</sup> January 2023.

## 17. CAPITAL COMMITMENTS

Nelson Airport Ltd has \$28,306 worth of contractual commitments for property, plant and equipment as at 31 December 2022 (2021: \$937,796).

## 18. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved by the board of directors on 22 February 2023.

*The financial statements have not been subject to an audit and should be read in conjunction with accompanying Notes to the Financial Statements*

## COMPANY DIRECTORY

### Directors

|                                 |   |
|---------------------------------|---|
| Paul Steere - Chair             | <i>(Retired as Director and Chair on 31/10/22)</i>        |
| Quinton Hall - Chair            | <i>(Appointed Chair from 1/11/22)</i>                     |
| Catherine Taylor - Deputy Chair | <i>(Retired as Director and Deputy Chair on 16/10/22)</i> |
| Matthew Clarke                  |   |
| Matthew McDonald                |   |
| Darren Mark                     |   |
| Emma Ihaia                      | <i>(Appointed as Director from 17/10/22)</i>              |

### Registered Office

Nelson Airport Management Offices  
Trent Drive, Nelson 7011  
Telephone 03-547-3199  
Email office@nelsonairport.co.nz

### Senior Leadership Team

|                                   |                                      |
|-----------------------------------|--------------------------------------|
| Chief Executive Officer           | Mark Thompson                        |
| Safety and Sustainability         | James Middlewick                     |
| Commercial                        | Simon Barr                           |
| Communications and Marketing      | Beth Catley                          |
| Customer Service                  | Siosateki Faletau                    |
| Chief Financial Officer           | Simon Orr                            |
| Facilities and Assets             | Jonathan Truslove                    |
| Marketing and Landside Operations | Bryn Lloyd (Resigned September 2022) |
| Support Services                  | Tania Mitchell                       |

### Auditor

Audit New Zealand, on behalf of the Auditor-General

### Accountant

Johnston Associates Chartered Accountants

### Banker

Westpac Banking Corporation

### Lawyer

Ford Sumner Lawyers



## 8.4 PORT NELSON LTD INTERIM SIX-MONTH REPORT ENDED 31 DECEMBER 2022

Information Only - No Decision Required

|                       |  |
|-----------------------|--|
| <b>Report To:</b>     | Joint Shareholders Committee           |
| <b>Meeting Date:</b>  | 27 April 2023                          |
| <b>Report Author:</b> | Mike Drummond, Group Manager - Finance |
| <b>Report Number:</b> | RJSC23-04-4                            |

### 1 Summary

- 1.1 Port Nelson Ltd delivered their scheduled interim half yearly report to 31 December 2022 on 28 February 2023. This is within the statutory timeframe.
- 1.2 The Port Board and management presented on the interim results and provided a briefing to Councillors at the Joint Committee meeting on 28 March 2023. At the time, Councillors were able to question the Company representatives on performance and other matters.
- 1.3 This Committee has the oversight responsibilities for the Port and the interim half yearly report comes to this Committee to be formally received.
- 1.4 Given the previous company briefing there are no particular matters that staff need to bring to the Committee's attention.

### 2 Draft Resolution

**That the Joint Shareholders Committee**

1. **receives the Port Nelson Ltd Interim Six-Month Report ended 31 December 2022 report, RJSC23-04-4; and**
2. **notes a link to the Port Nelson Ltd Interim Six-Month Report Ended 31 December 2022 will be published on the Tasman District and Nelson City Council websites within seven days of this meeting.**

### 3 Purpose of Report

- 3.1 To formally receive the Port Nelson Ltd interim six-month report for the period ended 31 December 2022.

### 4 Background and Discussion

- 4.1 Section 16 of the Port Companies Act 1988 requires Port Nelson Limited to deliver a half yearly report on performance within two months of the end of that period. This requirement has been met.
- 4.2 The interim half yearly report of the Port for the period ending 31 December 2022 is included as **Attachment 1**.
- 4.3 The half yearly report shows that Port Nelson Limited (PNL) is on target to meet most of its Statement of Corporate Intent objectives for 2022/23 (see pages 6 and 7 of **Attachment 1**).
- 4.4 For the first six months of this financial year, PNL reported net profit after tax (NPAT) of \$2.71 million compared with the previous year result of \$4.64 million (a 42% decrease). Compared to budget, however, the result is only down 1.1%. Revenue for the period was \$41.477 million, up 11% on last year.
- 4.5 The first six months of the 2023 financial year reflect the headwinds experienced by many export-orientated businesses: Covid impacts continue to cause volatility and disruption to container shipping and inflationary forces have driven up costs faster than revenue increases.
- 4.6 Cargo volumes (revenue tonnes – RT) and container throughput (twenty-foot equivalent units – TEU) to 31 December 2022 were 1.5 million RT and 50 thousand TEU. This compares to last year's result at this time of 1.6 million RT and 52 thousand TEU.
- 4.7 The main driver for the negative variance for cargo volumes was reduced volumes for sawn timber, general import/exports, fish and logs. On the positive side, a consequence of container number shortages at the end of last financial year saw a strong tail to the 2022 apple export season, which lifted the first six months of this year.
- 4.8 Port Nelson Ltd expect shipping reliability to improve steadily over the rest of the year and look forward to a strong pip fruit and wine season for the 2023 financial year. Log volumes are forecast to recover, although there remains a high level of vulnerability to the China market.
- 4.9 The Port presented and provided an update at the Joint Committee Meeting on 27 April 2023.

### 5 Conclusion and Next Steps

- 5.1 The Company has provided the required six monthly update. The information in the update is in line with the presentation being made to Councillors on 27 April 2023.
- 5.2 The receipt of the interim financials is a routine matter.
- 5.3 Tasman District and Nelson City Council will provide a link to the report on their websites within seven days of this meeting.

|                      |
|----------------------|
| <b>6 Attachments</b> |
|----------------------|

|                      |   |    |
|----------------------|---|----|
| 1. <a href="#">↓</a> | Port Nelson Ltd Interim Six Month Report ended 31 December 2022 | 76 |
|----------------------|---|----|

# INTERIM REPORT

For the six months ended 31 December 2022



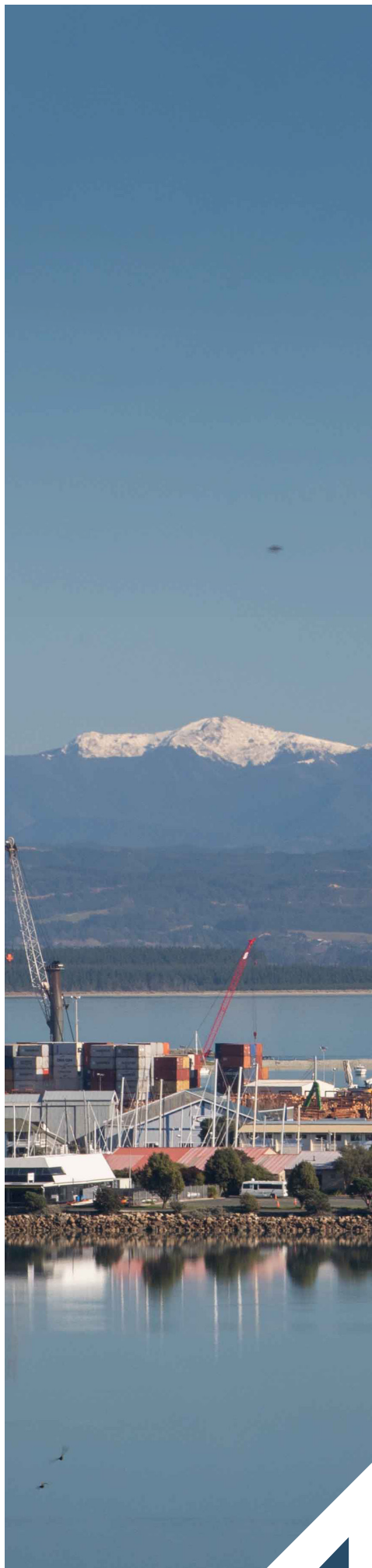
**PORT  NELSON**

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.

E aronui ana ki ō tātou tāngata kei te manawa pātuki o Whakatū, me mihi ka tika hoki.  
Mai i ngā pae maunga ki Tangaroa takapou whāriki, Papatūānuku e hora ake nei.  
Ko tā tātou i Te Taiuhu, he tautoko i ngā wawata, he hāpai anō hoki i te oranga o te hāpori.  
E kōkiri whakamua ana te kounga hei painga mā ō tātou kiritaki.  
E aronui ana ki te taiao, kia tū, kia oho, kia mataara ki te anamata.  
E kaha whakaputa mai ana i ngā hua mā te hunga whaipānga.  
E mahi ngātahi ana, e aro ngātahi ana 'ki te hāpai i te puawaitanga ā-rohe'.

We acknowledge our people, who are at the heart of Port Nelson.  
We honour the mountains, the sea and the land under, in, and upon which we operate.  
We recognise our role within Te Taiuhu and support the aspirations and wellbeing of our community.  
Driving excellence across the supply chain for our customers.  
Respecting the environment in which we operate and pushing towards a sustainable future.  
Delivering strong and sustained returns for our shareholders.  
Working and striving together 'to facilitate regional prosperity'.





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The first six months of the 2023 financial year reflect the headwinds experienced by many export-orientated businesses: covid impacts continue to cause volatility and disruption to container shipping; weather events have disturbed transportation links; and inflationary forces have driven up costs faster than revenue increases.

### Our Customers

Total cargo volumes were 1.5 million tonnes, down 6% on budget. Container throughput was down 8% on budget at 50,000 TEU.

The main driver for the negative variance for cargo was reduced volumes for sawn timber, general import/exports, fish and logs. On the positive side, a consequence of container number shortages at the end of last financial year saw a strong tail to the 2022 apple export season, which lifted the first six months of this year.

We expect shipping reliability to improve steadily over the rest of the year and look forward to a strong pip fruit and wine season for the 2023 financial year. Log volumes are forecast to recover, although there remains a high level of vulnerability to the China market.

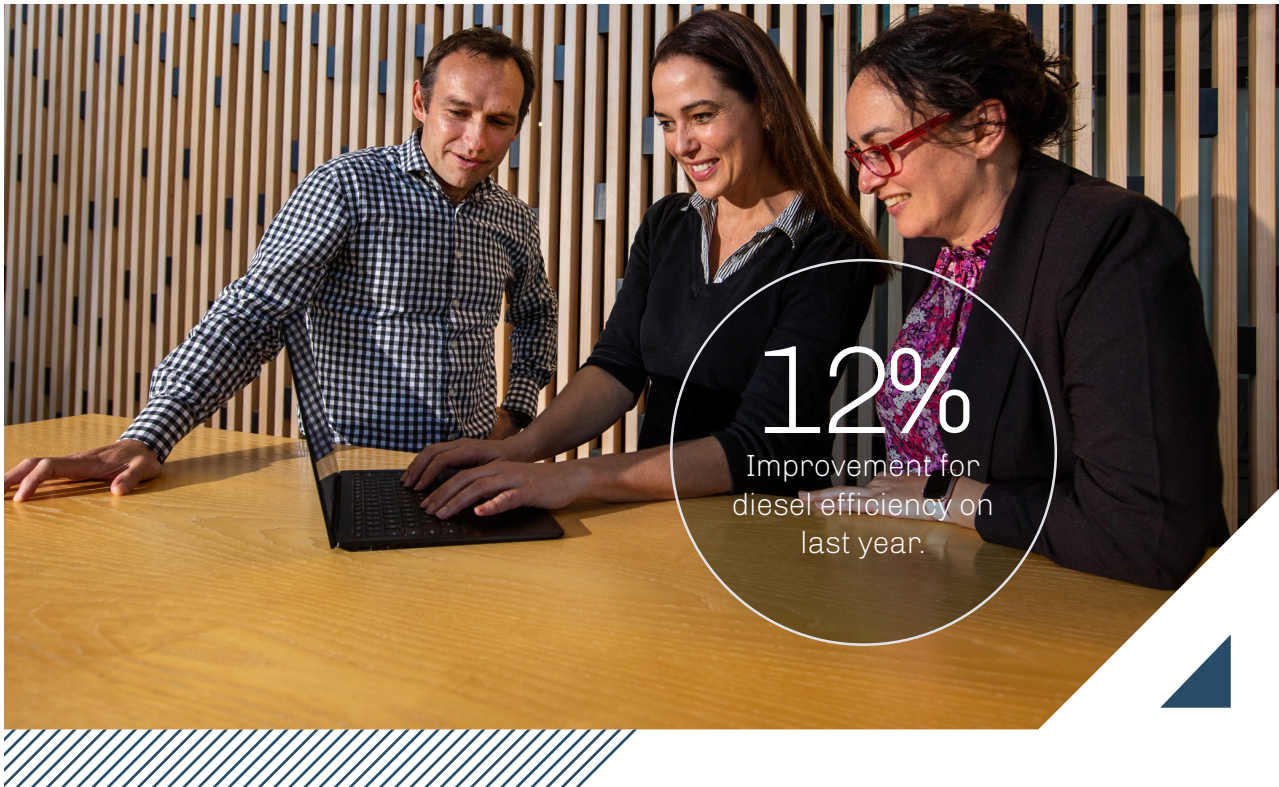
### Our Environment

From a non-carbon environmental impact perspective, there have been no significant stormwater, dust, or spill events. Noise challenges have developed around vessels with low-frequency generator noise. The Port is working with shipping lines on a programme of works to rectify the issue. Improvement works are ongoing in all these areas, including: improving monitoring of stormwater, dust and noise emissions; training in oil spill response; and improved management of logyard debris.

From a carbon emissions perspective, diesel efficiency (litres/revenue tonne) has improved 12% on last year. Work continues in a number of areas to explore options for reducing emissions, including: hydrogen injection into heavy diesel plant; an increased electrical supply to the site to support future electrification of cranes and possible powering of vessels while berthed; and identification of the pathway for replacing our fleet with alternative fuels.

### Our People

A strong recruitment drive over the last year has seen a reduced number of vacancies at Port Nelson, resulting in increased capacity within teams. A heightened training focus is enabling greater flexibility of our people across different roles.



Safety continues to receive a high level of focus, particularly in the critical risk areas. An external audit in February 2023 will provide a valuable independent insight. Two health and safety surveys were carried out during the reporting period. One initiated by Maritime NZ and one by Port Nelson. Both surveys recognised the strong safety culture at Port Nelson and that we compare favourably with other ports.

### Our Community

A successful charity golf day was held in November 2022. The generosity of Port Nelson's suppliers, customers and port-users, contributed \$24k to LifeLinc.

Improving the Port's engagement with Te Tauihu iwi remains a focus, this includes actioning a 3-5 year Māori Strategy and Action Plan that will enable the Port to be a more inclusive employer and partner.

After a number of delays the Port has confirmed funding from Central Government for the redevelopment of the Nelson Slipway into a travel lift facility, capable of lifting vessels up to 550t. Design is progressing towards a construction start mid-2023.

### Our Shareholders

An interim Net Profit After Tax for the half year of \$2.7m was achieved. This is \$1.1m (28%) down on budget and \$1.9m (41%) down on last year.

The key drivers of the negative variance were lower log and container numbers. In addition, increased finance, fuel, and payroll costs impacted the business.

Looking at the second half of the year, we are forecasting a recovery in the Port's operating profit position towards budget. Contributing factors will include; stabilised shipping; log volumes returning to budget; and a strong forecast for apple and wine related cargo. On the downside is the potential for write-downs for property related assets. The Port remains on track to meet its forecast dividend payment for the 2023 financial year.

This year's capital investment budget focused on pavement upgrades and mechanical plant replacements. During the first half of the year, a resilience review of our plant has allowed replacement decisions to be postponed. This has the benefit of deferring expenditure and allowing manufacturers to prove the alternative fuel options they intend to pursue.

Two technology projects are progressing this year. The Pelorus logistic application is being expanded to provide more functionality to users. In addition, digitisation of data transfer between wine exporters, transportation, warehousing and packing, and the container terminal, enables improved data security and removes inefficiencies.



# → Statement of Corporate Intent Measures

## Purpose

To facilitate regional prosperity/kia āhei ki te kōkiri whakamua ki te taumata ā-rohe.

## Goals

The company's purpose of facilitating regional prosperity is interpreted through five stakeholders; customers, environment, people, community, and shareholders.



## Performance Targets

| Performance Measure   | Financial Year June 2023 |                |
|---|--------------------------|----------------|
|   | Full Year Target         | Interim Result |
| <b>Customers</b>  |                          |                |
| Cargo volumes (revenue tonnes)  | 3,308                    | 1,506          |
| Container throughput (TEU - twenty-foot equivalent units - thousands) | 114                      | 50             |
| Vessel visits   | 781                      | 367            |
| Revenue growth QuayConnect (\$m)                                      | 1.5                      | on target      |
| Average container crane rate per hour                                 | >20                      | 20             |
| Improved cont. truck waiting time (mins)                              | 70%                      | on target      |

| Performance Measure   | Financial Year June 2023 |                |
|---|--------------------------|----------------|
|   | Full Year Target         | Interim Result |
| <b>Environment</b>  |                          |                |
| Gross reduction on FY19 scope 1 and 2 carbon emissions (cumulative)         | 15%                      | on target      |
| Gross reduction on FY19 levels in scope 3 carbon emissions (PNL originated) | 80%                      | on target      |
| Significant noise events & events >85dBH at the noise monitor               | 0 & 5                    | 0 & 12         |
| Dust events external complaint  | 0                        | 0              |
| Monitoring of stormwater discharges completed                               | 4                        | 0              |
| Port substance spills >10L reach harbour                                    | 0                        | 0              |
| Team environmental awareness training complete                              | 50%                      | on target      |
| <b>People</b>   |                          |                |
| High risk events  | <=2                      | 0              |
| Lost time injuries (LTI) greater than 5 days off work                       | <=2                      | 2              |
| Lost time injury frequency rate (LTIFR)                                     | <=1.3                    | 1.3            |
| Critical risk verification reviews  | 44                       | 14             |
| Visible safety leadership events  | 400                      | 165            |
| <b>Community</b>  |                          |                |
| Utilisation of slipway - (Calwell)  | 85% or 310 days          | 77%            |
| Sponsorship as a percentage of NPAT   | > 1.2%                   | on target      |
| Effective iwi engagement events   | 4                        | 2              |
| Dividend \$ (% (NPAT) ex. prop. reval.)                                     | 4.0 (51%)                | on target      |
| <b>Shareholders</b>   |                          |                |
| Underlying* revenue   | \$76m                    | \$41.5m        |
| Underlying* earning before interest and taxes                               | \$14m                    | \$5.6m         |
| Underlying* net profit after tax  | \$7.8m                   | \$2.7m         |
| Underlying* return on assets  | 2.0%                     | 1.6%           |
| Underlying* return on equity  | 2.9%                     | 2.2%           |
| Gearing percentage  | 21.9%                    | 20.4%          |

\*UNDERLYING FINANCIAL PERFORMANCE EXCLUDES  
RECOGNITION OF INVESTMENT PROPERTY REVALUATION

# → Statement of Comprehensive Income

For the six months ended 31 December 2022

|   | Unaudited<br>6 months<br>Dec 2022 | Unaudited<br>6 months<br>Dec 2021 |
|---|-----------------------------------|-----------------------------------|
|   | \$000                             | \$000                             |
| <b>Revenue</b>  |                                   |                                   |
| Port operations   | 38,157                            | 34,524                            |
| Property  | 3,320                             | 2,969                             |
| <b>Total revenue</b>  | <b>41,477</b>                     | <b>37,493</b>                     |
| <b>Expenses</b>   |                                   |                                   |
| Employee benefit expenses   | 12,411                            | 11,243                            |
| Other operational and property expenses                                 | 18,366                            | 13,538                            |
| <b>Earnings before interest, tax,<br/>depreciation and amortisation</b> | <b>10,700</b>                     | <b>12,712</b>                     |
| Depreciation and Amortisation   | 5,147                             | 4,772                             |
| <b>Earnings before interest and tax</b>                                 | <b>5,553</b>                      | <b>7,940</b>                      |
| Net financing costs   | 1,716                             | 1,479                             |
| <b>Net profit before income tax</b>                                     | <b>3,837</b>                      | <b>6,461</b>                      |
| Income tax  | 1,125                             | 1,817                             |
| <b>Net profit after income tax</b>                                      | <b>2,712</b>                      | <b>4,644</b>                      |
| <b>Other comprehensive income</b>                                       |                                   |                                   |
| Movements in hedging reserve  | 1,568                             | 2,001                             |
| <b>Total other comprehensive income</b>                                 | <b>1,568</b>                      | <b>2,001</b>                      |
| <b>Total comprehensive income</b>                                       | <b>4,281</b>                      | <b>6,645</b>                      |

# → Statement of Changes in Equity

For the six months ended 31 December 2022

|  | Unaudited<br>6 months<br>Dec 22 | Audited<br>12 months<br>Jun 22 |
|--|---------------------------------|--------------------------------|
|  | \$000                           | \$000                          |
| <b>Balance at 1 July</b>                     | <b>272,824</b>                  | <b>261,699</b>                 |
| Total comprehensive income                   | 4,281                           | 6,645                          |
| Dividends                                    | -                               | 4,860                          |
| <b>Total equity at the end of the period</b> | <b>277,104</b>                  | <b>272,824</b>                 |

# → Statement of Financial Position

As at 31 December 2022

|  | Unaudited<br>Dec 22 | Audited<br>Jun 22 |
|--|---------------------|-------------------|
|  | \$000               | \$000             |
| <b>Current assets</b>                            |                     |                   |
| Cash and cash equivalents                        | 825                 | 389               |
| Trade and other receivables                      | 11,553              | 10,242            |
| Inventories                                      | 833                 | 707               |
| Prepayments and accruals                         | 1,911               | 885               |
| Derivatives - cash flow hedges                   | 49                  | 49                |
| <b>Total current assets</b>                      | <b>15,170</b>       | <b>12,272</b>     |
| <b>Non-current assets</b>                        |                     |                   |
| Property, plant and equipment                    | 323,203             | 324,745           |
| Intangible assets                                | 4,235               | 4,372             |
| Investment properties                            | 37,089              | 37,085            |
| Derivatives - cash flow hedges                   | 3,687               | 2,611             |
| <b>Total non-current assets</b>                  | <b>368,214</b>      | <b>368,812</b>    |
| <b>Total assets</b>                              | <b>383,384</b>      | <b>381,085</b>    |
| <b>Current liabilities</b>                       |                     |                   |
| Trade and other payables                         | 5,928               | 4,488             |
| Employee benefit entitlements                    | 3,067               | 2,910             |
| Tax payable                                      | (518)               | 971               |
| Dividend payable                                 | -                   | 2,800             |
| Noise mitigation                                 | 103                 | 110               |
| Current portion of bank loans                    | 73,250              | 40,000            |
| <b>Total current liabilities</b>                 | <b>81,829</b>       | <b>51,279</b>     |
| <b>Non-current liabilities</b>                   |                     |                   |
| Employee benefit entitlements                    | 295                 | 259               |
| Deferred tax liability                           | 18,742              | 19,226            |
| Term loan  | 4,100               | 36,700            |
| Derivatives - cash flow hedges                   | -                   | 8                 |
| Noise mitigation                                 | 321                 | 321               |
| Lease liabilities                                | 993                 | 469               |
| <b>Total non-current liabilities</b>             | <b>24,451</b>       | <b>56,982</b>     |
| <b>Total liabilities</b>                         | <b>106,280</b>      | <b>108,261</b>    |
| <b>Shareholders' funds</b>                       |                     |                   |
| Issued capital                                   | 6,046               | 6,046             |
| Retained earnings                                | 93,250              | 90,540            |
| Asset revaluation reserve                        | 174,276             | 174,276           |
| Hedging reserve                                  | 3,532               | 1,962             |
| <b>Total shareholders' funds</b>                 | <b>277,104</b>      | <b>272,824</b>    |
| <b>Total shareholders' funds and liabilities</b> | <b>383,384</b>      | <b>381,085</b>    |

# → Statement of Cash Flows

For the six months ended 31 December 2022

|  | Unaudited<br>6 months<br>Dec 22 | Unaudited<br>6 months<br>Dec 21 |
|--|---------------------------------|---------------------------------|
|  | \$000                           | \$000                           |
| <b>Cash flows from operating activities</b>  |                                 |                                 |
| <b>Cash was provided from:</b>               |                                 |                                 |
| Receipts from customers                      | 36,847                          | 35,237                          |
| Rent received                                | 3,320                           | 2,969                           |
| Interest received                            | -                               | 1                               |
|  | <b>40,167</b>                   | <b>38,207</b>                   |
| <b>Cash was applied to:</b>                  |                                 |                                 |
| Payments to suppliers and employees          | 30,607                          | 26,384                          |
| Interest paid                                | 1,716                           | 1,480                           |
| Taxes paid                                   | 2,614                           | 2,709                           |
| Net GST paid/(received)                      | (318)                           | (204)                           |
| Purchase of assets held for sale             | -                               | 2,223                           |
|  | <b>34,619</b>                   | <b>32,593</b>                   |
| <b>Net operating cash inflows</b>            | <b>5,548</b>                    | <b>5,614</b>                    |
| <b>Cash flows from investing activities</b>  |                                 |                                 |
| <b>Cash was provided from:</b>               |                                 |                                 |
| Sale of property, plant and equipment        | 7                               | 74                              |
|  | <b>7</b>                        | <b>74</b>                       |
| <b>Cash was applied to:</b>                  |                                 |                                 |
| Purchase of property, plant and equipment    | 2,773                           | 8,277                           |
| Purchase of intangibles                      | 2                               | 7                               |
| Purchase of investment properties            | 4                               | -                               |
|  | <b>2,780</b>                    | <b>8,283</b>                    |
| <b>Net investing cash inflows/(outflows)</b> | <b>(2,773)</b>                  | <b>(8,210)</b>                  |
| <b>Cash flows from financing activities</b>  |                                 |                                 |
| <b>Cash was provided from:</b>               |                                 |                                 |
| Loans borrowed                               | 650                             | 6,530                           |
|  | <b>650</b>                      | <b>6,530</b>                    |
| <b>Cash was applied to:</b>                  |                                 |                                 |
| Dividend paid                                | 2,800                           | 3,060                           |
| Payment of lease liabilities                 | 190                             | 178                             |
|  | <b>2,990</b>                    | <b>3,238</b>                    |
| <b>Net financing cash inflows</b>            | <b>(2,340)</b>                  | <b>3,292</b>                    |
| Net increase/(decrease) in cash held         | 435                             | 697                             |
| Cash and cash equivalents at 1 July          | 389                             | 374                             |
| <b>Cash at 31 December</b>                   | <b>825</b>                      | <b>1,070</b>                    |



# Summary of Significant Accounting Policies

About this report

## Reporting Entity

The financial statements presented are for Port Nelson Limited (the Company) and its subsidiaries (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.

Port Nelson provides marine services, cargo logistics including warehousing and distribution, investment properties, supply chain and 4PL solution services at Port Nelson and within the wider Nelson/Marlborough region.

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 Accounting Standard 34 Interim Financial Reporting ('NZ IAS 34'). In complying with NZ IAS 34 they comply with International Accounting Standard 34 Interim Financial Reporting and consequently do not include all the information required for full financial statements and should be read in conjunction with the financial statements and related notes as presented in the Port Nelson Limited Annual Report for the year ended 30 June 2022.

The interim financial statements are for the six month period ended 31 December 2022 and are unaudited.

## Basis of Measurement

The financial statements have been prepared under the historical cost method, modified by the revaluation of land, buildings, wharves, investment property and financial instruments. They are presented in New Zealand dollars rounded to the nearest thousand.

## Judgements and Estimates

In preparing these financial statements, estimates and assumptions concerning the future are made, which may differ from the subsequent actual results. The estimates and assumptions utilised in these interim financial statements are consistent with the annual financial statements for the year ended 30 June 2022.

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.

## 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.



## Notes to the Financial Statements

### 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 period. This did not result in a material impact on the financial statements.

### Accounting Policies

The accounting policies used for the interim period are consistent with those used in the annual financial statements for the year ended 30 June 2022.

Significant accounting policies are outlined below.

### Revenue and Expenses

Port operations revenue is recognised over-time as Port Nelson performs the service and the client simultaneously benefits from that service. Progress towards complete satisfaction of each service is estimated based on the service portion performed to the customer, determined using the percentage completion method.

Revenue is measured based on the service price

specified in the specific customer contract. Due to the way our contracts are negotiated and structured, the stated contract price for each service performed reflects the value transferred to the customer.

Property lease revenue is accounted for on a straight line basis. Rentals are payable in advance.

### Administration and Other Expenses

Administration and other expenses are recognised as an expense when they are incurred.

### Impairment of Assets

Port Nelson regularly reviews the carrying amount of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If an indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Port Nelson has assessed that there have been no significant indicators of impairment since the annual review at 30 June 2022.

### Financing Costs

Net financing costs include interest income and finance costs. Interest income is recognised on a time proportionate basis using the effective interest method. Finance costs are expensed as incurred unless related



to the acquisition and development of a qualifying asset, in which case they are capitalised.

## Taxation

Income tax expense is the tax payable on the current financial years 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.

Deferred tax assets and liabilities are recognised at the rate expected to apply when the assets are recovered or liabilities are settled.

Deferred tax is charged or credited to the profit or loss, except where it relates to items charged or credited directly to equity, in which case the tax is dealt with in other comprehensive income.

## Property, Plant and Equipment and Depreciation

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. Dredging is not amortised. The cost of maintaining the dredged depth is expensed. Port Nelson measures all Property, Plant and Equipment as a single unit using the income-based approach. 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 2022.

Depreciation is written off depreciable assets on a straight-line basis over the estimated economic lives of the assets, ranging as follows:

| Asset                          | Depreciation Rate |
|--------------------------------|-------------------|
| Plant, Furniture and Equipment | 4 to 51 years     |
| Infrastructural Assets         | 10 to 51 years    |
| Wharves and Berths             | 3 to 76 years     |
| Buildings                      | 8 to 56 years     |

## Intangible Assets

Intangible assets, comprised of software and licences and Goodwill. Software and licences have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses. Goodwill is measured at cost less any accumulated impairment losses.

Development costs 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. Directly attributable costs that are capitalised as part of the software include employee costs.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. Subsequent to initial recognition, development costs are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight line basis over a period of 3-14 years.

The amortisation expense of intangible assets is included in the depreciation and amortisation expense total disclosed in the Statement of Comprehensive Income.

## Investment Properties

Investment Property is property held to earn rentals and capital appreciation and is measured at its 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.

### Valuation Basis

Investment properties are revalued every year. Investment properties were valued on 30 June 2022 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.

## Financial Risk Management

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.

### 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. Port Nelson currently manages this risk by using Interest Rate Swaps (IRS) which swap the floating rate exposure on a notional amount of borrowings for a fixed rate.

#### Financial Derivatives

Port Nelson utilises floating-to-fixed IRS as derivatives to hedge the cashflows associated with interest rate risks. These derivatives are recognised at fair value and qualify as cashflow hedges.

In using floating-to-fixed swaps Port Nelson agrees with counter parties to exchange at agreed intervals the difference between the fixed contract rates and the floating contract rates as referenced to a notional principal. This results in an effective net fixed interest payment.

Assessment of hedge effectiveness is done at inception of the hedge, at each subsequent reporting date (30 June and 31 December) and upon a significant change in the circumstances affecting the hedge effectiveness requirements.

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. There was no hedge in-effectiveness in the period.

#### Credit Risk

Port Nelson is exposed to credit risk on its cash and cash equivalents and trade receivables 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. We consider this risk to be immaterial given the credit worthiness of the debtors.

#### Trade and Other Receivables

Trade and Other Receivables arise in the ordinary course of Port Nelson's business and are initially valued at fair value and subsequently measured at amortised cost using the effective interest method less any provision for impairment. Port Nelson invoices for services as they are performed, generally on a monthly basis. 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 to 45 days.

The Provision for Expected Credit Loss represents impairment losses on contracts with customers.

#### 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.

#### 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.

#### 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. The first is for a funding facility of \$40,000,000 commencing July 2021 and expiring July 2023. The second is for a funding facility of \$40,000,000 commencing July 2021, expiring December 2023. The third is for a funding facility of \$20,000,000 commencing July 2021, expiring July 2024.

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

#### Borrowings

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. Port Nelson classifies its borrowings as non-current unless it does not have the right defer payment for over 12 months, in which case they are classified as current.

Trade and other payables are recognised at fair value on receipt of goods and services. Payment normally occurs within 30 days. These are non-interest bearing.

#### Fair Value of Financial Instruments

Port Nelson considers that the carrying values of financial assets and financial liabilities recorded in these financial statements approximate their fair values.

The financial instruments carried at fair value are the IRS which are fair valued at a total asset of \$3,736m, (2022: Assets of \$2.652m) at balance date.

These are considered a Level 2 valuation in the Fair Value Hierarchy. The valuation of IRS 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.

## Provisions

#### Employee Entitlements

Provisions for wages, salaries, annual leave and long service are made when earned by the employee. Provision for gratuities are recognised as expenses when employees have rendered services entitling them to the contributions.

Annual leave and long service leave provisions have been calculated on an actual entitlement basis at current rates of pay. Retirement gratuities are calculated at current rates of pay assuming the payment will be made upon retirement.

### Noise Mitigation

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 23 February 2012. Port Nelson has quantified the costs of its obligation to be \$423,000 as at 31 December 2022 (2022: \$430,000).

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.

Noise-affected properties are separated into three stages based on the level of port noise received. For properties in Stage One, those properties that are exposed to night time Ldn (day/night average sound level) from port generated noise of 65 dBa or more, Port Nelson is required to make offers to either fully fund noise mitigation work or to purchase the properties. There are 15 properties designated Stage One properties, seven properties have had this obligation met with Acoustic Certificates Issued. For properties in Stage Two, those properties that are exposed to night time Ldn from port generated noise of between 60 to 64.9 dBa area, Port Nelson has offered to contribute up to 50% of noise mitigation costs. There are 70 properties designated Stage Two properties and four of them have been granted with Acoustic Certificates. For properties in Stage Three, those properties that are exposed to night-time Ldn from port generated noise of between 55 to 59.9 dBa, property owners can request Port Nelson to provide technical advice and a contribution of up to 50% of noise mitigation costs. There are 218 Stage Three properties and two of them have been granted with Acoustic Certificates. There is no obligation on Port Nelson to make offers for the purchase of either Stage Two or Stage Three properties.

### Events after Balance Date

#### Holding Company

Infrastructure Holdings Limited was incorporated on 17 January 2023. Resolutions were passed by both Nelson City Council and Tasman District Council to establish a holding company to hold the two councils shareholdings in Port Nelson Limited and Nelson Airport Limited. No financial impact is expected on either subsidiary through the incorporation of Infrastructure Holdings Limited, however a number of future benefits are expected including potential reduced borrowing costs through the use of the Local Government Funding Agency.

There were no other significant events after balance date.





**PORT  NELSON**

Port Nelson  
Nelson 7010, New Zealand

**8.5 INFRASTRUCTURE HOLDINGS LIMITED - TRANSFER OF SHARES IN PORT NELSON LIMITED AND NELSON AIRPORT LIMITED (LATE COVERING REPORT)**

This report was not completed in time for the agenda publication.

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## 9 CONFIDENTIAL SESSION

### 9.1 Procedural motion to exclude the public

The following motion is submitted for consideration:

**That the public be excluded from the following part(s) of the proceedings of this meeting. The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.**

**This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:**

### 9.2 Infrastructure Holdings Limited draft Statement of Intent 2023/2024

| Reason for passing this resolution in relation to each matter  | Particular interest(s) protected (where applicable)   | Ground(s) under section 48(1) for the passing of this resolution  |
|--|---|---|
| The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7. | s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). | s48(1)(a)<br>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7. |

### 9.3 Reappointment of Directors to Port Nelson Ltd

| Reason for passing this resolution in relation to each matter  | Particular interest(s) protected (where applicable)  | Ground(s) under section 48(1) for the passing of this resolution  |
|--|--|---|
| The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7. | s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. | s48(1)(a)<br>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7. |