



Infrastructure Holdings Limited

# Statement of Intent

For the period from 1 July 2023 to 30 June 2026

**PORT**   
**NELSON**

 **NELSON AIRPORT**  
*Good things start here.*

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# Introduction

## Context

During 2021 and 2022, Nelson City Council and Tasman District Council (together, the Shareholders) investigated the incorporation of a holding company that they would own in equal shares. The holding company would hold and administer investments in entities in which the Shareholders have a substantial interest for the benefit of the Nelson and Tasman regions, being Port Nelson Limited (Port Nelson) and Nelson Airport Limited (Nelson Airport).

In 2022 the Shareholders resolved to incorporate Infrastructure Holdings Limited (IHL or Parent).

Owned equally by Nelson City Council (NCC) and Tasman District Council (TDC), IHL is the investment arm for Port Nelson and Nelson Airport (together, the Group).

IHL is recognised as a council-controlled trading organisation (CCTO) for the purposes of the Local Government Act 2002.

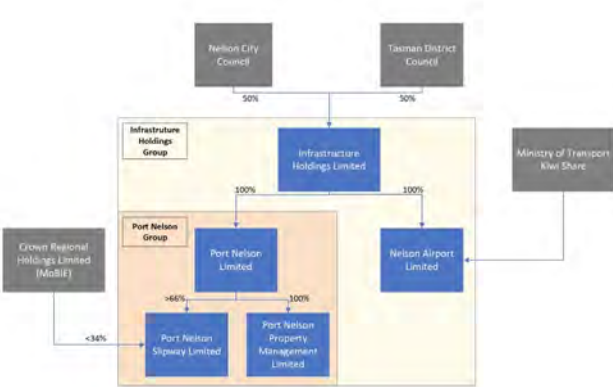
### Statement of Intent Structure

This Statement of Intent (Sol) represents the first for IHL. It is prepared in accordance with Section 64(1) of the Local Government Act 2002 for the period 1 July 2023 to 30 June 2026.

The Sol sets out the Group’s objectives, the nature and scope of the activities to be undertaken, and the performance measures and targets by which the Group’s performance may be assessed in relation to its objectives.

The Statement of Corporate Intent (SoCI) for Port Nelson and the Sol for Nelson Airport are attached as appendices. The IHL board has determined that it should not rewrite the information contained in these documents but rather present it in full, as the relevant subsidiary boards have approved. Consequently, the IHL board recommends that readers consider the material in the appendices as integral to this Sol.

Port Nelson and the Nelson Airport will continue to have an ongoing statutory obligation to prepare a SoCI and Sol.



# Strategic Context

## Purpose

As an investor in two of the region's strategic assets, Infrastructure Holdings Limited's core purpose is to provide a funding vehicle to enable reduction in finance costs and increase in Shareholder returns from Port Nelson Limited and Nelson Airport Limited.

To deliver its purpose, IHL provides the corporate treasury function for the Group, including securing and providing funding for the Group.

## Nature and Scope of Activities

The Group's nature and scope of activities is representative of the specific nature and scope of activities for each of the entities within the Group.







# PORT NELSON

Port Nelson Limited

**Purpose: To facilitate regional prosperity/Kia āhei ki te kōkiri whakamua ki te taumata ā-rohe**

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

Port Nelson creates value for its stakeholders by providing a suite of marine, cargo handling, warehousing, logistic, slipway, and property portfolio services.

In addition, Port Nelson has over 235,000 m<sup>2</sup> of commercial land that it develops and leases to support fishing, marine services, and other export-related industries.







Nelson Airport Limited

**Purpose: To contribute to a sustainable and prosperous Nelson Tasman**

Nelson Airport is a key strategic asset and contributor to the prosperity and growth of the Nelson Tasman economy. Its primary service is moving people into and out from the region safely and efficiently.

Nelson Airport supports a diverse range of businesses that service passengers or require access to air services or airport land and building infrastructure.

Nelson Airport may also grant and administer sub-leases of the land, buildings or installations vested in NAL for any purpose complementary to the ongoing safe and efficient operation of the Airport.



# Objectives

IHL's objectives have been structured as legislative, monitoring and treasury.

## Legislative

Section 59 Local Government Act 2002 prescribes specific objectives for a council-controlled organisation—

- i. achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the statement of intent; and
- ii. be a good employer; and
- iii. exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- iv. if the council-controlled organisation is a council-controlled trading organisation, conduct its affairs in accordance with sound business practice.

## Monitoring

To achieve IHL's core purpose of monitoring the Shareholders commercial investments for the benefit of the region, IHL has the following monitoring objectives—

- i. to deliver strong, sustainable, and consistent financial returns and dividends to the Shareholders;
- ii. to monitor the performance of each subsidiary company against their stated economic, environmental, and social performance objectives against relevant benchmarks;
- iii. in conjunction with the Shareholders, make use of the group for commercial opportunities that have the potential to enhance the economic, social, and environmental well-being of the region, provide an adequate return, and meet the strategic objectives of the Shareholders;
- iv. to monitor the Shareholders' exposure to its uncalled capital requirement;
- v. to ensure best practice governance procedures are applied to the region's key regional infrastructure

and financial investments that are under IHL's ownership;

vi. to make opportunities for subsidiary boards to network and discuss developments in governance practice.

## Treasury

To achieve IHL's purpose of providing the corporate treasury function for the Group, IHL has the following Group treasury objectives—

- i. Advise the Shareholders on strategic issues relating to the Group's capital structure and corporate treasury functions.
- ii. Obtain borrowing facilities with the Local Government Funding Agency (LGFA) and other lenders for the Group at acceptable pricing and terms attainable.
- iii. Undertake any capital raising, external debt financing, or refinancing for the Group.
- iv. Maintain and implement the Group Treasury Policy and Subsidiary Intra-Group Funding and Risk Management Facility Agreements.
- v. Adhere and comply with Group lender covenants.
- vi. Report regularly to the Shareholders including quarterly updates.

## Performance Measures and Targets

IHL seeks to maintain a financial profile that demonstrates a relatively low risk of default and reflects an adequate capacity to meet financial commitments.

Accordingly, IHL aims to maintain, at the Group level, the performance measures and targets as represented in the following table.

Specific performance measures and targets for Port Nelson and Nelson Airport are available in their respective SoCI and Sol.

| <b>GROUP</b>                                           | <b>2024</b> | <b>2025</b> | <b>2026</b> |
|--------------------------------------------------------|-------------|-------------|-------------|
| <b>Monitoring</b>                                      |             |             |             |
| Net profit after tax (NPAT) (\$m)                      | 11.8        | 16.0        | 17.4        |
| Dividends (\$m)                                        | 5.6         | 6.3         | 7.9         |
| <b>Treasury</b>                                        |             |             |             |
| <b>Funding risk</b>                                    |             |             |             |
| Compliance with the Group's interest rate debt profile | 100%        | 100%        | 100%        |
| <b>Debt credit metrics</b>                             |             |             |             |
| Funds from Operations / Debt                           | >13.0%      | >13.0%      | >13.0%      |
| Debt / EBITDA                                          | <4x         | <4x         | <4x         |
| <b>Lender financial covenants</b>                      |             |             |             |
| Shareholder funds/total assets                         | >30%        | >30%        | >30%        |
| Minimum Shareholder Funds (\$m)                        | >\$300      | >\$300      | >\$300      |



# Financial Performance

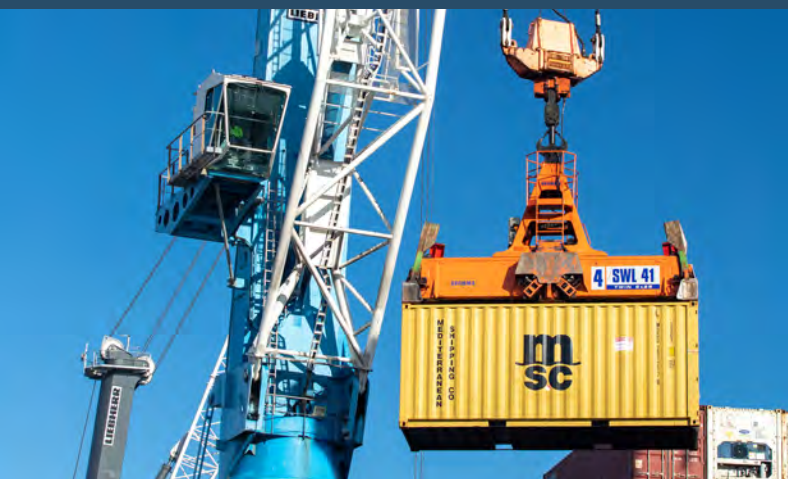
## Prospective Summary Financial Statements

| GROUP Y/E 30 JUNE                                                        | 2024         | 2025         | 2026         |
|--------------------------------------------------------------------------|--------------|--------------|--------------|
|                                                                          | \$m          | \$m          | \$m          |
| <b>Statement of Comprehensive Income</b>                                 |              |              |              |
| Revenue                                                                  | 104.3        | 112.4        | 115.6        |
| Earnings before interest, taxes, depreciation, and amortisation (EBITDA) | 37.6         | 44.6         | 47.2         |
| Earnings before interest and taxes (EBIT)                                | 21.9         | 27.8         | 30.2         |
| <b>Net profit after tax (NPAT)</b>                                       | <b>11.8</b>  | <b>16.0</b>  | <b>17.4</b>  |
| <b>Statement of Financial Position</b>                                   |              |              |              |
| <b>Total assets</b>                                                      | <b>555.7</b> | <b>585.9</b> | <b>606.1</b> |
| Total liabilities                                                        | 166.0        | 185.8        | 197.3        |
| <b>Total equity</b>                                                      | <b>391.0</b> | <b>400.1</b> | <b>408.8</b> |
| <b>Statement of Cash Flows</b>                                           |              |              |              |
| Net cashflows from operating activities                                  | 30.8         | 38.4         | 40.4         |
| Net cashflows from investing activities                                  | (41.5)       | (49.6)       | (57.7)       |
| Net cashflows from borrowing activities                                  | 10.8         | 11.3         | 17.50        |
| <b>Net cashflows</b>                                                     | <b>0.1</b>   | <b>0.1</b>   | <b>0.2</b>   |



## PARENT Y/E 30 JUNE

|                                                                          | 2024         | 2025         | 2026         |
|--------------------------------------------------------------------------|--------------|--------------|--------------|
|                                                                          | \$m          | \$m          | \$m          |
| <b>Statement of Comprehensive Income</b>                                 |              |              |              |
| Revenue                                                                  | 10.5         | 12.2         | 14.5         |
| Earnings before interest, taxes, depreciation, and amortisation (EBITDA) | 10.2         | 11.9         | 14.2         |
| Earnings before interest and taxes (EBIT)                                | 10.2         | 11.9         | 14.2         |
| <b>Net profit after tax (NPAT)</b>                                       | <b>5.6</b>   | <b>6.3</b>   | <b>7.9</b>   |
| <b>Statement of Financial Position</b>                                   |              |              |              |
| <b>Total assets</b>                                                      | 489.0        | 502.7        | 523.2        |
| Total liabilities                                                        | 109.6        | 123.3        | 143.8        |
| <b>Total equity</b>                                                      | <b>379.4</b> | <b>379.4</b> | <b>379.4</b> |
| <b>Statement of Cash Flows</b>                                           |              |              |              |
| Net cashflows from operating activities                                  | 5.6          | 6.3          | 7.9          |
| Net cashflows from investing activities                                  | 0.0          | 0.0          | 0.0          |
| Net cashflows from borrowing activities                                  | (5.6)        | (6.3)        | (7.9)        |
| <b>Net cashflows</b>                                                     | <b>-</b>     | <b>-</b>     | <b>-</b>     |



## Accounting Policies

IHL will adopt accounting policies that are consistent with New Zealand International Financial Reporting Standards, and generally accepted accounting practices.

## Ten-Year Projected Capital Expenditure Programme

The following table shows the projected Group capital expenditure forecast for ten years from 1 July 2023.

|                                  | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
|----------------------------------|------|------|------|------|------|------|------|------|------|------|
| <b>Capital Expenditure (\$m)</b> | 36.5 | 44.6 | 50.9 | 17.1 | 33.3 | 23.6 | 17.6 | 31.5 | 48.3 | 35.2 |

## Ten-Year Projected Debt Profile

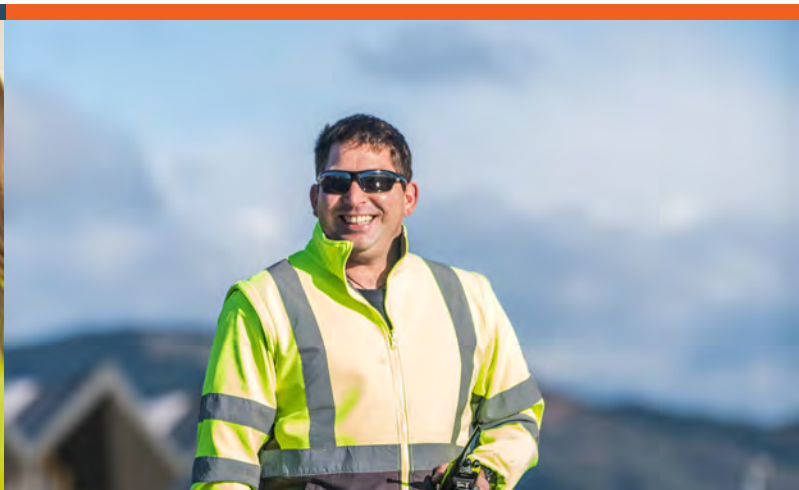
The following table shows the projected Group debt profile forecast for ten years from 1 July 2023.

|                         | 2024  | 2025  | 2026  | 2027  | 2028  | 2029  | 2030  | 2031  | 2032  | 2033  |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Total Debt (\$m)</b> | 109.6 | 123.3 | 143.8 | 131.3 | 132.4 | 125.5 | 112.4 | 109.3 | 120.1 | 118.2 |

## Key Financial Metrics

| <b>GROUP Y/E 30 JUNE</b>          | <b>2024</b> | <b>2025</b> | <b>2026</b> |
|-----------------------------------|-------------|-------------|-------------|
| Revenue (m)                       | 104.3       | 112.4       | 115.6       |
| Net profit after tax (\$m)        | 11.8        | 16.0        | 17.4        |
| Return on assets                  | 2%          | 3%          | 3%          |
| Return on equity                  | 3%          | 4%          | 4%          |
| Gearing (debt/equity)             | 28%         | 31%         | 35%         |
| <b>Debt credit metrics</b>        |             |             |             |
| Funds from Operations / Debt      | 28%         | 31%         | 28%         |
| Debt / EBITDA                     | 3           | 3           | 3           |
| <b>Lender financial covenants</b> |             |             |             |
| Shareholder funds/total assets    | 70%         | 68%         | 67%         |
| Minimum Shareholder Funds (\$m)   | 391         | 400         | 409         |

| <b>PARENT Y/E 30 JUNE</b>      | <b>2024</b> | <b>2025</b> | <b>2026</b> |
|--------------------------------|-------------|-------------|-------------|
| Revenue (m)                    | 10.5        | 12.2        | 14.5        |
| Net profit after tax (\$m)     | 5.6         | 6.3         | 7.9         |
| Return on assets               | 1%          | 1%          | 2%          |
| Return on equity               | 1%          | 2%          | 2%          |
| Gearing (debt/equity)          | 29%         | 32%         | 38%         |
| Shareholder funds/total assets | 78%         | 75%         | 73%         |





## Distribution to Shareholders

The IHL board will pay dividends to the shareholders after considering its profitability, debt levels, future investment requirements and the requirement to meet the solvency test under the provisions of the Companies Act 1993.

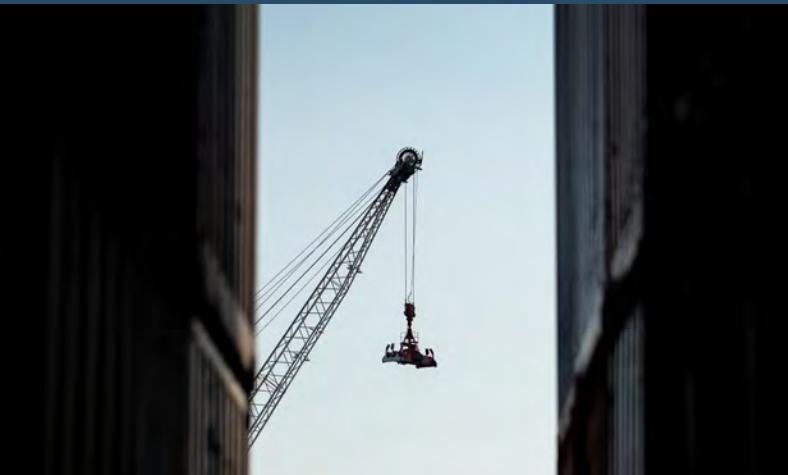
The IHL Board will develop and implement a formal IHL dividend policy during 24FY.

|                                         | 2024 | 2025 | 2026 |
|-----------------------------------------|------|------|------|
| <b>Forecast ordinary dividend (\$m)</b> | 5.6  | 6.3  | 7.9  |

## Commercial Valuation

The directors consider the commercial value of the shareholders’ investment in IHL to be not less than the shareholders’ funds as disclosed in the Statement of Financial Position published in the annual report.

Using accepted valuation methodologies, Directors will consider the commercial valuation of IHL annually, and where directors determine it is necessary, a reassessment of the value of the shareholders’ investment in IHL may be undertaken.



## Acquisition and Divestment

In relation to the potential acquisition or divestment of assets/investments (i.e., equity interests, shares, or equivalent) held directly by IHL (parent entity), IHL will seek shareholder approval of any transaction which results in a significant change to the ownership interest held by IHL.

### Subsidiary of IHL

In relation to the potential acquisition or divestment of assets/investments (i.e., equity interests, shares, or equivalent) by a subsidiary of IHL, IHL will adopt the following approach:

- i. If the transaction is a major transaction (as defined by the Companies Act), IHL will consider the proposal, and as the shareholder of the subsidiary, IHL is required to either approve or not approve the transaction. IHL will consult with shareholders prior to determining whether or not to approve the proposed transaction.
- ii. If the transaction is material but not a major transaction, IHL will request that the subsidiary companies consult with IHL before entering into the proposed transaction. IHL will inform shareholders under the “no surprises” policy.
- iii. If the transaction otherwise requires shareholder approval from IHL, IHL will assess the transaction and determine whether or not to approve it. IHL will keep shareholders informed under the “no surprises” policy.
- iv. Before a council-controlled organisation makes a decision that may significantly affect land or a body of water, it must consider the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga.

## Compensatory Activities

Currently, there are no activities for which compensation will be sought from any local authority. On 1 July 2023, the shareholders will have uncalled capital of up to \$233 million. There is no current intention to make a call on any uncalled capital.

# Non-Financial Performance

## Risk Management

In relation to corporate treasury risk management at the parent level, IHL has recognised funding, liquidity, interest rate, foreign exchange and commodity price risk.

IHL has adopted a Group Treasury Policy that recognises each of these corporate treasury risks and determined specific mitigation strategies.

Funding risk management focuses on ensuring debt funding can be raised or refinanced in the future at an acceptable price and tenor. At a single point in time, credit markets may be constrained or offered pricing levels may be less than optimal.

The Group's sources of debt funding are limited to Local Government Funding Agency ("LGFA") and Board-approved banks. While it is the intention of the Group to fund core debt requirements through LGFA, relationships with approved banks must be maintained for the provision of transactional, liquidity and working capital funding requirements.

A key control of funding risk management is to spread and smooth debt maturities.

Liquidity risk management involves ensuring that cash requirements can be met as they arise. This risk can be effectively mitigated through the

measurement, management, and maintenance of the liquidity ratio, along with efficient and effective cash management.

Interest rate risk is the risk that borrowing costs (due to movements in market wholesale interest rates) will materially exceed the Group's business plans.

The primary objective of interest rate risk management is to reduce uncertainty relating to wholesale interest rate movements through the fixing and/or hedging of interest costs. Certainty around interest costs is to be achieved through the proactive management of underlying interest rate exposures in accordance with the prescribed debt maturity profile and parameters.

Foreign exchange risk is the risk that exchange rate movements will lead to NZD cash flows that materially differ from budgeted forecasts and approved capital plans.

Individual subsidiary foreign currency exposures greater than NZD100,000 are to be hedged.

Commodity price risk is where movements in international commodity prices (i.e. diesel) will result in NZD purchase costs that materially differ from budgeted amounts.



# Sustainability and Climate Change

## Sustainability and Climate Resilience

IHL recognises its responsibility to demonstrate leadership in showing commitment to sustainability and climate resilience planning.

IHL expects to set and attain sustainability and climate performance objectives that are compatible with the IHL Group companies' activities, commercial nature and other objectives.

### Carbon reduction

Port Nelson is a member of the Climate Leaders Coalition and has set targets to reduce their carbon emissions in support of the coalition's goal of limiting global warming to 1.5 degrees.

Independent verification of Port Nelson's and Nelson Airport's performance against their carbon reduction targets will be provided by an accredited third party.

2024FY projects underway to recognise and address climate change:

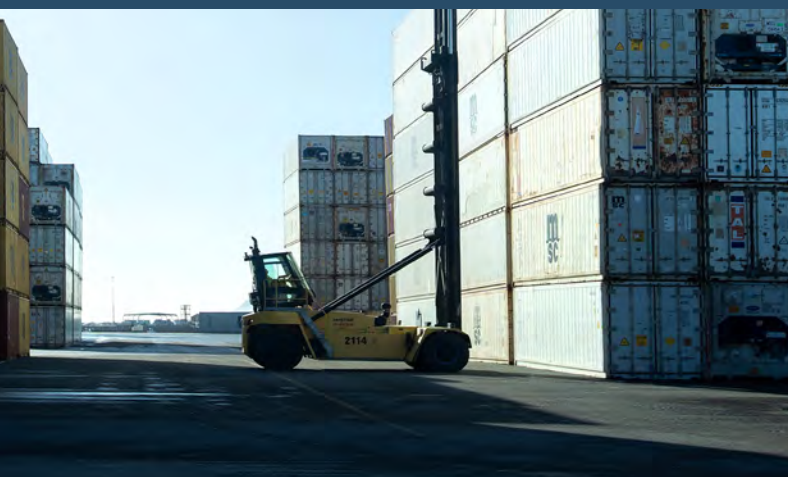
Port Nelson and Nelson Airport are currently working on various projects to increase their resilience against natural disasters and reduce carbon emissions, including those expected to be caused by climate change. These projects are outlined in their SoCI and Sol respectively.

### Climate-Related Disclosure Reporting

Consistent with the requirements of Council Shareholders, IHL will commence reporting against the Climate-Related Disclosures (NZ CS 1) Standard in 2024.

Over three years, the reporting will be matured through three phases: scoping, qualitative and quantitative compliance, with full compliance in 2026FY.

The table on the following page provides an overview of IHL's Climate-Related Disclosure Reporting timeline for implementation.





| SCOPE                     | DISCLOSURES                                                                    | CLIMATE-RELATED DISCLOSURES (NZ CS 1) STANDARD REFERENCE | FY24 COMPLIANCE                          | FY25 COMPLIANCE         | FY26 COMPLIANCE    |
|---------------------------|--------------------------------------------------------------------------------|----------------------------------------------------------|------------------------------------------|-------------------------|--------------------|
| Governance                | Identity and define the governance body responsible for oversight              | Clause 6, 7 (a) and 8                                    | Targeting Full                           | Targeting Full          | Targeting Full     |
|                           | Define Management's role                                                       | Clause 6 & 9                                             | Targeting Full                           | Targeting Full          | Targeting Full     |
| Strategy                  | Climate and financial impacts                                                  | Clause 10 & 12                                           | Scoped                                   | Qualitative assessment  | Targeting Full     |
|                           | Scenario analysis undertaken                                                   | Clause 10 & 13                                           | Scoped                                   | Qualitative assessment  | Targeting Full     |
|                           | Climate-related risks and opportunities                                        | Clause 10 & 14                                           | Scoped                                   | Qualitative assessment  | Targeting Full     |
|                           | Anticipated impacts and financial impacts                                      | Clause 10 & 15                                           | Scoped                                   | Qualitative assessment  | Targeting Full     |
|                           | Transition plan aspects of strategy                                            | Clause 10 & 16                                           | Scoped                                   | Qualitative assessment  | Targeting Full     |
| Risk Management           | Integration of climate-related risks identification, assessment and management | Clause 17, 18 & 19                                       | Targeting Full                           | Targeting Full          | Targeting Full     |
| Metrics and Targets       | Define metric categories including: general, industry-specific and other KPIs  | Clause 20, 21, 22 & 24                                   | Scoped: Full for Scope 1 and 2 emissions | Full except for Scope 3 | Targeting Full     |
|                           | Targets used to manage climate related risks and opportunities                 | Clause 20, 21 & 23                                       | Scoped: Full for Scope 1 and 2 emissions | Full except for Scope 4 | Targeting Full     |
| Green House Gas Emissions | GHG emissions assurance                                                        | Clause 25 & 26                                           | Internal assurance                       | Internal assurance      | External assurance |

# People and Health and Safety

IHL recognises the requirement for it to be a good employer.

In collaboration with Port Nelson and Nelson Airport, IHL intends to develop principles and objectives at a Group level to ensure the health, safety and wellbeing of all people working across the Group. It is not intended that IHL will employ people directly

in the foreseeable future. Nevertheless, as part of its people plans, it aims to develop governance best practices and talent for the benefit of the region.

Port Nelson and Nelson Airport address specific risks, including health and safety risks in their respective SoCI and Sol.



# Governance Performance

## Approach to Governance

IHL discharges its role in relation to its objectives through a variety of means, including:

### Board Charter

It is the intention of the IHL board to develop and implement a board charter in 24FY. The board charter will include how IHL intends to use board sub-committees and the relevant terms of reference.

### Appointment of directors

Shareholders select and appoint directors to IHL.

IHL selects and appoints all directors to its subsidiaries following receiving a recommendation from the Governance and Appointment Committee of IHL. Each Shareholder is entitled to appoint one member to the Governance and Appointments Committee

### Letters of Expectation

Sent by IHL to each subsidiary each year, setting out IHL's shareholder expectations for the subsidiaries' scope of activity and financial performance.

### Statement of Intent

Each subsidiary is required to produce an annual Sol setting out its operational and financial intentions and key performance measures in respect on which the subsidiary is monitored.

### Monitoring

Subsidiaries will provide regular updates to IHL which include financial, strategic, risk and operational updates for any given period. Financial reporting is required semi-annually for consolidated reporting purposes, with audited financial reporting required annually.

### Group Collaboration

IHL will provide debt funding to subsidiaries within the Group through the IHL Intra Group Funding Facility (IGFF), which utilises IHL's access to cost effective debt funding for the Group.



## Information to be Provided to Shareholders

IHL will undertake to keep shareholders informed, adopting a 'no surprises' basis in respect of substantive matters of a community, political or commercial nature.

|                                                      | QUARTERLY | HALF YEARLY | ANNUALLY |
|------------------------------------------------------|-----------|-------------|----------|
| Performance commentary                               |           |             |          |
| Statement of Comprehensive Income                    |           |             |          |
| Statement of movement in equity                      |           |             |          |
| Balance Sheet                                        |           |             |          |
| Statement of Cash Flows                              |           |             |          |
| Notes to the financial statements                    |           |             |          |
| Performance against performance measures and targets |           |             |          |
| Auditors report                                      |           |             |          |
| Annual General Meeting of Shareholders               |           |             |          |
| Draft Statement of Intent                            |           |             |          |
| Final Statement of Intent                            |           |             |          |



## Structure and Responsibilities of the IHL, Port Nelson and Nelson Airport Boards

|                                      | <b>PORT NELSON LTD<br/>– POST INFRASTRUCTURE<br/>HOLDINGS LIMITED<br/>OWNERSHIP</b>                                                                                                                                                                                                                                      | <b>NELSON AIRPORT LTD<br/>– POST INFRASTRUCTURE<br/>HOLDINGS LIMITED<br/>OWNERSHIP</b>                                                                                                                                                                                                                                      | <b>INFRASTRUCTURE<br/>HOLDINGS LTD</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Shareholdings                        | 100% Infrastructure Holdings Limited                                                                                                                                                                                                                                                                                     | 100% Infrastructure Holdings Limited<br><br>1 Kiwishare – Crown/Ministry of Transport                                                                                                                                                                                                                                       | 50% Nelson City Council (NCC)<br><br>50% Tasman District Council (TDC)                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Directors                            | Paul Zealand (Chair)<br><br>Gerrard Wilson<br><br>Kim Wallace<br><br>Jon Safey<br><br>Meg Matthews<br><br>Guy Roper                                                                                                                                                                                                      | Quinton Hall (Chair)<br><br>Darren Mark<br><br>Matthew Clarke<br><br>Emma Ihaia<br><br>Matthew McDonald                                                                                                                                                                                                                     | Sue Sheldon CNZM (Independent Chair)<br><br>Paul Zealand<br><br>Gerrard Wilson<br><br>Quinton Hall<br><br>Darren Mark                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Board make up                        | Minimum 6 and maximum 7 directors.<br><br>Employees/members of a local authority are excluded from eligibility.                                                                                                                                                                                                          | Minimum of 4 and maximum of 6 directors.<br><br>Employees/members of a local authority are excluded from eligibility.                                                                                                                                                                                                       | Minimum of 3 and maximum of 6 directors, including an independent chair.<br><br>Employees/members of a local authority are excluded from eligibility.                                                                                                                                                                                                                                                                                                                                                                                 |
| Appointment and removal of directors | Infrastructure Holdings Ltd appoints/removes all directors.<br><br>Note that Infrastructure Holdings Limited's Governance and Appointments Committee will recommend to the board of Infrastructure Holdings Ltd certain individuals to be directors of Port Nelson Ltd.<br><br>Directors rotate on a three-yearly cycle. | Infrastructure Holdings Ltd appoints/removes all directors.<br><br>Note that Infrastructure Holdings Limited's Governance and Appointments Committee will recommend to the board of Infrastructure Holdings Ltd certain individuals to be directors of Nelson Airport Ltd.<br><br>Directors rotate on a three-yearly cycle. | NCC and TDC, by way of the Joint Shareholders' Committee, appoint/remove all directors.<br><br>Joint Shareholders' Committee appoints an independent chair.<br><br>Directors must rotate, as determined by the Joint Shareholders' Committee.<br><br>Infrastructure Holdings Ltd has a Governance and Appointments Committee with 3 members, 1 each appointed by NCC and TDC and the Chair of Infrastructure Holdings Ltd.<br><br>This Committee is formed to recommend board appointments to Port Nelson Ltd and Nelson Airport Ltd. |

|                                             | <b>PORT NELSON LTD<br/>– POST INFRASTRUCTURE<br/>HOLDINGS LIMITED<br/>OWNERSHIP</b>                                                                     | <b>NELSON AIRPORT LTD<br/>– POST INFRASTRUCTURE<br/>HOLDINGS LIMITED<br/>OWNERSHIP</b>                                                                                                                                                              | <b>INFRASTRUCTURE<br/>HOLDINGS LTD</b>                                                                                                                  |
|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| Directors' to vote in best interests        | Directors may act in the best interests of Infrastructure Holdings Ltd.                                                                                 | Directors may act in the best interests of Infrastructure Holdings Ltd.                                                                                                                                                                             | Directors must act in the best interests of Infrastructure Holdings Ltd.                                                                                |
| Directors' remuneration                     | Board of Infrastructure Holdings Ltd determines a maximum amount, directors divide amongst themselves.                                                  | Board of Infrastructure Holdings Ltd determines a maximum amount, directors divide amongst themselves.<br><br>Directors can increase the amount if another director joins, but only by a maximum of the average remuneration paid to the directors. | NCC and TDC to determine, by way of the Joint Shareholder's Committee.                                                                                  |
| Quorum for voting at directors' meetings    | Majority of the directors.                                                                                                                              | Majority of the directors.                                                                                                                                                                                                                          | Majority of the directors.                                                                                                                              |
| Directors' resolutions                      | Majority directors' agreement for resolutions at meetings.<br><br>Unanimous directors' agreement for written resolutions.<br><br>No Chair casting vote. | Majority directors' agreement for resolutions at meetings.<br><br>Unanimous directors' agreement for written resolutions.<br><br>No Chair casting vote.                                                                                             | Majority directors' agreement for resolutions at meetings.<br><br>Unanimous directors' agreement for written resolutions.<br><br>No Chair casting vote. |
| Quorum for voting at shareholders' meetings | Board of Infrastructure Holdings Ltd.                                                                                                                   | Board of Infrastructure Holdings Ltd.                                                                                                                                                                                                               | Representative of each of NCC and TDC.                                                                                                                  |
| Shareholders' resolutions                   | Infrastructure Holdings Ltd board.                                                                                                                      | Infrastructure Holdings Ltd board.<br><br>The Crown must approve land/ Kiwishare relevant matters.                                                                                                                                                  | NCC and TDC must approve.                                                                                                                               |
| Major transaction approval                  | Infrastructure Holdings Ltd board.                                                                                                                      | Infrastructure Holdings Ltd board.<br><br>(Crown must approve in certain instances also if related to the Kiwishare or land.)                                                                                                                       | NCC and TDC must approve.                                                                                                                               |

|                                        | <b>PORT NELSON LTD<br/>– POST INFRASTRUCTURE<br/>HOLDINGS LIMITED<br/>OWNERSHIP</b>                                       | <b>NELSON AIRPORT LTD<br/>– POST INFRASTRUCTURE<br/>HOLDINGS LIMITED<br/>OWNERSHIP</b>                                         | <b>INFRASTRUCTURE<br/>HOLDINGS LTD</b>                                                                                                   |
|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Other key decisions requiring approval | Amalgamations and liquidations require Infrastructure Holdings Ltd board approval.                                        | Amalgamations and liquidations require Infrastructure Holdings Ltd board approval.                                             | Please see below this table at * the matters which require the approval of both NCC and TDC before the board of directors may authorise. |
| Distributions                          | Board approves.                                                                                                           | Board approves.                                                                                                                | The board approve the policy, it is then included in the Statement of Intent, which requires NCC and TDC approval.                       |
| Shareholders' information rights       | As per the Companies Act – any shareholder (Infrastructure Holdings Ltd) may request information from the Company.        | As per the Companies Act – any shareholder (Infrastructure Holdings Ltd) may request information from the Company.             | As per the Companies Act – any shareholder of Infrastructure Holdings Ltd may request information from the Company.                      |
| Amendments to constitution             | Infrastructure Holdings Ltd board may amend.<br><br>(Crown/Ministry of Transport must approve any constitutional change.) | Infrastructure Holdings Ltd board may amend.<br><br>Certain matters relating to land cannot be amended without Crown approval. | NCC and TDC must agree to amend.                                                                                                         |
| Shareholders' Agreement                | No                                                                                                                        | No                                                                                                                             | Yes                                                                                                                                      |

\* The board of directors of IHL must not do any of the following unless first approved by NCC and TDC:

i. make any material disposal of assets which are not budgeted for and/or provided for in the Statement of Intent in the relevant Financial Year (or any series of related disposals which, if considered together, would be material); or

ii. engage in any business or activity which is not the Business (i.e., holding and administering investments in entities in which NCC and TDC have a substantial interest for the benefit of the Nelson and Tasman regions and securing funding for and providing funding to the same) or reasonably incidental to the Business; or

iii. undertake any capital raising or external debt financing or refinancing that is not in accordance with Infrastructure Holdings Limited corporate treasury structure policies or existing lending and/or borrowing agreements; or

iv. enter into, terminate or grant a waiver of rights under, or material amendment to, any contract in relation to a transaction with NCC and/or TDC or a Subsidiary (i.e., Port Nelson Limited and/or Nelson Airport Limited) which has not been included in an approved budget, Statement of Intent or otherwise previously approved; or

v. grant any security interest over the assets of Infrastructure Holdings Ltd, other than in the ordinary course of business or as permitted by Infrastructure Holdings Limited policies regarding the granting of security interests and/or Infrastructure Holdings Limited existing lending and/or borrowing agreements; or

vi. appoint an administrator or take a step to liquidate, dissolve or wind up Infrastructure Holdings Ltd; or

vii. make any decision to undertake an initial public offering; or

viii. issue, cancel, buy-back or make any reduction of Shares, securities that are convertible into or exchangeable for Shares, or options to acquire Shares; or

ix. transfer any Shares held by Infrastructure Holdings Ltd or purchase or otherwise acquire its own Shares; or

x. approve any transfer of Shares by NCC and TDC; or

xi. give financial assistance for the purposes of, or in connection with, the purchase of Shares; or

xii. consolidate, divide or subdivide any Shares or create, alter or cancel any rights attaching to Shares; or

xiii. apply any amounts available for distribution in paying up Shares or other securities; or

xiv. exercise the right to issue shares in lieu of dividends conferred by section 54 of the Companies Act; or

xv. make any amendment to the Shareholders' Agreement not expressly contemplated by the provisions of that agreement; or

xvi. create, acquire or sell any Subsidiary.





# IHL

Infrastructure Holdings Limited

**PORT**   
**NELSON**

 **NELSON AIRPORT**  
*Good things start here.*





# Statement of Corporate Intent

For the period from 1 July 2023 to 30 June 2026





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 Taihu, he tautoko i ngā wawata, he hāpai anō hoki i te oranga o te hapori.  
E kōkiri whakamua ana te kounga hei painga mā ō tātou kiritaki.  
E aronui ana ki te taiao, kia tū, kia oho, kia mataara ki te anamata.  
E kaha whakaputa mai ana i ngā hua mā te hunga whaipānga.  
E mahi ngātahi ana, e aro ngātahi ana 'ki te hāpai i te puawaitanga ā-rohe'.

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

Mā te tika, mā te pono, me te māramatanga, ka tutuki pai ai te kaupapa.  
Through following a sound process, through determination and clarity of thought, anything is possible.





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# ⇒ Introduction





Port Nelson is pleased to present our draft 2024-2026 Statement of Corporate Intent (SoCI). The SoCI describes how we intend to advance our purpose “to facilitate regional prosperity/kia āhei ki te kōkiri whakamua ki te taumata ā-rohe”.

This draft SoCI is provided in accordance with the Port Company Act 1988. Further, the SoCI addresses the relevant requirements in the 'letter of expectation', sent by council shareholders to Infrastructure Holdings Limited (IHL) on 22 December 2022.

**122**  
**Years**  
Since the formation of the  
Port Nelson Harbour Board







## Nature and Scope of Activities

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

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

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

Since the Port has been established, it has undergone significant expansions and upgrades to accommodate the growing demand for its services. In recent years, Port Nelson has been investing in infrastructure and plant to improve efficiency and capacity.

Import/Export Mix



The Port has also focused on diversifying its services, including offering warehousing and logistics services.

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

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

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





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



230 FTE Employees



\$381m 2022 Asset Value



6th Largest Port for Tonnage and Container Numbers



31.27 Hectares of Total Operational Land



22.81 Hectares Commercial Land (Land for Lease)



4 Mobile Harbour Cranes



4 Visiting Container Lines



9 Wharves



3 Tugs



5,000m2 Marlborough Warehousing



23,000m2 On-Port Warehousing



14 Heavy Container Handling Machines



2 Slipways

# → Strategic Context







## Purpose

# To facilitate regional prosperity

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





## → Stakeholders and Goals

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

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

The Port has consolidated its stakeholders into five groups: Customers, Environment, People, Community, and Shareholders.

The Port’s focus on its multiple stakeholders has resulted in a commitment to report its results under each stakeholder through its integrated reporting framework.

The Port also defines what success looks like from each stakeholder’s perspective and has established long term goals that reflect that understanding. The simple days of ‘or’ – profit or environment; customer or community; profit or safety are gone. Businesses today must embrace the ‘and’.





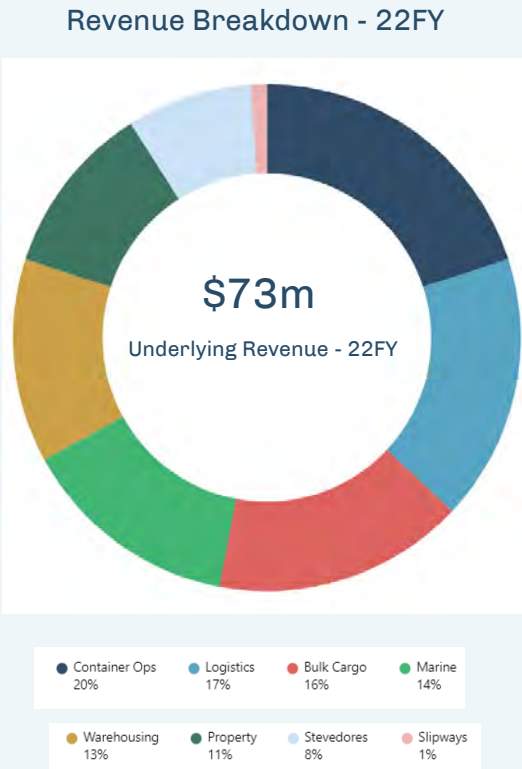
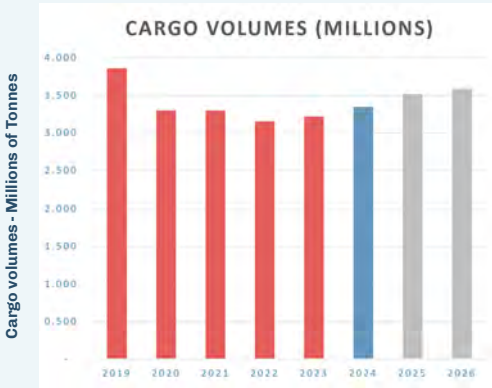
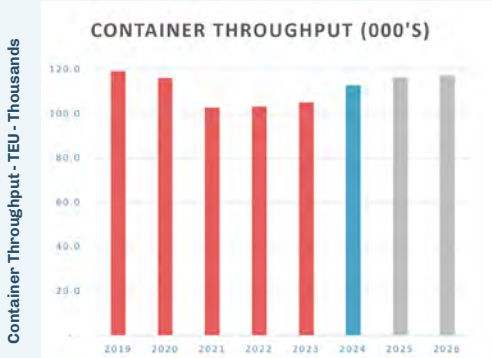


**Our Customers**  
 Ō tātou kiritaki

Providing leading port operations and driving supply chain innovation is integral to ensure the Port can continue to generate a successful operation and in turn deliver strong financial returns.

The cargo across Port Nelson reflects the activities of Te Taihū. Export crops dominate this cargo, including: logs, fruit, wine, processed timber, and seafood. Typical of a regional port in New Zealand, exports dominate imports. From a cargo perspective, the graphs below describe the make up of our cargo, including the recent history of activity and three year forecast.

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

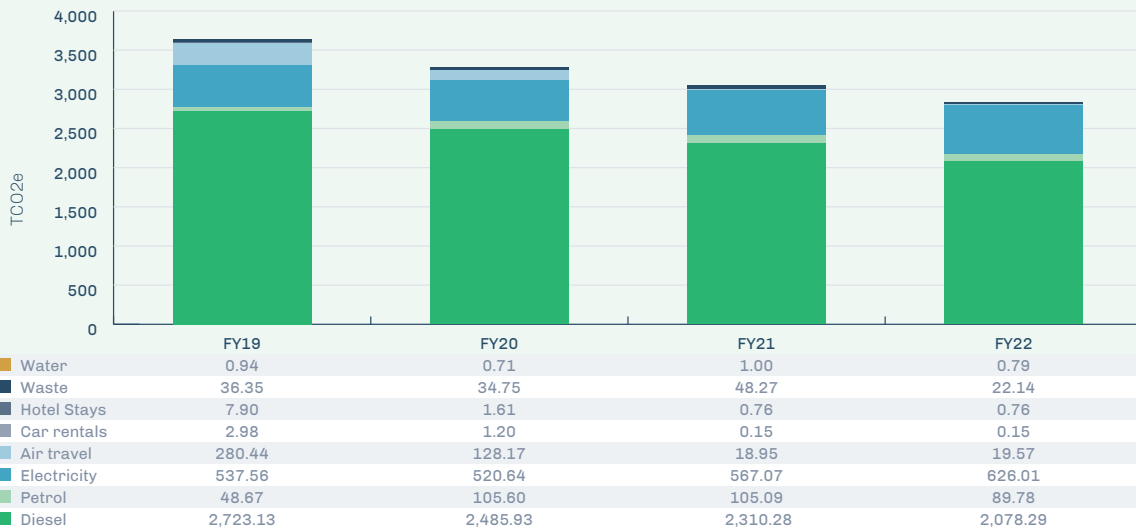


**Our Environment**  
Tō tātou taiao

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

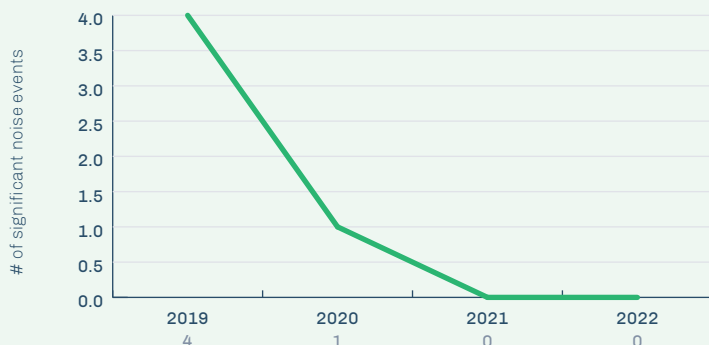
The Port is committed to continual improvement in its environmental performance. Fuel is consumed directly by tugs, cranes, material handling equipment, and port users: trucks and ships, this creates carbon emissions. In addition, the Port's activities create negative physical emissions in the form of noise, dust, stormwater runoff, and the potential for spillage. Reducing these impacts are a priority for the Port.

**Total Carbon - 2022FY**



**Significant Noise Events**

Caused by Port operations 2019 – 2022





**Our People**  
 Ō tātou  
 whānau

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

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

Over 300 people are employed in the Port team. As Port Nelson is a 24/7 business, the working pattern is primarily driven by the tidal nature of the Port and the intermittent movements of international vessels. This means that a number of our workers are casual workers, making the full-time equivalent (FTE) count approximately 230.

Port Nelson has a strong emphasis on health, safety and wellbeing and continues to invest significant resources in this area. With large machines, work over water, stacked cargo, multiple traffic flows, and work in confined spaces, the risks in the work environment are real. The Port is proud of the focus and commitment of the entire team to safety however, there is an ongoing drive for improvements. Key health and safety metrics are provided in the performance target table.

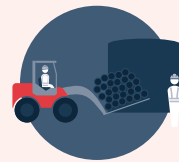
**Critical Risks**

(Operational risks that can result in a fatality or permanent disability)



**Traffic**

Light Vehicle impact between object or pedestrian



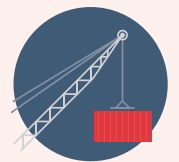
**Heavy Mobile Plant & Equipment**

Heavy plant impact between object or pedestrians



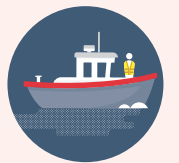
**Working at Heights**

Falling from height resulting in a hard surface impact



**Stored Energy**

Uncontrolled release of an object or energy



**Working on or Near Water**

Risk of drowning, crush, hypothermia, or injury



**Unsafe Atmosphere or Substance**

Oxygen deficient or hazardous atmosphere/environment



**Electrical**

Exposure to unsafe electrical installations





**Our Community**  
*Tō tātou hāpori*

The Port recognises that it is at the economic heart of the Nelson community and is vital to the ongoing economic and social wellbeing of the whole Te Taihū region.

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

As part of our contribution, the Port commits more than \$100,000 of sponsorship funds towards activities related to the protection of the land/sea interface and supporting the community's wellbeing.

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



Nelson Arts Festival - THAW





**Our Shareholders**  
 Ō tātou  
 kaiwhaipānga

Commercial success is critically important to the Port as it provides a return for our shareholders investment and delivers a strong dividend to our community.

The Port’s current level of economic performance, measured by return on assets and return on equity, does not give shareholders a fair return on their investment. To sustain strong dividends to our community and investment in infrastructure into the future, the level of economic performance needs to improve. To this end, work is underway to review the Port’s economic model.

The Port looks to sustain and modernise its infrastructure by completing an Infrastructure Masterplan to ensure optimal investment and resilience for the Port’s infrastructure and assets into 2050.

The Port also continues to build on its Asset Management approach by ensuring it has systematic processes for developing, operating, maintaining, upgrading, and disposing of assets in the most cost-effective manner.

Technology is a key factor in the success and efficiency of Port Nelson, as it helps to streamline processes, improve communication and coordination, enhance safety and security, and provide real-time data analysis for better decision-making. By leveraging technology, Port Nelson optimises its operations and improves its competitiveness, leading to a more efficient, safe, and secure port environment. Technology also enables the integration of various systems and the sharing of information across the supply chain, resulting in increased visibility and efficiency. The adoption of technology at Port Nelson helps to keep the port improving its operations and ensuring its continued success.

The graph below shows Port Nelson’s profitability historically and forecasts until the 2026 financial year.



\*Underlying profit excludes revaluation of investment properties.





## 2030 Strategic Plan

The Port is in the process of completing its 2030 strategic plan. The draft plan is shown below:



### Our Customers

#### Always better

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

#### The preferred Te Taihu cargo pathway

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



### Our Environment

#### Reduce our impact

Reduce our physical and carbon impact on the environment

#### Leadership in sustainability

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



### Our People

#### "I see you"

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

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

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



### Our Community

#### A trusted partner for our community

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

#### A trusted partner for iwi and Māori

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



### Our Shareholders

#### A fair and sustained return

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

#### Diversified income

Strengthen returns from our property portfolio and leverage our expertise in logistics for growth



## 2024 Strategic Initiatives

Aligned with the 2030 plan. The Port will pursue 13 strategic initiatives in 2024FY.

### Our Customers:

#### Establish dashboards and a continuous improvement framework:

Complete and embed dashboards across the business and develop continuous improvement initiatives to improve performance and push towards aspirational benchmarks.

#### Establish the Marlborough Inland Port:

Establish the Marlborough Inland Port and build the business to maximise the benefit of the facility.

#### Establish the Pelorus portal as a key platform for logistics in Te Taihū:

Following customer feedback, develop the existing software to meet the needs of customers and embed the software into QuayConnect operations.

#### Crane 2 replacement:

Sustaining resilience of our cranes requires a replacement for an older crane. The opportunity to procure an electric crane and establish the necessary

infrastructure, provides sustainability benefits to the Port.

#### Stevedoring roster:

Establishment of the roster provides a more sustainable and wellbeing-based environment for our stevedoring team.

### Our Environment:

#### Build our foundations for progressing environmental impact reduction and adaptation to climate risk:

Actions will include improved monitoring of physical impacts, certification through Toitu, commitment to Climate Leaders Coalition's updated statement of ambition, commence reporting against climate related disclosures, and raise awareness of environmental management within the team.





## Our People:

### Strengthen the Port's safety foundation:

Strengthen culture around: clarity, compliance and consistency. Strengthen systems; digital user interfaces; and worker engagement.

### Strengthen the Port User Management System:

Establish increased clarity, compliance and consistency around: port users, contractors and visitors.

### Strengthen the Emergency Response Plan and progress port wide readiness:

Conclude update of procedures, clarify consequences of events and commence scenario testing (particularly of large seismic events).

## Our Community

### Commence the implementation of the iwi & Māori Partnership Plan:

The initial year of the plan focuses on education, raised awareness and connection.

## Our Shareholders:

### Implement the Economic Profitability Plan:

Move forward on revenue improvement initiatives in conjunction with strong customer communications, as well as pursue identified cost savings and areas of continuous improvement that lift profit.

### Complete the slipway redevelopment:

Complete the slipway redevelopment to budget and programme, as well as establish operational systems that are safe, customer facing and efficient.

### Communicate the Masterplan and scope initial positioning projects:

Ensure our team and stakeholders are engaged in final consultation on the plan and the early actions are effectively planned.







## Performance Measures

The below details how the Port will measure its performance to deliver our strategic intent in the 2024 financial year.

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



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

|                                                                       | 2021/22<br>ACTUAL | 2022/23<br>TARGET | 2022/23<br>FORECAST | 2023/24<br>TARGET |
|-----------------------------------------------------------------------|-------------------|-------------------|---------------------|-------------------|
| Cargo volumes (000)                                                   | 3,156             | 3,308             | 3,245               | 3,349             |
| Container throughput (TEU - twenty-foot equivalent units - thousands) | 103               | 114               | 105                 | 113               |
| Vessel visits                                                         | 767               | 781               | 769                 | 776               |
| Revenue growth QuayConnect (\$m)                                      | 2.4               | 1.5               | 5.7                 | 1                 |
| Average container crane rate per hour                                 | 19                | >20               | 18.9                | >20               |
| Improved cont. truck waiting time (mins)                              | 14.9              | <15               | 14.7                | <15               |



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

|                                                                             | 2021/22<br>ACTUAL | 2022/23<br>TARGET | 2022/23<br>FORECAST | 2023/24<br>TARGET |
|-----------------------------------------------------------------------------|-------------------|-------------------|---------------------|-------------------|
| Gross reduction on FY19 scope 1 and 2 carbon emissions (cumulative)         | 15%               | 15%               | 16.2%               | 18%               |
| Gross reduction on FY19 levels in scope 3 carbon emissions (PNL originated) | 87%               | 80%               | 85%                 | 85%               |
| Port's significant noise event & events >85dbH (at monitor)                 | 0 & 6             | 0 & 5             | 0 & 15              | 0 & 8             |
| Dust events external complaint                                              | 0                 | 0                 | 0                   | 0                 |
| Port substance Spills >10L reach harbour                                    | 0                 | 0                 | 0                   | 0                 |



## Our People

Ō tātou  
whānau

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

|                                                             | 2021/22<br>ACTUAL | 2022/23<br>TARGET | 2022/23<br>FORECAST | 2023/24<br>TARGET |
|-------------------------------------------------------------|-------------------|-------------------|---------------------|-------------------|
| High risk events                                            | 0                 | <=2               | 1                   | <= 2              |
| Lost time injuries (LTI)<br>greater than 5 days off<br>work | 3                 | <=2               | 16                  | <= 2              |
| Lost time injury<br>frequency rate (LTIFR)                  | 1.12              | <=1.3             | 2.94                | <= 1.3            |
| Critical risk verification<br>reviews                       | 50                | 44                | 44                  | 44                |
| Visible safety leadership<br>events                         | 166               | 400               | 404                 | 400               |

## Our Community

Tō tātou  
hapori

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

|                                            | 2021/22<br>ACTUAL  | 2022/23<br>TARGET  | 2022/23<br>FORECAST | 2023/24<br>TARGET  |
|--------------------------------------------|--------------------|--------------------|---------------------|--------------------|
| Utilisation of slipway -<br>(Calwell)      | 85% or 312<br>days | 85% or 312<br>days | 84%                 | 85% or 310<br>days |
| Sponsorship as a<br>percentage of NPAT     | 1.12%              | >1.2%              | \$110,000           | >1.2%              |
| Dividend \$ (% (NPAT) ex.<br>prop. reval.) | 4.3m (52%)         | 4.0 (51%)          | 4.0m (58%)          | 4.5m (50%)         |

## Our Shareholders

Ō tātou  
kaiwhaipānga

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

|                                                     | 2021/22<br>ACTUAL | 2022/23<br>TARGET | 2022/23<br>FORECAST <sup>+</sup> | 2023/24<br>TARGET |
|-----------------------------------------------------|-------------------|-------------------|----------------------------------|-------------------|
| Underlying* revenue                                 | \$72.7m           | \$76m             | \$81.8m                          | \$86.1m           |
| Underlying earnings<br>before interest and<br>taxes | \$14.1m           | \$14m             | \$14m                            | \$16.3m           |
| Underlying net profit<br>after tax                  | \$7.9m            | \$7.8m            | \$7.2m                           | \$9.1m            |
| Underlying return on<br>assets                      | 2.2%              | 2.0%              | 2.0%                             | 2.3%              |
| Underlying return on<br>equity                      | 3.1%              | 2.9%              | 2.4%                             | 3.2%              |
| Gearing (debt/equity)                               | 22.0%             | 21.9%             | 20%                              | 21%               |

<sup>+</sup> Financial results for 22/23FY are based on March 23 results and are unaudited

\*Underlying financial performance excludes recognition of investment property revaluation



# Financial Performance





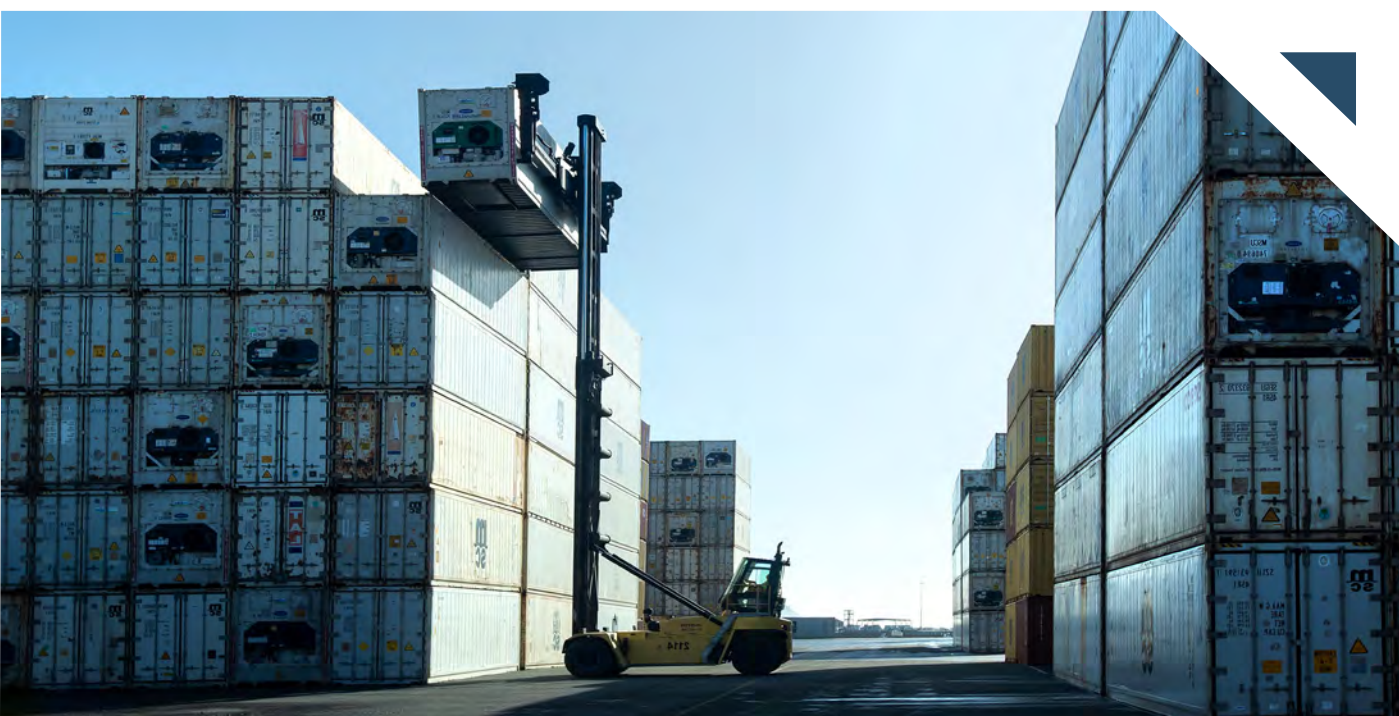
# Prospective Summary Financial Statements

For the three year period July 2023 to June 2026

## Statement of Comprehensive Income

|                                                                     | 2024          | 2025 <sup>+</sup> | 2026 <sup>+</sup> |
|---------------------------------------------------------------------|---------------|-------------------|-------------------|
|                                                                     | \$000         | \$000             | \$000             |
| <b>Revenue</b>                                                      |               |                   |                   |
| Port Operations                                                     | 79,180        | 85,480            | 86,900            |
| Property                                                            | 6,950         | 6,870             | 6,870             |
| <b>TOTAL REVENUE</b>                                                | <b>86,130</b> | <b>92,350</b>     | <b>93,770</b>     |
| <b>Expenses</b>                                                     |               |                   |                   |
| Employee Benefit Expenses                                           | 25,560        | 26,290            | 26,390            |
| Other Operational and Property Expenses                             | 33,040        | 33,650            | 33,725            |
| <b>Earnings before Interest, Tax, Depreciation and Amortisation</b> | <b>27,530</b> | <b>32,410</b>     | <b>33,655</b>     |
| Depreciation and Amortisation                                       | 11,240        | 11,630            | 11,290            |
| <b>Earnings before Interest and Tax</b>                             | <b>16,290</b> | <b>20,780</b>     | <b>22,365</b>     |
| Net Financing Costs                                                 | 3,640         | 3,940             | 4,180             |
| <b>NET PROFIT BEFORE INCOME TAX</b>                                 | <b>12,650</b> | <b>16,840</b>     | <b>18,185</b>     |
| Income Tax                                                          | 3,540         | 4,640             | 5,015             |
| <b>NET PROFIT AFTER INCOME TAX</b>                                  | <b>9,110</b>  | <b>12,200</b>     | <b>13,170</b>     |

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



## Balance Sheet

|                                                  | 2024           | 2025 <sup>+</sup> | 2026 <sup>+</sup> |
|--------------------------------------------------|----------------|-------------------|-------------------|
|                                                  | \$000          | \$000             | \$000             |
| <b>Current assets</b>                            |                |                   |                   |
| Cash and Cash Equivalents                        | 250            | 160               | 190               |
| Trade and Other Receivables                      | 12,810         | 13,490            | 13,550            |
| Inventories                                      | 830            | 830               | 830               |
| Prepayments and Accruals                         | 250            | 250               | 250               |
| <b>TOTAL CURRENT ASSETS</b>                      | <b>14,140</b>  | <b>14,730</b>     | <b>14,820</b>     |
| <b>Non-current assets</b>                        |                |                   |                   |
| Property, Plant and Equipment                    | 342,350        | 353,840           | 353,030           |
| Intangible Assets                                | 3,110          | 2,780             | 2,440             |
| Investment Properties                            | 35,290         | 35,290            | 35,290            |
| Investment in Associates                         | 3,800          | 3,800             | 3,800             |
| Derivatives                                      | 3,500          | 3,500             | 3,500             |
| <b>TOTAL NON-CURRENT ASSETS</b>                  | <b>388,050</b> | <b>399,210</b>    | <b>398,060</b>    |
| <b>TOTAL ASSETS</b>                              | <b>402,190</b> | <b>413,940</b>    | <b>412,880</b>    |
| <b>Current liabilities</b>                       |                |                   |                   |
| Trade and Other Payables                         | 10,580         | 16,440            | 7,140             |
| Employee Benefit Entitlements                    | 2,330          | 3,030             | 2,640             |
| Tax Payable                                      | 2,160          | 2,490             | 2,540             |
| Dividend Payable                                 | 3,000          | 4,400             | 5,000             |
| Noise Mitigation                                 | 100            | 100               | 100               |
| <b>TOTAL CURRENT LIABILITIES</b>                 | <b>18,170</b>  | <b>26,460</b>     | <b>17,420</b>     |
| <b>Less non-current liabilities</b>              |                |                   |                   |
| Employee Benefit Entitlements                    | 260            | 260               | 260               |
| Deferred Tax Liability                           | 18,390         | 18,390            | 18,390            |
| Term Loan                                        | 77,180         | 73,800            | 75,570            |
| Noise Mitigation                                 | 270            | 230               | 200               |
| Right of Use Assets                              | 300            | 150               | 0                 |
| <b>TOTAL NON-CURRENT LIABILITIES</b>             | <b>96,400</b>  | <b>92,830</b>     | <b>94,420</b>     |
| <b>NET ASSETS</b>                                | <b>114,570</b> | <b>119,290</b>    | <b>111,840</b>    |
| <b>Shareholders' funds</b>                       |                |                   |                   |
| Issued Capital                                   | 6,050          | 6,050             | 6,050             |
| Retained Earnings                                | 97,710         | 103,740           | 110,130           |
| Asset Revaluation Reserve                        | 174,280        | 174,280           | 174,280           |
| Hedging Reserve                                  | 3,530          | 3,530             | 3,530             |
| Investment in Associates                         | 6,050          | 7,050             | 7,050             |
| <b>TOTAL SHAREHOLDERS' FUNDS</b>                 | <b>287,270</b> | <b>293,320</b>    | <b>298,830</b>    |
| <b>TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES</b> | <b>402,190</b> | <b>413,940</b>    | <b>412,880</b>    |

<sup>+</sup> Financial performance for 2025 and 2026 financial years are presented in 2024 dollars.

## Statement of Cash Flows

|                                              | 2024            | 2025 <sup>+</sup> | 2026 <sup>+</sup> |
|----------------------------------------------|-----------------|-------------------|-------------------|
|                                              | \$000           | \$000             | \$000             |
| <b>Cash flows from operating activities</b>  |                 |                   |                   |
| Cash was provided from:                      |                 |                   |                   |
| Receipts from customers                      | 78,450          | 84,890            | 86,860            |
| Rent received                                | 6,950           | 6,870             | 6,870             |
|                                              | <b>85,400</b>   | <b>91,760</b>     | <b>93,730</b>     |
| Cash was applied to:                         |                 |                   |                   |
| Payments to suppliers and employees          | 57,730          | 58,460            | 58,240            |
| Interest paid                                | 3,660           | 3,960             | 4,170             |
| Taxes paid                                   | 3,650           | 5,820             | 6,250             |
| Net GST paid                                 | (490)           | (710)             | 1,220             |
|                                              | <b>64,550</b>   | <b>67,530</b>     | <b>69,880</b>     |
| <b>Net operating cash inflows</b>            | <b>20,850</b>   | <b>24,230</b>     | <b>23,850</b>     |
| <b>Cash flows from investing activities</b>  |                 |                   |                   |
| Cash was provided from:                      |                 |                   |                   |
| Sale of property, plant and equipment        | 0               | 500               | 0                 |
|                                              | <b>0</b>        | <b>500</b>        | <b>0</b>          |
| Cash was applied to:                         |                 |                   |                   |
| Purchase of property, plant and equipment    | 23,460          | 16,820            | 19,690            |
| Purchase of intangibles                      | 710             | 130               | 10                |
|                                              | <b>24,170</b>   | <b>16,950</b>     | <b>19,700</b>     |
| <b>Net investing cash inflows/(outflows)</b> | <b>(24,170)</b> | <b>(16,450)</b>   | <b>(19,700)</b>   |
| <b>Cash flows from financing activities</b>  |                 |                   |                   |
| Cash was provided from:                      |                 |                   |                   |
| Loans borrowed                               | 25,190          | 14,770            | 19,900            |
|                                              | <b>25,190</b>   | <b>14,770</b>     | <b>19,900</b>     |
| Cash was applied to:                         |                 |                   |                   |
| Loans repaid                                 | 17,960          | 18,150            | 18,130            |
| Dividend paid                                | 4,000           | 4,500             | 5,900             |
|                                              | <b>21,960</b>   | <b>22,650</b>     | <b>24,030</b>     |
| <b>Net investing cash inflows/(outflows)</b> | <b>3,230</b>    | <b>(7,880)</b>    | <b>(4,130)</b>    |
| <b>Net increase/(decrease) in cash held</b>  | <b>(90)</b>     | <b>(100)</b>      | <b>20</b>         |
| Cash and cash equivalents at 1 July          | 340             | 260               | 170               |
| <b>CASH AT 30 JUNE</b>                       | <b>250</b>      | <b>160</b>        | <b>190</b>        |

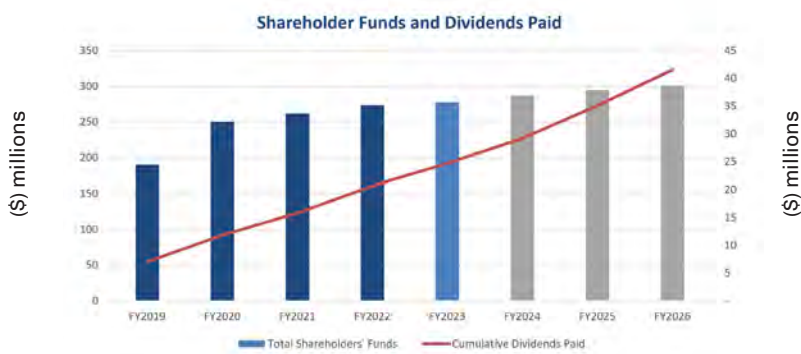
+ Financial performance for 2025 and 2026 financial years are presented in 2024 dollars.





## Commercial Valuation

The directors assessment of the value of the shareholders investment in the company is \$287.3m. The value is the prospective value of total shareholders' funds as at June 30, 2024.





## Procedure for Acquisition of Other Interests

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

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





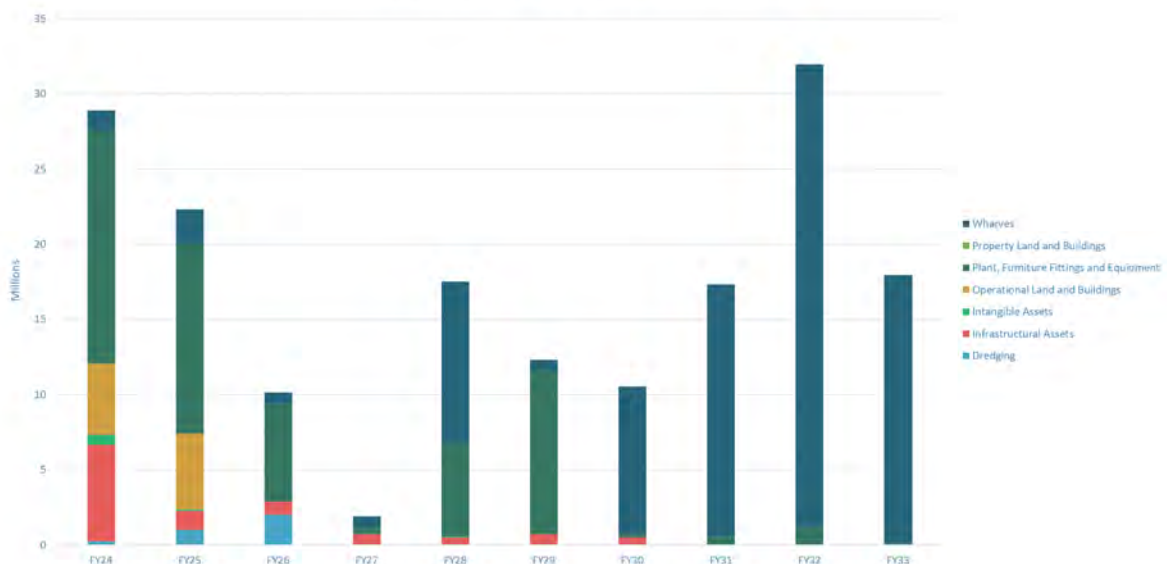


## → Ten-Year Projected Capital Expenditure Programme

Total capital expenditure over ten years is \$185 million. Key components of this expenditure include the Port Nelson Slipway development in the financial years 2024 and 2025, an investment programme for wharf replacements over the periods 2030 through 2033, and replacement to cranes and the pilot vessel over the years 2024 to 2029.

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

Ten - Year Capex Profile



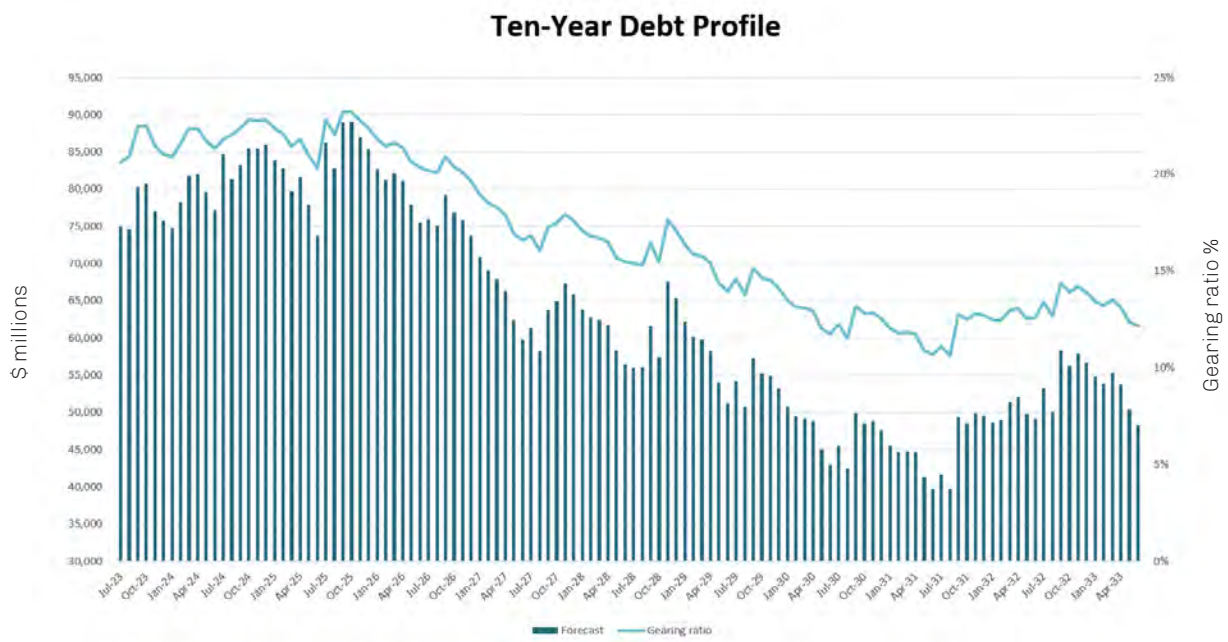




## Ten-Year Projected Debt Profile

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

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





## Accounting Policies

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

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

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

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







## → Dividend Policy

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

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

Proposed dividend distributions are expected to be \$4.5m for the year ended June 2024, \$5.9m for 2025 and \$6.5m for 2026.







# Non-Financial Performance







## ➔ Risk Management

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

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

The Finance and Risk Committee takes responsibility for ensuring that the risk management process is appropriate, providing an oversight of financial risks and ensuring risk reporting up to the full Board is effective. A recently completed external review has provided a path for further improvements of risk management and internal auditing.

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

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





## Sustainability and Climate Change

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

### Carbon reduction:

The Port has established two key targets for carbon reduction:

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

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

### Climate change:

A preliminary review of the impacts of climate change on the Port was undertaken in 2022 through the consultancy, Deloitte. This work built on a Port Resilience Review completed in 2021 that identified the physical risks to the Port from natural events and climate change related impacts. The Infrastructure Masterplan currently being completed will focus on the next 30 years and will identify adaptation works that will need to be provided over this period.

### Waste minimisation:

With a strengthened environmental team in 2024, the Port will focus on diverting waste from landfill through reducing waste and increasing recycling, this being pursued as part of an initiative to engage more deeply with the wider Port team to establish environmental champions and raise the priority of environmental management matters.

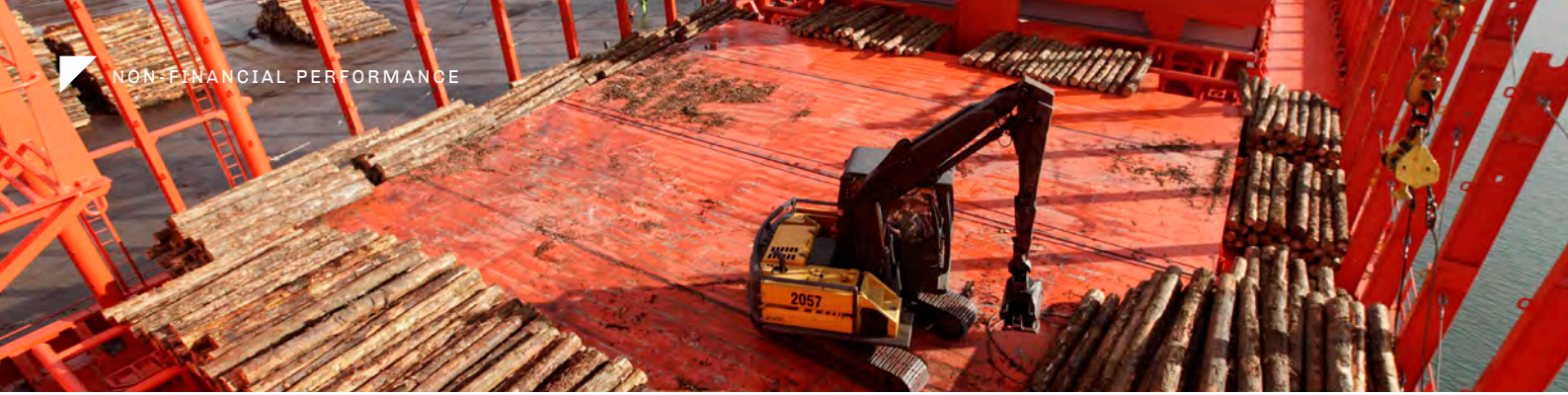
### Climate related disclosures:

Consistent with the requirements of Council Shareholders and Infrastructure Holding Limited (IHL), the Port will commence reporting against the climate-related Disclosures (NZ CS 1) standard in 2024. The reporting will be matured through three phases: scoping, qualitative and quantitative compliance over three years, with full compliance in 2026FY.

2024FY projects underway to recognise and address climate change:

- Replacement of diesel cranes with electric cranes: The Port will scope in 2024 for its next replacement crane to be an electric diesel / hybrid. This move will require an upgrade to the electrical infrastructure on the site. The new crane will be the first electric port mobile crane in NZ.
- Hydrogen injection into heavy container mover plant: A trial injecting hydrogen into one of our container movers will be commenced in 2024. An expected reduction in fuel burn of 15% is targeted.
- Speed reduction in the operational Port areas: Operational speeds have been reduced in the Port Operational area from 25 kmph to 20 kmph. This has the benefit of safety improvements and fuel reduction.
- Plant utilisation and optimised operator performance: Installation of monitors into moving heavy plant will take place in 2024FY to inform on areas for fuel conservation.
- Independent verification of carbon reporting: Through Toitu, the Port will establish independent verification of its carbon emissions, as well as certification of its carbon reduction plans and projections.
- Reduction on waste: A waste audit will be undertaken in 2024 and initiatives commenced to reduce waste going to landfill.
- Infrastructure Masterplan to address climate change adaptation: An Infrastructure Masterplan will be completed in early FY2024, this will provide a framework for the Port's physical response to climate change.
- Sea-grass regeneration: The Port will continue to sponsor research by Cawthron into sea-grass regeneration, recognizing the blue carbon benefits of sea-grass.





## Health and Safety

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

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

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

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

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





## → Relationships

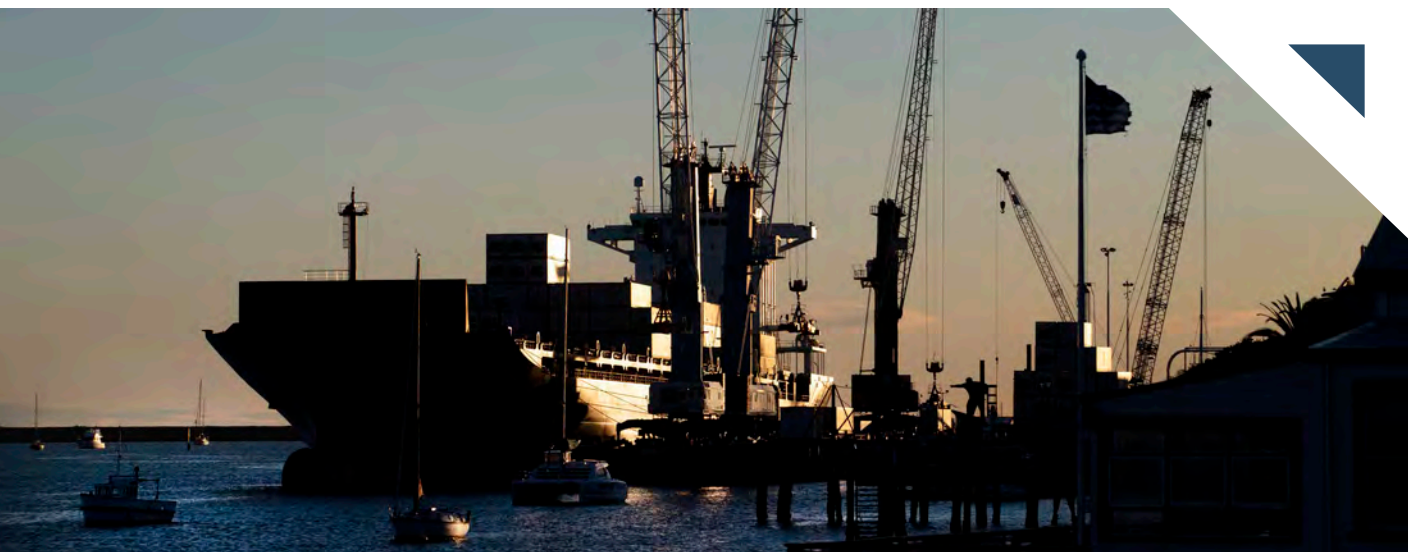
Port Nelson recognises the importance of relationships and engagement with stakeholders as part of our purpose “to facilitate regional prosperity – Kia āhei ki te kōkiri whakamua ki te taumata ā-rohe”.

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

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

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

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





# → Governance → Performance





## Approach to Governance

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

### Company

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

### Corporate Code of Governance

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

### Board

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

### Board Committees

The board uses committees to allow areas requiring detailed consideration to be dealt with separately by directors with specialist knowledge and experience, thereby enhancing the effectiveness of the board. Accordingly, the board has constituted three standing committees: the Finance and Risk Committee, the Health and Safety Governance Committee, and the Remuneration and Appointments Committee. In addition, it may form ad hoc committees to deal with specific issues.

### Chairperson

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

### Chief Executive

The board appoints a CEO. The CEO is responsible for leading and managing the company in accordance with the directions of the board. The CEO may further delegate to other levels for day to day operational



decisions of the company in accordance with delegated authorities as approved by the board.

### Health and Safety

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

### Dividends and Distribution

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

The shareholders desire to receive dividends representing not less than 50% of net profit after tax, excluding asset valuations. Similarly, the Port Nelson board expectation is that not more than 75% of net profit after tax shall be distributed to the shareholders. This policy does not cover special dividends.

Proposed dividend distributions are expected to be \$4.0m for the year ended June 2023, \$4.5m for 2024FY, \$5.9m for 2025FY, and \$6.5m for 2026FY.

# Information to be Provided to Shareholders

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

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

## Annual Statement of Corporate Intent

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

## Half Yearly Report

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

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

## Annual Report

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

The report will include:

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

## Quarterly Reporting

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

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

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

## General Disclosure

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

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

## Communication of Information

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

## Procedure for Acquisition of Shares

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

## Compensatory Activities

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







**PORT  NELSON**

Port Nelson  
Nelson 7010, New Zealand

# Nelson Airport Ltd Statement of Intent 2023/2024



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## I. Introduction

Nelson Airport Limited (“NAL”) is a Council Controlled Trading Organisation under section 6 of the Local Government Act 2002.

This Statement of Intent is presented by the Directors of NAL in accordance with section 64 of the Local Government Act 2002.

This Statement of Intent is for the 2023/24 Financial Year to 30 June 2024, and for the two following financial years.

The purpose of this document is to publicly state the objectives, strategies, and targets of NAL at this time.

NAL acknowledges the Statement of Expectation from Infrastructure Holdings Ltd dated 23rd January 2023. NAL notes the feedback from the Joint Shareholders’ Committee on the Draft Statement of Intent of Infrastructure Holdings Ltd regarding revenue growth and climate disclosure reporting.

## II. Strategic Context

### A. Purpose

#### *Our Vision*

- To be a world class airport where zero emissions aircraft operate

#### *Our Purpose*

- To contribute to a sustainable and prosperous Nelson Tasman

#### *Mission Statement*

- Nelson Airport provides sustainable airport infrastructure that connects Nelson Tasman to the world.
- Nelson Airport facilitates business opportunities by optimising the use of land and developing commercial facilities.
- Nelson Airport supports excellent experiences that add to visitor satisfaction.

#### *Values Statement*

Everything we do supports a culture of inclusiveness, diversity and openness and we live by our values below:

- **Safety** *“the condition of being protected from or unlikely to cause danger, risk, or injury”.*

Safety is our top priority, informing every decision we make and the daily activities we perform.

- **Integrity** *“the quality of being honest and having strong moral principles”.*

We are honest, open, ethical, and fair in all of our actions, respecting our customers and colleagues alike, even when no one is watching.

- **Teamwork** *“the combined action of a group, especially when effective and efficient”*

We work together, using our collective skills and expertise to meet the needs of our customers and to help Nelson Airport succeed.

- **Continuous Improvement** *“a thing that makes something better or is better than something else”.*

We constantly challenge ourselves to explore opportunities to improve the quality and efficiency of the business.

**Openness** *“willing to consider new ideas; unprejudiced”.*

We’re open to new ideas and opinions, encourage curiosity, and embrace change and innovation.

- **Accountability** *“the condition of being responsible for your actions”.*

We hold ourselves accountable for the outcomes of our actions, good and bad.

## B. Nature and Scope of Activities

NAL was incorporated in 1996 and purchased the assets and undertakings of the Nelson Regional Airport Authority in March 1999.

The airport is a key strategic asset and contributor to the prosperity and growth of the Nelson Tasman economy. Its commercial operations and services deliver significant benefits to the Nelson Tasman region. Its primary service is moving people into and out from the region safely and efficiently. Prior to Covid, the number of passengers through the airport was more than one million annually, however, because of lockdowns that volume has reduced to 865,000 (December 2022 forecast) for the 2022/23 financial year. NAL has shown resilience through the Covid pandemic by remaining open for business and it is anticipated that growing understanding of the virus will result in a return to previously predicted levels of activity within a three-year timeframe.

Through Air New Zealand, Nelson Airport has direct links with the key cities of Auckland, Wellington, and Christchurch. Other carriers including Originair, Sounds Air and Golden Bay Air provide direct provincial links to the North Island cities of Palmerston North, as well as the Kapiti Coast and short hops to “local” destinations Tākaka and Karamea in the north of the South Island. During the recent closure of State Highway 6 between Nelson and Blenheim, Originair ran regular scheduled services between Nelson and Blenheim with NAL’s support.

The airport supports a diverse range of businesses that service passengers or require access to air services or airport land and building infrastructure.

Nelson Airport connects Nelson Tasman to the rest of New Zealand and the world. With the region’s high dependency on air access and relative isolation from road, rail and sea connections, Nelson Airport is critical to delivering on the region’s development and growth aspirations. In particular, the airport contributes to the:

- growth and efficiency of business

- attraction and retention of talent
- resilience of the region and its ability to respond to emergencies.
- efficiency and effectiveness of national health services
- opportunity to facilitate investment in sustainable green energy sources for future aircraft and road fleet requirements.
- attraction of investment in local operations of international aeronautical players

NAL may also grant and administer sub-leases of the land, buildings or installations vested in NAL for any purpose complementary to the ongoing safe and efficient operation of the Airport.

### Revenue Analysis

The revenue streams earned reflect the scope of Airport activities. The diagram below illustrates a summarised view of the forecast revenue split for the 2023/24 financial year.

## 2023/24 REVENUE FORECAST BY REVENUE STREAM



Through the *Master Plan 2050* and recent *Development Plans* NAL is looking to develop and market new commercial opportunities to ensure diversification from its reliance on aeronautical activity.

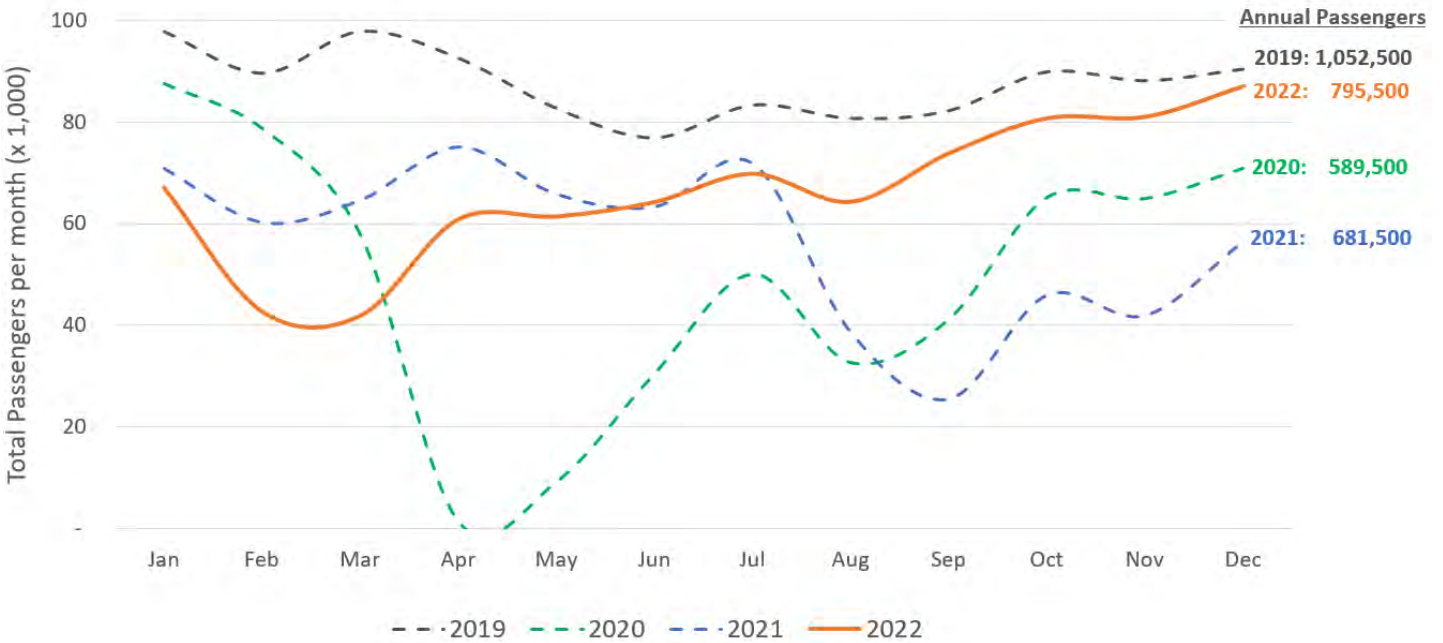
### Passenger Performance

Passengers travelling through the airport underpin NAL’s financial performance. *Aeronautical Charges* earned by the airport to fund the facilities and services provided for aeronautical activities are directly proportionate to passengers and aeronautical activity. Additionally, other significant income streams have a strong positive correlation to total passenger numbers including *Ground Transport*, *Retail* and *Advertising*.

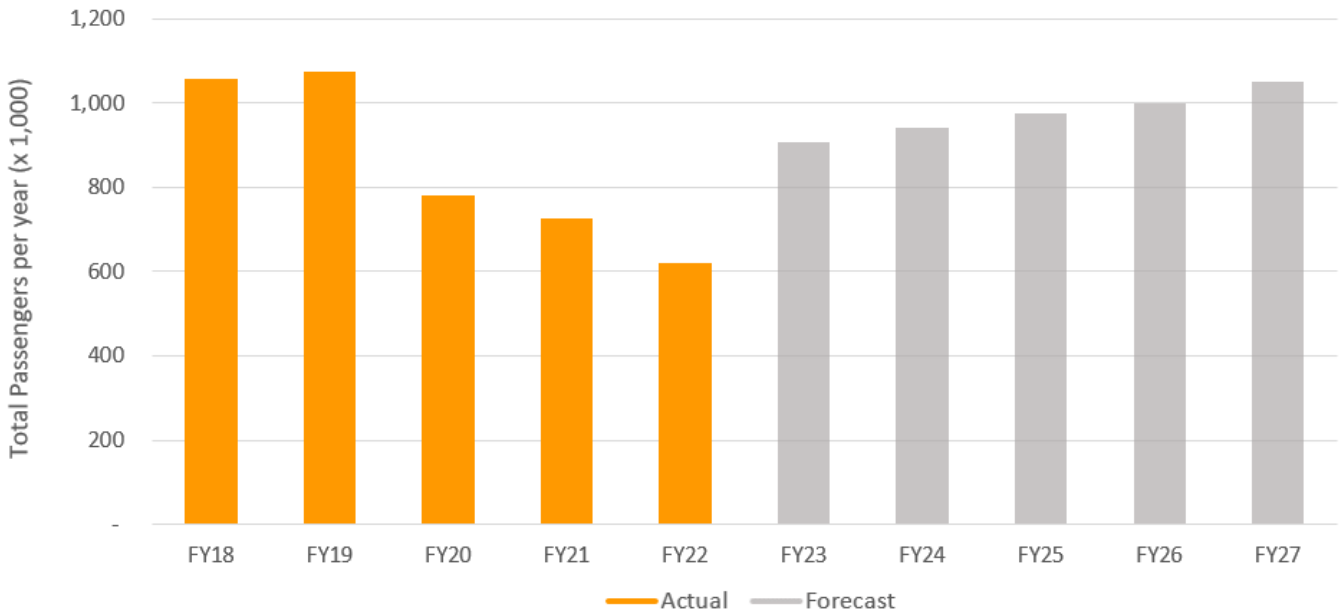


The following graphs tell the story of NAL’s journey through the Covid pandemic – the imposition of the lockdown, subsequent Covid restrictions, the recovery to date and the forecast ongoing recovery. NAL is forecasting a return to annual pre-Covid record passenger performance, over one million passengers, by FY26.

**Passenger Comparison – Latest Four Calendar Years**



**Historical Vs Forecast Total Passengers**



## C. Objectives

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

2023/24 – 2025/26

| STRATEGIC AREA                      | OBJECTIVES                                                                                                                                                                         |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>People, Culture and Values</b>   | Be an Employer of choice in the region.                                                                                                                                            |
| <b>Health, Safety and Risk</b>      | Provide a safe and secure airport in accordance with CAA and HSWA rules, underpinned by a strong safety culture.                                                                   |
| <b>Infrastructure and Property</b>  | Invest in and maintain buildings and infrastructure that support our strategic and commercial objectives and provide resilience against the effects of natural events.             |
| <b>Financial Results</b>            | Ensure strong financial performance and expand and diversify revenue streams to reduce reliance on aeronautical activities.                                                        |
| <b>Customers and Stakeholders</b>   | Build strong relationships with airlines, shareholders, Tasman and Nelson communities and Iwi, hapu and other Māori organisations.                                                 |
| <b>Environmental Sustainability</b> | Reduce our carbon emissions and waste by investing in future green energy production and waste reduction/recycling opportunities and facilitate other stakeholders to do the same. |

## Our Strategies

For the financial years 2023/24 to 2024/25, the Statement of Intent concentrates on the following Strategies:

|                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>People, Culture and Values</b></p>     | <ul style="list-style-type: none"><li>• Provide a safe and secure airport in accordance with Civil Aviation Act Rules</li><li>• Live our values in everything we do.</li><li>• Be proud of our culture of openness, inclusiveness, and diversity.</li><li>• Have a highly engaged workforce.</li></ul>                                                                                                      | <p><b>Health, Safety and Risk</b></p>  | <ul style="list-style-type: none"><li>• Comply with CAA<sup>1</sup> and HSWA<sup>2</sup> legislation and ensure appropriate strategies and policies are firmly entrenched in the company's culture.</li><li>• Ensure everyone takes responsibility for identifying and mitigating risks including natural hazards and people/plant interfaces.</li></ul>                                                                                                                                          |
| <p><b>Infrastructure and Property</b></p>  | <ul style="list-style-type: none"><li>• Establish and manage an Asset Management Programme to provide a long-term, fit-for-purpose asset base.</li><li>• Invest in commercial opportunities that provide attractive returns on capital and complement airport activities.</li><li>• Create an airport precinct that promotes opportunities for our communities to enhance the airport experience.</li></ul> | <p><b>Financial Results</b></p>      | <ul style="list-style-type: none"><li>• Establish a Dividend Policy which maximises dividend distributions in line with a prudent debt: equity ratio that ensures the ongoing growth and development of the airport.</li><li>• Provide timely and relevant KPIs to measure the health and wealth of the business.</li><li>• Establish SMART<sup>3</sup> objectives across all areas of the business.</li><li>• Diversify revenue streams to reduce reliance on aeronautical activities.</li></ul> |

<sup>1</sup> Civil Aviation Act 1990


<sup>2</sup> Health and Safety at Work Act 2015

<sup>3</sup> Specific, Measurable, Achievable, Relevant, and Time-Bound




**Customers and Stakeholders**

- Build strong relationships with airlines, shareholders, Tasman and Nelson communities and Iwi and other Māori organisations.
- Deliver excellent customer service to all travellers and visitors to the airport.
- Be innovative in all things we do.



**Environmental Sustainability**

- Reduce our carbon emissions and waste by investing in future green energy generation and recycling opportunities.
- Proactively pursue confirmation of Project 2-Zero NoR & Private Plan Change to protect ability to host zero-emission aircraft and develop green energy generation as a Permitted Activity
- Invest in opportunities that deliver carbon neutral or better outcomes.
- Invest in infrastructure improvements that will provide resilience against events of nature.
- Proactively seek opportunities to contribute to the environmental performance of our customers and stakeholders.



**D. Performance Measures and Targets**

*FY24 Targets*

| STRATEGIC AREA                    | MEASURE                                                                                                                | TARGET                                                              |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| <b>People, Culture and Values</b> | Annual employee engagement survey to be undertaken                                                                     | Maintain a “Great” <sup>4</sup> result                              |
|                                   | Maintain a formal training and development programme for employees                                                     | Achieve 10 hrs/FTE of ongoing personal development                  |
| <b>Health, Safety and Risk</b>    | Meet all our obligations and standards under Civil Aviation Act Rules                                                  | No “major” <sup>5</sup> findings                                    |
|                                   | Have a behavioural based safety culture where everyone is responsible for safety on the airport and uses the SMS daily | Top 20 risk register reviewed fortnightly by Senior Leadership Team |

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

<sup>5</sup> An occurrence or deficiency involving a major system that caused, or had the potential to cause, significant problems to the function or effectiveness of that system.

| STRATEGIC AREA                      | MEASURE                                                                                                | TARGET                                                                                  |
|-------------------------------------|--------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
|                                     |                                                                                                        | One key risk reviewed at every Board meeting.<br>Board Safety walks scheduled quarterly |
|                                     | Have an NAL-facilitated Health and Safety Committee in place                                           | Minimum of 9 safety meetings with all major airside and landside PCBUs <sup>6</sup>     |
|                                     | Enhance oversight of noise levels as set out in the Nelson Resource Management Plan                    | Approval of Noise Management and Monitoring Plan by NANEAC <sup>7</sup>                 |
| <b>Infrastructure and Property</b>  | Maintain an asset management system to manage the condition, criticality, and life cycle of all assets | Main apron rehabilitation project completed                                             |
|                                     | Attract commercial investment in developments that deliver our vision                                  | New rental car base of operations project completed by 30 June 2024                     |
| <b>Financial Results</b>            | Manage financial performance to ensure we are optimising returns                                       | Total Operating Revenues \$18.1m<br>EBITDA <sup>8</sup> \$10.4m                         |
|                                     | Annual Audit                                                                                           | Achieve an unqualified audit opinion                                                    |
| <b>Customers and Stakeholders</b>   | Deliver an exceptional customer experience for those visiting the airport in any capacity              | Maintain “Excellent” result in FY24 Customer Satisfaction Survey                        |
|                                     | Appoint cultural advisor and provide plan for iwi engagement and strategic partnership opportunities   | Implement one iwi partnership outcome by June 2024                                      |
| <b>Environmental Sustainability</b> | Pursue sustainability initiatives that deliver our goal to be carbon neutral by 2030                   | Achieve Level 2 Airport Carbon Accreditation                                            |
|                                     | Zero carbon emission                                                                                   | Complete feasibility study for green energy production on airport by June 2024          |

<sup>6</sup> Person Conducting a Business or Undertaking

<sup>7</sup> Nelson Airport Noise Environment Advisory Committee

<sup>8</sup> Earnings before interest, taxes, depreciation, amortisation, and other non-operating income/expenses

### III. Financial Performance

#### A. Prospective Summary Financial Statements

##### *Prospective Summary Statement of Comprehensive Income (\$ million)*

|                                       | FY23  | FY24  | FY25  | FY26  |
|---------------------------------------|-------|-------|-------|-------|
| Total Operating Revenues              | 16.4  | 18.1  | 19.9  | 21.9  |
| Total Operating Expenses              | (6.4) | (7.6) | (7.3) | (8.0) |
| EBITDA before Other Income / Expenses | 10.0  | 10.4  | 12.5  | 13.9  |
| Other Income / (Expense)              | (0.0) | (0.6) | (0.2) | (0.1) |
| EBITDA after Other Income / Expenses  | 10.0  | 9.8   | 12.3  | 13.8  |
| Depreciation and Amortisation         | (4.2) | (4.5) | (5.1) | (5.6) |
| EBIT                                  | 5.8   | 5.3   | 7.2   | 8.2   |
| Finance (Expense) / Income            | (1.4) | (1.6) | (2.4) | (3.0) |
| Profit before Income Tax              | 4.4   | 3.7   | 4.8   | 5.2   |
| Income Tax                            | (1.4) | (1.3) | (1.4) | (1.5) |
| Net Profit after Income Tax           | 3.0   | 2.4   | 3.4   | 3.7   |

##### *Prospective Summary Statement of Financial Position - As at Year End (\$ million)*

|                               | FY24  | FY25  | FY26  |
|-------------------------------|-------|-------|-------|
| <b>Assets</b>                 |       |       |       |
| Current Assets                | 1.3   | 1.4   | 1.6   |
| Property, Plant and Equipment | 153.1 | 170.5 | 191.5 |
| Intangible Assets             | 0.1   | 0.1   | 0.1   |
| Other Non-Current Assets      | 0.4   | 0.1   | 0.0   |
| <b>Total Assets</b>           | 154.9 | 172.0 | 193.2 |
| <b>Liabilities</b>            |       |       |       |
| Current Liabilities           | 5.1   | 3.2   | 3.5   |
| Total Loan Finance            | 32.4  | 49.5  | 68.2  |
| Other Non-Current Liabilities | 13.8  | 13.8  | 13.8  |
| <b>Total Liabilities</b>      | 51.4  | 66.6  | 85.5  |
| <b>Total Net Assets</b>       | 103.5 | 105.5 | 107.7 |
| <b>Total Equity</b>           | 103.5 | 105.5 | 107.7 |



## Prospective Summary Statement of Cashflows (\$ million)

|                                        | FY24        | FY25        | FY26        |
|----------------------------------------|-------------|-------------|-------------|
| Cash Opening Balance                   | 0.2         | 0.2         | 0.2         |
| <b>Cash In</b>                         |             |             |             |
| Cash from Operations                   | 20.6        | 22.7        | 25.0        |
| Cash drawn from Loan Facility          | 10.8        | 27.1        | 18.9        |
| GST Received                           | -           | 1.3         | 1.7         |
| Other Assets / Liabilities             | 0.4         | -           | -           |
| <b>Total Cash Inflows</b>              | <b>31.9</b> | <b>51.1</b> | <b>45.6</b> |
| <b>Cash Out</b>                        |             |             |             |
| Operational Expenses                   | 8.6         | 8.1         | 8.6         |
| Income Tax Paid                        | 1.8         | 1.8         | 1.6         |
| Dividends                              | 1.2         | 1.3         | 1.4         |
| Capital Expenditure                    | 12.3        | 27.6        | 30.7        |
| GST Paid                               | 0.7         | -           | -           |
| Loan Payments (principal and interest) | 7.2         | 12.4        | 3.2         |
| <b>Total Cash Outflows</b>             | <b>31.9</b> | <b>51.1</b> | <b>45.6</b> |
| Cash Closing Balance                   | 0.2         | 0.2         | 0.2         |

### Note

Cash balances will be maintained at minimal levels whilst the MOCL finance facility remains active.

## B. Ten-Year Projected Capital Expenditure Programme

The following table shows the projected capital expenditure forecast for the current financial year plus ten additional years.

### Ten-year Total Capital Expenditure Forecast

|                          | FY23       | FY24        | FY25        | FY26        | FY27        | FY28        | FY29       | FY30       | FY31        | FY32        | FY33        |
|--------------------------|------------|-------------|-------------|-------------|-------------|-------------|------------|------------|-------------|-------------|-------------|
| <b>Total Capex (\$m)</b> | <b>4.5</b> | <b>11.9</b> | <b>22.5</b> | <b>26.7</b> | <b>13.7</b> | <b>13.6</b> | <b>8.1</b> | <b>6.8</b> | <b>13.2</b> | <b>14.8</b> | <b>13.5</b> |

## Prospective Summary Statement of Capital Expenditure (\$ million)

| Capital Expenditure Forecast           | FY24        | FY25        | FY26        |
|----------------------------------------|-------------|-------------|-------------|
| Runway, Aprons and Taxiways            | 4.5         | 5.3         | 3.2         |
| Electrical Assets                      | -           | -           | 1.0         |
| Stormwater / Erosion / Drainage        | 1.3         | 1.9         | 2.8         |
| Rescue Fire Service                    | -           | -           | 6.0         |
| Security                               | -           | 14.1        | -           |
| Landside Roading and Carparks          | 1.5         | 0.2         | 11.3        |
| Commercial Property Developments       | 2.4         | -           | 2.0         |
| All Other Forecast Capital Expenditure | 2.3         | 1.0         | 0.5         |
|                                        | <b>11.9</b> | <b>22.5</b> | <b>26.7</b> |

## C. Ten-Year Projected Debt Profile

The following table shows the projected debt levels for NAL for the current year plus ten additional years.

### Ten-year Total Third-party Debt Forecast

|                  | FY23 | FY24 | FY25 | FY26 | FY27 | FY28 | FY29 | FY30 | FY31 | FY32 | FY33 |
|------------------|------|------|------|------|------|------|------|------|------|------|------|
| Total Debt (\$m) | 27.2 | 32.4 | 49.5 | 68.2 | 71.5 | 75.9 | 74.3 | 69.5 | 69.7 | 71.0 | 69.9 |

## D. Key Financial Covenants

### Prospective Key Ratios and Indicators - As at Year End

|                                           | Note | FY24  | FY25  | FY26  |
|-------------------------------------------|------|-------|-------|-------|
| Working Capital (\$ x 1,000,000)          | 1    | (3.8) | (1.9) | (1.9) |
| Working Capital Ratio                     | 2    | 0.3   | 0.4   | 0.5   |
| Return on Equity                          | 3    | 2.3%  | 3.2%  | 3.5%  |
| Shareholders' Funds to Total Assets Ratio | 4    | 0.7   | 0.6   | 0.6   |
| Debt to Equity Ratio                      | 5    | 0.3   | 0.5   | 0.6   |
| Leverage Ratio                            | 6    | 3.1   | 3.9   | 4.9   |
| Interest Cover Ratio                      | 7    | 6.5   | 5.3   | 4.6   |
| Funds from Operations / Debt              | 8    | 23.1% | 17.7% | 13.8% |

#### Notes

- Working Capital = (Current Assets - Current Liabilities)  
Current Liabilities include Dividend Payable. Cash balances will be maintained at minimal levels whilst the MOCL finance facility remains active.
- Working Capital Ratio = (Current Assets / Current Liabilities)  
Cash balances will be maintained at minimal levels whilst the MOCL finance facility remains active.
- Return on Equity = (Net Profit after Tax / Total Shareholders' Equity)
- Shareholders' Funds to Total Assets Ratio = (Total Shareholders' Equity / Total Assets)
- Debt to Equity Ratio = (Total third-party debt at year end / Total Shareholders' Equity)
- Leverage Ratio = (Total third-party debt at year end / EBITDA before other Income/Expenses)
- Interest Cover Ratio = (EBITDA before other Income/Expenses / Net Finance Costs)
- Funds from Operations / Debt = ((EBITDA before other Income/Expenses - Cash Interest - Cash Taxes) / Total third-party debt at year end)

## E. Accounting Policies

NAL reports financially under the new Accounting Standards Framework implemented by the Financial Accounting External Reporting Board to effect changes enacted by the new Financial Reporting Act 2013. For financial reporting purposes NAL is a "for-profit public sector entity". By virtue of the size of the business, and by election, NAL reports under the Reduced Disclosure Regime to Tier 2 requirements.

From the 2015/16 financial year NAL has undertaken General Purpose Financial Reporting utilising the revaluation model based on the accounting concept of Fair Value. Significant valuation work was

undertaken towards this end and underpins the reporting of Property, Infrastructure and Leasehold Interest at fair value.

NAL regularly reports internally on a monthly accounting cycle with actuals for the Balance Sheet and Income Statement being presented to management and the Board monthly. Progress against budgets and forecasts is regularly monitored internally and reported against.

The reporting entity for accounting and financial reporting purposes is Nelson Airport Limited. Nelson Airport Limited has a balance date of 30th June.

Accounting policies are set out in detail in NAL's Annual Report which is available from Nelson Airport Ltd website at: [www.nelsonairport.co.nz](http://www.nelsonairport.co.nz).

## **F. Dividend Policy**

NAL will use best endeavours to maximise the annual dividend pay-out to shareholders, whilst remaining within prudent debt ratio limits, that provides for the ongoing successful operation, growth, and development of the airport.

## **G. Commercial Valuation**

The commercial value of the Shareholders' investment in the Company is considered by the Directors to be not less than the Shareholders' funds as disclosed in the Statement of Financial Position published in the last Annual Report.

The fair value of assets is supported by valuations of land, buildings, infrastructure, and the leasehold interest in the aerodrome land by independent registered valuers as required.

A reassessment of the value of the Shareholders' investment in NAL may be undertaken as required from time to time by the Shareholders or Directors.

## **H. Procedure for Acquisition of Other Interests**

If the Directors believe NAL should invest in or otherwise acquire any interest in any other organisation, they will obtain the prior approval of the Shareholders by special resolution, unless the total cost is less than \$50,000. In this case, prior approval will not be required but Shareholders will be advised in writing within 14 days.

# **IV. Non-Financial Performance**

## **A. Sustainability, Risk Management & Reporting**

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

### **Risk Management:**

NAL has a comprehensive risk management framework in place that is reviewed monthly by the Board. This framework includes risks pertaining to natural hazards and climate change such as inundation, significant weather events, and natural disasters.



### **Carbon reduction:**

NAL has committed to two specific goals for carbon emissions reduction:

- An 80% reduction of gross carbon emissions from 2019FY to 2035FY, and
- Net zero carbon emissions by 2050 .

Whilst NAL is not a member of the Climate Leaders Coalition, the first point above aligns with the Coalition's goal of contributing to holding the increase in global warming to 1.5 degrees. NAL's performance against this target will be independently verified. Achieving this result for Scope 1 and 2 emissions requires NAL to transition to 100% green energy use for both terminal and tenant services.

### **Climate change:**

Following the August 2022 weather event, NAL began developing a resilience plan which identified the physical risks to the Airport from natural events such as the increase in rainfall while Jenkins Creek is at high tide. The resilience plan currently being completed will focus on the next 30 years and will identify mitigation strategies around stormwater networks, detention basin, pump stations, stop banks and rock walls.

### **Waste Minimisation:**

With the appointment of a Sustainability Manger in FY24, NAL will focus on reducing waste and increasing recycling, this being pursued as part of an initiative to engage more deeply with the wider Airport tenants and suppliers to establish environmental champions and raise the priority of environmental management matters.

### **Climate related disclosures:**

Consistent with the requirements of Council Shareholders and Infrastructure Holding Limited (IHL), NAL will commence reporting against the Climate-related Disclosures (NZ CS 1) standard in FY2024.

The reporting will be matured through three phases: scoping, qualitative and quantitative compliance over three years, with full compliance in FY2026. This reporting will cover the following areas:

1. Governance
2. Strategy
3. Risk Management
4. Metrics and targets.

FY24 Projects underway to both reduce our carbon footprint and build resilience against natural events including those caused by climate change:

- Proactively pursue confirmation of Project 2-Zero NoR & Private Plan Change to protect ability to host zero-emission aircraft and develop green energy generation as a Permitted Activity
- Stormwater airside replacement project
- Engagement with market players regarding commercial opportunity for hydrogen eco system and generation in Nelson
- Roll out the composting programme with tenants

- Continue with carbon offsetting
- Introduce eBus infrastructure upgrades
- Stipulate new building requirements which must include carbon footprint reduction capability
- Achieve Level 2 Airport Carbon Accreditation
- Complete feasibility study for green energy production on airport by June 2024

## **B. Health and Safety**

NAL has a CAA approved Safety Management System (SMS) in place, ensuring compliance of our airside operations. Our SMS is also independently audited annually by an aviation consultancy. NAL continues to evolve the system which allows for more efficient and effective reporting of risks, hazards and incidents and provides a better overview of the health and safety environment at any given time. Continual improvement is a pillar of the system, and we will continue to deliver advancements in managing safety.

We recognise that procedures and processes can only provide a certain level of assurance however and that the main hazard at the airport is that created by people.

We continue to see open and honest communication with operators and stakeholders as the key element in driving a successful safety culture. NAL holds regular safety and security discussions with stakeholders to drive improvements where businesses co-exist. NAL is also an active member of the Safety Managers Forum created by the NZ Airports Association.

## **C. Relationships with Customers/Stakeholders/Iwi**

In 2023 we will continue to build on the early steps we have made towards a closer relationship with iwi through the Iwi Chairs Forum. We have engaged a strategy and engagement specialist with strong experience and connections in iwi engagement, using recognised consultants to facilitate a 360-degree review of the airport's operational and strategic opportunities to draw out those that align with iwi aspirations and allow us to better identify the greatest opportunities for a mutually rewarding partnership.

This work will support the development of a Māori Responsiveness Plan and associated work programme for Nelson Airport.

Alongside this, we will continue to work on building our cultural capability internally, with Te Reo Māori classes offered to all interested staff from 2023. The first group began their classes with Te Ataarangi in March 2023.

## **V. Governance Performance**

### **A. Approach to Governance**

The Board's approach to governance of NAL is to preserve and enhance Shareholder value in the long term.

The Board is responsible for the Strategic Plan and Statement of Intent and is accountable to the Shareholders within the framework provided by the constitution of NAL, the provisions of the Companies Act 1993 and the Local Government Act 2002.

The Board must:

- Ensure that NAL uses its best endeavours to meet its objectives as defined in the Statement of Intent.
- Ensure that NAL complies with its legal obligations.
- Make any decisions as to policy that is not the preserve of general management and day to day administration.
- Employ the Chief Executive including entering into a performance management agreement, reviewing performance, and setting remuneration.
- Ensure sound financial management of NAL.
- Ensure NAL meets all health and safety obligations.

The Board consists of a minimum of four and a maximum of six non-executive Directors, appointed by the Shareholders in accordance with the Constitution.

The Board meets at least nine times per year. The individual Directors' attendance record is maintained and reported in the Annual Report.

NAL employs sound financial management and systems providing reports to the Board on monthly and year-to-date performance. The Board also receives a Chief Executive's Report at each Board Meeting which addresses issues related to NAL's performance against its objectives.

All Directors will use their best endeavours to ensure NAL achieves the objectives as defined in this document and will comply with the requirements of its constitution and the Statement of Intent.

All Board Members comply with the New Zealand Institute of Directors' Code of Proper Practice for Directors.

Fees for the Board are set by the Shareholders in accordance with a policy jointly approved by Nelson City Council and Tasman District Council.

## **B. Information to be Provided to Shareholders**

### **General**

NAL operates on a 'no surprises' basis in respect of significant Shareholder-related matters, especially on matters likely to cause community or political concerns, to the extent possible in the context of commercial sensitivity and confidentiality obligations.

### **Half-Yearly Report**

To be delivered to Shareholders by 28 February.

The half-yearly report will include:

- A Directors' report which includes commentary on NAL's operations and performance against non-financial performance measures



- A condensed Statement of Comprehensive Income
- A condensed Statement of Changes in Equity
- A condensed Statement of Financial Position
- A condensed Statement of Cash Flows
- Appropriate Notes to the condensed Financial Statements

The half-yearly report (The Interim Report) will be published on NAL's website following delivery to and adoption by the Shareholders.

When presenting the half-yearly report, the Board will indicate any significant movement expected in the final year-end position.

### **Statement Of Intent**

- Draft to be delivered to the Shareholder by 31 January, or later if allowed by the shareholder. In any case not later than 28 February.
- Comments from the Shareholder on draft Statement of Intent, if any, to be provided to NAL by 1 May
- Final Statement of Intent to be delivered to the Shareholder following consideration of any Shareholder comments by 31 May, or later if allowed by the shareholder. In any case not later than 30 June.
- Final Statement of Intent to be made available to the public following adoption by the Shareholder.

The Statement of Intent will contain prospective financial information in the form of forecasts for the current year and following two years as well as a 10-year projected debt profile and capital expenditure profile. The financial forecasts will include a summary Statement of Comprehensive Income; Statement of Financial Position; Cashflow Statement; Earnings Before Interest and Tax (EBIT); Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA); Debt to Equity Ratio; Working Capital; Capital Expenditure; Return on Equity; and Ratio of Shareholders' Funds to Total Assets.

### **Annual Report**

- To be delivered to Shareholders by 30 September and not less than 20 working days before the date fixed for holding the Annual Shareholders' Meeting
- To be made available to the public by 30 September

Within three months after the end of the financial year, the Board will deliver an audited Annual Report which fulfils the requirements of the Local Government Act 2002 and is prepared to comply with the requirements of the Financial Reporting Act 2013.

The Annual Report will include:

- A Directors' Report including a summary of the financial results, a review of operations, a comparison of performance in relation to objectives and any recommendation as to dividend.
- A Statement of Comprehensive Income disclosing actual and budgeted revenue and expenditure and comparative actual figures from the previous year
- A Statement of Changes in Equity with actuals and comparative figures from the previous year
- A Statement of Financial Position with actuals and comparative figures from the previous year
- A Statement of Cash Flows with actuals and comparative figures from the previous year
- An Auditor's Report on the above statements and the measure of performance in relation to objectives

### ***Annual Shareholders' Meeting***

- Annual Shareholders' Meeting to be held by 31 December each year
- Annual Report to be delivered to Shareholders not less than 20 working days prior to the Annual Shareholders' Meeting
- Written Notice of Meeting to be delivered by not less than 10 working days before the meeting

Written notice of the time and place of a meeting of Shareholders will be sent to every Shareholder and to every Director and Auditor of NAL not less than 10 working days before the meeting. The notice must be in accordance with the requirements of Schedule 1 of the Companies Act 1993.