

NOTICE OF MEETING

Joint Shareholders Committee

Komiti Joint Shareholders

Date: Tuesday 5 April 2022

Time: 9.30 am

Venue: Tasman Council Chamber
189 Queen Street, Richmond

Zoom link: <https://us02web.zoom.us/j/87560920285?>

Meeting ID: 875 6092 0285

Passcode 284875

MEMBERSHIP

Members

Tasman District Council

Mayor T King

Deputy Mayor S Bryant

Cr B Dowler

Cr K Maling

Cr C Mackenzie

Cr D Ogilvie

Nelson City Council

Mayor R Reese

Deputy Mayor J Edgar

Cr M Courtney

Cr B McGurk

Cr G Noonan

Cr R Sanson

(Quorum 6 members)

Contact Telephone: 03 543 8512

Email: robyn.scherer@tasman.govt.nz

Website: www.tasman.govt.nz

AGENDA

1 OPENING, WELCOME, KARAKIA

2 APOLOGIES AND LEAVE OF ABSENCE

Recommendation

That apologies be accepted.

3 DECLARATIONS OF INTEREST

4 CONFIRMATION OF MINUTES

That the minutes of the Joint Shareholders Committee meeting held on Tuesday, 15 February 2022, be confirmed as a true and correct record of the meeting.

5 PRESENTATIONS

Nil

6 REPORTS

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7 CONFIDENTIAL SESSION

- 7.1 Procedural motion to exclude the public..... 141
- 7.2 Nelson Airport Limited - Draft Statement of Intent, 2022-2023 141

6 CLOSING KARAKIA

6 REPORTS

6.1 TASMAN BAYS HERITAGE TRUST - APPOINTMENT OF TRUSTEE

Decision Required

Report To:	Joint Shareholders Committee
Meeting Date:	5 April 2022
Report Author:	Tanya Robinson, Strategic Advisor Community Services
Report Number:	RJSC22-04-1

1 Purpose of Report

- 1.1 To note the decision of the Tasman Bays Heritage Trust (TBHT) Appointments Committee to appoint Jo Brady as trustee for a three-year term, ending April 2025.

2 Summary

- 2.1 TBHT is a joint Council Controlled Organisation, established in 2000 to manage and operate the Nelson Provincial Museum, Pupuri Taonga O Te Tai Ao.
- 2.2 TBHT is required to have between five and seven Trustees (Trust Deed, clause 12.2).
- 2.3 General Trustees are appointed by an Appointments Committee, through a process set out in the Trust Deed (clauses 14, 15, 16).
- 2.4 Past practice has been for TBHT appointment decisions to be **noted** (rather than approved) by the Joint Shareholders Committee.

3 Draft Resolution

That the Joint Shareholders Committee:

1. receives the Tasman Bays Heritage Trust - Appointment of Trustee, report RJSC22-04-1; and
2. notes the decision of the Appointments Committee to appoint Jo Brady as Trustee of Tasman Bays Heritage Trust, for a three-year term ending April 2025; and
3. thanks Mr Chris Bowater for his ten-year service as a Trustee of Tasman Bays Heritage Trust.

4 Background and Discussion

4.1 The following are current Trustees of TBHT:

Olivia Hall: Chairperson, first appointed October 2012, term ends November 2024 (Te Tai Ao Komiti representative)

Emma Thompson: first appointed November 2015, term ends November 2022

Derek Shaw: first appointed November 2015, term ends November 2023

Darren Mark: first appointed November 2015, term ends November 2024

Brendon Silcock: first appointed May 2020, term ends May 2023.

4.2 A sixth trustee, Chris Bowater, retired as a Trustee in March 2022 after over ten years of service.

4.3 This retirement was advised to Council officers by Trust Chair Olivia Hall, in November 2021, to allow time for recruitment to replace Mr Bowater to be undertaken (**Attachment 1**).

4.4 Trustees of TBHT include general Trustees and an iwi representative Trustee.

4.5 Mr Bowater was a general Trustee. The criteria for appointments of general Trustees are mandated as follows (Trust Deed, para 14.1 (c)):

The Appointments Committee shall appoint Trustees from the list of persons nominated and in making any appointment shall take into account the following criteria:

1. *Trustees should be interested in and able to promote the objectives of the Tasman Bays Heritage Trust.*
2. *Trustees should be persons known in the communities for their respective business acumen, competence in financial stewardship, or expertise and knowledge in heritage matters and issues.*
3. *Trustees should be familiar with and have or be willing and able to gain an appreciation of heritage issues, education, tourism and regional development issues, promotional interests and iwi perspective and a cultural awareness especially of issues relating to Māori taonga.*

4.6 In addition, and with work underway for the Archives, Records and Collections (ARC) capital project, Trust Chair Olivia Hall also noted in the letter advising of the need for recruitment (**Attachment 1**), that:

4.6.1 The Board is cognisant of the needs of the ARC capital works project, and requests that the recruitment process prioritises the following attributes:

- a. Significant fundraising experience
- b. Strong engagement with local communities including business
- c. A long-standing relationship with the Nelson Tasman region
- d. Experience in governance roles preferred but not essential.

4.7 The Appointments Committee includes representatives from both councils. Current members of the Committee are Mayor Tim King (Chair) and Chief Executive Officer Janine Dowding (Tasman District Council); Councillors Gaile Noonan and Mel Courtney (Nelson City Council); Olivia Hall and Jane du Feu (iwi representatives).

- 4.8 For this recruitment process, the Chief Executive Officer of Tasman District Council delegated decision making to Susan Edwards, Group Manager Service and Strategy at Tasman District Council.
- 4.9 Because the Appointments Committee is established by the Trust Deed, rather than by the Councils, the Appointments Committee has authority to make appointments to the Trust.

Trustee Appointment

- 4.10 The Appointments Committee undertook a recruitment process, in keeping with the process set out in the Trust Deed.
- 4.11 A recruitment company was appointed to assist with the process.
- 4.12 The role was advertised in newspapers and on several targeted online sites.
- 4.13 Applications were received from 10 candidates. Following longlisting and shortlisting by the Appointments Committee, three suitably qualified candidates were interviewed by Appointment Committee members.
- 4.14 Interviews were carried out on 25 February 2022 and 28 February 2022. This was followed by vetting and reference checking by the recruitment company and reviewed by the Appointments Committee.
- 4.15 Based on the interviews and reference checking, the Appointments Committee unanimously agreed to appoint Jo Brady as a Trustee for a three-year term, ending in April 2025.
- 4.16 Ms Brady brings executive leadership and commercial experience and skills in marketing and communications, business development and philanthropy. Ms Brady also has significant governance experience on national and local advisory boards and groups in both not-for-profit and corporate contexts. She is currently on contract to Port Nelson until July 2022, has ties to the region, and resides in both Ōtautahi and Te Taihu with plans to permanently locate to Nelson in the future.

5 Options

- 5.1 The appointment of this Trustee is for information only.

6 Conclusion and Next Steps

- 6.1 Following this meeting, Ms Brady will be formally advised of her appointment.
- 6.2 The new Trustee will attend meetings beginning from the next Trust meeting on 25 May 2022.
- 6.3 The appointment will also be announced publicly at the Trust's Annual General Meeting on 2 November 2022, and prior to that through the Museum's online and social media channels.

Attachments

1. [Letter from TBHT re trustee retirement and recruitment](#) 9



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Andrew White

Group Manager Community Services

Nelson City Council

Susan Edwards

Group Manager Service & Strategy

Tasman District Council

By email

24th November 2011

RE: Tasman Bays Heritage Trust trustee retirement and recruitment

Kia ora Andrew, Susan

1. As you are aware, TBHT Trustee Chris Bowater has signalled his retirement in March 2022, after over ten years of service.
2. The Board requests that the appointments committee initiate recruitment proceedings for his replacement at the earliest opportunity.
3. The Board is cognisant of the needs of the ARC capital works project, and requests that the recruitment process prioritises the following attributes:
 - a. Significant fundraising experience
 - b. Strong engagement with local communities including business
 - c. A long-standing relationship with the Nelson Tasman region
 - d. Experience in governance roles preferred but not essential

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

Nāku noa, nā



Olivia Hall

Chair, Tasman Bays Heritage Trust

Nelson Provincial Museum | 270 Trafalgar Street, Nelson 7010 | Tel: +64 3 548 9588
Research Facility | Isel Park, 13 Hilliard Street, Stoke, Nelson 7011 | Tel: +64 3 547 9740

Supported by Nelson City Council and Tasman District Council

6.2 TASMAN BAYS HERITAGE TRUST - HALF YEARLY REPORT TO 31 DECEMBER 2021 AND DRAFT STATEMENT OF INTENT 2022/2023

Decision Required

Report To: Joint Shareholders Committee
Meeting Date: 5 April 2022
Report Author: Tanya Robinson, Strategic Advisor Community Services
Report Number: RJSC22-04-2

1 Purpose of Report

- 1.1 This report presents the Tasman Bays Heritage Trust – Half Yearly Report to 31 December and the Draft Statement of Intent 2022/2023.

2 Draft Resolution

That the Joint Shareholders Committee:

- 1. receives the Tasman Bays Heritage Trust - Half Yearly Report to 31 December 2021 and Draft Statement of Intent 2022/2023, report RJSC22-04-2; and**
- 2. notes the delivery of the Tasman Bays Heritage Trust draft Statement of Intent 2022/23 (A2846486) as required under the Local Government Act 2002; and**
- 3. provides the following comments and feedback to the Tasman Bays Heritage Trust:**
 - a) that the draft Statement of Intent meets the shareholders' expectations;**

OR

 - b) requests the Tasman Bays Heritage Trust considers... (to be determined at the meeting).**

3 Background and Discussion

Half Yearly Report

- 3.1 The THBT half yearly report covers the period 1 July 2021 to 31 December 2021 (**Attachment 1**).
- 3.2 This report details the strategic goals of the Trust, and the actions planned to achieve these goals. All have been achieved or are on target to be achieved, except for one (**Attachment 1**, pages 4-10).
- 3.3 The action 'Identifying, canvassing, and securing funding sources' for the new Archives, Records and Collections (ARC) capital project has been identified by the Trust as an area of some concern. The target is 20% of non-Council funding for the project to be secured by 30 June 2022. A series of preparatory actions are identified as having been taken towards this goal (**Attachment 1**, page 4, action 1.2).
- 3.4 The Statement of Comprehensive Income shows a net surplus of \$19,019 for the period, which is better than the projected deficit of \$32,255.
- 3.5 Of note, is that all arts and cultural organisations have been significantly impacted by COVID-19, particularly in community use. TBHT has managed this impact well, achieving 66% of their annual visitation target in the first six months of the year. This is largely attributed to adaptation within the COVID-19 Protection Framework (traffic light system) and attendance at the family-friendly exhibition Dinosaur Evolution (**Attachment 1**, page 1; page 6, action 2.2).
- 3.6 Further ongoing impacts of COVID-19 and adaptations to this are noted throughout the report.
- 3.7 Also of note, is the work underway for the Archives, Records and Collections (ARC) capital project that both Councils have included capital funding towards in LTP 2021-31 (**Attachment 1**, page 1; page 4, action 1.2, 1.2).
- 3.8 TBHT also note the retirement of Trustee, Chris Bowater, "and acknowledge the outstanding contribution he has made to Museum governance over the past 13 years. His last Board meeting will be in March 2022" (**Attachment 1**, page 3).
- 3.9 The Chief Executive, Lucinda Blackley-Jimson will attend the meeting to present the report and respond to any questions.

Draft Statement of Intent

- 3.10 TBHT is a joint Council Controlled Organisation.
- 3.11 Under the Local Government Act 2002, the Trust is required to complete a Statement of Intent (SOI) on an annual basis, no later than 1 March each year. This requirement has been met.
- 3.12 The councils have an opportunity to provide feedback to the Trust within two months of this date, and the Trust has until 30 June 2022 to deliver the final SOI to the councils. The draft SOI is included as **Attachment 2**.
- 3.13 Schedule 8 of the Local Government Act outlines the purpose of a SOI, what is to be included and how it is to be approved. The SOI, as supplied by the Trust, is compliant.
- 3.14 A Statement of Expectations (SOE) was sent to the Trust on 1 December 2021, to help guide the Trust in the creation of the SOI. This is included as **Attachment 3**.

3.15 The SOE sent to the Trust did not have any specific expectations.

4 Options

- 4.1 There is no decision to be made on the half yearly report. The Trust has complied with the legislation in preparing and presenting the report to the councils.
- 4.2 There are two options to consider for the SOI.

Option 1: Accept the draft SOI for approval (recommended option)	
Advantages	<ul style="list-style-type: none"> The Trust will receive confirmation of the objectives set out in the SOI.
Risks and Disadvantages	<ul style="list-style-type: none"> None identified.
Option 2: Provide feedback to the Trust on the draft SOI.	
Advantages	<ul style="list-style-type: none"> The Trust will have an opportunity to make changes to the draft SOI to reflect the Committee's feedback.
Risks and Disadvantages	<ul style="list-style-type: none"> The Trust may not be able to act on feedback immediately and will not have certainty until feedback has been responded to and approved. The draft SOI will need to come back to the Committee in a future report, so causing a delay.

5 Important considerations for decision making

5.1 Fit with Purpose of Local Government

The preparation of a draft Statement of Intent and delivery of the half yearly report is a requirement of Schedule 8 of the Local Government Act.

5.2 Consistency with Community Outcomes and Council Policy

The Trust contributes to the outcomes 'Our communities have opportunities to celebrate and explore their heritage, identity and creativity' and 'Our communities have access to a range of social, educational and recreational facilities and activities'.

5.3 Risk

There is a continuing risk that COVID-19 impacts may require changes to the SOI or impact financial and non-financial performance. Officers will update the Committee on any changes to performance targets that are needed during the remainder of the year.

	There is medium risk that expectations of funding for the ARC capital project to house and care for the Nelson Tasman regional heritage collection may not be realised, with 20% of non-Council funding secured by 30 June 2022.
5.4	Financial impact The provision of the museum is a budgeted activity for both councils.
5.5	Degree of significance and level of engagement This matter is of low significance and no further consultation is proposed.
5.6	Climate Impact Climate impact is addressed through the strategic objective of sustainability performance.
5.7	Inclusion of Māori in the decision making process No engagement with Māori has been undertaken in preparing this report. Iwi are represented on the Trust Board and through an advisory komiti.
5.8	Delegations The Joint Shareholders Committee has the following delegations to consider the draft Statement of Intent: <i>Areas of Responsibility:</i> <ul style="list-style-type: none"> All matters relating to jointly owned Council Controlled Organisations and Council Controlled Trading Organisations, including statements of intent, statements of corporate intent, half yearly reports, the appointment of directors and setting of directors' fees. <i>Powers to Decide:</i> <ul style="list-style-type: none"> All matters relating to jointly owned Council Controlled Organisations and Council Controlled Trading Organisations, including statements of intent, statements of corporate intent, half yearly reports, director appointments, and setting of directors' fees.

6 Conclusion and Next Steps

- 6.1 TBHT has submitted the draft Statement of Intent 2022/23 as required by the Local Government Act.
- 6.2 The Committee has an opportunity to provide feedback to the Trust on the draft SOI for consideration in drafting the final 2022/23 SOI.

Attachments

- | | | |
|----------------------|--|----|
| 1. ↓ | Tasman Bays Heritage Trust-Half Yearly Report-1 July to 31 December 2021 | 15 |
| 2. ↓ | Tasman Bays Heritage Trust-Draft Statement of Intent-2022-2023 | 33 |
| 3. ↓ | Tasman Bays Heritage Trust-Statement of Expectations-2022-2023 | 49 |

TASMAN BAYS HERITAGE TRUST
Nelson Provincial Museum

SIX-MONTH REPORT

1 July to 31 December 2021



Tasman Bays Heritage Trust | Nelson Provincial Museum

Six-Month Report (1 July to 31 Dec 2021)

Introduction

It is a pleasure to present the Six-Month Report of Tasman Bays Heritage Trust (TBHT or the Trust), operating as Nelson Provincial Museum (the Museum), to the Joint Committee. The Trust would like to take the opportunity to thank Nelson City Council and Tasman District Council for their continued support.

We would also like to acknowledge the support of Te Tai Ao Komiti, the steering group consisting of representatives of six iwi of Te Taihū, and thank them for their ongoing guidance.

The Trust would also like to acknowledge the passing of both Richard Nunns and John Mitchell, two towering individuals who made highly significant contributions to the mātauranga of Taonga Pūoro and iwi history of Te Taihū respectively. Both worked closely with the Museum over the years. They will be greatly missed.

ARC Facility

As outlined in the Museum's Statement of Intent, our key strategic goal for the 2021/22 FY is to **plan for and commence a capital works project which will safely and appropriately house and care for the Nelson Tasman Regional Heritage Collection**. The Archives, Research and Collections (ARC) Facility steering group consists of joint chairs Brendon Silcock, Derek Shaw, Olivia Hall, and external advisors Ian MacLennan and John Hambleton (both experienced project directors who have worked on significant public builds including the Suter Art Gallery).

In this period, Aesculus Project Management undertook Phase 1 of the Project Plan, namely Land Survey, Site Survey and Geotech assessments. The Geotech Survey results were positive, with no significant underlying site or archaeological issues identified. The Land Survey drew attention to a small portion of unclaimed land which crosses the access way, and the Trust is discussing a resolution of this issue with NCC staff.

An EOI was invited from six companies for project management services for stages 2 – 5 of the Project Plan, including concept development and developed design. Negotiations are underway with the preferred supplier at time of writing. Work is expected to commence in February.

The Fundraising Committee is actively preparing EOIs for central funding from Lotteries and Ministry of Culture and Heritage, and the Trust is grateful for the Letters of Support provided by both Councils. An internal Project Manager has been appointed, with a February start date, who will provide support for funding applications and Museum projects including the server upgrade and collection relocation plan.

Operations

COVID-19 has again caused significant disruptions to Museum operations. The lockdown in August and September caused a drop in income from visitation, donations and shop sales. Our general visitor and education numbers suffered during the lockdown itself and the subsequent COVID-19 restrictions, when people were reluctant to attend public spaces while the virus was present in the Nelson Tasman community. In line with the great majority of other museums and galleries around the motu (such as Te Papa, Auckland Museum, Otago Museum and the Suter Art Gallery) we instituted a My Vaccine Pass requirement for entry to our sites when the COVID-19 Protection Framework came into force. This aligns with our health and safety responsibilities to protect our staff and visitors, including those most vulnerable in our community, such as tamariki who cannot be vaccinated because of their age.

Visitation rebounded after the 2021 Nelson outbreak was contained. The family-friendly exhibition **Dinosaur rEvolution** has performed strongly since its October opening. For the six-month period beginning 1st July, **28,993** visitors attended across our sites and outreach events. This means we have achieved **66% of our annual visitation target** in the first six months of the year.

A major staff project has been working with Dunbar Sloane to conduct the Collections Valuation which commenced in July 2021. This was the largest and most comprehensive collection revaluation undertaken by the Museum, requiring 3 months of ongoing research and support by curatorial staff. Significant acquisitions during this time included the WWI medal set of Maria Hull, the heroic Nelson nurse known internationally as **'the Angel of Antwerp'**, and one of the first four jars of **Pic's Peanut Butter** made from peanuts grown in New Zealand. The collections team were pleased to facilitate new object loans to Isel and Broadgreen Houses. The Museum was also delighted to support the Suter Art Gallery's **'He Raranga Kōrero'** with taonga, fit-out support and subject expertise from the Museum's Kaitiaki Taonga Hamuera Robb.

The Museum now has over **160,000 objects available for browsing** in Collections Online. Our staff are also currently refreshing the main website, which will deliver an improved user experience. Our social media has also had a robust reach in this period, with our strongest ever organic reach (45,211) for a Facebook post on Dinosaur rEvolution, which included 2.7k reactions, comments and shares.

We were proud to host a number of exhibitions in this six-month period including **'Our Science Our Future - 100 Years of Cawthron'**, **'Our Place. Our Climate. Our World: Through the Eye of the Lens – Whakatū'** (as part of the Nelson Arts Festival), **'Our Climate Future'** (with the Ministry for the Environment), **'Let Me Be Myself: The Life Story of Anne Frank'**, **'Rarely Seen; Photographs of the Extraordinary'** and **'Dinosaur rEvolution: Secrets of Survival'**. Visitors have been moved, inspired, surprised and delighted by these displays, each of which has been supported by in-depth education programmes. Our school holiday programmes have again proved popular, as has our interaction in the community with talks at seventeen hui, lectures and events by our curatorial team. We were also pleased to have **'ABLAZE: The 2019 Tasman Fires'** at St Arnaud's Lodge and **'Best in Show: The Nelson A&P Show'** at the Richmond Library.

The Museum shop has performed well with income of over \$46,000, **28% above forecast**. Sourcing stock has become a challenge though due to recent shipping disruptions. We are now stocking Te Papa product lines, and will be working with **Te Papa Store** over the coming year to expand this opportunity.

Our People

The last six months have seen over 339 hours of volunteer activity, despite being stood down for periods due to COVID-19. The Trust greatly appreciates the contribution made by our outstanding volunteers to the Museum's mahi.

In this period we said farewell to long-term staff members Errol Shaw and Nicki Green, who had both made outstanding contributions in visitor services/glass plate digitisation and education respectively. Errol was with the Museum nearly 14 years and Nicki 15 years before their retirements.

Nicki has been replaced by Kelly O'Leary as Team Leader Education. We look forward to what her skills and experience in Te Reo Māori education will bring to our teaching programme under the new Aotearoa New Zealand Histories curriculum.

We also mark the upcoming resignation of Chris Bowater from the Trust, and acknowledge the outstanding contribution he has made to Museum governance over the past 13 years. His last Board meeting will be in March 2022.

Grants and Funding

The Learning Experiences Outside the Classroom (LEOTC) programme, which has seen the Museum's Education service funded over a number of years, has wound down and will cease on 30 June 2022. Staff have put in an application to the Ministry of Education under the replacement Enriching Local Curriculum fund for increased funding to allow us to expand the provision of our services. We expect notification of the outcome in March.

We are grateful to the Lion Foundation for the grant of \$1,921 towards the purchase of an AED defibrillator, which has been installed in reception. We would also like to acknowledge National Services Te Paerangi for \$15,000 towards security, pest management and air-conditioning repairs, and a grant of \$2,981 from Ngākahu National Repatriation Partnership to support rehousing the koiwi tangata.

Audit – to note

Audit New Zealand began the audit for the 2020/21 FY in February 2022. It is hoped that this will be completed in March 2022.

Strategic goal	Actions	Measures / KPI	Progress	Status
1. To plan for and commence a capital works project which will safely and appropriately house and care for the Nelson Tasman regional Heritage Collection	1.1 Robust planning, budgeting, fundraising and Project management	1.1.1 Phase One of Project Plan complete by 30 June 2022, including: <ul style="list-style-type: none"> • Approved procurement process • Developed Design 	Aesculus Project Plan Stage 1 complete Project Plans 2 – 5 out to EOI with recommendation for preferred supplier to January TBHT meeting Satisfactory Geotech report received Property status report into parcel of unclaimed land adjacent to the site received	On target
	1.2 Identifying, canvassing and securing funding sources	1.2.1 20% of non-Council funding secured by 30 June 2022	Grant application schedule developed Councils have provided Letters of Support for Ministry of Culture and Heritage and Lotteries Expressions of Interest Fundraising Working Group meet bi-monthly Recruitment for Trustee with Fundraising expertise underway by Appointments Committee Internal Project Manager recruited to assist with grant applications and internal museum projects, commencing February 2022	Of some concern

<p>2. To be a highly valued visitor destination, educational facility and cultural tourism attraction</p>	<p>2.1 Implement a programme which attracts a diverse local audience</p>	<p>2.1.1 Design and deliver a varied visitor experience including at least four temporary exhibitions by 30 June 2022</p>	<p>'Dinosaur rEvolution: Secrets of Survival' 15 October 2021 – 27 March 2022</p> <p>'Let Me Be Myself: The Life Story of Anne Frank' 2 July – 12 September 2021</p> <p>'Rarely Seen; Photographs of the Extraordinary' 14 May – 29 August 2021</p> <p>'Our Science Our Future - 100 Years of Cawthron' 27 May – 3 October 2021</p> <p>'Our Place. Our Climate. Our World: Through the Eye of the Lens – Whakatū' 21 October – 15 November 2021 (As part of Nelson Arts festival display)</p> <p>'Our Climate Future' 21 October – 31 October 2021 (Ministry for the Environment exhibition)</p> <p>In community: 'ABLAZE: The 2019 Tasman Fires' at the Alpine Lodge St Arnaud 11- 18 November 2021</p> <p>'Best in Show: The Nelson A&P Show' Richmond Library 4 – 30 November 2021</p> <p>Digital: 'Light at the End of the Tunnel: An expression of hope for youth, from youth' 2 October – 30 November 2021</p> <p>'From Humble Beginnings: 150 Years since the Birth of Ernest Rutherford' 30 August – 30 November 2021</p>	<p>Achieved</p>
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		<p>2.1.2 Implement at least one new accessibility initiative by 30 June 2022</p>	<p>Audio-described tour for 'National Geographic: Rarely Seen'</p> <p>Low Sensory events for 'Dinosaur rEvoution' twice weekly</p> <p>Formation of Accessibility Committee to consider ways in which to improve access to the Museum</p>	Achieved
		<p>2.1.3 Implement at least one new initiative to encourage repeat family visitation by 30 June 2022</p>	<p>Increase pre-school drop-in activities and resources - 'Dinosuar rEvolution' sandpit activity</p> <p>Drop-in mask making activity during the school holidays and booked workshop activities</p> <p>New outdoor toys for roof garden purchased</p> <p>Season family pass for 'Dinosaur rEvolution'</p>	Achieved
	<p>2.2 Consolidating and attaining visitation targets in post-COVID environment</p>	<p>2.2.1 Achieve target visitation* of 44,500 across all venues (excluding education) by 30 June 2022</p> <p><i>*based on average performance of the Museum over the 2017-20 pre-Covid operating period, minus 20% drop in overseas visitation</i></p>	<p>Visitation: 28,993 1st July – 31st Dec 2021</p> <p>65% of target after six months</p> <p>966 Visitors on 28th December, second highest ever daily visitation</p>	On target

	2.3 Achieve annual Ministry of Education visitation target of 5,500 (including remote learning)	2.3.1 Achieve annual Ministry of Education visitation target of 5,500 (including remote learning) by 31 December 2021	Exceeded the Ministry of Education annual visitation target of 5,500 for the 2021 calendar year. Total = 6,081.	Achieved
	2.4 Provide a high-quality customer service and visitor experience	2.4.1 Twice yearly customer surveys with rating of at least 85% satisfaction	'Dinosaur rEvolution' exit survey underway, currently 96% satisfaction rating.	On target
	2.5 Provide a high-quality educational service	2.5.1 Teacher evaluation satisfaction levels of at least 90%	Currently 95% satisfaction	On target
3. To actively support and collaborate with iwi and Nelson Tasman cultural heritage organisations	3.1 Providing content to district museums.	3.1.1 Provide at least one exhibition or public programme to a Tasman district facility by 30 June 2022	'ABLAZE: The 2019 Tasman Fires' at the Alpine Lodge St Arnaud 11- 18 November 2022 'Best in Show: The Nelson A&P Show' Richmond Library 4 – 30 November 'Tupuna' portraits to Te Āwhina Marae	Achieved

	3.2 Providing advice, guidance, mentoring and support to smaller galleries, libraries, archives and museums within Nelson Tasman	3.2.1 Provide 50 hours of assistance to Te Taihu district Museums and cultural organisations by 30 June 2022	Assistance to Murchison Museum Assistance to Golden Bay Museum NMIT teaching in Marlborough Assistance to Nelson College to digitise their collections Assisted Golden Bay Museum with exhibition installation 28 of 50 hours completed	On target
		3.2.2 Organise at least two regional museum hui by 30 June 2022	Regional Hui hosted by Motueka Museum on 5 August 2021, 11 attendees from 6 institutions and NSTP Planning underway for next hui in Marlborough in Feb/Mar 2022 with Ngākahu programme lead Jamie Metzger	On target
	3.3 Collaborating with Nelson Tasman cultural heritage organisations and iwi	3.3.1 Participate in at least one collaborative project with a Nelson Tasman cultural heritage organisation or iwi by 30 June 2022.	32 hours of assistance to The Suter Art Gallery for preparing digital display of tūpuna images, preparing loan agreements and objects for loan, and installation of 'He Raranga Kōrero' exhibition	Achieved

4. To continue to develop and provide appropriate care for a strong Collection which is relevant and valued by, and accessible to, Nelson Tasman communities	4.1 Actively collecting objects that are strongly related to the history and cultural story of Nelson Tasman	4.1.1 Collect at least two relevant contemporary local objects or taonga by 30 June 2022	Collecting menus – reflecting cultural diversity, immigrants to area, long-standing restaurants etc - across Nelson Tasman	On Target
	4.2 Provide access for our visitors to connect with the Collection, digitally, on-site and in the community	4.2.1 Provide at least five relevant outreach programmes by 30 June 2022.	Taonga Tūturu talk at NMIT, 7 July 21 Taonga Pūoro talk at Richmond Library, 8 July 21 Tūpuna event at Whakatū Marae, 15 July 21 Table at Family History Month expo at Elma Turner Library, 14 Aug 21 Invitation talk to Rutherford Rotary Club, 22 Nov 21 Invitation talk to Creative Fibre Network, 14 Dec 21 Registered for the Multicultural Festival, 20 March 2022 Registered as a contributor for Tuku22 Heritage Month programme	Achieved
			4.2.2 Develop one new digital project by 30 June 2022	Process established to upload Geoffrey C. Wood proof sheet collection to collections online. Seeking funding opportunities to cover last 10% of work

	4.3 Prepare collection for relocation	4.3.1 Project plan for collection relocation in place by 30 June 2022	Plan drafted and on track for completion by due date	On target
5. To improve our sustainability performance	5.1 Measure and identify energy savings	5.1.1 Undertake and implement EMSOL Audit and Energy Management Plan Year 1 by 30 June 2022	90% complete. Draft report completed, measurement and verification report due March 2022 Recommended change to BMS system implemented in Sept, energy usage being monitored monthly by EMSOL Already completed actions include installation of two CO2 sensors in galleries	On target
	5.2 Implement actions to improve sustainability performance	5.2.1 Implement at least one new staff driven initiative by 30 June 2022	Benchtop compost at Isel Exhibitions team looking at more sustainable paint providers	Achieved

STATEMENT OF COMPREHENSIVE INCOME
For the Period 1 July – 31 December 2021

	Actual 2021	Budget 2021	Actual 2020
Revenue	1,176,888	1,152,382	1,181,528
Less Direct Costs	799,016	829,092	627,188
Gross Profit	377,872	323,290	554,340
Less Expenses	159,219	171,045	152,845
Operating Profit	218,653	152,245	401,495
Less Depreciation	199,634	184,500	163,115
Net Surplus / (Deficit) for Period	19,019	(32,255)	238,380

STATEMENT OF FINANCIAL POSITION As at 31 DECEMBER 2021

<u>Assets</u>	2021	2020
Cash & Bank	350,860	291,718
Debtors & Prepayments	65,222	17,756
Term Deposit	160,000	160,000
Stock on Hand	28,820	17,580
Non Current Assets	32,188,023	20,345,098
Total Assets	32,792,925	20,832,152
<u>Liabilities</u>		
Creditors & GST	86,178	30,981
Grant/Income Received in Advance	48,122	3,432
Accruals – Annual Leave & Wages	74,815	72,508
Term Liabilities	867,075	1,154,963
Total Liabilities	1,076,190	1,261,884
Net Assets	31,716,735	19,570,268
<u>Equity</u>		
Retained Earnings	31,697,716	19,331,888
Current Year Earnings	19,019	238,380
Total Equity	31,716,735	19,570,268

For the Period 1 July – 31 December 2021

Cash Flows from Operating Activities		
Council Operating Grants	943,475	
Contracts	41,095	
Interest Received	477	
Receipts from Other Revenue	210,583	
Payments to Suppliers & Employees (Inc GST)	<u>(1,066,487)</u>	
Net Cash from Operating Activities		<u>129,143</u>
Cash Flows from Investing Activities		
Maturing/Sale of Investments	160,000	
Purchase of Property, Plant and Equipment	(87,151)	
Purchase of Investments	<u>(160,000)</u>	
Net Cash from Investing Activities		<u>(87,151)</u>
Cash Flows from Financing Activities		
Repayment Council Loans		(100,000)
Net Increase (Decrease) in Cash		(58,008)
Opening Cash Balance at 1 July 2021		<u>408,868</u>
Closing Cash Balance at 31 December 2021		<u><u>350,860</u></u>

APPENDIX ONE: VISITATION AND ADMISSIONS**Visitation**

1st July to 31st Dec 2021: **28,993** across all sites and attendance at outreach events

65% of annual target.

Of note:

- **‘Dinosaur rEvolution ‘opening weekend numbers: 2,118 visitors over three day period**
- **Busiest day 28th December 2021: 966 visitors. Second busiest ever day recorded.**
- **Busiest July on record: 7,357 visitors.**

Visitor make-up:

○ Visitor Adult NZ	21%
○ Visitor Adults International	0.13%
○ Visitor Children NZ	13.56%
○ Visitor Children International	0%
○ Local Adults	30%
○ Local Children	20%
○ Shop	9%
○ Museum Enquiries	3.5%
○ Photo Inquiry	0.2%
○ Other (Events)	1.25%

Admissions

Admissions income: \$78,448

Season Passes: \$2,280.00 made in season pass admissions income – 177 “check ins”, meaning passes have been re-used 177 times.

APPENDIX TWO : ATTENDANCE AT OUTREACH EVENTS

Date	Event Type	Event	HOST VENUE	LOCATION	Organiser or Presenter	Attendees not including NPM staff	Rolling Attendee TOTAL	Hours (TOTAL each Person's and tasks)	Rolling TOTAL
2021									
2-Jul-21	Public Event with Objects	Matariki Dawn with Taonga Pūoro	NPM	Nelson	Hamuera Robb	29	29	12	12
7-Jul-21	Wananga with Objects	Taonga Tuturu	NMIT, Horticulture Titiraukawa	Marlborough	Hamuera Robb	16	45	4	16
8-Jul-21	Public Talk With Objects	Taonga Puoro	Tasman District Library, Richmond	Tasman	Hamuera Robb	45	90	4	20
12-Jul-21	Invitation Talk	FN Jones	Nelson Historical Society	Nelson	Darryl Gallagher	72	162	4	24
16-Jul-21	Professional Expertise	Archive Support	Murchison Museum	Tasman	Michael Davies	2	164	1	25
15-Jul-21	Hui	Tupuna Photographs	Whakatu Marae	Nelson	Hamuera Robb	65	229	4	29
27-Jul-21	Professional Expertise	Bakery display assistance	Murchison Museum	Tasman	Phillipa Hamilton and Jim Mackay	2	231	7	36

28-Jul-21	Professional Expertise	Digitising Rutherford-related photographs	Nelson College	Nelson	Philippa Hamilton and Tatsiana Chypanava	2	233	4	40
5-Aug-21	Hui	Regional GLAM Hui	Motueka Museum	Tasman	Shae Trewin	11	244	6	46
5-Aug-21	Invitation Talk	Future of ARC	Rotary Club, Tahunanui	Nelson	Lucinda Blackley-Jimson	40	284	3	49
14-Aug-21	Public Event	Family History Expo	NCC Library	Nelson	Shae Trewin	4	288	2	51
20-25 Sept	Professional Expertise	He Raranga Kōrero	Suter Art Gallery	Nelson	Hamuera Robb	1	289	32	83
20-Sep	Outward Loan	Loan of 6 Mannequins for exhibition	Suter Art Gallery	Nelson	Shae Trewin	1	290	2	85
Oct-21	Outward Loan	Loan of Textile and Mannequins for exhibition	NCC- Broadgreen	Nelson	Michael Davies	1	291	1	86
22-Oct	Invitation Talk	Heritage Tour of Nelson for Brightwater School teachers	Nelson	Tasman	Hamuera Robb	23	314	4	90
4-Nov-21	Public Display	"Best in Show"	TDC Library, Richmond	Tasman	Phillipa Hamilton	1	315	8	98
12-Nov-21	Professional Expertise	Loan of pixies and other objects for short term display	NCC - Isel House	Nelson	Michael Davies	1	316	2	100
22-Nov-21	Invitation Talk	Photograph Collection	Rutherford Rotary	Nelson	Darryl Gallagher	12	328	16	116

26-Nov-21	Professional Expertise	Installation of Exhibition	Golden Bay Museum	Tasman	Jim Mackay	1	329	8	124
14-Dec-21	Invitation Talk	Fibre Preservation	Creative Fibre Nelson group	Tasman	Shae Trewin	36	365	12	136

TASMAN BAYS HERITAGE TRUST
Nelson Provincial Museum

STATEMENT OF INTENT

2022 – 2023



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Click to view on our [website](#)

[Purpose Statement and Mission](#)

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

Tasman Bays Heritage Trust

Statement of Intent 2022-2023

Introduction

This Statement of Intent (SOI) is submitted by the Tasman Bays Heritage Trust ('the Trust'), operating as Nelson Provincial Museum ('the Museum'), a Council Controlled Organisation of Nelson City Council and Tasman District Council ('the Stakeholders'), and in accordance with Section 64 of the Local Government Act 2002 and its amendments, and sets out the intentions and expectations of the Trust for the period 1 July 2022 – 30 June 2023.

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

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

STRATEGIC GOALS 2022/23 FY

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

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

1. To plan for and progress a capital works project that will safely and appropriately house the Nelson Tasman Regional Heritage Collection

It is widely acknowledged that the Isef Research Facility is at the end of its functional life. A replacement facility is urgently required to provide ongoing care for the Museum's nationally significant Regional Collection.

We are grateful to Nelson City Council and Tasman District Council for recognising this great need, and for allocating \$3.165m and \$3.2m respectively towards the project in their Long Term Plans.

Progressing the Archives Research Collections (ARC) Facility is the primary strategic aim of the Trust. Over the 2022-23 FY, the Trust will progress concept and developed design for the build on the Church Street site (purchased with Council approval in 2019 out of Trust reserves). Consultation with iwi and Council will also be prioritised.

The build project will be overseen by the ARC Sub-committee, co-chaired by Brendon Silcock and Derek Shaw, together with Olivia Hall and external advisors John Hambleton and Ian MacLennan. A preferred project management firm has been identified and will be charged with the above deliverables under the Committee's oversight.

The Fundraising committee is chaired by Trustee Emma Thompson, with membership including Olivia Hall. It is expected that the current recruitment round for the vacant Trustee role will prioritise a candidate with significant capital fundraising experience who will assist this committee. Fundraising will also be prioritised, with support being sought from funding agencies, central government, and private donors. It is to be noted that most funding from central government sources will not become available until development milestones such as resource consent have been met.

A parallel workstream will see the Collections and Curatorial teams working to audit, record, rationalise and pack collections ready for the move.

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

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

This year we intend to work directly with iwi to design initiatives to support Māori visitation. This will include the development of a formal Te Reo Māori policy.

Key touring exhibitions over the coming year will be '**MELTDOWN: Visualising Climate Change**' (2 June 2022 – 2 October 2022) and '**Colossal Squid: Freaky Features! Te Ngū Tipua: Ngā Wāhanga Weriweri!**' (26 May – 28 August 2022) from Te Papa.

Our summer exhibition (title to be determined) will display the treasures from the Regional Collection, our 'jewels in the crown'. This cross-generational exhibition will have strong

family and educational appeal and will offer our communities a glimpse at just what amazing treasures and taonga we hold for them and for future generations.

Visitation

Visitation to the Museum has increased significantly since 2016 to bring us in line with other regional museums, despite smaller budgets and staff numbers. Unfortunately, COVID-19 has impacted our visitation for the last two years and may well continue to do so in the immediate future.

In light of the continuing global pandemic, we have set our visitor forecast for the 2022/23 FY at 50,000 across all venues, excluding our education audiences. This figure has been based on the average performance of the Museum in the 2017-20 pre-COVID 19 operating period, our performance over the last two years, and the expectation that international borders may reopen by the end of the 2022 calendar year. This forecast has also been informed by projections from the Nelson Regional Development Agency (NRDA).

Our school programme has traditionally been funded by the Ministry of Education through the Learning Experience Outside the Classroom (LEOTC) programme for \$82k pa, an amount which hasn't increased in over seven years. This programme, and funding, conclude in June 2022. The Museum has put in an application for funding to LEOTC's successor, the Enriching Local Curriculum (ELC) programme. Our application is for a higher amount of \$126k pa to enable us to meet rising costs and expand our services to deliver upon the new Aotearoa New Zealand Histories curriculum. The new fund also supports early childhood education visits, which were previously not counted in our reporting numbers. These factors would enable us to increase our staffing. We expect to find out if our application is successful in March 2022.

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

The Museum works with iwi through Te Tai Ao Komiti, consisting of representatives of six mana whenua and tangata whenua iwi of Te Taihū. This forum provides expert guidance on matters of tikanga, taonga and mātauranga Māori, and is shared with the Bishop Suter Trust, providing opportunities for collaboration and cross-organisational synergies.

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

In addition to working with individual organisations to meet their goals, we also support collaboration and partnerships across the region's galleries, libraries, archives and museums (the GLAM sector). We provide advice, guidance, mentoring and coordination for regional

hui. We also develop workshops to help strengthen the sector, loan objects for exhibit, and share skills and resources digitally and in person. This year we will provide over 50 hours of professional support to Te Taihū district museums and cultural organisations and organise at least two regional hui on topics relevant to all participants.

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

The Trust's Collections Management Policy focuses our collecting on material with strong significance and relevance to the Nelson Tasman communities. Active measures are taken to acquire items for the Collection that represent our region's dynamic contemporary culture. This coming year will focus on collecting objects relating to local LGBTQIA+ history, regional food innovation and menus, and contemporary taonga. We will also be looking to expand the Regional Collection's natural history collection, to better tell stories of biodiversity and the ecological uniqueness of Te Taihū.

At the same time, the focus of the Trust must be on auditing and updating records and measuring and packing objects to enable the Collection to be move-ready when the ARC building is completed. Staff will be concentrating on these tasks to ensure the care and accessibility of the Regional Collection for the benefit of the Nelson Tasman region, its residents, visitors and future generations. This focus may require curatorial and collection staff to be involved in fewer outreach programmes this year.

We will upgrade the collections database to Vernon browser 7.0. This will allow significantly improved functionality including improved user browsing, a te reo Māori dictionary, improved access and naming for Pasifika communities, and a wider range of gender pronouns.

5). To improve our sustainability performance

Our focus on preserving the past for future generations means that we are very conscious of our role in safeguarding natural resources for the future. In line with our education mission we have a role to share and disseminate scientific knowledge about climate change in an accessible and engaging way. This year we will be proud to host the 'MELTDOWN: Visualising Climate Change' exhibition curated by Project Pressure, an international climate change charity based in Europe. The exhibition has been displayed at such institutions as the Horniman Museum in London and the Natural History Museum in Vienna.

The Museum places sustainability front and centre of all our operations. A staff Sustainability Committee meets monthly to identify areas for improvement and to workshop solutions. Last year we commissioned an Audit and Energy Management plan from EMSOL. This year we will identify and prioritise its recommendations for implementation.

A strong opportunity for the Museum to reduce our energy footprint is in the design of the ARC Facility. When the design brief for the new collection storage facility is prepared, we will consider options for sustainability initiatives. These include the selection of building materials, passive solar design features for energy efficiency, and incorporating solar energy generation.

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

TASMAN BAYS HERITAGE TRUST

Alignment with Joint Community Outcomes

The Museum is actively aligned with the Joint Community Outcomes of Tasman District Council and Nelson City Council, which both Councils adopted as part of their respective Long Term Plans.

1. Our unique natural environment is healthy and protected

The Museum profiles a variety of environmental issues and encourages engagement with, and protection of, our regional biodiversity through education, events and exhibitions such as ‘MELTDOWN: Visualising Climate Change’ in 2022.

We are implementing internal initiatives and measures for sustainability as outlined in Goal 5 of our Statement of Intent.

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

The Museum works to create a welcoming and engaging social space contributing to the activation of the Upper Trafalgar precinct. The Museum is free to visit for Nelson Tasman residents (except for occasional major touring exhibitions for which there may be a small entry fee based on a cost recovery basis). Our contribution to the vibrancy of the region has become especially important since the start of the pandemic, providing community engagement in the heart of the city and a domestic tourism destination. We will continue to support cultural heritage activities across the region through outreach to district museums, galleries, libraries, marae, and heritage facilities and organisations.

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

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

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

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

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

Our core business is to enable local residents to connect with their heritage, both cultural and environmental. We do this through a range of programmes at the Museum, in the community and digitally, making the region’s treasures available for visitors and locals alike. We are focused on ensuring engagement across the region as well as increasingly catering to a broader demographic.

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

We provide social engagement across demographics and opportunities for life-long learning, recreation and leisure. In the last year we have delivered free-of-charge programmes for thousands of school children, plus tertiary groups, English as a Second Language (ESL) classes, pre-schoolers, aged communities, special interest groups and the general public.

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

The Museum works with the community to create opportunities for engagement on-site, on-line and in the community. We provide leadership and guidance within and across the sector, to support the activities of local museums and heritage parks, heritage houses, marae, historic organisations, galleries and libraries.

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

As arguably the most visited cultural tourism attraction in the region, the Museum supports and complements the region's tourism offerings. High-impact window displays, an enhanced digital experience and an attractive retail area has markedly improved the Museum's value proposition and helps bring destination traffic to the Upper Trafalgar precinct.

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

DRAFT

STRATEGIC GOALS 2022 – 2023

Strategic goal	Actions	Measures / KPI
1. To plan for and commence a capital works project which will safely and appropriately house the Nelson Tasman Regional Heritage Collection.	1.1 Robust planning, budgeting, fundraising and project management.	1.1.1 Project Phases 2- 3 complete by 30 June 2023 being 2) Site Master Plan and Concept Design, including iwi and Council consultation 3) Developed Design
	1.2 Identifying, canvassing and securing funding sources.	1.2.1 50% of non-Council funding secured by 30 June 2023.
2. To be a highly valued visitor destination, educational provider and venue for cultural and community connection.	2.1 Implement a programme which attracts our diverse local communities.	2.1.1 Design and deliver a varied visitor experience including at least three temporary exhibitions by 30 June 2023.
		2.1.2 Implement at least one new accessibility improvement by 30 June 2023.
		2.1.3 Design at least one initiative in partnership with iwi to support Māori visitation.
		2.1.4 Implement a Te Reo Māori policy.
	2.2 Consolidating and attaining visitation targets.	2.2.1 Achieve target visitation of 50,000 across all venues (excluding education) by 30 June 2023.
2.3 Consolidate education visitation in a post-LEOTC environment	2.3.1 Achieve target of 6,000 education visits and outreach across early childhood, primary, and secondary	

		groups, <i>subject to confirmation of Ministry of Education ELC funding enabling increased staffing levels.</i>
	2.4 Provide a high-quality customer service and visitor experience.	2.4.1 Demonstrated by a minimum of two customer surveys with rating of at least 85% satisfaction.
	2.5 Provide a high-quality educational service.	2.5.1 Teacher satisfaction demonstrated by an average of at least 85% across all teacher evaluations.
3. To actively support and collaborate with iwi and Nelson Tasman cultural heritage organisations	3.1 Provide advice, guidance, content, mentoring and support to smaller galleries, libraries, archives and museums within Nelson Tasman.	3.1.1 Provide 50 hours of professional support and assistance to Te Taihū district museums and cultural organisations by 30 June 2023.
		3.1.2 Organise at least two regional museum hui by 30 June 2023.
	3.2 Collaborate with Nelson Tasman cultural heritage organisations and iwi.	3.2.1 Participate in at least one collaborative project with a Nelson Tasman cultural heritage organisation or iwi by 30 June 2023.
4. To continue to develop and care for a strong Collection which is relevant and accessible to, and valued by, Nelson Tasman communities.	4.1 Provide access for our visitors to connect with the Collection digitally, on-site and in the community.	4.1.1 Collect at least two relevant contemporary local objects or taonga by 30 June 2023.

	<p>4.2 Provide access for our visitors to connect with the Collection digitally, on-site and in the community.</p>	<p>4.2.1 Upgrade Collections Online to Vernon Browser version 7.0.</p>
	<p>4.3 Prepare collection for relocation.</p>	<p>4.3.1 Implement first phase of collection relocation plan.</p>
<p>5. To improve our sustainability performance.</p>	<p>5.1 Implement energy savings identified in EMSOL Energy Audit.</p>	<p>5.1.1 Implement at least one initiative identified in EMSOL Energy Audit by 30 June 2023.</p>
	<p>5.2 Implement actions to improve sustainability performance.</p>	<p>5.2.1 Implement at least one new staff driven initiative by 30 June 2023.</p>

TASMAN BAYS HERITAGE TRUST						
PROJECTED OPERATING STATEMENT OF FINANCIAL PERFORMANCE						
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
	June	June	June	June	June	June
	2021	2022	2023	2024	2025	2026
	CPI %1.9%	1.50%	5.90%	5.00%	5.00%	5.00%
Revenue						
TDC Operating Grant	892,174	905,711	958,984	1,006,934	1,057,280	1,110,144
NCC Operating Grant	892,174	905,711	958,390	1,006,309	1,056,625	1,109,456
NCC Operating Grant Extra	75,316	76,529	81,044	85,096	89,351	93,819
Total Councils	1,859,664	1,887,951	1,998,418	2,098,339	2,203,256	2,313,419
Education LEOTC/ELC *	82,190	82,190	126,230	126,230	126,230	126,230
Other Non Exchange Revenue	154,451	88,000	33,000	33,000	33,000	30,000
Exchange Revenue **	244,023	230,270	197,335	173,978	173,978	173,978
Total Revenue	2,340,328	2,288,411	2,354,983	2,431,547	2,536,464	2,643,627
Staffing	913,785	1,108,857	1,182,485	1,222,368	1,269,488	1,317,963
Education	86,300	82,613	130,472	132,429	140,243	147,255
Property	185,856	196,310	203,650	224,015	246,417	271,058
Other	208,351	225,486	206,046	216,348	227,166	238,524
Total Direct Costs	1,394,292	1,613,266	1,722,653	1,795,161	1,883,313	1,974,799
Gross Surplus	946,036	675,145	632,330	636,386	653,151	668,827
Overheads	248,971	237,830	273,612	277,716	294,101	308,807
Trustee Fees	64,366	66,311	69,287	72,752	76,389	80,209
Finance Costs	41	2,500	0	0	0	0
Depreciation ***	326,483	369,000	444,000	444,000	444,000	644,000
Total Operating Expenses	639,861	675,641	786,899	794,468	814,491	1,033,015
Net Result from Operations	306,175	(496)	(154,569)	(158,082)	(161,340)	(364,188)
Fair Value adj on Council Loans	12,112	54,616	26,000	18,000	10,000	
Operating Surplus/(Deficit)	294,063	(55,112)	(180,569)	(176,082)	(171,340)	(364,188)
Net Result before Revaluations	294,063	(55,112)	(180,569)	(176,082)	(171,340)	(364,188)
Notes						
* ELC Contract pending decision by MOE						
** Car Park Revenue ceases July 2023						
*** ARC Facility depreciation commences 2026						

TASMAN BAYS HERITAGE TRUST						
PROJECTED OPERATING STATEMENT OF FINANCIAL POSITION						
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
	June	June	June	June	July	August
	2021	2022	2023	2024	2025	2026
Assets						
Cash & Bank	408,868	25,179	9,610	30,228	21,689	24,601
Debtors	76,811	4,600	4,600	4,600	4,600	4,600
Stock on Hand	21,307	21,307	21,307	21,307	21,307	21,307
Investments	160,000	505,000	520,000	370,000	360,000	340,000
Non Current Assets	31,500,504	31,382,155	31,028,155	30,799,455	30,456,655	29,909,555
Total Assets	32,167,490	31,938,241	31,583,672	31,225,590	30,864,251	30,300,063
Liabilities						
Revolve Credit Facility	0	0	0	0	0	0
Creditors	203,145	203,145	203,145	203,145	203,145	203,145
GST	(16,024)	1,066	1,066	1,066	1,066	1,066
Holiday Pay Accrual	84,458	84,458	84,458	84,458	84,458	84,458
Grants in Advance	51,123	5,280	5,280	5,280	5,280	5,280
Loan ex NCC/TDC	967,075	821,691	647,691	465,691	275,691	75,691
Total Liabilities	1,289,777	1,115,640	941,640	759,640	569,640	369,640
Net Assets	30,877,713	30,822,601	30,642,032	30,465,950	30,294,611	29,930,423
Equity						
Retained Earnings	13,564,077	13,858,140	13,803,028	13,622,459	13,446,377	13,275,038
Current Year Earnings	294,063	(55,112)	(180,569)	(176,082)	(171,340)	(364,188)
Revaluation Reserve	17,019,573	17,019,573	17,019,573	17,019,573	17,019,573	17,019,573
Total Equity	30,877,713	30,822,601	30,642,032	30,465,950	30,294,611	29,930,423
* Revolve credit facility expires May 2022						
** Loans shown at fair value, amount repayable at 30 June 2026 will be \$25,000 to each Council						
*** Excludes Church St in ARC SOI						

TASMAN BAYS HERITAGE TRUST						
PROJECTED OPERATING STATEMENT OF CASHFLOWS						
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
	June	June	June	June	June	July
	2021	2022	2023	2024	2025	2026
CASH FLOWS FROM OPERATING ACTIVITIES						
Council Operating Grants	1,863,689	1,887,951	1,998,418	2,098,339	2,203,256	2,313,419
Contracts	82,190	82,190	126,230	126,230	126,230	126,230
Interest Received	2,786	900	900	900	900	900
Receipts from Other Revenue	325,223	343,738	229,435	206,078	206,078	203,078
Payments to Suppliers & Staff	(1,589,485)	(1,917,407)	(2,065,553)	(2,145,629)	(2,253,804)	(2,363,815)
Interest Paid	(41)	(2,500)	-	-	-	-
GST(Net)	(8,626)	17,090	-	-	-	-
Net Cash from Operations	675,736	411,962	289,431	285,918	282,660	279,812
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES						
Maturing/Sale of Investments	160,000	160,000	505,000	520,000	370,000	360,000
Purchase of Property	(52,013)	(250,651)	(90,000)	(215,300)	(101,200)	(96,900)
Purchase of Investments	(160,000)	(505,000)	(520,000)	(370,000)	(360,000)	(340,000)
	(52,013)	(595,651)	(105,000)	(65,300)	(91,200)	(76,900)
CASH FLOWS FROM FINANCING ACTIVITIES						
Cash from/(to) Revolve	(25,050)					
Repay Council Loans	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
	(225,050)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
Net Inc (Dec) in Cash	398,673	(383,689)	(15,569)	20,618	(8,540)	2,912
Opening Cash Balance	10,195	408,868	25,179	9,610	30,228	21,689
Closing Cash Balance	408,868	25,179	9,610	30,228	21,689	24,601

TASMAN BAYS HERITAGE TRUST					
ARCHIVE RESEARCH COLLECTION FACILITY					
INDICATIVE STATEMENT OF FINANCIAL PERFORMANCE					
	Actual	Forecast	Forecast	Forecast	Forecast
	June	June	June	June	June
	2021	2022	2023	2024	2025
Revenue					
TDC ARC Grant	0	0	0	3,200,000	0
NCC ARC Grant	0	0	0	3,165,000	0
Total Councils	0	0	0	6,365,000	0
ARC Grants	0	0	3,642,000	400,000	0
Other	0	0	1,000,000	0	0
TBHT Cash Reserves	0	0	180,000	0	0
Total Revenue	0	0	4,822,000	6,765,000	0
Operating Surplus	0	0	4,822,000	6,765,000	0
Depreciation					
Net Surplus/Deficit	0	0	4,822,000	6,765,000	0
TASMAN BAYS HERITAGE TRUST					
ARCHIVE RESEARCH COLLECTION FACILITY					
INDICATIVE STATEMENT OF FINANCIAL POSITION					
	Actual	Forecast	Forecast	Forecast	Forecast
	June	June	June	June	June
	2021	2022	2023	2024	2025
Assets					
Cash & Bank		(348,426)	37,378	1,348,549	0
Debtors					
Investments			3,750,000	2,000,000	
Non Current Assets	820,000	1,168,426	1,854,622	9,058,451	12,407,000
Total & Net Assets	820,000	820,000	5,642,000	12,407,000	12,407,000
Equity					
Retained Earnings	820,000	820,000	820,000	5,642,000	12,407,000
Current Year Earnings		0	4,822,000	6,765,000	0
Total Equity	820,000	820,000	5,642,000	12,407,000	12,407,000
Notes					
No Provision for GST or creditors as too early to anticipate timing					
Assumes all Facility costs are capitalised					
Depreciation commences once ARC facility open					

TASMAN BAYS HERITAGE TRUST					
ARCHIVE RESEARCH COLLECTION FACILITY					
INDICATIVE STATEMENT OF CASH FLOWS					
	Forecast	Forecast	Forecast	Forecast	Forecast
	June	June	June	June	June
	2021	2022	2023	2024	2025
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Council Operating Grants	0	0	0	6,365,000	0
ARC Grants	0	0	3,642,000	400,000	0
Receipts from Other Revenue	0	0	1,000,000	0	0
TBHT Cash Reserves	0	0	180,000	0	0
Net Cash from Operations	0	0	4,822,000	6,765,000	0
<u>CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES</u>					
Maturing/Sale of Investments	0	0	0	3,750,000	2,000,000
Purchase of Property	0	(348,426)	(686,196)	(7,203,829)	(3,348,549)
Purchase of Investments	0	0	(3,750,000)	(2,000,000)	0
	0	(348,426)	(4,436,196)	(5,453,829)	(1,348,549)
Net Increase (Decrease) in Cash		(348,426)	385,804	1,311,171	(1,348,549)
Opening Cash Balance	0	-	(348,426)	37,378	1,348,549
Closing Cash Balance	0	(348,426)	37,378	1,348,549	0



Nelson City Council
P (03) 546 0242
PO Box 645, Nelson 7040

Tasman District Council
P (03) 543 8405
Private Bag 4, Richmond 7050

1 December 2021

Tasman Bays Heritage Trust
Board of Trustees
Attn: Chairperson Olivia Hall
PO Box 853
Nelson 7040

Tēnā koe Olivia

TASMAN BAYS HERITAGE TRUST - STATEMENT OF EXPECTATIONS

This Letter of Expectation is intended to inform the Tasman Bays Heritage Trust Board of the councils' high-level strategic direction and performance expectations in advance of your preparation of the Statement of Intent (SOI) 2022/23. In clarifying our expectations early, we expect that the passage through to acceptance by both Councils will be more efficient and effective.

The councils are expecting active and regular reporting to the Joint Committee on the development of the final business case for their proposed investment in the new Archive Research and Collections facility. The trust should note that each council will follow its own funding approval process. The final business case should include confirmation of other sources of funding (including funding for cost escalations and overruns).

Statement of Intent 2022/23

The Tasman District and Nelson City Councils expect that all their Council Controlled Organisations (CCOs) will treat the SOI as more than a strict compliance document and will aim for best practice. This will entail an SOI covering more than the statutory minimum requirements. To be effective, your SOI should tell the performance story of the Organisation, providing a clear and succinct understanding of the Organisation's purpose, the goods and services it delivers and what success looks like. In line with the Local Government Act 2002, the councils are particularly interested in efficiency and effectiveness.

The SOIs must meet the requirements set out in the Local Government Act. The Local Government Act 2002 set out requirements for SOIs differentiating between matters to be covered in all SOIs and those that are specific to trading and non-trading CCOs.

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Both councils wish to support the Trust in delivering a good SOI. We have assigned a senior manager to each CCO to assist. In your case, the people assigned are Andrew White and Mike Drummond. They are available to your team to assist throughout the process.

The general expectations for all CCOs are as follows:

General expectations applicable to TBHT to be included in the SOI

- 1.1 SOIs/SOCI must include a complete set of summary prospective financial statements for at least three years (preferably five years) i.e. Statement of Comprehensive Income, Statement of Financial Position and cash flow statement.
- 1.2 SOIs/SOCI should disclose measures like Earnings before interest and tax (EBIT) and Earnings before interest, tax, depreciation and amortisation (EBITDA) and balance sheet ratios where applicable i.e. CCTOs.
- 1.3 SOIs must fully comply with Schedule 8 of the Local Government Act. This is to ensure a consistent approach across all CCOs.
- 1.4 In the Public Records Act 2005, a local authority includes a (council-controlled) organisation. As such, the requirements of this Act and its related mandatory Information and Records Management Standard - July 2016 applies for the management, retention, and disposal of records.
- 1.5 Compliance with legislation and reporting on Health and Safety matters must be given due emphasis. This should include the organisations' response to COVID-19 and the related vaccination programme.
- 1.6 Details of the impact of COVID-19 on the Organisation and what mitigations are in place.
- 1.7 Where the councils make a financial contribution to the operational costs of the organisation, the CCO should show how it intends to increase non-council revenue streams.
- 1.8 Capital expenditure and asset management intentions should be included.
- 1.9 CCOs should use the same information for both managing the business and reporting through to the councils/shareholders, i.e. the information used for setting targets and reporting against them for the SOI should overlap and be a subset of the information used for internal reporting.
- 1.10 SOIs and other CCO reports should be in a plain style, concise, relevant, accessible and focused on meeting the needs of the shareholding councils and the public they represent. The use of graphs, tables and charts is expected to convey both financial and non-financial information along with trends (past, current and future numbers).
- 1.11 To be effective the SOI must disclose the performance story for the CCO, providing a clear and succinct understanding of the CCO purpose, the goods and services it delivers and what success looks like. Providing a clear message to the boards on these requirements and other expectations will assist in ongoing improvements in the SOI and reporting.
- 1.12 The main aspects of the SOI performance story are:

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- Strategic context
 - Specifying and presentation of the outcomes framework. SMART measures are preferable in showing performance; and
 - Main measures and targets, outcomes and objectives
 - Linking the strategy outputs performance together.
- 1.13 **Risk management** - the councils would like to understand better in the SOI how the boards are considering and managing risks, including natural hazards and climate change.
- 1.14 **Sustainability** – the councils would like to understand better in the SOI how the boards are addressing sustainability including carbon emissions and waste minimisation.
- 1.15 **Health and Safety** - given the requirements of the Health and Safety at Work Act 2015 (the Act), it is appropriate for the councils to set out their expectations in relation to Health and Safety in the CCOs.
- 1.15.1 Under Section 44 (3) of the Act elected members do not have a duty to exercise due diligence to ensure that any council-controlled organisation complies with its duties or obligations under the Act unless that member is also an officer of that council-controlled organisation.
 - 1.15.2 However, as owners and key funders, it is still appropriate to set out expectations of Health and Safety management in CCOs.
 - 1.15.3 The councils expect the boards of the jointly held CCOs to set appropriate Health and Safety strategy and policy, understand the nature of risks/hazards within the business, monitor performance and activities to ensure risk is being managed and review Health and Safety systems and performance.
- 1.16 **Relationships** – specify how the organisation intends to conduct its relationships with;
- 1.16.1 Its shareholding local Authorities; and
 - 1.16.2 The Tasman and Nelson Communities, including parties considered as stakeholders within those communities; and
 - 1.16.3 Iwi and other Maori organisations.
- 1.17 **Governance performance** - in order to aid the councils when making decisions on director/trustee remuneration and appointments, the boards should undertake a regular evaluation of their own performance.
- 1.17.1 The councils expect these reviews to be carried out at least once every eighteen months.
 - 1.17.2 A skills mix analysis is to be part of the regular board reviews and recommendations for director re-appointments

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- 1.17.3 The chairs of the boards should reference this evaluation when making recommendations on the re-appointment or recruitment of new board members.

There are no specific expectations to be included in the Trust's SOI.

Important Dates 2022

We will notify you of the committee meeting dates for 2022 when they have been confirmed, to assist you with your planning.

If you have any queries, please contact Andrew White on (03) 545 8729 / andrew.white@ncc.govt.nz in the first instance.

Ngā mihi



Rachel Reese
Mayor of Nelson
Te Koromatua o Whakatū



Tim King
Mayor of Tasman
Te Koromatua o te tai o Aorere

cc Lucinda Blackley-Jimson, CEO, Nelson Provincial Museum

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6.3 PORT NELSON LIMITED - HALF YEARLY REPORT TO 31 DECEMBER 2021

Information Only - No Decision Required

Report To: Joint Shareholders Committee
Meeting Date: 5 April 2022
Report Author: Nikki Harrison, Group Manager Corporate Services
Report Number: RJSC22-04-3

1 Purpose of Report

1.1 To receive the Port Nelson Limited half yearly report to 31 December 2021.

2 Draft Resolution

That the Joint Shareholders Committee receives the Port Nelson Limited - Half Yearly Report to 31 December 2021 and its attachment, report, RJSC22-04-3.

3 Background and Discussion

- 3.1 Section 66 of the Local Government Act requires Port Nelson Limited to deliver a half yearly report on performance within two months of the end of that period. This requirement has been met.
- 3.2 The half yearly report of the Port for the period ending 31 December 2021 is included as **Attachment 1**.
- 3.3 The half yearly report shows that Port Nelson Limited (PNL) is on target to meet most of its Statement of Corporate Intent objectives for 2021/22 (see page 7 of **Attachment 1**).
- 3.4 For the first six months of this financial year, PNL reported net profit after tax (NPAT) of \$4.64 million compared with the previous year result of \$4.34 million (a 7% increase). Revenue for the period was \$37.5 million, up 10% on last year. The Port's logistics business, QuayConnect, was the main contributor to the revenue uplift. In addition, strong wine and processed timber volumes made a positive contribution.
- 3.5 Cargo volumes (revenue tonnes – RT) and container throughput (twenty-foot equivalent units – TEU) to 31 December 2021 were 1.6 million RT and 52 thousand TEU. This compares to last year's result at this time of 1.59 million RT and 53 thousand TEU.
- 3.6 The Port presented and provided an update at the Joint Committee Meeting on 22 March 2022.

Attachments

- | | |
|---|----|
| 1. ↓ Port Nelson Limited - Half Yearly Report to 31 December 2021 | 55 |
|---|----|

INTERIM FINANCIAL REPORT

For the six months ended 31 December 2021



PORT  NELSON



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Performance Commentary

For the six months ended 31 December 2021

The first half of the 2022 financial year reflected many of the elements experienced in 2021: volatile shipping; Covid impacts on operations; and rising operational costs.

Export volumes performed better than expected and deferment of maintenance dredging due to lower than expected sediment build up has assisted the Port to deliver strong financial results for the half year.

Reviewing the period through our stakeholder lenses:

Our Shareholders

An interim Net Profit after Tax for the six months to 31 December 2021 of \$4.64 M was achieved. This compares to \$4.34 M for the same period last year (a 7% increase).

Revenue for the period was \$37.5 M, up 10% on last year. The Port's 4PL logistics business, QuayConnect, was the main contributor to the uplift. In addition, strong wine and processed timber volumes made a positive contribution.

Redevelopment of the Log Yard was completed. This has increased log storage capacity at the wharf and freed up the Wildman Avenue site to enable the development of the Science & Technology Precinct. Important maintenance works commenced to repair underwater timber piles on many of the older wharves. This work plus the upcoming wharf deck repairs, will enable the Port to continue operating the existing wharves for the medium term.

Our Customers

Cargo volumes (revenue tonnes – RT) and container throughput (twenty-foot equivalent units – TEU) to 31 December were 1.6 million RT and 52 thousand TEU. This compares to last year's result at this time of 1.59 million RT and 53 thousand TEU.

Cargo variances of note include a stronger than expected apple export result reflecting shipping delays at the end of the 2021 financial year. Wine volumes also held up well given the poor 2021 harvest. Strong construction activity globally supported the export of processed timber (including MDF).

Acting against these positive variances, fuel was again lower than historical volumes and general imports and exports were lower than expected, reflecting difficulties in booking slots on container vessels.

Shipping reliability was improved in 2021 with fewer omissions, however vessels continue to not meet scheduled arrival times due to delays at other ports.

Our People

Like all businesses, the impact of Covid has dominated the People aspects of the business over this period. Over half the Port team are subjected to regular Covid tests and the vast majority are vaccinated. Moving into the second half of the year the Port will establish a mandatory testing programme which, together with existing measures, will look to keep Covid out of the port operational environment.

One consequence of establishing work cells to reduce the potential spread of Covid has been the deferral of critical risk reviews by peers and senior management. With Covid testing in place, the annual programme of reviews will be completed over the remainder of the year.

The Lost Time Injury Frequency Rate (LTIFR) has dropped from 2.4 incidents per 100,000 hours in July 2021 to 1.8 at 31 December 2021.

Our Environment

The completion of the Log yard project has included the installation of a stormwater system that improves filtration of log debris. This engineered solution plus improved operational process, will further assist in stopping the risk of debris movement across the wharves.

No significant noise events were recorded for this period. Work continues with the Noise Liaison Committee to ensure open communications with residents in proximity to the Port.

Our Community

With the support of iwi, the Port has appointed a Kaumātua to assist its relationship with iwi and its Te Ao Māori journey.

Statement of Corporate Intent

For the six months ended 31 December 2021

Purpose

To facilitate regional prosperity.

Objectives

The Company's purpose of facilitating regional prosperity is underpinned by five strategic pillars; customers, environment, people, community, and shareholders.



Performance Targets

Performance Measure	Financial Year June 2022	
	Full Year Target	Interim Result
Customers		
Cargo Volumes (revenue tonnes)	3.3	1.6
Container Throughput (TEU - Twenty-Foot Equivalent Units)	111,000.0	51,785.0
Vessel Visits	781	374
Average container crane rates per hour	21.4	19.5
Customers engagement survey satisfaction score	70%	85%

Performance Measure	Financial Year June 2022	
	Full Year Target	Interim Result
Environment		
Gross reduction on FY19 Scope 1 and 2 carbon emissions	9%	on target
Gross reduction on FY19 levels in scope 3 carbon emissions (controlled by PNL)	2%	on target
Maintain Port Nelson's ISO 14001 Certification	Yes	Yes
Significant noise events >89 dbA LMAX at the noise monitor	Nil	Nil
A Port Nelson sponsored initiative to halt the loss of biodiversity/prevent the extinction of threatened species	Yes	Yes
Uncontrolled discharges from the Port Nelson operational area to the coastal marine area	Nil	1
Compliance with regulatory requirements	100%	100%
Compliance with NZ Maritime safety standards	100%	100%

People		
Critical Risk Verification Reviews	> 50	6
Lost Time Injury Frequency Rate	< 2	1.6
Lost Time Injuries greater than 5 days	< 4	2
Employee engagement survey	70%	To be completed

Community		
Dividends paid to the shareholders	4,300.00	-
Sponsorship as a percentage of NPAT	> 1.2%	1.80%
Iwi Engagement and Te Ao Māori Plan	Developed and agreed	Draft plan commenced and Kaumātua appointed
Nelson Slipway Redevelopment	Commenced	Redevelopment options finalised by March 2022
Port Nelson will hold a public open day		Delayed due to COVID settings

Shareholders		
Revenue (\$mil)	72	37
EBIT (\$mil)	13.4	7.9
Net Profit after Taxation (\$mil)	8.6	4.6
Return on Equity	3.70%	5.00%
Gearing Ratio	< 45%	23.30%
Return on Assets (NPAT/Total Assets)	2.20%	3.60%

→ Statement of Comprehensive Income

For the period ended 31 December 2021

	2021	2020
	\$000	\$000
Revenue		
Port Operations	34,524	32,782
Property	2,969	2,962
Total revenue	37,493	35,744
Expenses		
Employee Benefit Expenses	11,243	10,418
Other Operational and Property Expenses	13,538	13,144
Earnings before Interest, Tax, Depreciation and Amortisation	12,712	12,182
Depreciation and Amortisation	4,772	4,572
Earnings before Interest and Tax	7,940	7,610
Net Financing Costs	1,479	1,508
Net profit before income tax	6,461	6,102
Income Tax	1,817	1,764
Net profit after income tax	4,644	4,338
Other comprehensive income		
Movements in Hedging Reserve	2,001	880
Total other comprehensive income	2,001	880
Total comprehensive income	6,645	5,218

→ Statement of Changes in Equity

For the period ended 31 December 2021

	Dec 21	Dec 20
	\$000	\$000
Balance at 1 July	261,700	250,360
Total Comprehensive Income	6,645	5,218
Dividends	560	-
Balance at 31 December	267,785	255,578

→ Statement of Financial Position

As at 31 December 2021

	2021	2020
	\$000	\$000
Current assets		
Cash and Cash Equivalents	1,070	322
Trade and Other Receivables	9,052	11,089
Inventories	857	594
Prepayments and Accruals	1,747	1,786
Assets Intended for Sale	2,223	15
Total Current Assets	14,949	13,806
Less current liabilities		
Trade and Other Payables	4,209	3,584
Employee Benefit Entitlements	2,757	2,375
Tax Payable	930	304
Derivatives - Cash Flow Hedges	150	262
Noise Mitigation	168	169
Total Current Liabilities	8,215	6,694
Working capital	6,734	7,112
Non-current assets		
Property, Plant and Equipment	332,873	326,953
Intangible Assets	1,129	953
Investment Properties	29,409	25,484
Derivatives - Cash Flow Hedges	1,069	13
Total Non-Current Assets	364,481	353,403
Less non-current liabilities		
Employee Benefit Entitlements	254	246
Deferred Tax Liability	19,275	18,720
Term Loan	82,200	80,670
Derivatives - Cash Flow Hedges	999	4,644
Noise Mitigation	407	196
Lease Liabilities	295	461
Total Non-Current Liabilities	103,430	104,937
Net assets	267,785	255,578
Shareholders' funds		
Issued Capital	6,046	6,046
Retained Earnings	87,467	78,683
Asset Revaluation Reserve	174,276	174,276
Hedging Reserve	(4)	(3,427)
Total shareholders' funds	267,785	255,578

→ Statement of Cash Flows

For the period ended 31 December 2021

	2021	2020
	\$000	\$000
Cash flows from operating activities		
Cash was provided from:		
Receipts from customers	35,237	32,949
Rent received	2,969	2,986
Interest received	1	-
	38,207	35,935
Cash was applied to:		
Payments to suppliers and employees	26,384	26,031
Interest paid	1,480	1,505
Taxes paid	2,709	1,536
Net GST paid/(received)	(204)	48
Purchase of Assets Held for sale	2,223	-
	32,593	29,120
Net operating cash inflows	5,614	6,815
Cash flows from investing activities		
Cash was provided from:		
Sale of property, plant and equipment	74	-
	74	0
Cash was applied to:		
Purchase of property, plant and equipment	8,277	-
Purchase of intangibles	7	13,580
	8,283	13,580
Net investing cash inflows/(outflows)	(8,210)	(13,580)
Cash flows from financing activities		
Cash was provided from:		
Loans borrowed	6,530	-
	6,530	0
Cash was applied to:		
Dividend paid	3,060	-
Payment of lease liabilities	178	2,500
	3,238	2,500
Net financing cash inflows	3,292	(2,500)
Net increase/(decrease) in cash held	697	(9,265)
Cash and cash equivalents at 1 July	374	220
Cash at 30 June	1,070	(9,045)

→ Summary of Significant Accounting Policies

About this report



Reporting Entity

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

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

Basis of Preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable reporting standards as appropriate for profit-orientated entities.

The financial statements are presented in New Zealand dollars rounded to the nearest thousand.

To assist the reader further, these interim financial statements should be read in conjunction with the financial statements and related notes as presented

in the Port Nelson Limited Annual Report for the year ended 30 June 2021.

Basis of Measurement

Those accounting principles considered appropriate for the measurement and reporting of results and financial position under the historical cost method, modified by the revaluation of land, buildings, wharves, investment property and financial instruments have been followed.

Judgements and Estimates

In preparing these financial statements Port Nelson has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results and are continually being evaluated based on historical experience and other factors, including expectations or future events that are expected to be reasonable under the circumstances.

There are no estimates and assumptions in the view of the Directors that have a risk of causing a significant adjustment to the carrying amounts of assets and liabilities within the next financial year.

Foreign Currency

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date

of the transaction. Capital items are converted at the exchange rate ruling at balance date or the forward exchange contract rate where derivatives have been used to hedge the exposure.

Notes to the Financial Statements

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

Standards and Interpretations Issued and Not Yet Adopted

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

Accounting Policies

There have been no changes in accounting policies during the financial year disclosed in the Financial Statements.

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements, are provided throughout the notes to the financial statements.

Revenue and Expenses

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

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

There are no material variable consideration, financing or non-cash components to consider in determining the transaction price.

Revenue derived from customers that do not have contracts with Port Nelson is not considered significant and therefore has not been separately disclosed.

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

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

Administration and Other Expenses

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

Financing Costs

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

Finance costs are recognised as an expense when incurred. Financing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use, applying a capitalisation rate of 3.75%, are added to the cost of those assets until such a time as the assets are substantially ready for their intended use.

Taxation

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

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

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

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

Property, Plant and Equipment and Depreciation

Property, Plant and Equipment, except land, buildings, wharves and infrastructural assets are stated at valuation taken over from the Nelson Harbour Board on 1 October 1988 and subsequent additions at cost. Land, buildings and wharves are stated at fair value. Cost incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefit or service potential associated with the item will flow to Port Nelson and the cost of the item can be reliably measured. Dredging is not amortised. The cost of maintaining the dredged depth is expensed.

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

Asset	Depreciation Rate
Plant, Furniture and Equipment	4 to 51 years
Infrastructural Assets	10 to 51 years
Wharves and Berths	3 to 76 years
Buildings	8 to 56 years
Intangible Assets	3 to 14 years

Valuation Basis

Port Nelson has previously used a range of valuation techniques to measure the fair value of Property, Plant and Equipment.

For the 2021 Financial Year Port Nelson moved to measuring all Property, Plant and Equipment as a single unit using the income-based approach.

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

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

Intangible Assets

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

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

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. Subsequent to initial recognition, development costs are measured at cost less accumulated amortisation and any accumulated impairment losses.

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

There are no material contractual commitments for the acquisition of intangible assets at balance date.

Investment Properties

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

Valuation Basis

Investment properties are revalued every year. Investment properties were valued on 30 June 2021 by Ian McKeage, Registered Valuer, FNZIV, FPNZ of Telfer Young. The valuers have recent experience in the location and category of the item being valued.

Fair Value Measurements

The valuation of Property, Plant and Equipment and Investment Property requires estimation and judgement. For Investment Property at each reporting date, the independent valuation reports are subject to internal review by the management team.

The review focuses on checking material movements and ensuring all additions and disposals are captured. A summary report on valuation movements is provided to the Board and full copies of the valuer's reports are available to Directors. For Property, Plant and Equipment that are measured using an income based model, utilising a discounted cashflow at each reporting date, the significant assumptions are considered by both management and the Board and sensitivity analysis is performed.

Valuations are categorised within a three tier fair value hierarchy table based upon the observability of valuation inputs.

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

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

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

Financial Risk Management

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

Interest rate risk

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

Port Nelson's interest rate exposures are managed in accordance with specific borrowing parameters outlined in the Treasury Policy which requires the fixing of

interest rates for specified portions of borrowings based upon the term remaining and outlines the approved derivative instruments that can be used to do this.

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

Financial Derivatives

Port Nelson designates certain derivatives as hedging instruments in respect of interest rate risk in cash flow hedges. Such derivatives are held at fair value.

At the inception of the hedge relationship, Port Nelson documents the nature of the risk being hedged, the economic relationship between the hedged item, and the instrument for effectiveness testing along with its risk management objectives for undertaking various hedge transactions.

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

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

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

Credit Risk

Port Nelson is exposed to credit risk on its cash and cash equivalents from the possibility of counter-parties failing to perform their obligations. This risk is represented by the carrying value in the Statement of Financial Position. We consider this risk to be immaterial.

Trade and Other Receivables

Trade and Other Receivables arise in the ordinary course of Port Nelson's business and are initially valued at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Port Nelson invoices for services as they are performed, generally on a monthly basis. They are non-interest bearing and have payment terms of generally the 20th of the month of receipt of invoice but vary on a case-by-case basis between 7 to 45 days.

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

Port Nelson always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The allowance is estimated by reference to past default experience of the debtor, an analysis of the debtor's current financial position as well as forward looking information. Port Nelson writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

None of the trade receivables that have been written off are subject to enforcement activities.

Currency Risk

Port Nelson is exposed to currency risk on purchases of plant and equipment from overseas which it undertakes from time to time. Management actively monitor the currency risk exposure and will enter into forward foreign exchange contracts to hedge this risk where required by the Treasury Policy.

Liquidity Risk

Liquidity risk is the risk that Port Nelson will encounter 'difficulty' raising funds to meet commitments as they fall due. Liquidity risk is managed by maintaining sufficient cash. This is achieved by ensuring the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Multi-Option Credit Facility

Port Nelson has financing arrangements with Westpac Banking Corporation totalling \$100,000,000 for a multi-option credit facility made up of a three facility agreement.

The first is for a funding facility of \$40,000,000 commencing July 2021, expiring July 2022. The second is for a funding facility of \$40,000,000 commencing July 2021, expiring July 2023. The third is for a funding facility of \$20,000,000 commencing July 2021, expiring July 2024.

Security for the multi-option credit facility is by a first and exclusive debenture charge over the assets and undertakings of Port Nelson. Port Nelson classifies its borrowings as non-current liabilities.

Borrowings

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

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

Fair Value of Financial Instruments

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

The financial instruments carried at fair value are the Interest Rate Swaps which are fair valued at a total liability of \$0.080m (2020: liability of \$4.395m) at balance date.

These are considered a Level 2 valuation in the Fair Value Hierarchy. The valuation of Interest Rate Swaps is derived from the New Zealand Financial Markets Association closing rates on the revaluation date. From these rates the mark to market is calculated to reflect the net present value of the remaining fixed and floating cash flow obligations.

Provisions

Employee Entitlements

Provisions are recognised when a present obligation exists as a result of a past event, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Provision is made in respect of Port Nelson's liability for annual leave, long service leave and retirement gratuities. Annual leave and long service leave have been calculated on an actual entitlement basis at current rates of pay and retirement gratuities calculated at current rates of pay assuming the payment will be made upon retirement.

Noise Mitigation

Port Nelson reviews its Noise Mitigation provision each year as the mitigation work is undertaken. The provision relates to Stages One, Two and Three.

The Noise Variation within the Nelson City Resource Management Plan became operative on the 23 February 2012. Port Nelson has quantified the costs of its obligation as at 30 June 2021.

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

Noise-affected properties are separated into three stages based on the level of port noise received.

For properties in Stage One, those properties that are exposed to night time Ldn (day/night average sound level) from port generated noise of 65 dBa or more, Port Nelson is required to make offers to either fully fund noise mitigation work or to purchase the properties. There are 15 properties designated Stage One properties, and at 30 June 2021, seven properties have had this obligation met (2020 – seven properties). During the 2021 financial year, the contour lines were redesignated by the Council, which saw an additional three properties move into Stage One, and two properties moved from Stage One to Stage Two.

For properties in Stage Two, those properties that are exposed to night time Ldn from port generated noise of between 60 to 64.9 dBa area, Port Nelson has offered to contribute up to 50% of noise mitigation costs.

For properties in Stage Three, those properties that are exposed to night time Ldn from port generated noise of between 55 to 59.9 dBa, property owners can request Port Nelson to provide technical advice and a contribution of up to 50% of noise mitigation costs. There is no obligation on Port Nelson to make offers for the purchase of either Stage Two or Stage Three properties.



PORT  NELSON

Port Nelson
Nelson 7010, New Zealand

6.4 NELSON AIRPORT LIMITED - HALF YEARLY REPORT TO 31 DECEMBER 2021

Information Only - No Decision Required

Report To: Joint Shareholders Committee
Meeting Date: 5 April 2022
Report Author: Nikki Harrison, Group Manager Corporate Services
Report Number: RJSC22-04-4

1 Purpose of Report

1.1 To receive the Nelson Airport Limited half yearly report to 31 December 2021.

2 Draft Resolution

That the Joint Shareholders Committee receives the Nelson Airport Limited - Half Yearly Report to 31 December 2021 and its attachment, report, RJSC22-04-4.

3 Background and Discussion

- 3.1 Section 66 of the Local Government Act requires Nelson Airport Limited to deliver a half yearly report on performance within two months of the end of that period. This requirement has been met.
- 3.2 The half yearly report of the Airport for the period ending 31 December 2021 is included as **Attachment 1**.
- 3.3 The half yearly report shows that Nelson Airport Limited (NAL) is on target to meet the majority of its Statement of Intent objectives for 2021/22 (see page 6 to 8 of **Attachment 1**). There have been some delays to the capital expenditure programme largely due to COVID-19 impacts. Financial targets and passenger numbers are not on target – again due to COVID-19 impacts.
- 3.4 For the first six months of this financial year NAL reported profit before tax (PBT) of \$1.346 million compared with the previous year result of \$629,000. Passenger numbers were lower at 280,820 year-to-date compared with same time last year at 324,772 (13% lower). However, total revenue was higher at \$5.7 million compared to the previous year result of \$5.2 million. The higher revenue with lower passenger numbers reflects the increased aeronautical charges.
- 3.5 Nelson Airport Limited is forecasting to not meet the financial targets for the full year both at a total revenue and profit before tax due to ongoing COVID-19 impacts on passenger numbers, even with cost savings secured.
- 3.6 Nelson Airport Limited will be attending the confidential part of this meeting to present the results and the draft Statement of Intent 2022/23.

Attachments

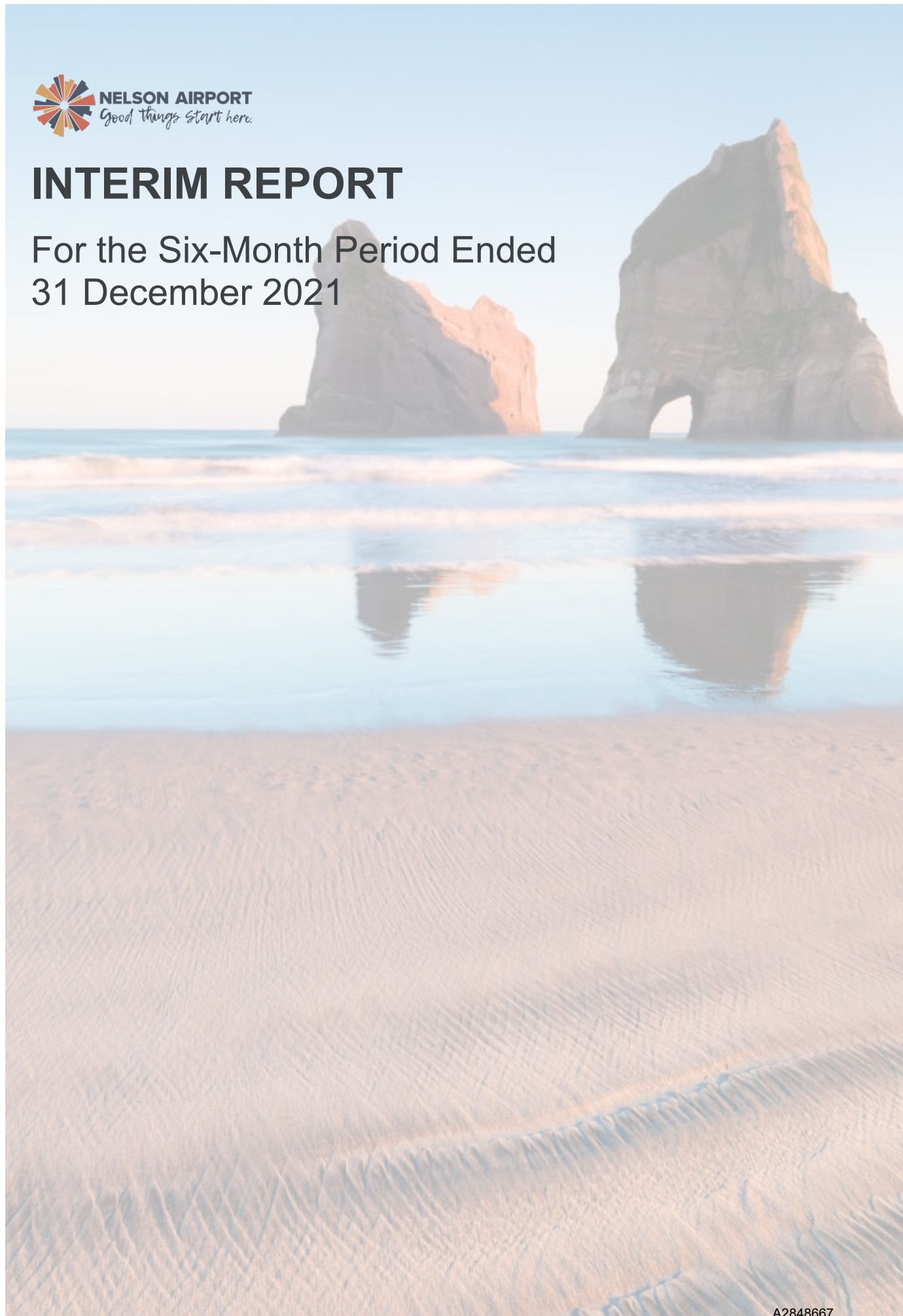
1. [↓](#) Nelson Airport Limited - Half Year Report to 31 December 2021

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INTERIM REPORT

For the Six-Month Period Ended
31 December 2021



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DIRECTORS' AND CHIEF EXECUTIVE REPORT

For the Six-Month Period Ended 31 December 2021

Six-month period ended 31 December	2021	2020	Variance
Total Revenue	\$5.70m	\$5.21m	+9%
(EBITDA)	\$2.80m	\$2.62m	+7%
Net Profit before Tax	\$1.35m	\$0.63m	+114%
Total Assets	\$140.7m	\$108.3m	+30%
Equity	\$94.7m	\$67.9m	+39%
Passenger Numbers	280,820	324,639	-13%

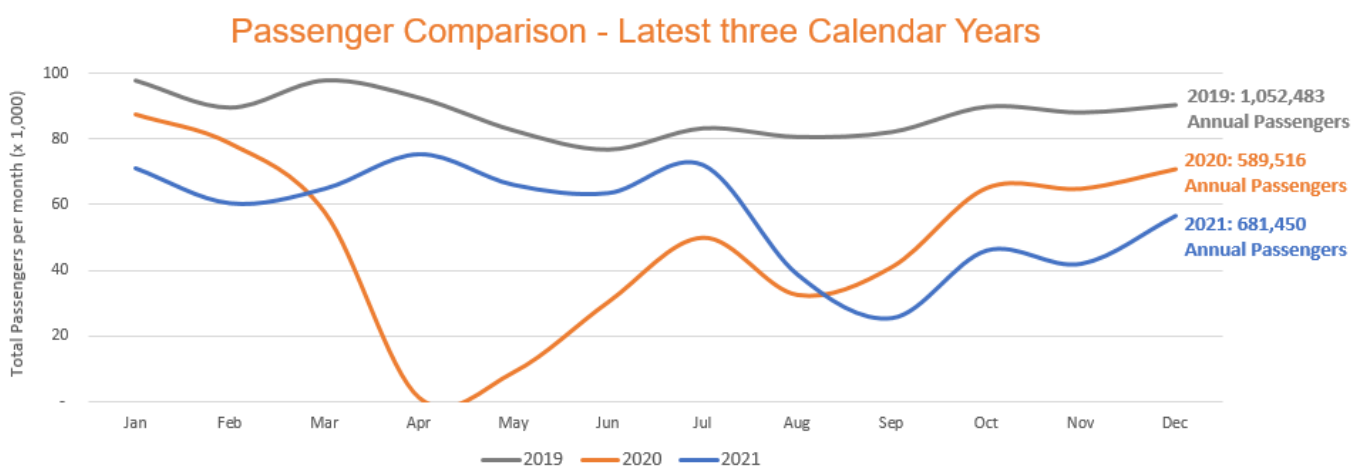
OVERVIEW

We entered the first half of our fiscal year with cautious optimism as international border restrictions were eased with Australia and the Pacific. While there had been significant economic impacts from COVID-19 control measures in hospitality and travel, New Zealand had weathered the storm better than most. Nelson Airport had adapted well to managing in a COVID-19 environment and we anticipated some growth for the year ahead.

While July provided a positive start, the announcement of more restrictive national lockdowns in August - which for Auckland would remain until mid-December - resulted in severe limiting effects on travel, domestic tourism and hospitality, plus economic impacts.

Our new Chief Executive, Mark Thompson, was finally able to take up his post in mid-August and with well experienced new eyes, has been able to manage optimal mitigation of the COVID-19 impact. He has also focussed on the need for an improved company culture, and enhanced engagement with customers and other stakeholders.

With Auckland out of severe lockdown over the summer holiday period we saw an increase in passenger numbers in December. However, the Omicron COVID-19 variant outbreak nationally plus the red traffic light restrictions will constrain travel in the second half.



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

HEALTH, SAFETY AND WELLBEING

Management of compliance with COVID-19 rules added complexity to both landside and airside interactions as some passengers or visitors took exception to Government requirements. We have ensured our staff are trained and supported during what can be difficult times for some. Similarly, where possible and workable, we have encouraged staff to work from home utilising digital communications.

All staff are fully vaccinated and provided with the approved PPE¹ to provide services safely.

A new digitalised Safety Management System trialled at many Australasian Airports was introduced during the period. This 'real time on site' record, tracks and archives all hazards and incidents providing analysis, including comparisons, the subsequent actions required and when taken, individual ownership of responsibility and reporting.

The regular safety forum with stakeholder users, facilitated by Nelson Airport, has maintained our focus on airport safety and compliance to both CAA² and HSWA³ regulations. The introduction of the new Safety Management System has provided better access and transparency around risk management and the commitment to continuous improvement.

During the period the following were reported compared to the same previous period.

Six-month period ended 31 December	2021	2020	Variance
Aircraft bird strikes	8	11	-3
Birds retrieved from bird strikes	18	12	+6
Airport incidents	31	49	-18
NAL hazards reported*	9	16	-7

*Hazard reporting is considered a proactive indicator of effective safety engagement in the workplace.

OPERATIONS

While our relationship with Air New Zealand is strong, our other carriers are commended for their fortitude during the period and their resilience to be able to recommence schedules to new destinations. We appreciate their efforts and seek to ensure their Nelson requirements are positively managed. New aeronautical charges took effect from 1st July and all carriers engaged positively in that process, understanding the justification for the change.

We have raised the leadership experience of our Customer Service team in the terminal to ensure that passenger and visitor experience is enhanced and reputable.

While limiting capital works to essential only, we completed the airside lighting and energy centre upgrades allowing the deconstruction of what remained of the old terminal. Similarly, we deconstructed Hangar 3 – a pre-war building presenting challenges around asbestos, borer, and earthquake rating. We completed planning for quality permanent landside facilities for Rental Car registration, collection and drop off which we plan to complete during 2022 and which will further enhance customer experience. Similarly, we have nearly completed the tall perimeter full precinct fencing required to make the airport secure from unlawful access and further enhance security and safety. In that regard, government continues to engage on future security screening requirements

¹ Personal Protective Equipment

² Civil Aviation Act

³ Health and Safety at Work Act 2015

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Work on options for solar and hydrogen generation continues. There is significant global activity to work through options to make the aviation industry more environmentally friendly including electric planes and alternative fuelling options.

OUTLOOK

As indicated, the continuing alert levels for COVID-19 and the community infection rate for the Omicron variant continue to affect all travel, both business and leisure. We are hopeful that there will be some improvement during the period ahead, but this is now looking more likely towards the end of the financial year.

Our objective is to sustain the airport's safe operation in parallel with maximising revenues, managing costs and capital expenditure to provide for its critical needs. That does require a standing resource regardless of the level of aircraft flights. Save more stringent lockdowns, we remain confident that we can internally meet costs and provide a dividend at year end. NAL will establish a new dividend policy maximising net earnings distribution in line with a prudent debt: equity ratio that allows the ongoing growth and development of the airport.

The set-up of a Holding Company to ensure access to potentially lower interest costs is underway. It is important that given the commercial environment, the focus remains on the primary objective of providing access to lower borrowing costs. Establishment and ongoing costs should be kept at a minimum and the project should not be a distraction for management or governance at this time.

We are grateful for the effort and devotion of our staff, many of whom are new, during these challenging times.



Paul Steere
Chair
23 February 2022



Mark Thompson
Chief Executive
23 February 2022

SERVICE PERFORMANCE REPORT

For the Six-Month Period Ended 31 December 2021

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

The following table provides a commentary of achievement towards the targets published in the 2021/22 Statement of Intent.

STRATEGIC AREA	PERFORMANCE MEASURE	TARGET	PERFORMANCE V TARGET
People, Culture and Values	Staff wellbeing policy created, consulted with staff, and formally signed off by the Board.	By 31 December 2021	Achieved. Integrated with existing Health and Safety Policy.
	Board and management to determine and promulgate new values statement.	By 31 December 2021	Covid impacted. Not achieved. Virtual workshop held in February and new values statement to be presented to the Board in April.
	Design and implement a staff survey.	By 30 June 2022	On target
	Implement new remuneration structure.	By 31 July 2021	Achieved
	Board and CEO oversight of EAP ⁴ activity.	All EAP independent reports reviewed by nominated Board representative and CEO	Achieved
Health, Safety and Risk	Nil harm to staff, contractors, and visitors.	Nil serious harm injuries	On target
		Nil lost-time injuries	On target
	Improve operational safety.	NAL to facilitate a minimum of nine Safety/Security meetings	On target
	Educate NAL staff on human factors in safety to reinforce safety culture.	Specific training for all staff	On target

⁴ Employee Assistance Programme

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

STRATEGIC AREA	PERFORMANCE MEASURE	TARGET	PERFORMANCE V TARGET
	Further improve implementation of NAL's newly implemented Safety Management System (SMS).	Obtain audited certification from the Civil Aviation Authority as "Operating and Effective"	On target. The Civil Aviation Authority has not conducted a safety audit of NAL this year. Implementation of new Safety Management System has improved ease of reporting for staff and stakeholders.
	Ensure all incidents are investigated appropriately and actions/learnings processed.	Formal incident investigation training for Airfield & Safety Manager by 31 December 2021	Achieved
Infrastructure and Property	Implement Phase I of upgrade of stormwater improvement works for storm surge and sea level rise mitigation.	By 30 June 2022	Achieved. Non-return valve installed in stormwater pipe to protect Hangar 1 and Hangar 2 areas from high tide surge events.
	Complete rental car facilities, including offices and public counters, for on-site rental car operators.	By 30 June 2022	Covid impacted. Not expected to be achieved due to long lead times for structural materials. Construction contract has been awarded with planned completion within the 2022 calendar year.
	Construct new purpose-built rescue fire and emergency management centre.	By 30 June 2022	Covid impacted. Not achieved. New building concept design complete with detailed design to be costed for Board approval in FY23.
	Implement full aerodrome aviation security fence.	By 30 June 2022	On target
Financial Results	Manage performance to achieve real business growth, maximising return to shareholders.	Total Revenues \$13.7m	Covid impacted. Not expected to be achieved as COVID-19 lockdowns have reduced passenger numbers.
		Earnings before Interest, Tax and Depreciation (EBITDA or Operating Profit) \$8.0m	Covid impacted. Not expected to be achieved, despite cost savings secured, as COVID-19 lockdowns have reduced passenger numbers

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STRATEGIC AREA	PERFORMANCE MEASURE	TARGET	PERFORMANCE V TARGET
		Dividends Policy to be reviewed	The ultimate corporate structure, with NAL as part of the HoldCo Group, is yet to be determined. Dividend review will follow the outcome with a view to maximising dividend distributions within a prudent debt:equity ratio that provides for the ongoing growth and development of the airport.
	Maintain accurate, reliable, and informative financial records and reports.	Secure an unmodified audit opinion from Audit New Zealand	On target
Customers and Stakeholders	Actively support airlines and the market to achieve customer growth.	Total passengers 800,000	Covid impacted. Not expected to be achieved due to COVID-19 lockdown restrictions shutting down major markets such as Auckland for four months.
	Establish a positive, effective, ongoing relationship with local iwi.	Advocate for establishment of a meaningful representation for local iwi at governance level	On target. Engagement with iwi representative underway.
	Utilise research to understand NAL's customer profile in the post COVID environment.	Implement a customer survey by 31 December 2021	Covid impacted. Not achieved due to lack of air travel but survey rescheduled for completion by June 2022
Environmental Sustainability	Continuous improvement in sustainability performance.	At least one new significant sustainability project completed delivering a step-change in environmental performance/impact	On target with Sustainability Group established and initiatives to be identified and implemented.
	Complete coastal protection works where critical to airfield protection.	By 30 June 2022	Covid impacted. Not expected to be achieved but work has commenced on rock wall design for southern end of airfield and consultation underway with NCC for a stop bank along Jenkins Creek.

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CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the Six-Month Period Ended 31 December 2021

	Note	Dec 2021 \$000s	Dec 2020 \$000s
Revenue	2	5,702	5,210
Operating costs	3	1,788	1,832
Administration expenses	3	1,113	762
Depreciation and amortisation	3	1,755	1,720
		4,656	4,314
Operating Profit		1,046	896
Interest revenue		0	0
Movement in unhedged derivative financial liability - revenue / (expense)	10	856	286
Finance costs	3	(557)	(554)
Net Financing Income		300	(268)
Gain on sale of fixed assets		-	1
Investing Income		-	1
Profit before Tax		1,346	629
Income tax expense	13	379	152
Profit after Tax		967	477
Gain on asset revaluation		23	-
Tax on asset revaluation		(6)	-
Total Comprehensive Income		984	477

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

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the Six-Month Period Ended 31 December 2021

	Note	Dec 2021 \$000s	Dec 2020 \$000s
Opening Retained Earnings		18,504	17,468
Total profit for the period		967	477
Balance of disposed asset transferred from asset revaluation reserve		5	-
Retained Earnings as at Period End		19,476	17,945
Opening Asset Revaluation Reserve		72,857	47,591
Gain on asset revaluation		17	-
Balance of disposed asset transferred to retained earnings		(5)	-
Movement in deferred tax on disposed asset transferred to retained earnings		1	-
Asset Revaluation as at Period End		72,870	47,591
Share capital		2,400	2,400
Closing Equity as at Period End		94,746	67,937

Note

The opening equity at 1 July 2021 was \$93,761k

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

CONDENSED STATEMENT OF FINANCIAL POSITION

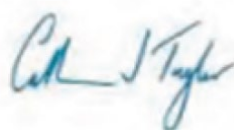
As at 31 December 2021

	Note	Dec 2021 \$000s	Jun 2021 \$000s
Assets			
Current Assets			
Trade and other receivables	6	1,049	780
Cash and cash equivalents	7	195	41
Current income tax asset		180	-
Other current assets		65	66
Total Current Assets		1,490	887
Non-Current Assets			
Property, plant and equipment	5	138,815	139,192
Intangible assets		149	170
Derivative financial assets	10	227	-
Total Non-Current Assets		139,190	139,363
Total Assets		140,680	140,250
Liabilities			
Current Liabilities			
Trade and other payables	9	735	1,803
Derivative financial liabilities	10	86	329
Current income tax liability		-	70
Employee entitlements		209	262
Interest bearing loans	11	10	16
Total Current Liabilities		1,040	2,479
Non-Current Liabilities			
Deferred tax	8	13,033	12,909
Derivative financial liabilities	10	-	387
Interest bearing loans	11	31,860	30,713
Total Non-Current Liabilities		44,894	44,010
Total Liabilities		45,934	46,489
Net Assets		94,746	93,761
Equity			
Issued share capital		2,400	2,400
Retained earnings		19,476	18,504
Asset revaluation reserve		72,870	72,857
Total Equity		94,746	93,761

For and on behalf of the Board



Paul Steere
Chair
28 February 2022



Catherine Taylor
Deputy Chair
28 February 2022

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

CONDENSED STATEMENT OF CASH FLOWS

For the Six-Month Period Ended 31 December 2021

	Note	Dec 2021 \$000s	Dec 2020 \$000s
Cash Flows from Operating Activities			
<i>Cash was provided from:</i>			
Receipts from airport users		5,699	4,324
Interest received		0	0
		<u>5,699</u>	<u>4,324</u>
<i>Cash was disbursed to:</i>			
Payments to suppliers and employees		(3,265)	(3,137)
Interest paid		(557)	(554)
Income tax paid		(510)	(225)
Net GST movement		8	153
		<u>(4,323)</u>	<u>(3,763)</u>
Net Cash Flows from Operating Activities	4	1,376	562
Cash Flows from Investing Activities			
<i>Cash was provided from:</i>			
Sale of property, plant and equipment		-	2
		<u>-</u>	<u>2</u>
<i>Cash was disbursed to:</i>			
Purchase of property, plant and equipment		(1,363)	(205)
Purchase of intangible assets		-	(3)
		<u>(1,363)</u>	<u>(207)</u>
Net Cash Flow from Investing Activities		(1,363)	(206)
Cash Flows from Financing Activities			
<i>Cash was provided from:</i>			
Increase in term loans		3,600	1,952
		<u>3,600</u>	<u>1,952</u>
<i>Cash was disbursed to:</i>			
Dividend paid		(1,000)	(850)
Decrease in term loans		(2,459)	(1,600)
		<u>(3,459)</u>	<u>(2,450)</u>
Net Cash Flow from Financing Activities		141	(498)
Net increase / (decrease) in cash and cash equivalents		154	(142)
Opening cash and cash equivalents		41	309
Closing cash and cash equivalents		195	167

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the Six-Month Period Ended 31 December 2021

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

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

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

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

The unaudited interim financial statements for Nelson Airport Limited are for the six-month period ended 31 December 2021.

BASIS OF PREPARATION

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

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

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

FUNCTIONAL AND PRESENTATION CURRENCY

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

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

2. REVENUE

	Dec 2021 \$000s	Dec 2020 \$000s
Contract Revenue		
Aeronautical charges	2,627	2,517
Ground transport revenue	888	873
Advertising revenue	96	63
Property revenue	2	8
Sundry income	2	1
Total Contract Revenue	3,615	3,462
Other Revenue		
Aeronautical charges	-	7
Ground transport revenue	290	348
Retail revenue	134	159
Property revenue	1,459	1,138
Sundry income	79	-
Wage subsidy	126	96
Total Other Revenue	2,087	1,748
Total Revenue	5,702	5,210

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

3. EXPENSES

a) Operating Costs

	Dec 2021 \$000s	Dec 2020 \$000s
Employee entitlements	924	1,003
Other operating expenses	859	828
Loss on disposal of assets	5	2
	1,788	1,832

b) Administration Costs

	Dec 2021 \$000s	Dec 2020 \$000s
Auditors remuneration	31	27
Directors' fees	75	73
Insurance and rates	415	370
Other administration expenses	592	292
	1,113	762

c) Depreciation and Amortisation

	Dec 2021 \$000s	Dec 2020 \$000s
Depreciation	1,725	1,697
Depreciation – right of use assets	8	8
Amortisation of intangible assets	21	15
	1,755	1,720

d) Finance Costs

	Dec 2021 \$000s	Dec 2020 \$000s
Interest expense	555	551
Interest expense – lease liabilities	1	2
	557	554

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

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

	Dec 2021 \$000s	Dec 2020 \$000s
Net Profit for the Period	967	477
<i>Add / (less) non-cash and non-operating items:</i>		
(Gain) / loss on disposal of assets	5	1
Depreciation and amortisation	1,755	1,720
Movement in deferred taxation	124	(3)
Movement in derivative financial instrument	(856)	(286)
Tax on asset revaluation	(5)	-
<i>Movement in working capital:</i>		
(Increase) / decrease in receivables and other financial assets	(268)	(1,048)
Increase / (decrease) in current tax payable	(250)	(70)
Increase / (decrease) in payables	(96)	(229)
Net cash flows from operating activities	1,376	562

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

5. PROPERTY, PLANT & EQUIPMENT

December 2021	Land & Improvements \$000s	Buildings \$000s	Airfield Infrastructure \$000s	Landside Infrastructure \$000s	Equipment \$000s	Motor Vehicles \$000s	Fixtures & Fittings \$000s	Capital Work in Progress \$000s	Total \$000s
Cost or Valuation									
Balance as at 1 July 2021	38,666	57,309	25,092	16,188	360	180	458	1,464	139,717
Reclassification – opening balances	-	(23)	-	-	23	-	-	-	-
Reclassification	-	218	1,458	39	78	-	-	(1,794)	-
Additions	-	52	1	14	20	-	5	1,289	1,381
Movement in asset revaluation	-	23	-	-	-	-	-	-	23
Disposals	-	-	-	(5)	(6)	-	-	(44)	(54)
Balance at 31 December 2021	38,666	57,580	26,551	16,237	475	180	464	915	141,068
Cumulated Depreciation and Impairment Losses									
Balance as at 1 July 2021	-	48	0	4	201	113	158	-	524
Depreciation	-	793	597	278	27	10	29	-	1,734
Disposals	-	-	-	0	(5)	-	-	-	(5)
Balance at 31 December 2021	-	841	597	282	222	123	187	-	2,250
Net Book Value at 31 December 2021	38,666	56,739	25,954	15,955	253	57	277	915	138,818

December 2020	Land & Improvements \$000s	Buildings \$000s	Airfield Infrastructure \$000s	Landside Infrastructure \$000s	Equipment \$000s	Motor Vehicles \$000s	Fixtures & Fittings \$000s	Capital Work in Progress \$000s	Total \$000s
Cost or Valuation									
Balance as at 1 July 2020	32,652	47,304	19,592	13,554	518	-	268	807	114,695
Reclassification	-	-	-	21	-	-	42	(63)	-
Additions	-	38	-	6	11	-	33	116	204
Disposals	-	-	-	-	(8)	-	(5)	-	(13)
Balance at 31 December 2020	32,652	47,342	19,592	13,581	521	-	338	860	114,886
Cumulated Depreciation and Impairment Losses									
Balance as at 1 July 2020	-	2,573	1,823	1,862	301	-	86	-	6,645
Depreciation	-	908	479	267	33	-	18	-	1,705
Disposals	-	-	-	-	(6)	-	(5)	-	(10)
Balance at 31 December 2020	-	3,481	2,302	2,128	328	-	100	-	8,336
Net Book Value at 31 December 2020	32,652	43,861	17,291	11,453	194	-	238	860	106,550

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

VALUATION

Residential and commercial land was valued as at 30 June 2021 by Duke & Cooke Limited in accordance with New Zealand equivalent to International Accounting Standards, the Australia and New Zealand Guidance Papers for Valuers and Property Professionals, and International Valuation Standards (fair value \$2,646,000).

Leasehold aerodrome land, upon which the airport is situated, was vested by the Crown to be held in trust by Nelson City Council. Nelson Airport Limited has a renewable 60-year lease over this land at a peppercorn rental. The leasehold interest in airport land was valued as at 30 June 2021 by Duke & Cooke Limited in accordance with New Zealand equivalent to International Accounting Standards, the Australia and New Zealand Guidance Papers for Valuers and Property Professionals, and International Valuation Standards (fair value \$36,020,000).

Buildings, including the new terminal building, were valued as at 30 June 2021 by Duke & Cooke Limited in accordance with New Zealand equivalent to International Accounting Standards, the Australia and New Zealand Guidance Papers for Valuers and Property Professionals, and International Valuation Standards (fair value \$57,127,969).

Airfield infrastructure was valued as at 30 June 2021 by Beca Limited in accordance with New Zealand equivalent to International Accounting Standards, and International Valuation Standards (fair value \$25,091,000).

Landside infrastructure was valued as at 30 June 2021 by Beca Limited in accordance with New Zealand equivalent to International Accounting Standards, and International Valuation Standards (fair value \$16,086,000).

6. TRADE AND OTHER RECEIVABLES

	Dec 2021 \$000s	Jun 2021 \$000s
Trade receivables – contract revenue	627	576
Trade receivables – other revenue	173	182
Accrued debtors	0	0
Prepayments	248	22
	1,049	780

7. CASH AND CASH EQUIVALENTS

	Dec 2021 \$000s	Jun 2021 \$000s
Cash on hand	11	11
Bank Balance	184	30
	195	41

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

8. INCOME TAX

Components of Income Tax Expense

	Dec 2021 6 months \$000s	Dec 2021 6 months \$000s
Current tax expense	260	180
Prior years tax under / (over) provided	-	(24)
Deferred tax expense	119	(3)
	379	152

Relationship between Tax Expense and Accounting Profit

	Dec 2021 6 months \$000s	Dec 2021 6 months \$000s
Operating Profit before Taxation	1,346	629
Prima facie tax @ 28%	377	176
Adjustment for timing and taxation differences	(118)	3
Adjustment for permanent differences	1	0
Prior years tax under / (over) provided	-	(24)
Adjustments for deferred tax	236	93
Adjustments for deferred tax – property, plant and equipment	(117)	(97)
Income Tax Expense	379	152

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

Deferred Tax

	Dec 2021 6 months \$000s	Dec 2021 6 months \$000s
Property, Plant and Equipment		
Opening balance	(13,145)	(5,893)
Charged to profit and loss	117	97
Charged to asset revaluation reserve	(5)	-
Closing balance	(13,033)	(5,796)
Employee Entitlements		
Opening balance	34	31
Charged to profit and loss	4	(9)
Closing balance	38	22
Derivative Financial Liability		
Opening balance	200	453
Charged to profit and loss	(240)	(80)
Closing balance	(39)	(373)
Other Provisions		
Opening balance	2	7
Charged to profit and loss	(1)	(4)
Closing balance	1	3
Total	(13,033)	(5,399)

9. TRADE AND OTHER PAYABLES

	Dec 2021 \$000s	Jun 2021 \$000s
Trade payables	403	476
Trade payables (related parties)	35	21
Dividend payable	-	1,000
Accruals	71	94
GST liability	189	167
Lease income in advance	37	45
	735	1,803

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

10. DERIVATIVE FINANCIAL INSTRUMENTS

	Dec 2021 \$000s	Jun 2021 \$000s
Derivative Financial Liabilities / (Assets)		
Interest rate swaps		
Current portion	86	329
Non-current portion	(227)	387
	(140)	716

Nelson Airport Limited uses derivative instruments to hedge exposure to interest rate risks arising from financing activities. The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion of the derivative classified as non-current.

11. INTEREST BEARING LOANS

	Dec 2021 \$000s	Jun 2021 \$000s
Repayable as follows:		
Less than 1 year	-	-
Between 1 and 5 years	31,860	30,710
	31,860	30,710
Finance Lease Liabilities		
Less than 1 year	10	16
Between 1 and 5 years	0	3
	10	19

Nelson Airport Limited arranged for a line of credit with Westpac to finance the business during, and post, the construction of the recently completed new terminal. This loan is secured by a general security agreement over assets and undertakings of Nelson Airport Limited. The total line of credit with Westpac is \$40 million, to be made available and drawn down when required.

The interest rate applying at balance date to the loan was 2.45%. (2020: 1.95%).

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

12. TRANSACTIONS WITH RELATED PARTIES

TRANSACTIONS WITH SHAREHOLDERS

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

The Company paid rates and maintenance costs to NCC amounting to \$267,662 (2020: \$275,186) and the balance included as owing in trade payables as at 31 December 2021 is \$18,748 (2020: \$17,731).

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

TRANSACTIONS WITH ENTITIES OWNED BY SHAREHOLDERS

Nelmac Limited is a 100% subsidiary of Nelson City Council. Nelson Airport Limited paid grounds maintenance and other fees to Nelmac Limited amounting to \$49,905 (2020: \$89,542) and the balance included as owing in trade payables as at 31 December 2021 was \$16,221 (2020: \$8,078).

TRANSACTIONS WITH ENTITIES RELATED TO KEY MANAGEMENT PERSONNEL

During the period there were no transactions with entities related to key management personnel (2020: \$518).

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

13. DISTRIBUTIONS TO SHAREHOLDERS

No interim dividend has been declared for the period ending 31 December 2021. The final dividend for the 2020/21 financial year of \$1,000,000 was paid to shareholders on 12 July 2021.

14. CONTINGENCIES

There are no material contingent liabilities to record as at 31 December 2021.

15. EVENTS AFTER BALANCE DATE

THE COVID-19 PANDEMIC

At balance date, and to date, the Company has recognised the significant uncertainties around the ongoing COVID-19 pandemic and the impact on air travel demand. All of New Zealand moved from the Orange traffic light setting to Red on 23 January 2022 in response to Omicron community outbreaks. The Company conducted scenario analysis against different COVID-19 recovery stories to ensure the forecast five-year performance supported the company during a significantly worsening and ongoing pandemic. Further the Company devised and implemented cost saving and deferred expenditure initiatives to manage the risk and continues to do so. Notwithstanding the significant impact of COVID-19 on the business the view of the directors is that the business retains strong business fundamentals. The directors are confident that the Company is well paced to continue operating as a going concern pending the ultimate return of more usual levels of trading.

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

FORECAST CHANGE OF OWNERSHIP

During May 2021 Tasman District Council and Nelson City Council resolved to establish a Holding Company, to hold the two Councils' shareholdings in Nelson Airport and Port Nelson. The Holding Company is expected to be established in 2022 and Nelson Airport Ltd and Port Nelson Ltd will be subsidiaries of the new company.

16. CAPITAL COMMITMENTS

Nelson Airport Ltd has \$937,796 worth of contractual commitments for property, plant and equipment as at 31 December 2021 (2020: Nil).

17. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved by the board of directors on 28 February 2022.

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

COMPANY DIRECTORY

Directors

Paul Steere - Chair
Catherine Taylor - Deputy Chair
Matthew Clarke
Matthew McDonald
Quinton Hall

Registered Office

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

Senior Leadership Team

Chief Executive	Mark Thompson
Airfield and Safety	James Middlewick
Commercial	Simon Barr
Corporate Services	Simon Orr
Marketing and Landside Operations	Bryn Lloyd

Auditor

Audit New Zealand on behalf of the Auditor-General

Accountant

Johnston Associates Chartered Accountants

Banker

Westpac Banking Corporation

Lawyer

Ford Sumner Lawyers

6.5 HOLDING COMPANY PROGRESS REPORT NO. 2

Decision Required

Report To:	Joint Shareholders Committee
Meeting Date:	5 April 2022
Report Author:	Mike Drummond, Group Manager - Finance; Nikki Harrison, Group Manager Corporate Services
Report Number:	RJSC22-04-5

1 Purpose of Report

- 1.1 To confirm the name of the Holding Company is “Infrastructure Holdings Limited”.
- 1.2 To recommend to Tasman District Council and Nelson City Council approval of the Infrastructure Holdings Limited Shareholder Agreement and adoption of the Constitution.

2 Draft Resolution

That the Joint Shareholders Committee:

1. receives the report Holding Company Progress Report No. 2, RJSC22-04-5 and its attachments); and'
2. confirms the name of the Holding Company as “Infrastructure Holdings Limited”.

Recommendation to Nelson City Council and Tasman District Council

That the Council:

1. agrees to become shareholders of Infrastructure Holdings Limited; and
2. notes the proposed constitution contained in Attachment 1 which will be adopted by Infrastructure Holdings Limited at its inaugural meeting.
3. agrees to vote its shares in favour of adopting the proposed constitution at the inaugural meeting; and
4. agrees to enter into the Shareholders Agreement between Tasman District Council, Nelson City Council and Infrastructure Holdings Limited in the form attached (Attachment 2); on or before the date of the Council transfer of its shareholding in Nelson Airport Limited and in Port Nelson Limited to Infrastructure Holdings Limited (A2862766); and further authorise the Council’s Chief Executive Officer to execute the agreement subject to making any necessary minor drafting corrections, following approval by the Council’s legal advisors; and

5. **notes that consequential amendments will need to be made to the Port Nelson Limited constitution and Nelson Airport Limited constitution after the transfer of those shareholdings has occurred.**

3 Background and Discussion

- 3.1 The Tasman District Council and the Nelson City Council resolved to form a holding company for their investment in Port Nelson Ltd and Nelson Airport Ltd. This was consulted on and agreed as part of their respective 2021-2031 Long Term Plans. The role of the holding company is primarily as a funding vehicle for the port and airport companies.
- 3.2 At the Joint Shareholders Committee meeting on 15 February 2022 the Committee considered the draft Holding Company Principles and the project timeline and the following resolutions were passed:

That the Joint Shareholders Committee:

1. *Receives the report Holding Company Progress report No 1; and*
2. *Notes the project plan and timelines contained in Attachment 1 to the agenda report; and*
3. *Approves the draft Holding Company Principles as set out in Attachment 2 to the agenda report, subject to the following amendments and feedback*
 - a. *Clarification of the specific objectives and lines of responsibility*
 - b. *In finalising those matters, officers respond to the feedback, including the policies yet to be completed, discussed at the 15 February 2022 meeting*
 - c. *With further analysis of risks and mitigation measures; and*
4. *Approves the initial incorporation of the holding company with an equal and nominal number of shares held by Tasman District Council and Nelson City Council; and*
5. *Approves the recruitment of the holding company independent chair in accordance with the Procedure for Joint Appointment of Directors/ Trustees of Council Controlled Organisations and Council Controlled Trading Organisations; and*
6. *Approves the appointment of the Board Chairs and the Chairs of the respective Audit (Finance) and Risk Committees (or designates), of Port Nelson Ltd and Nelson Airport Ltd to the holding company transitional board for a term of up to 18 months; and*
7. *Notes that given their current board roles Catherine Taylor and Paul Steere will be the initial director appointments from Nelson Airport Ltd and Gerrard Wilson and Paul Zealand the initial director appointments from Port Nelson Ltd to the holding company transitional board; and*
8. *Notes that should the initial appointees to the transitional holding company board cease their current roles on the Nelson Airport Ltd or Port Nelson Ltd board then the director carrying out those roles on the respective boards will replace them on the holding company board; and*
9. *Instructs staff to write to the Office of the Auditor General on behalf of the councils as shareholders, requesting they appoint Ernst & Young as the auditor for all holding company group entity audits; and*
10. *Agrees that Report RJSC22-02-1, its attachments and the decision be made available to the Holding Company Working Group immediately following this meeting; and*
11. *Agrees that Report RJSC22-02-1, Attachments 1,2,3 and the decision, redacted, if necessary, be made publicly available three days after it is made available to the Holding Company working group; and*
12. *Agrees that Attachment 4 remain confidential at this time.*

- 3.3 The feedback provided on the principles document has been discussed by the working group and will, along with other feedback, be incorporated in the drafting of the foundation documents. Two of those documents the Constitution (Attachment 1) and the Shareholders Agreement (Attachment 2) are presented for consideration at this meeting.
- 3.4 Staff on behalf of the councils wrote to the Office of the Auditor General on 1 March 2022. We are currently in discussions with the OAG and a meeting with Amin Khan, Manager, Auditor Appointments – Audit Quality Group at the OAG to discuss this matter was held on 21 March 2022. The meeting provided Mr Khan with information of the structure and function of the holding company. We were advised that the appointment of an auditor for Infrastructure Holdings Limited can only occur after the company has been formally formed and registered.
- 3.5 Negotiations with Westpac to discuss the implementation of the transactional banking aspects of Infrastructure Holdings Limited are underway. There is a long lead time to the finalisation of these arrangements. To progress further the legal entity “Infrastructure Holdings Limited” needs to be formed as soon as possible.
- 3.6 Staff have prepared a RACI (Responsible, Accountable, Consulted, Informed) chart for the reporting and related work streams. This is included in this report as Attachment 3. The chart identifies the work streams and responsibilities post the holding company formation.
- 3.7 Key skills of the Independent Chair were discussed by the Working Group and forwarded to the Joint Shareholder Committee members for feedback. Once this has been considered, a recruitment agency will be engaged to undertake the recruitment.
- 3.8 The Shareholder Agreement between Tasman District Council, Nelson City Council and Infrastructure Holdings Limited has been drafted by Pitt & Moore based on the Principles document and legally reviewed on behalf of the shareholders by DLA Piper.
- 3.9 The constitution of Infrastructure Holdings Limited has been drafted by Pitt & Moore and legally reviewed on behalf of the shareholders by DLA Piper.
- 3.10 The working group and the Boards of the Port and Airport have provided feedback on the documents to ensure the provisions while largely standard are workable as between the parties. There are no matters that need to be brought to the attention of the committee.
- 3.11 There are a couple of points to draw to the attention of the committee:

Shareholder Agreement

- 3.12 The “Business” definition within the Shareholder Agreement “means holding and administering investments in entities in which the Shareholders have a substantial interest for the benefit of the Nelson and Tasman regions and securing funding for and providing funding to the same.” Due diligence obligations for the directors will require them to act as a prudent lender.
- 3.13 The issue of shares / issue price / number of shares (section 3.1) will be inserted after decisions are made at future meetings (see below). The company will be formed initially with 2 shares one issued to each council to provide the necessary legal entity to progress the project. The Shareholder Agreement will be signed on the date of the share transfer – likely to be 4 July 2022 in the next financial year.

Constitution

- 3.14 Flexibility around the Infrastructure Holdings Limited board structure has been provided. The Company will have a minimum number of three Directors and a maximum number of six Directors. The Shareholders (by way of the Joint Shareholders’ Committee, if such

committee exists) shall together be entitled to appoint up to six Directors at any time and may likewise remove and/or replace any of those Directors at any time by notice in writing to the Company.

- 3.15 The Committee's attention is drawn to 5.23 of the constitution which provides for the first right of refusal for the purchase of shares and approval of the other shareholder is required to transfer the shares to a third party. Alternatively, members may consider that the other shareholders approval for such a transfer should not be necessary.

Holding Company Name

- 3.16 Given the specific nature and purpose of the holding company, including lack of public profile, it is recommended that the entity be granted a 'technical name'. Infrastructure Holdings Ltd is the name proposed by the working group.

Future Council and JSC decisions

- 3.17 A number of decisions and resolutions will need to occur to complete the setup and commence operation of the holding company. These are future decisions and matters for the Joint Shareholders Committee and the shareholding councils.
- 3.17.1 Council transfer of shareholding in subsidiaries to Infrastructure Holdings Limited - the Shareholders currently together own Port Nelson Limited and Nelson Airport Limited;
 - 3.17.2 Recommendations to shareholder Councils on the Capital structure including the level of uncalled capital, share valuation and capital release (if any);
 - 3.17.3 recommendations to Councils to approve the Infrastructure Holdings Limited accession to the LGFA's borrowing programme;
 - 3.17.4 Consideration of the Infrastructure Holdings Limited structure and member appointments and remuneration;
 - 3.17.5 A review of the Infrastructure Holdings Limited company Director appointment policy (subsidiaries).

4 Options

4.1 This report requests a number of decisions that are interrelated and are the forerunner of future decisions to give effect to the formation of the holding company (Infrastructure Holdings Limited) for Nelson Airport Ltd and Port Nelson Ltd.

Option 1: Approve the constitution and Shareholder Agreement as proposed with no or minor amendments

<p>Advantages</p>	<ul style="list-style-type: none"> • The proposed documents have been drafted to be largely standard and workable as between the parties • The documents have been legally reviewed for council. • The timeline provides for the company to commence operations from 1 July 2022. • This builds on and supports the work of the cross-party working group. • This provides for the standing up of the company to allow work streams to progress on schedule.
<p>Risks and Disadvantages</p>	<ul style="list-style-type: none"> • The working party position and documents may not align with Council aspirations. If those aspirations are not articulated early then making changes at a later date could be costly or derail the project plan timelines. This would delay the financing benefits from the LGFA funding.

Option 2: Do not approve the constitution and Shareholder Agreement and instruct staff to engage on further rounds of negotiations.

<p>Advantages</p>	<ul style="list-style-type: none"> • If the documents are rejected, then council can articulate further the key principles they want to see embodied in the holding company proposal.
<p>Risks and Disadvantages</p>	<ul style="list-style-type: none"> • Major changes or full renegotiation to the document would take time and incur further costs That approach is also likely to risk the project timeline.

Important considerations for decision making

5.1 Fit with Purpose of Local Government

The Local Government Act 2002 states that the purpose of local government is to enable democratic local decision-making and action by, and on behalf of, communities.

The recommendations are required to give effect to the Holding company formation decision contained within both councils Long Term Plans. Those plans are the result of democratic local decision-making.

5.2 Consistency with Community Outcomes and Council Policy

The recommendations are not inconsistent with either Councils' policy and are necessary to give effect to the previous decisions to form the Holding Company.

This recommendation is consistent with both the Nelson City Council and Tasman District Council Community Outcomes of:

- Our infrastructure is efficient, cost effective and meets current and future and;
- Our region is supported by an innovative and sustainable economy.

5.3 Risk

The decision to form the proposed holding company has been previously consulted on. The strategy of both councils is focused on ensuring the holding company is formed as envisaged and the LGFA funding benefits are captured for the benefit of the port and airport companies and ultimately the Council shareholders.

There is a low risk associated with the recommendations.

The following are the main identified project risks;

- LGFA resourcing and response times. Staff understand that the LGFA is heavily involved in the Three Waters reform.
- The immature nature of the LGFA process. LGFA lending to CCTOs is a new process. Staff understand our proposal is only the third such proposal for the LGFA under the new process. Likewise, although security groupings aren't new for Westpac, working with the LGFA on such a proposal is.

5.4 Financial impact

There are no direct budgetary or financial implications for the councils arising from these decisions. The costs to implement the holding company proposal are being met in the first instance by the Port company. They will in turn recover costs from the holding company. It is currently proposed that the holding company setup, governance and administration costs will be funded via the dividend streams from the subsidiary companies. Costs of borrowing will be passed directly through to the subsidiary companies.

5.5 Degree of significance and level of engagement

This matter is of low to medium significance because it is formalising documentation required to set up the holding company. The proposal to form the holding company was consulted on as part of the 2021-2031 Long Term Plan consultation by both Councils. Following that consultation both councils agreed to the formation of the holding company primarily as a funding vehicle for the port and airport companies. Further engagement with the community is not required. Elected members can rely on their knowledge of the views and preferences of the community when making these decisions.

5.6 Climate Impact

These decisions have no climate impact.

5.7 Inclusion of Māori in the decision making process

No engagement with Māori has been undertaken in preparing this report.

5.8 Delegations

The Joint Shareholders Committee has the following delegations to consider matters relating to jointly owned Council Controlled Organisations. It also has the power to decide or to make a recommendation to the Councils on this matter.

Areas of Responsibility:

- *All matters relating to jointly owned Council Controlled Organisations and Council Controlled Trading Organisations, including statements of intent, statements of corporate intent, half yearly reports, the appointment of directors and setting of directors' fees.*

Powers to Decide:

- *All matters relating to jointly owned Council Controlled Organisations and Council Controlled Trading Organisations, including statements of intent, statements of corporate intent, half yearly reports, the appointment of directors and setting of directors' fees.*

Powers to Recommend:

- *The committee has the power to make a recommendation to both the Tasman District and the Nelson City Council on this matter subject to an equivalent resolution being adopted by the other Council.*

6 Conclusion and Next Steps

- 6.1 Once approved by the JSC, recommendations will go to each council to approve the Infrastructure Holdings Limited constitution and Shareholder Agreement. Both councils must agree to proceed further.
- 6.2 An out of cycle JSC meeting will be convened to approve the ‘financing’ package of resolutions and recommendations (covered in section 3.11) through to each Council in early May 2022.

Attachments

1.	HoldCo Constitution	100
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**Constitution of Infrastructure Holdings
Limited**

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Constitution of Infrastructure Holdings Limited

1. Definitions and interpretation

Definitions

1.1 In this Constitution, unless the context otherwise requires:

Act	means the Companies Act 1993;
Board	means the Directors acting together as the board of directors of the Company;
Company	means Infrastructure Holdings Limited;
Council-Controlled Organisation	has the meaning given to it in section 6 of the Local Government Act 2002;
Council-Controlled Trading Organisation	has the meaning given to it in section 6 of the Local Government Act 2002;
Director	means a person appointed as director of the Company in accordance with the terms of the Act and this Constitution;
Fair Value	means the price determined by the Valuer in accordance with clause 5.16;
Interested Director	has the meaning given in clause 12.13;
Joint Shareholders' Committee	means the committee of that name formed by the local authorities of Nelson City Council and Tasman District Council from time to time and, if such committee ceases to exist under that name at any time, includes any replacement committee by whatever name formed by the local authorities of Nelson City Council and Tasman District Council which performs similar functions relating to, amongst other matters, the appointment and remuneration of directors of entities jointly owned by the local authorities of Nelson City Council and Tasman District Council;
Local Government Acts	means the Local Government Official Information and Meetings Act 1987, the Local Government Act 1974 and the Local Government Act 2002;
Proposal Notice	has the meaning given in clause 11.44;
Share	means any share in the Company;

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Shareholders	means all persons for the time being registered in the Company's share register as the holder of one or more Shares;
Shareholder's Notice	has the meaning given in clause 11.43;
Specified Price	has the meaning given in clause 5.2;
Statement of Intent	means the statement of intent to be completed by the Board from time to time in accordance with clause 64 of the Local Government Act 2002;
Transfer Notice	has the meaning given in clause 5.2;
Transferee	has the meaning given in clause 5.13;
Transferor	means a person who wishes to transfer any legal or beneficial interest in Shares;
Unanimous Resolution	means a resolution that is approved by all of the votes of those Shareholders entitled to vote and voting on the relevant matter;
Valuer	has the meaning given in clause 5.16; and
Working Day	means any day other than a Saturday, Sunday or statutory public holiday on which trading banks in Nelson, New Zealand are open for business. A Working Day is deemed to commence at 9.00 am and terminate at 5.00 pm.

Interpretation

- 1.2 In this Constitution, unless the context otherwise requires:
- (a) A reference to a person includes any other entity or association recognised by law and vice versa.
 - (b) Words referring to the singular include the plural and vice versa.
 - (c) Any reference to a party includes its successors or permitted assigns or both.
 - (d) Where a party is made up of more than one person, the liability of each of those persons is joint and several.
 - (e) Words importing any gender will include all other genders.
 - (f) Clause headings are for reference only.
 - (g) References to clauses and schedules are references to clauses of, and schedules to, this Constitution.
 - (h) Reference to any document includes reference to that document as amended, novated, supplemented, or replaced from time to time.
 - (i) References to money will be New Zealand currency, unless specified otherwise.

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- (j) Expressions referring to **writing** will be construed as including references to words printed, typewritten or otherwise visibly represented, copied or reproduced (including by electronic mail).
- (k) References to statutory provisions will be construed as references to those provisions as amended or re-enacted or as their application is modified by other provisions from time to time.

2. Relationship to Act and Local Government Acts

- 2.1 As at its date of incorporation, the Company is a Council-Controlled Trading Organisation.
- 2.2 The Company must comply with its obligations under the Local Government Acts, including preparing a Statement of Intent.
- 2.3 If there is any conflict:
 - (a) between a provision in this Constitution and a mandatory provision in the Act, then the mandatory provision in the Act prevails;
 - (b) between a provision in this Constitution and a provision in the Local Government Acts, then the provision in the Local Government Acts prevails; and
 - (c) between:
 - (i) a provision in this Constitution and a provision in the Act which is expressly permitted to be altered by this Constitution; and
 - (ii) a word or expression defined or explained in the Act and a word or expression defined or explained in this Constitution,then the provision, word or expression in this Constitution prevails.

3. Issuing Shares

Types of Shares

- 3.1 Subject to this Constitution and the approval of the Shareholders by Unanimous Resolution (other than in the case of the initial issue under clause 3.2), the Board may:
 - (a) issue Shares at any time, to any person and in any number;
 - (b) issue Shares in different classes which have different rights; and
 - (c) divide existing Shares into different classes which have different rights.

Initial Share issue

- 3.2 Once the Company has been registered, it must issue Shares to its Shareholders in accordance with its application for registration.

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Redeemable Shares

- 3.3 The Company may redeem a redeemable Share:
- (a) at the option of the Company; or
 - (b) at the option of the holder of the Share; or
 - (c) on a date specified in this Constitution,
- for a consideration that is:
- (d) specified;
 - (e) to be calculated by reference to a formula; or
 - (f) required to be fixed by a suitably qualified person who is not associated with or interested in the Company.

Share issue

- 3.4 The Board may only issue Shares which rank equally with, or in priority to, existing Shares (whether as to voting rights or distributions) if:
- (a) all affected interest groups (if any) have unanimously approved the issue;
 - (b) the issue is made in accordance with the pre-emptive rights (on issue) provisions in clauses 3.6 to 3.9; or
 - (c) all entitled persons have agreed to the proposed Share issue.

Consideration for Share issues

- 3.5 The consideration for which a Share is issued may take any form.

Pre-emptive rights on issue

- 3.6 For the purposes of clause 3.4(b), new Shares issued by the Company must be offered in a manner and on terms that would, if accepted, maintain the existing voting and distribution rights, or both, of existing Shareholders as follows:
- (a) first, to the holders of the same class of Shares;
 - (b) secondly, to the holders of other classes of Shares (if any); and
 - (c) thirdly, to any person or persons whom the Board is prepared to register as a holder or holders of that class of Share with the consent of the existing Shareholders by Unanimous Resolution.
- 3.7 An offer to existing Shareholders under clause 3.6(a) or 3.6(b) must:
- (a) be pro rata according to the number of Shares held by each Shareholder;
 - (b) state the period (at least 20 Working Days) at the end of which the offer, if not accepted, will be deemed to be declined;

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- (c) state that any Shareholder who wishes to acquire Shares in excess of his or her entitlement must, when replying to the Board, state the number of excess Shares the Shareholder wishes to acquire; and
 - (d) state the consideration and other terms of issue of the Shares.
- 3.8 Shareholders of the same class of Share may purchase additional Shares to the extent that Shareholders of that class do not accept the offer in full in accordance with clause 3.7(c). Competing applications for additional Shares must be allocated pro rata according to the number of Shares held by the applicants.
- 3.9 Except as provided in this Constitution and the Act, the procedure for the offer, acceptance and issue of Shares will be determined by the Board. No irregularity in the process will affect the allocation and issue of Shares.

4. **Calls on Shares**

- 4.1 The Board may make calls on any Shareholder in respect of any money unpaid on their Shares and not previously made payable at a fixed time. Shareholders must comply with the terms of any call made by the Board. A call may be revoked or postponed by the Board.
- 4.2 Notice and particulars of any call must be given to the person who holds the relevant Share. The Company is not required to give notice and particulars of a call to a subsequent holder of the Share.
- 4.3 Joint holders of a Share are jointly and severally liable to pay all calls in respect of it.
- 4.4 The holder of the Share when the call is due for payment is liable for payment of the call.
- 4.5 Money payable in accordance with the terms of issue of a Share will be deemed to be a call made and payable in accordance with the terms of issue.
- 4.6 A person who fails to pay a call on the due date must pay:
- (a) interest on that money from the day payment was due to the day of actual payment at a rate fixed by the Board; and
 - (b) all expenses which the Company has incurred or may incur because of non-payment.

The Board may waive payment of all or part of that interest or those expenses.

5. **Pre-emptive rights on transfer**

- 5.1 No Shares may be sold or transferred by the Board, or by any Shareholder or liquidator, without Unanimous Resolution and until the following rights of pre-emption have been exhausted.

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Transfer notice

- 5.2 Every Transferor must give a transfer notice (**Transfer Notice**) to the Board, specifying:
- (a) the Shares the Transferor proposes to transfer; and
 - (b) the price for which the Transferor wants to transfer the Shares (**Specified Price**). If there is no Specified Price, the price will be Fair Value.
- 5.3 The Transfer Notice can only be withdrawn as provided in this clause.
- 5.4 If the Transferor is offering more than one Share, it will give one Transfer Notice in respect of all offered Shares. The Transferor is not obliged to sell or transfer only some of the Shares specified in the Transfer Notice, except where clause 5.27 applies.

Offer of Shares

- 5.5 The Board will be the Transferor's agent for the sale of the Shares.
- 5.6 The Shares specified in a Transfer Notice must be offered for sale by the Board in the following order:
- (a) to the Company; then
 - (b) to the holders of the same class of Shares (other than the Transferor); then
 - (c) to the holders of other classes of Shares (if any); and finally
 - (d) to any other person whom the Board is prepared to register as a Shareholder with the unanimous approval of the existing Shareholders (other than the Transferor).
- 5.7 An offer to the other Shareholders must:
- (a) be in writing;
 - (b) be pro rata according to the number of relevant Shares held by them;
 - (c) state the number and class of Share on offer;
 - (d) state the price payable. Where clause 5.27 applies, the Fair Value must be determined before the Board makes an offer to Shareholders;
 - (e) the period for acceptance of the offer, which must be at least 20 Working Days from the date of the offer being sent to holders of Shares (**Acceptance Period**);
 - (f) specify that, if the offer is not accepted by notice in writing to the Board within the Acceptance Period, it is deemed to be declined; and
 - (g) notify the Shareholders that if they wish to purchase Shares in addition to their proportional entitlement, the number of additional Shares must be specified in the written acceptance.
- 5.8 Shareholders of the same class of Shares may purchase additional Shares to the extent that the other Shareholders of that class do not accept the offer in full.

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Competing applications for additional Shares must be allocated pro rata according to the number of relevant Shares held by the Shareholders.

Acceptance of offer

- 5.9 If a Shareholder wishes to accept an offer of Shares, they must give an acceptance notice (**Acceptance Notice**) to the Board that:
- (a) must be in writing;
 - (b) may relate to all or only part of the Shares offered for sale;
 - (c) may state the number of additional Shares to be purchased from declined offers (if any); and
 - (d) may be for purchase of the Shares at the Specified Price or at their Fair Value.
- 5.10 An offer that has not been accepted in the time or in the manner set out in the preceding clauses will be deemed to have been declined.

Allocation of Shares

- 5.11 Following expiry of the Acceptance Period, the Board will allocate the Shares offered for sale according to Acceptance Notices received. This allocation will include the allocation of additional Shares from declined offers.
- 5.12 If the acceptances received are for fewer than the number of Shares specified in the Transfer Notice, the Board will give the Transferor written notice of the provisional allocation. Except where clause 5.27 applies, the Transferor will then have five Working Days from receipt of that notice to give notice in writing to the Board electing to withdraw the Transfer Notice in accordance with clause 5.17.
- 5.13 If:
- (a) Acceptance Notices have been received for all of the Shares specified in the Transfer Notice; or
 - (b) the Transferor does not validly withdraw the Transfer Notice,
- the Board must give notice in writing of the Share allocation to all persons who have been allocated Shares (each, a **Transferee**) within 10 Working Days of the expiry of the Acceptance Period.
- 5.14 If any Acceptance Notices are received at Fair Value, then the Board will give notice of allocation within 20 Working Days of the expiry of the period set out in clause 5.17(c), unless the Transferor waives their right to withdraw in respect of any or all acceptances pursuant to clause 5.17.

Other procedure

- 5.15 Except as provided in this clause, the procedure for the offer, acceptance and allocation of Shares may be decided by the Board. Any irregularity in the process will not affect the validity of the allocation and sale of Shares.

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Determination of Fair Value

- 5.16 If any Shareholder accepts an offer for sale of Shares at their Fair Value:
- (a) The Board and the Transferor will appoint a suitably qualified independent accountant (**Valuer**) to calculate the Fair Value of the Shares.
 - (b) If those parties cannot agree on the Valuer within five Working Days of the expiry of the Acceptance Period, the Valuer will be appointed by the President of the New Zealand Law Society or the President's nominee.
 - (c) The Valuer must set the procedure and a timetable for calculating the Fair Value and the parties must comply with that procedure and timetable.
 - (d) The Valuer must give the parties a written certificate of the Fair Value of the Shares.
 - (e) Fair Value means the price, which in the Valuer's opinion, would be paid for the Shares by a willing Transferee from a willing Transferor where the Transferor and the Transferee have comparable knowledge and bargaining power as at the date that the Transfer Notice is given. The Valuer must take into account:
 - (i) all the assets and liabilities (including contingent liabilities) of the Company;
 - (ii) the provisions of the Constitution;
 - (iii) the amount of any bona fide offer for the purchase of the Shares received by the Transferor; and
 - (iv) anything else the Valuer considers relevant.
 - (f) The Valuer will be deemed to be acting as an expert and not as an arbitrator.
 - (g) The Board must co-operate with the Valuer and give the Valuer all information that it reasonably requires.
 - (h) The Valuer must give the Transferor and the Transferees a reasonable opportunity to make submissions in relation to the Fair Value before releasing a decision.
 - (i) The Valuer may estimate the Fair Value if, in the Valuer's opinion, the likely value of all Shares for which a Fair Value must be fixed does not justify the expense of a full valuation.
 - (j) The Valuer's costs must be paid:
 - (i) by the Transferor if the Specified Price is more than 10% in excess of the Fair Value;
 - (ii) by the Company, if subclause 5.16(j)(i) does not apply and the Transferee is an existing Shareholder; and

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- (iii) otherwise by the Transferee and if there is more than one Transferee then by each of them in proportion to the value of the Shares they have each agreed to buy.
- (k) The Valuer must not commence the valuation until:
 - (i) all Shares offered for sale have been accepted for purchase; or
 - (ii) the Transferor gives the Company written notice of its intention to proceed with any of the acceptances at Fair Value already received; or
 - (iii) the period for the Transferor to withdraw its Transfer Notice has expired in accordance with clause 5.12.
- (l) The Valuer's decision will be final except in the case of obvious error.

Right to withdraw

- 5.17 Unless clause 5.22 applies, the Transferor may withdraw the Transfer Notice in respect of all or any Shares offered for sale if:
- (a) any Share remains unallocated three months after issue of the Transfer Notice; or
 - (b) any of the Shares offered for sale have been accepted at Fair Value; and
 - (c) the Fair Value is less than the Specified Price and the Transferor gives written notice of withdrawal to the Board within 20 Working Days of the Transferor receiving the certificate of Fair Value. If revocation occurs under this subclause, the Transferor will bear all costs of fixing the Fair Value under this clause.

Settlement

- 5.18 The sale of the Shares in the Transfer Notice must be settled 20 Working Days after:
- (a) notice of allocation (clause 5.13) if all the Shares offered for sale have been accepted at the Specified Price; or
 - (b) the Valuer gives the certificate of Fair Value if any of the Shares offered for sale have been accepted at Fair Value.
- 5.19 Transferees who have accepted the offer for sale at the Specified Price must pay that price.
- 5.20 Transferees who have accepted the offer for sale at Fair Value must pay Fair Value.
- 5.21 The Transferor must transfer the relevant number of Shares to each Transferee on settlement.
- 5.22 If the Transferor accepts payment for any Shares, the Transferor may not withdraw the Transfer Notice in respect of those Shares.

Sale to third parties

- 5.23 Any Shares which remain unallocated three months after the Board has received a Transfer Notice may be sold or offered for sale by the Transferor at any time within

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the following six months to any person approved (acting reasonably) by the existing Shareholders (other than the Transferor) on terms which are not more favourable to that person than those in the Transfer Notice. But in any other circumstance, the Transferor must give another Transfer Notice if it wishes to sell.

- 5.24 The Board will determine whether the terms referred to in clause 5.23 are more favourable and the Board's decision will be final.
- 5.25 Clause 5.23 does not apply to any Shares for which the Transfer Notice has been withdrawn.
- 5.26 The above right to sell will at all times be subject to the ability of the Board to refuse to register a Share transfer pursuant to any power which it might have under the Act or the provisions of any other document.

Deemed transfer

- 5.27 If a Shareholder is bound to do so, but fails to give a Transfer Notice:
- (a) The Board may give a Transfer Notice on behalf of that Shareholder. The Transfer Notice may not be withdrawn without the Board's consent. The Specified Price will be the Fair Value of the Shares.
 - (b) If the Transferor is bound by the previous subclause, but fails to transfer the Shares on the settlement date then the Company may receive the sale price and enter the Transferee's name in the Share register as the Shareholder. The sale price must be held in trust for the Transferor subject to any lien in favour of the Company.
 - (c) The Board's receipt will be a good discharge for the sale price and after the Shares are registered in the names of the Transferees, the validity of the proceedings may not be questioned by any person.

Exceptions

- 5.28 The provisions of this Constitution relating to pre-emptive rights do not apply to a transfer of Shares:
- (a) to any successor of the Tasman District Council or the Nelson City Council that is a local authority under the Local Government Acts; or
 - (b) to any Council-Controlled Organisation wholly-owned by one or more local authorities; or
 - (c) if all the Shareholders consent by way of Unanimous Resolution.

6. Registration of Share transfers

- 6.1 The Board must refuse registration of any transfer of any Share if:
- (a) the transfer would result in a breach of the law or this Constitution; or
 - (b) the transferee is a person without legal capacity to contract; or

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- (c) any applicable pre-emptive rights provisions have not been complied with; or
- (d) the Board has notice of an agreement between Shareholders relating to the transfer of the Share which has not been complied with.

6.2 The Board may refuse or delay the registration of any Share transfer if:

- (a) any money payable on that Share is due for payment and has not been paid; or
- (b) the Company has an unsatisfied lien on that Share or the proceeds of sale of that Share; or
- (c) the transfer has not been properly executed; or
- (d) the transfer is not accompanied by proof (reasonably required by the Directors) of the right of the Transferor to make the transfer; or
- (e) the transferee is, or is directly or indirectly associated with, a competitor of the Company; or
- (f) in the opinion of the Board, the transferee is unlikely to meet the financial or other obligations of the Shareholder; or
- (g) the Directors acting in good faith decide that registration of the transfer would not be in the best interests of the Company; or
- (h) the transfer document is not in any usual or common form or otherwise in a form prescribed by the Board from time to time (if any),

but the Board must comply with section 84 of the Act.

7. **Suspension of right to distributions, lien and forfeiture**

Suspension of distributions

- 7.1 If a Shareholder has defaulted in paying any money due to the Company, the Board may suspend payment of any distribution to that Shareholder until the default is remedied.
- 7.2 The Company may apply any suspended payment in full or part satisfaction of the money due by the Shareholder to the Company.
- 7.3 A Shareholder's liability for all money owing under a call is not extinguished by a transfer of the Share in respect of which the money is owed.
- 7.4 When the total distributions withheld and applied under clause 7.2 equal the amount due by the Shareholder, any suspension of the rights will end.

Lien

- 7.5 The Company has a first lien on the proceeds of sale and all distributions declared in respect of every Share registered in the name of a Shareholder (whether solely or jointly with others), for:
 - (a) all money payable in respect of Shares held by the Shareholder; and

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- (b) all other money payable by the Shareholder to the Company; and
- (c) any money the Company may be required to pay under any statute or regulation in respect of the Shareholder's Shares,

whether or not the time for the payment has arrived.

7.6 The Company may sell any Share on which the Company has a lien. The Company may not make such a sale:

- (a) unless money in respect of which the lien exists is due for payment; and
- (b) until it has given notice to the registered Shareholder, or the person entitled to the Share, requiring payment of the money in respect of which the lien exists within 20 Working Days of the notice.

7.7 A certificate signed by a Director stating that the power of sale in clause 7.6 has arisen and is exercisable by the Company is conclusive evidence of the facts stated in the certificate.

7.8 The Board may authorise any person to complete a transfer of Shares to a purchaser to give effect to any sale exercising a lien.

7.9 In respect of a sale exercising a lien under this clause:

- (a) clause 5 will apply with the following modifications:
 - (i) the Board will be deemed to have received a Transfer Notice when it resolves to exercise its lien; and
 - (ii) the Board may fix the Specified Price;
- (b) the proceeds of sale must be applied first in satisfying any sale costs and second in paying any money owed in respect of the lien. Any balance must be paid to the former Shareholder;
- (c) a Shareholder whose Shares have been sold will cease to be a Shareholder in respect of those Shares, but will remain liable to pay the Company all money which, at the time of the sale, was payable by the Shareholder to the Company but which was not realised and repaid to the Company as a result of the sale;
- (d) the Company must register the purchaser as holder of the Shares that are transferred;
- (e) the purchaser's title to the Shares is not affected by any irregularity or invalidity in the sale;
- (f) the remedy of any person aggrieved by the sale is in damages only and against the Company exclusively; and
- (g) if the certificate for the Shares is not delivered to the Company, the Board may issue a new certificate distinguishing it as the Board thinks fit from the certificate not delivered.

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8. Distributions to Shareholders

- 8.1 The Board may authorise a distribution by the Company to Shareholders in accordance with the Act and this Constitution.
- 8.2 All dividends on Shares not fully paid up must be authorised by the Board and paid in proportion to the amount paid up. This provision is subject to the terms of issue of any Shares with special rights to dividends.
- 8.3 Any money payable in cash in respect of Shares will be paid electronically.
- 8.4 Any one of two or more joint holders may give good receipts for any money payable in respect of their Shares.
- 8.5 No interest is payable by the Company on any dividend.
- 8.6 All dividends unclaimed for one year after being authorised may be used by the Board for the benefit of the Company until claimed.
- 8.7 All dividends unclaimed for five years after being authorised may be forfeited by the Board for the benefit of the Company.
- 8.8 The Board may annul any forfeiture and agree to pay a claimant who produces evidence to the Board's satisfaction of entitlement to forfeited dividends.

9. Company acquiring its own Shares

- 9.1 The Company may purchase or otherwise acquire its own Shares. Subject to clause 9.2, these Shares will be deemed to be cancelled immediately on acquisition.
- 9.2 The Company may hold its own Shares uncanceled but only in accordance with sections 67A, 67B and 67C of the Act.
- 9.3 Any Shares reissued by the Company must be treated as the issue of new Shares.
- 9.4 The Company must comply with the Act when it purchases or acquires Shares issued by it.

10. Assistance by Company for Share purchase

The Company may directly or indirectly give financial assistance to a person for the purpose of the purchase of a Share issued or to be issued by the Company.

11. Shareholders' meetings**Annual and special meetings**

- 11.1 The Board must, in accordance with section 120 of the Act, call an annual meeting of Shareholders to be held no later than six months after the balance date of the Company.

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- 11.2 Subsequent annual meetings must be held within 15 months of the previous annual meeting.
- 11.3 A special meeting of Shareholders entitled to vote on an issue:
- (a) may be called at any time by the Board; and
 - (b) must be called by the Board on the written request of Shareholders holding Shares carrying together at least 5% of the voting rights entitled to be exercised on the issue.
- 11.4 The provisions of Schedule 1 of the Act, as modified by this Constitution will govern proceedings at meetings of Shareholders.

Resolutions in lieu of meeting

- 11.5 A written resolution, signed by all of the Shareholders who would be entitled to vote on that resolution at a meeting of Shareholders and who together hold all of the votes entitled to be cast on that resolution, is as valid as if it had been passed at a meeting of those Shareholders.
- 11.6 A written resolution may consist of several documents (including electronic mail or other similar means of communication) in like form each signed or assented to by one or more Shareholders.

Chairperson

- 11.7 If the Directors have elected a chairperson of the Board, who is present at the meeting, that person must chair the meeting.
- 11.8 If there is no chairperson of the Board, or if the chairperson is not present at the meeting within 15 minutes of the start time, the Directors present may elect a chairperson for that meeting.
- 11.9 If a chairperson is not elected as above the Shareholders present may elect a chairperson for that meeting.

Notice of meetings

- 11.10 Every Shareholder entitled to receive notice of the meeting and every Director must be sent written notice of the time and place of each annual or special meeting.
- 11.11 The notice must be sent at least 20 Working Days before the meeting.
- 11.12 The notice must state:
- (a) the nature of the business to be discussed at the meeting in sufficient detail to enable a Shareholder to form a reasoned judgment in relation to it;
 - (b) the text of any Unanimous Resolution to be put to the meeting; and
 - (c) whether postal votes are authorised
- 11.13 If a meeting is adjourned for 20 Working Days or more, notice of the adjourned meeting must be given as in the case of an original meeting. It is not otherwise necessary to give any new notice for an adjourned meeting.

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11.14 The accidental omission to give a notice of a meeting to, or the non-receipt of a notice of a meeting by, any person entitled to receive notice does not invalidate the proceedings at that meeting.

11.15 An irregularity in a notice of a meeting is waived if:

- (a) all the Shareholders entitled to attend and vote at the meeting attend the meeting without protest as to the irregularity; or
- (b) if all those Shareholders agree to the waiver.

Methods of holding meetings

11.16 A meeting of Shareholders may be held either:

- (a) at the place, date, and time appointed for the meeting; or
- (b) by means of audio, or audio and visual, communication. The Shareholders participating must all be able to simultaneously hear each other throughout the meeting.

Quorum

11.17 No business may be transacted at a meeting of Shareholders unless a quorum is present.

11.18 A quorum for a meeting of Shareholders is present if there is, in person, by proxy or by authorised representative, a representative of every Shareholder.

11.19 If a quorum is not present within the 30 minutes after the start time for the meeting:

- (a) if the meeting is called under section 121(b) of the Act, the meeting is dissolved;
- (b) for any other meeting, the meeting is adjourned to:
 - (i) the same day in the following week at the same time and place, or
 - (ii) a date, time and place to be fixed by the Directors.

If a quorum is not present for the adjourned meeting within 30 minutes after the start time the Shareholders (or their proxies) present are a quorum.

Adjournments

11.20 The chairperson may adjourn the meeting from time to time and from place to place. It must adjourn if directed to do so by the meeting.

11.21 No business can be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

Voting

11.22 Unless a poll is demanded, voting at meetings will be by:

- (a) voting by voice; or
- (b) voting by show of hands.

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The chairperson of the meeting will decide which method is used.

- 11.23 A declaration by the chairperson of the meeting that a resolution is carried by the necessary majority is conclusive evidence of that fact unless a poll is demanded.
- 11.24 Subject to any rights or restrictions attached to any class of Shares, every Shareholder present in person or by proxy and voting by voice or on a show of hands has one vote.
- 11.25 At a meeting of Shareholders a poll may be demanded by:
- (a) a Shareholder or Shareholders representing at least 10% of the total voting rights of all Shareholders having the right to vote at the meeting; or
 - (b) by a Shareholder or Shareholders holding Shares in the Company that confer a right to vote at the meeting and on which the aggregate amount paid up is at least 10% of the total amount paid up on all Shares that confer that right; or
 - (c) the chairperson of the meeting,
- either before or after the vote is taken on a resolution.
- 11.26 If a poll is demanded, votes must be counted according to the votes attached to the Shares of each Shareholder present in person or by proxy and voting.
- 11.27 The chairperson of the meeting is not entitled to a second or casting vote.
- 11.28 The chairperson may demand a poll on a resolution, either before or after a vote on the resolution, by voice or on show of hands.
- 11.29 The demand for a poll may be withdrawn.
- 11.30 Except as provided in clause 11.31, if a poll is demanded it must be taken in the manner directed by the chairperson. The result of the poll will be deemed to be the resolution of the meeting at which the poll was demanded.
- 11.31 A poll demanded on the election of a chairperson or on a question of adjournment must be taken immediately. A poll demanded on any other question may be taken at a time and place fixed by the chairperson. Any other business may be proceeded with pending the taking of the poll.

Proxies

- 11.32 A Shareholder may exercise the right to vote either by being present in person or by proxy.
- 11.33 Subject to the following clauses, a proxy for a Shareholder may attend and be heard at a meeting of Shareholders as if the proxy were the Shareholder.
- 11.34 A proxy must be appointed by written notice signed by the Shareholder in the form attached as schedule 1. The notice must state whether the appointment is for a particular meeting or a specified period.

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- 11.35 A proxy will not be valid at a meeting of Shareholders unless it is produced to the registered office of the Company (or any other address nominated by the Board) at least 48 hours before the start time for the meeting.
- 11.36 The Board or chairperson of the Board may require satisfactory evidence of authority if the proxy is signed on behalf of the Shareholder making the appointment.
- 11.37 The Board must promptly make proxy forms available to any Shareholder who requests them.
- 11.38 The cancellation of the appointment of a proxy or transfer of relevant Shares by a Shareholder will all revoke any previous appointment of a proxy by that Shareholder.

Postal votes

- 11.39 Shareholders may not cast a postal vote at a Shareholders meeting unless the Board has previously authorised postal votes for that meeting.
- 11.40 Postal voting must be carried out in accordance with clause 7 of Schedule 1 of the Act.

Minutes

- 11.41 The Board must ensure that minutes are kept of all proceedings at meetings of Shareholders.
- 11.42 Minutes which have been signed correctly by the chairperson of the meeting are prima facie evidence of the proceedings.

Shareholders' proposals

- 11.43 A Shareholder may give written notice (**Shareholder's Notice**) to the Board of a matter the Shareholder proposes to raise for discussion or resolution at the next meeting of Shareholders at which the Shareholder is entitled to vote.
- 11.44 If the Shareholder's Notice is received by the Board:
- (a) at least five Working Days before the last day on which notice of the relevant meeting of Shareholders is required to be given by the Board, the Board must give notice of the Shareholder's proposal and the text of any proposed resolution (**Proposal Notice**) to all Shareholders entitled to receive notice of the meeting;
 - (b) less than five Working Days before that last day, the Board must give the Proposal Notice to Shareholders if it is practicable to do so.
- 11.45 The Shareholder must pay the costs of the Proposal Notice unless the Shareholder's Notice is received by the Board at least 20 Working Days before the notice date. In that case the Company must pay the cost.
- 11.46 The Directors must give the proposing Shareholder the right to include a statement in support of the proposal with the Proposal Notice. The name and address of the proposing Shareholder must be included with the statement.
- 11.47 The board is not required to include with the Proposal Notice:

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- (a) any part of a statement prepared by a Shareholder that the Directors consider to be defamatory, frivolous, or vexatious; or
- (b) any part of a proposal or resolution prepared by a Shareholder that the Directors consider to be defamatory.

11.48 If the proposing Shareholder must pay the costs of giving the Proposal Notice, the proposing Shareholder must deposit with the Company or tender to the Company a sum sufficient to meet those costs when giving the Shareholder's Notice.

Corporations may act by representatives

11.49 A body corporate that is a Shareholder may appoint a representative to attend a meeting of Shareholders on its behalf in the same manner it could appoint a proxy.

Votes of joint holders

11.50 Where two or more persons are registered as the holder of a Share, the vote of the person named first in the Share register and voting on a matter must be accepted to the exclusion of the votes of the other joint holders.

Loss of voting rights if calls unpaid

11.51 Subject to this Constitution, if a sum due to a Company in respect of a Share has not been paid, that Share may not be voted at a Shareholder's meeting other than a meeting of an interest group.

Local authorities as shareholders

11.52 Each Shareholder that is a local authority may by resolution of its relevant council or other appropriate governing body authorise such person as it thinks fit to act as its representative at any Shareholders' meeting of the Company, or of any class of Shareholders, or at all such meetings until notice of revocation of such authority has been given to the Company. Any such person so authorised is entitled to exercise the same powers on behalf of the relevant Shareholder which he or she represents as that Shareholder could exercise if it were an individual person.

Other proceedings

11.53 Except as provided in this Constitution, a meeting of Shareholders may regulate its own procedure.

12. Directors

12.1 The Company will have a minimum number of three Directors and a maximum number of six Directors, provided that any Directors appointed in accordance with clause 12.5 will not be taken into account when determining whether such minimum or maximum has been exceeded.

Appointment and removal

12.2 The Shareholders (by way of the Joint Shareholders' Committee, if such committee exists) shall together be entitled to appoint up to six Directors at any time and may

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likewise remove and/or replace any of those Directors at any time by notice in writing to the Company.

- 12.3 A notice given under clauses 12.2 takes effect upon receipt of it at the registered office of the Company (including receipt by way of letter, electronic mail, or other similar means of communication) unless the notice specifies a later time at which the notice will take effect (in which case it takes effect at such later time so specified).
- 12.4 A Director holds office until his or her resignation, retirement, disqualification or removal in accordance with this Constitution.

Temporary vacancy

- 12.5 In addition to the appointment or removal of directors under clause 12.2, the Board may:
- (a) appoint any person to be a Director to fill a temporary vacancy in (and only in) circumstances where the number of Directors falls below the minimum number set out in clause 12.1 and with written approval of the Shareholders by Unanimous Resolution; and/or
 - (b) at any time during the three month period prior to the Company's next annual general meeting (but not otherwise) appoint up to two persons to be Directors.
- 12.6 Subject to their earlier resignation, retirement, disqualification or removal in accordance with this Constitution, any Director appointed under clause 12.5 will cease to hold office at the commencement of the next annual meeting of the Company or at the next special meeting of the Company, whichever is earlier.
- 12.7 Subject to the Act and this Constitution, any Director appointed under clause 12.5 will be eligible for re-appointment as a Director.

Rotation

- 12.8 Subject to clause 12.10, at the annual meeting of the Company in each year, one third of the Directors for the time being, or if their number is not a multiple of three then the number nearest to one third, must retire from office. A retiring Director will hold office until the dissolution or adjournment of the annual meeting. A retiring Director is eligible for re-appointment unless he or she is disqualified under this Constitution.
- 12.9 Subject to clause 12.10, the Directors to retire at an annual meeting will be those Directors who have been longest in office since their last appointment. As between persons who became Directors on the same day, those who retire will, unless they otherwise agree among themselves, be determined by lot.
- 12.10 The Shareholders (by way of the Joint Shareholders' Committee, if such committee exists) may, by way of a notice in writing to the Company, jointly direct that the retirement procedure set out in clauses 12.8 and 12.9 be varied in respect of one or more annual meetings (for example, by directing that a particular Director will not be required to retire by rotation at a particular annual meeting) and such notice is

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effective and binding upon the Company and its Directors notwithstanding clauses 12.8 and 12.9.

Disqualification of Directors

- 12.11 A person will be disqualified from holding the office of Director if he or she:
- (a) is or becomes disqualified from being a director under any provision of the Act; or
 - (b) dies; or
 - (c) becomes a protected person under the Protection of Personal and Property Rights Act 1988; or
 - (d) is or becomes an undischarged bankrupt; or
 - (e) becomes an employee or elected member of any Shareholder which is a local authority.

Proceedings of the Board

- 12.12 Proceedings at meetings of Directors are governed by the Act, as modified by this Constitution.

Self-interested transactions

- 12.13 A Director (**Interested Director**) is interested in a transaction if section 139 of the Act applies. After becoming aware that they may be interested, an Interested Director must disclose the particulars of their interest to the Board and enter the particulars in the Interests Register of the Company as required by the Act.

Best interests

- 12.14 In accordance with section 131(1) of the Act, a Director must act in good faith and in a manner which that Director believes to be in the best interests of the Company.

Authority to bind Company

- 12.15 The Board may authorise any person or class of persons to enter into a contract on behalf of the Company. However, it may not do so where the contract must be signed as a deed if entered by a natural person.

Indemnity and insurance of directors and employees

- 12.16 The Company may indemnify and effect insurance in accordance with any part or all of section 162 of the Act.
- 12.17 The Board must immediately enter in the interests register the particulars of any indemnity given to, or insurance taken out for, any Director, former director, employee, or former employee of the Company or any related company.
- 12.18 The Board may impose any condition in relation to any indemnity or insurance if the condition does not contravene the Act.

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Remuneration of Directors

- 12.19 The remuneration payable to the Directors in their capacities as directors will be the sum so determined by the Shareholders (by way of the Joint Shareholders' Committee, if such committee exists) from time to time or such lesser sum as the Directors from time to time determine.

Chairperson

- 12.20 The Directors shall elect one of their number as chairperson of the Board.
- 12.21 A Director who abstains from voting is not presumed to have voted in favour of the relevant resolution of the Board.
- 12.22 The person elected as chairperson holds that office until they die or resign or the Directors elect a chairperson in their place.
- 12.23 If no chairperson is elected, or if at a meeting of the Board the chairperson is not present within five minutes after the start time, the Directors present may choose one of their number to be chairperson of the meeting.

Notice of meeting

- 12.24 A Director or, if requested by a Director to do so, an employee of the Company may convene a meeting of the Board by giving notice in accordance with this clause.
- 12.25 At least two Working Days' notice of a meeting of the Board must be given to every Director who is in New Zealand. The notice must include the date, time, method and place of the meeting and the matters to be discussed.
- 12.26 An irregularity in the notice of the meeting is waived if all Directors attend the meeting without protest as to the irregularity or if all Directors entitled to receive notice of the meeting agree to the waiver.
- 12.27 Notice of a meeting may be given by any means, including by email or telephone. Notice given by a letter addressed to a Director at his or her last known residential address in New Zealand will be deemed to have been given on the next day after the letter is posted.

Method of holding meetings

- 12.28 A meeting of the Board may be held either:
- (a) by a quorum of Directors gathered together at the place, date and time appointed for the meeting; or
 - (b) by means of audio, or audio and visual communication. The Directors participating must constitute a quorum and must all be able to simultaneously hear each other throughout the meeting.

Quorum

- 12.29 A quorum for a meeting of Directors is a majority of the Directors.
- 12.30 No business may be transacted at a meeting of Directors unless a quorum is present.

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Voting

- 12.31 Every Director has one vote.
- 12.32 The chairperson will not have a casting vote.
- 12.33 A resolution of the Board is passed if a majority of the votes cast on it are in favour of it.
- 12.34 Subject to clause 12.13, a Director may vote in respect of any transaction in which they are an Interested Director. If the Director does so, the Director's vote will be counted and the Director will be counted in the quorum present at the meeting.

Minutes

- 12.35 The Board must ensure minutes are kept of all proceedings at meetings of the Board.

Resolutions

- 12.36 A resolution in writing, signed or assented to by all Directors then entitled to receive notice of a Board meeting, is as valid and effective as if it had been passed at a meeting of the Board duly convened and held.
- 12.37 A resolution may consist of several documents (including electronic mail or other similar means of communication) in like form each signed or assented to by one or more Directors.
- 12.38 A copy of all resolutions must be entered in the minute book of Board proceedings.

No notice to Directors outside New Zealand

- 12.39 It is not necessary to give notice of a meeting of the Board to any Director temporarily absent from New Zealand.

Major transactions

- 12.40 The Board may not procure or permit the Company to enter into a “major transaction” (as defined in the Act) unless the transaction is approved by Unanimous Resolution or made contingent on approval by Unanimous Resolution.

Other proceedings

- 12.41 Except as provided in this Constitution or any other legislation regulating the Company, the Board may regulate its own procedure.

13. In specie distribution on liquidation

- 13.1 Subject to the terms of issue of any Shares, if the Company is liquidated any assets remaining after payment of the debts and liabilities of the Company, and the costs of liquidation, must be distributed among each Shareholder in proportion to the total amount paid up on all their Shares.
- 13.2 If the Shareholders agree by Unanimous Resolution, a liquidator may:
- (a) divide any part of the Company's assets between the Shareholders in kind;

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- (b) fix the value of the assets divided;
- (c) decide how the division will be carried out between Shareholders and/or different classes of Shareholders;
- (d) vest any part of the assets in trustees to hold on trust for the Shareholders on terms fixed by the liquidator.

13.3 Different Shareholders may receive different assets.

13.4 No Shareholder is obliged to accept any asset which is subject to any liability including any contingent liability.

14. **Audit**

The Company shall be audited, and the auditor of the Company shall be the Auditor General, in accordance with the Local Government Act 2002.

15. **Amendment**

This constitution may only be amended by way of a Unanimous Resolution.

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Schedule 1 – Form of appointment of proxy

To: Infrastructure Holdings Limited

Appointment of Proxy

I/We _____

of _____

appoint _____ [print name of proxy]

of _____

or failing him/her _____ of _____

as my/our proxy to vote for me/us on my/our behalf at the meeting of the company to be held

at _____

on _____ commencing at _____ am/pm

[or all meetings of the company held within 12 months of the date of this proxy] and at any adjournment of the meeting.

« I/We direct my/our proxy to vote in the following manner

Vote with a tick

Resolutions	For	Against
-------------	-----	---------

1. _____

2. _____

« (delete if not required)

Signed on _____ [date]

[Usual signature/s]

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Shareholders' Agreement for Infrastructure Holdings Limited

between

Tasman District Council

and

Nelson City Council

and

Infrastructure Holdings Limited

SER-023544-426-101-V3

Shareholders' Agreement for Infrastructure Holdings Limited

Date:

2022

Parties

Tasman District Council

Nelson City Council

Infrastructure Holdings Limited (the Company)

1. Interpretation and definitions

Definitions

1.1 In this agreement, unless the context otherwise requires:

Accession Deed	means an accession deed entered into by any Additional Shareholder in a form satisfactory to all of the Parties pursuant to which the Additional Shareholder agrees to observe, perform and be bound by this agreement;
Act	means the Companies Act 1993;
Additional Shareholder	means any person who becomes a Shareholder after the date of this agreement, as permitted by this agreement and the Constitution;
Board	means the Directors acting together as the board of directors of the Company;
Business	means holding and administering investments in entities in which the Shareholders have a substantial interest for the benefit of the Nelson and Tasman regions and securing funding for and providing funding to the same;
Constitution	means the constitution of the Company as adopted or amended from time to time;
Council-Controlled Trading	
Organisation	has the meaning given to it in the Constitution;

Director	means a person appointed as director of the Company in accordance with the terms of the Constitution, this agreement and the Act;
Effective Date	means the date of this agreement;
Equity	means shares in the case of a company, and partnership interest (as defined in the Limited Partnerships Act 2008) in the case of a limited partnership;
Financial Year	means: <ul style="list-style-type: none"> (a) the period from the Effective Date to 30 June immediately following the Effective Date; (b) each subsequent period commencing on 1 July and ending on the next 30 June during the Term; and (c) the period from 1 July immediately preceding the end of the Term, to the end of the Term, <p>however, if there is a change of balance date, all references in this definition to 30 June will be deemed to be varied to the new balance date and all references to 1 July will be deemed to be varied to the day after that new balance date.</p>
Joint Shareholders' Committee	has the meaning given to it in the Constitution;
Local Government Acts	has the meaning given to it in the Constitution;
Party	means, as the context requires, any one or all of the Parties to this agreement and (on execution of an Accession Deed) any Additional Shareholder;
Share	means any share in the Company;
Shareholder	means a person for the time being registered in the Company's Share register as the holder of one or more Shares;
Statement of Intent	has the meaning given to it in the Constitution, and where the context requires, means the most recent Statement of Intent;
Subsidiary	means any company or limited partnership in which the Company holds a majority of the Equity;

Term	has the meaning given in clause 14.1;
Unanimous Resolution	means a resolution that is approved by all of the votes of those Shareholders entitled to vote and voting on the relevant matter; and
Working Day	means any day other than a Saturday, Sunday or statutory public holiday on which trading banks in Nelson, New Zealand are open for business. A Working Day is deemed to commence at 9.00 am and terminate at 5.00 pm.

Interpretation

1.2 In this agreement, unless the context otherwise requires:

- (a) A reference to a person includes any other entity or association recognised by law and vice versa.
- (b) Words referring to the singular include the plural and vice versa.
- (c) Any reference to a Party includes its successors or permitted assigns or both.
- (d) Where a Party is made up of more than one person, the liability of each of those persons is joint and several.
- (e) Words importing any gender will include all other genders.
- (f) Clause headings are for reference only.
- (g) References to clauses and schedules are references to clauses of, and schedules to, this agreement.
- (h) Reference to any document includes reference to that document as amended, novated, supplemented, or replaced from time to time.
- (i) References to money will be New Zealand currency, unless specified otherwise.
- (j) Expressions referring to **writing** will be construed as including references to words printed, typewritten or otherwise visibly represented, copied or reproduced (including by fax or email).
- (k) References to statutory provisions will be construed as references to those provisions as amended or re-enacted or as their application is modified by other provisions from time to time.

2. Objectives of the Company

2.1 The Shareholders intend to carry on the Business in the name of the Company and must at all times during the Term:

- (a) as the Company is a Council-Controlled Trading Organisation, comply with the Local Government Acts;
- (b) use their reasonable endeavours to co-operate with each other to ensure the efficient operation of the Business; and

- (c) carry on the Business, and procure that any Director appointed by that Shareholder carries on the Business, in compliance with all laws.

2.2 Unless this agreement is varied by Unanimous Resolution, the Company may not engage in any business or activity which is not the Business or reasonably incidental to the Business.

3. Preliminary steps

3.1 Immediately following the Effective Date, the Company will issue and the Shareholders will subscribe and (where applicable) pay for both:

- (a) 200 fully-paid, ordinary Shares, for the consideration and to the Shareholders in the proportions set out below:

Shareholder	Number of Shares	Issue Price
Tasman District Council	100	\$1
Nelson City Council	100	\$1

AND

- (b) [#] partly-paid, ordinary Shares, for the consideration and to the Shareholders in the proportions and with the amounts paid up and outstanding set out below:

Shareholder	Number of Shares	Issue Price	Amount to be paid up immediately on issue	Amount of issue price to remain outstanding
Tasman District Council	100	\$1	\$100	\$0
Nelson City Council	100	\$1	\$100	\$0

4. Inconsistency with other documents

4.1 If there is a conflict or inconsistency between this agreement and the Constitution or any other document between the Parties or any of them, this agreement will prevail to the extent of that inconsistency.

4.2 To give effect to clause 4.1, if any Shareholder gives notice to the other Shareholders, the Shareholders will:

- (a) do all such things and sign all such documents necessary to alter the Constitution or any other document between the Shareholders or any of them to remove any inconsistency or conflict; and

- (b) pass a Unanimous Resolution (as the case may require) to approve and ratify any and all past acts of the Board, the Company or the Shareholders done in accordance with this agreement, which might otherwise be invalid as a result of any conflict or inconsistency with the Constitution.

5. Directors

- 5.1 Directors are to be appointed in accordance with clauses 12.2 to 12.5 of the Constitution.
- 5.2 Directors are to be remunerated in accordance with clause 12.19 of the Constitution.
- 5.3 Any appointment of a director of a Subsidiary, and any remuneration of any such director, is to be made by the Board.
- 5.4 The Company will:
 - (a) indemnify each Director; and
 - (b) effect insurance,

in accordance with any part or all of section 162 of the Act. The Shareholders will take all reasonable steps to cause the Board to do this.

6. Key Decisions

The Board must not, and must not cause the Company to do any of the following, unless first approved in writing by Unanimous Resolution:

- (a) enter into any “major transaction” as defined in the Act;
- (b) 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
- (c) engage in any business or activity which is not the Business or reasonably incidental to the Business; or
- (d) undertake any capital raising or external debt financing or refinancing that is not in accordance with the Company’s corporate treasury structure policies or existing lending and/or borrowing agreements; or
- (e) enter into, terminate or grant a waiver of rights under, or material amendment to, any contract in relation to a transaction with a Shareholder or a Subsidiary which has not been included in an approved budget, Statement of Intent or otherwise previously approved; or
- (f) grant any security interest over the assets of the Company, other than in the ordinary course of business or as permitted by the Company’s policies regarding the granting of security interests and/or the Company’s existing lending and/or borrowing agreements; or
- (g) appoint an administrator or take a step to liquidate, dissolve or wind up the Company; or

- (h) make any decision to undertake an initial public offering; or
- (i) make any alteration to, or revocation of, the Constitution or the adoption of a new constitution for the Company; or
- (j) 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
- (k) transfer any Shares held by the Company or purchase or otherwise acquire its own Shares; or
- (l) approve any transfer of Shares by any Shareholder; or
- (m) give financial assistance for the purposes of, or in connection with, the purchase of Shares; or
- (n) consolidate, divide or subdivide any Shares or create, alter or cancel any rights attaching to Shares; or
- (o) apply any amounts available for distribution in paying up Shares or other securities; or
- (p) exercise the right to issue shares in lieu of dividends conferred by section 54 of the Act; or
- (q) make any amendment to this agreement not expressly contemplated by the provisions of this agreement; or
- (r) create, acquire or sell any Subsidiary.

7. **Loans and guarantees**

No Shareholder will be required to:

- (a) make any loans to the Company; or
- (b) guarantee the obligations of the Company to a creditor,

except with the express agreement of that Shareholder and then only in accordance with all applicable laws.

8. **Dividends**

The dividend policy of the Company must be included in each annual Statement of Intent and accordingly approved by Unanimous Resolution.

9. **Additional Shareholders**

- 9.1 Shares may only be transferred in accordance with the Constitution.
- 9.2 Before a person becomes an Additional Shareholder, they must execute an Accession Deed.
- 9.3 The Board will refuse to approve a transfer of Shares if this clause is not complied with.

10. Grant of security over Shares

A Shareholder may not mortgage or pledge as security its Shares to any person without obtaining the prior written consent of all other Shareholders.

11. Provision of information

11.1 The Company must comply with the reporting obligations of Council-Controlled Trading Organisations in accordance with the Local Government Act 2002, including producing an annual Statement of Intent and the publication of required reports.

11.2 The Parties agree that they will ensure that:

- (a) each Subsidiary complies with any applicable reporting obligations under the Local Government Act 2002, the Port Companies Act 1988 and any other relevant legislation; and
- (b) prior to incorporation of any Subsidiary, the Parties will agree the timing and content of regular reporting to be provided by the Subsidiary to the Company.

12. Confidentiality

12.1 Subject to clause 12.2, each Shareholder will keep confidential, and make no disclosure of:

- (a) the contents of this agreement;
- (b) all information obtained from the other Shareholder under this agreement or in the course of negotiations in respect of this agreement; and
- (c) all information obtained from the Company, or developed or held for the purposes of the Company,

(together, **Confidential Information**).

12.2 Confidential Information may be disclosed if:

- (a) disclosure is required by law, or is necessary to comply with the listing rules of any recognised stock exchange; or
- (b) that Confidential Information already is, or becomes, public knowledge other than as a result of a breach of this clause by that Shareholder; or
- (c) disclosure is made to an officer, employee, agent, contractor, financier, lawyer, accountant or other professional adviser for that Shareholder on a need to know basis and such person is advised of the confidentiality obligations under this clause and reasonable security measures are put in place to safeguard the Confidential Information; or
- (d) disclosure is authorised in writing by the other Shareholders and then only on the terms, if any, specified in such written authority.

12.3 If any Shareholder is permitted by this agreement and by law to make a disclosure or announcement under the preceding clause, before doing so they must:

- (a) give to the other Shareholder the maximum notice reasonably practicable in the circumstances, specifying the requirement under which it is required to disclose Confidential Information, and the precise Confidential Information which it is required to disclose;
- (b) comply with all reasonable directions by the other Shareholders to contest or resist the requirement to disclose Confidential Information; and
- (c) consult in good faith with the other Shareholders with a view to agreeing on the form and timing of the disclosure.

12.4 The provisions of this clause will survive the termination or expiration of this agreement.

13. **Governance and Appointments Committee**

- 13.1 The Company will have a Governance and Appointments Committee to recommend to the Board the appointments for which the Company is responsible, including the appointment of directors to any Subsidiary.
- 13.2 The Governance and Appointments Committee will have a maximum of six members and not less than three.
- 13.3 Nelson City Council is entitled to appoint one member to the Governance and Appointments Committee at any time and may likewise remove and/or replace that member at any time, in each case by notice in writing to the Company signed by a duly authorised officer of Nelson City Council.
- 13.4 Tasman District Council is entitled to appoint one member to the Governance and Appointments Committee at any time and may likewise remove and/or replace that member at any time, in each case by notice in writing to the Company signed by a duly authorised officer of Tasman District Council.
- 13.5 The Board shall be entitled to appoint, remove and replace up to four members to the Governance and Appointments Committee at any time.
- 13.6 Each member of the Governance and Appointments Committee holds office until his or her resignation, retirement, disqualification or removal in accordance with this agreement.
- 13.7 The Governance and Appointments Committee will elect one of their number to be chairperson.
- 13.8 A quorum for a meeting of the Governance and Appointments will be three members present in person or by means of audio, or audio and visual, communication. The members must all be able to simultaneously hear each other throughout the meeting.
- 13.9 Except as otherwise provided in this agreement, the Governance and Appointments Committee may regulate its procedure and meetings as it considers fit.

14. **Term**

- 14.1 The term of this agreement (**Term**) will commence on the Effective Date and continue until it is terminated on the earlier of the date on which:

- (a) the Shareholders unanimously agree in writing to terminate this agreement;
- (b) the Company is liquidated in accordance with this agreement or the Act; or
- (c) one Shareholder owns all of the Shares.

In the case of any Shareholder, it will also cease to apply in respect of that Shareholder when that Shareholder ceases to hold (whether beneficially or legally) any Shares. However, that Shareholder will remain liable to fulfil its obligations under this agreement or under any legislation prior to the ceasing to hold any Shares.

- 14.2 Termination of this agreement will not affect the rights and obligations of the Parties which are intended to survive the termination of this agreement. Such termination will be without prejudice to, and will not be deemed a waiver of any claims which any Party may have against any other Party in respect of any breach or other failure to comply with any provision of this agreement prior to the date of termination.

15. **Dispute resolution**

- 15.1 If any Party has any dispute (**Dispute**) with any other Party in connection with this agreement:
- (a) that Party will promptly give full written particulars of the Dispute to the others; and
 - (b) the Parties will promptly meet together and in good faith try to resolve the Dispute.
- 15.2 If the Dispute is not resolved within 20 Working Days of written particulars being given (or any longer period agreed to by the Parties), the Dispute will be referred to mediation by either Party giving written notice of such referral to mediation to the other.
- 15.3 Until mediation ceases, neither Party may commence arbitration or legal proceedings.
- 15.4 The mediation procedure is:
- (a) the Party who wishes to resolve a Dispute must give a notice of Dispute to the other Party;
 - (b) the notice must state that the Dispute has arisen, and state the matters in dispute;
 - (c) when the notice has been given the Parties will appoint a mediator. If they fail to appoint a mediator within 10 Working Days, on request by either Party, the mediator will be appointed by the President of the New Zealand Law Society or the President's nominee;
 - (d) the Parties must co-operate with the mediator in an effort to resolve the Dispute;
 - (e) if the Dispute is settled, the Parties must sign a copy of the terms of the settlement;
 - (f) if the Dispute is not settled within 20 Working Days after the mediator has been appointed, or within any extended time that the Parties agree to in writing, the mediation must cease;

- (g) the Company will pay the mediator's fee and costs including travel, room hire, refreshments, etc..
- 15.5 The terms of settlement bind the Parties and override the terms of this agreement if there is any conflict.
- 15.6 The terms of settlement may not be used as evidence in any mediation, arbitration or legal proceedings except with the prior written approval of all Parties.
- 15.7 Written statements given to the mediator or to one another, and any discussions between them or between them and the mediator during the mediation are not admissible by the recipient in any arbitration or legal proceedings.
- 15.8 This clause will not apply to an application by either Party seeking urgent interlocutory relief from any court.
- 15.9 Pending resolution of any Dispute the Parties will perform this agreement in all respects including performance of the matter which is the subject of dispute.
- 15.10 Either Party may commence arbitration when the mediation procedure ceases by giving written notice to the other Party.
- 15.11 The arbitration will be conducted by one arbitrator appointed by the Parties. If they cannot agree on an arbitrator within 10 Working Days, on request by either Party, the appointment will be made by the President of the New Zealand Law Society or the President's nominee.
- 15.12 The arbitration will be conducted in accordance with the Rules in Schedules 1 and 2 of the Arbitration Act 1996.
- 15.13 Neither Party will unreasonably delay the dispute resolution procedures in this clause.
- 15.14 This clause does not apply to:
- (a) any dispute arising in connection with any attempted renegotiation of this agreement; or
 - (b) an application by either Party for urgent interlocutory relief.

16. **General provisions**

Exclusion of implied relationships

- 16.1 Nothing contained in this agreement will be deemed or construed to constitute any Party a partner, agent or representative of any other Party, or to create any trust, and this agreement must not be construed as giving to any Party any of the rights or subjecting any Party to any of the liabilities incidental to a partnership, agency, representative or trust relationship. No Party may make any warranties or representations or incur any obligation on behalf of any other Party.

Costs

- 16.2 The Parties will ensure that the Company pays the legal costs of the Parties associated with the preparation and negotiation of this agreement and all related ancillary documents.

Assignment

- 16.3 Except as provided elsewhere in this agreement, no Party may assign, transfer or novate any of that Party's rights or obligations under this agreement.

Entire agreement

- 16.4 This agreement constitutes the entire agreement between the Parties as to its subject. It supersedes and cancels any previous agreement, understanding, or arrangement whether written or oral. The Parties agree that it is fair and reasonable that this clause is conclusive between them, as required by section 50 of the Contract and Commercial Law Act 2017.

Further assurance

- 16.5 Each Party will execute all documents and do all other acts and things which are both reasonable and necessary to carry out its obligations under, and the intention of, this agreement.

Severance

- 16.6 If any provision of this agreement is held to be unenforceable, illegal or invalid by any court or tribunal:
- (a) the rest of this agreement will remain in full force and effect;
 - (b) the Parties will co-operate to ensure that the spirit and intention of this agreement is carried out as far as is reasonably possible; and
 - (c) the Parties will, if necessary, amend this agreement accordingly.

Waiver

- 16.7 None of the provisions of this agreement will be considered to have been waived by a Party except when such waiver is given in writing.
- 16.8 No delay or omission of any Party in exercising any right, power, privilege or remedy (each, a **Right**) under this agreement will operate to impair such Right or be construed as a waiver of such Right. Any single or partial exercise of any such Right will not preclude any other future exercise of such Right or the exercise of any other Right.
- 16.9 No waiver by a Party of any breach will be deemed a waiver of any continuing or recurring breach unless it is expressly agreed in writing to be so by that Party.

Notices

- 16.10 Any notice or other communication (**Notice**) given under this agreement must be in writing.
- 16.11 A notice may be served personally or sent to the relevant Party's following communication points:

Tasman District Council Address: 189 Queen Street, Richmond
Representative: Mike Drummond, Group Manager-
Finance
Email: Mike.Drummond@tasman.govt.nz

Nelson City Council

Address: 110 Trafalgar Street, Nelson
Representative: Nikki Harrison, Group
Manager Corporate Services
Email: nikki.harrison@ncc.govt.nz

Company

Address: 8 Vickerman Street, Port Nelson, Nelson
Representative: Daryl Wehner, Chief Financial
Officer, Port Nelson Limited
Email: daryl.wehner@portnelson.co.nz

16.12 Each Party will notify the other in writing of any changes to the communication points.

16.13 Notices are deemed served at these times when:

- (a) given personally, on delivery; or
- (b) sent by email, as evidenced by the sender's sent email history, unless another party can prove it was not received.

16.14 Any notice served on a Saturday, Sunday or public holiday is deemed served on the first Working Day after that day.

16.15 If the Party is a company or limited partnership, the notice may be given to a director of that Party or a director of the general partner of that Party or the Representative named above, if any.

16.16 Time is of the essence.

Governing law and jurisdiction

16.17 This agreement is governed by and construed according to the laws of New Zealand and the Parties submit to the exclusive jurisdiction of the courts of that jurisdiction in respect of any dispute or proceeding arising out of this agreement.

Counterparts

16.18 This agreement may be executed by each signatory in separate counterpart copies, whether originals, photocopies, fax or electronic copies. When each signatory has executed at least one copy, the separately signed documents when brought together will form a binding legal document.

Signed by

Signed by **Tasman District Council** by its duly authorised officer in the presence of:

[name and title of authorised officer]

Signature of witness

Name of witness

Occupation

Address

Signed by **Nelson City Council** by its duly authorised officer in the presence of:

[name and title of authorised officer]

Signature of witness

Name of witness

Occupation

Address

Signed by **Infrastructure Holdings Limited Limited** as the Company :

Director's signature

Director's signature

Director's full name

Director's full name

RACI for Holding Company

Tasks	ROLES					JC	NCC Full Council	TDC Full Council
	NAL BOARD	PNL BOARD	HOLD CO BOARD	COUNCIL OFFICERS	JSC			
SOE				R		A		
Port SOCI development	R	R	A					
NAI SOI development	R	R	A					
Holding Co consolidated SOI			R A	S	A	A		
Regular REPORTING	S	S	A	I	I	I		
HY Report	S	S	A	I	R			
ANNUAL Report	S	S	R	I	R			
AGM	S	S	R	I	I			
Quarterly Presentation	S	S	R		R			
Capital prog 0-5 yr	R	R	A					
Uncalled CAP Approval	S	S	R	I	A		A	A

R = Responsible A = Accountable C = Consult I = Inform S = Supportive

7 CONFIDENTIAL SESSION

7.1 Procedural motion to exclude the public

The following motion is submitted for consideration:

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

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

7.2 Nelson Airport Limited - Draft Statement of Intent, 2022-2023

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