

Notice is given that an ordinary meeting of the Joint Shareholders Committee will be held on:

**Date:** **Tuesday 20 August 2024**  
**Time:** **9:30 am**  
**Meeting Room:** **Tasman Council Chamber**  
**Venue:** **189 Queen Street, Richmond**  
**Zoom conference link:** <https://us02web.zoom.us/j/89803052760?>  
Meeting ID: 898 0305 2760  
Meeting Passcode: 992231

---

## **Joint Shareholders Committee**

### **Komiti Joint Shareholders**

## **AGENDA**

---

#### **MEMBERSHIP**

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

(Quorum 6 members)

Contact Telephone: 03 543 8400  
Email: [robyn.scherer@tasman.govt.nz](mailto:robyn.scherer@tasman.govt.nz)  
Website: [www.tasman.govt.nz](http://www.tasman.govt.nz)



## AGENDA

**1 OPENING, WELCOME, KARAKIA**

**2 APOLOGIES AND LEAVE OF ABSENCE**

An apology has been received from Councillor C Hill.

**Recommendation**

**That an apology be accepted from Councillor C Hill.**

**3 PUBLIC FORUM**

Nil

**4 DECLARATIONS OF INTEREST**

**5 LATE ITEMS**

**6 CONFIRMATION OF [MINUTES](#)**

**That the minutes of the Joint Shareholders Committee meeting held on Tuesday, 16 April 2024, be confirmed as a true and correct record of the meeting.**

**That the confidential minutes of the Joint Shareholders Committee meeting held on Tuesday, 16 April 2024, be confirmed as a true and correct record of the meeting.**

**7 REPORTS**

7.1 Infrastructure Holdings Limited Final Statement of Intent - 1 July 2025 to 30 June 2027 and other matters ..... 4

**8 CONFIDENTIAL SESSION**

8.1 Procedural motion to exclude the public..... 87

8.2 Trustee Remuneration 2024/2025 - Tasman Bays Heritage Trust..... 87

8.3 Infrastructure Holdings Limited - Governance matters ..... 87

**9 CLOSING KARAKIA**

## 7 REPORTS

### 7.1 INFRASTRUCTURE HOLDINGS LIMITED FINAL STATEMENT OF INTENT - 1 JULY 2025 TO 30 JUNE 2027 AND OTHER MATTERS

<b>Report To:</b>	Joint Shareholders Committee
<b>Meeting Date:</b>	20 August 2024
<b>Report Author:</b>	Matthew McGlinchey, Financial Performance Manager
<b>Report Authorisers:</b>	Mike Drummond, Chief Financial Officer
<b>Report Number:</b>	RJSC24-08-1

#### 1. Purpose of Report

- 1.1 The purpose of this report is to receive the Infrastructure Holdings Limited final Statement of Intent (SOI), 1 July 2025 to 30 June 2027.

#### 2. Report Summary

- 2.1 To receive the Infrastructure Holdings (IHL) final Statement of Intent (SOI), 1 July 2025 to 30 June 2027 noting that appended to the SOI is the Nelson Airport Limited final SOI 2024-2025 and the Port Nelson Limited 2025 final Statement of Corporate Intent (SOCi).
- 2.2 The Company's dividend policy has been finalised and is included in the final SOI. This can be found on page 9 of **Attachment 1**. A summary is provided in Section 5.4. The intention of the Board is to replace the word "high" in the policy with a specific target payout percentage range once further analysis of the group's forecast 10-year financials has been completed.

#### 3. Recommendation

**That the Joint Shareholders Committee**

1. **receives the Infrastructure Holdings Limited Final Statement of Intent - 1 July 2025 to 30 June 2027 and other matters report, RJSC24-08-1; and**
2. **notes the delivery of the Infrastructure Holdings Limited final Statement of Intent 1 July 2025 to 30 June 2027 as required under the Local Government Act 2022; and**
3. **notes that the Infrastructure Holdings Limited final Statement of Intent 1 July 2025 to 30 June 2027 includes the final Statement of Intent for Nelson Airport Limited 2024-2025 and the final Statement of Corporate Intent for Port Nelson Limited 2025; and**
4. **notes the Infrastructure Holdings Limited Final Statement of Intent – 1 July 2025 to 30 June 2027 (Attachment 1 to the agenda report) and accompanying final Statement of Intent for Nelson Airport Limited 2024-2025 (Attachment 2 to the agenda report) and final Statement of Corporate Intent for Port Nelson Limited 2025 (Attachment 3 to the agenda report) will be made publicly available on the Shareholding Councils' websites.**

#### 4. Background and Discussion

- 4.1 This is a routine report on the Infrastructure Holding Limited's final Statement of Intent (SOI) 2025-2027.
- 4.2 A Statement of Expectation was sent to Infrastructure Holdings Limited in December 2023, to guide the Board in producing the draft SOI and contained new specific expectations for IHL and its subsidiaries being; *in addition to the general expectations in relation to climate change, shareholders expect that Climate Resilience Plans are developed and implemented for the Port and Airport.* These were addressed in the draft SOI and are also in the final SOIs and SOCI.
- 4.3 Infrastructure Holdings Limited must have an SOI that complies with Clauses 7 to 10 of schedule 8 of the Local Government Act 2002 (LGA). The Statement of Intent complies with these legal requirements.
- 4.4 Port Nelson Ltd is still required to produce a Statement of Corporate Intent for IHL (as the shareholder) as set out in the Port Companies Act 1998. The other obligations under this Act including reporting and making the SOCI available to the public still apply.
- 4.5 Nelson Airport Ltd remains a CCTO and is still required to produce a Statement of Intent for IHL (as shareholder) as set out in the LGA. The other obligations in the LGA including reporting and making their SOI available to the public still apply
- 4.6 The LGA Schedule 8(2) requires the IHL to consider any comments on the draft SOI that are made to it by the first of May and deliver a completed SOI to Shareholders on or before 30 June each year.
- 4.7 Infrastructure Holding Limited's final SOI (**Attachment 1**) with appendices of the Nelson Airport Limited final SOI (**Attachment 2**) and Port Nelson Limited's final SOCI (**Attachment 3**) were received by the Shareholding Councils on 26 June 2024.
- 4.8 Section 65 (2) of the LGA requires the councils (as a Shareholder) as soon as practicable after receiving an SOI to agree to the SOI, or if it does not agree to take all practicable steps under Clause 6 of Schedule 8 of the LGA to require the SOI to be modified.
- 4.9 Clause 6 of Schedule 8 to the LGA allows shareholders to impose certain SOI provisions on the company. Such a course of action would require shareholders to agree on the changes to be imposed.
- 4.10 Section 64(9) of the LGA requires each Shareholding Local Authority to publish the **adopted** Statement of Intent on an internet site maintained by or on behalf of the local authority within one month of adopting it and it must maintain the statement on that site for no less than seven years.

#### 5. Changes from the Draft SOI

- 5.1 The draft SOI that was received from IHL showed the financials that we expect over the next three financial years ending June 30, 2027. The final SOI has updated these for the latest available information. There are no material changes.
- 5.2 The dividend stream proposed has changed by \$1 million in the final year of the SOI period as shown below.

	<u>25FY</u>	<u>26FY</u>	<u>27FY</u>
Dividend 24FY SOI	\$5.9m	\$6.1m	\$7.1m
Dividend 24FY SOI	\$5.9m	\$6.1m	\$8.1m

- 5.3 The final SOI has also provided the IHL dividend policy. This was not available for the draft SOI as at the time it was still under development. This can be found on Page 9 of **Attachment 1**. The intention of the Board is to replace the word “high” in the policy with a specific target payout percentage range once further analysis of the group’s forecast 10-year financials has been completed.
- 5.4 The IHL Dividend Policy can be summarised as follows:
- 5.4.1 Dividends are typically semi-annual and require Board consent, with special dividends as an occasional consideration.
  - 5.4.2 The payout target is a substantial portion of adjusted IHL and Group NPAT, with flexibility to moderate yearly fluctuations over time.
  - 5.4.3 Payout ratios are calibrated to maintain financial sustainability and a minimum BBB- S & P shadow credit rating.
  - 5.4.4 Compliance with legal and regulatory standards is mandatory for dividend declarations including maintaining capital adequacy requirements.
  - 5.4.5 The Board retains the right to modify or halt dividends in response to exceptional events, ensuring transparent communication with shareholders.
- 5.5 The final Nelson Airport Ltd SOI financials are down on those in the draft SOI. While the dividends have been maintained capital expenditure has been reduced.

**6. Options**

<b>Option 1: receive the IHL SOI (recommended)</b>	
Advantages	<ul style="list-style-type: none"> <li>• The Company has addressed the matters in the Statement of expectations and any feed back to the board on the draft SOI. So, this option is consistent with the councils’ previous decision making on this matter</li> </ul>
Risks and Disadvantages	<ul style="list-style-type: none"> <li>• There are no disadvantages or risks</li> </ul>
<b>Option 2: If the Committee does not agree to the SOI, then shareholders must take all practicable steps under Clause 5 of Schedule 8 of the Local Government Act to require the SOI to be modified. This approach is not recommended.</b>	
Advantages	<ul style="list-style-type: none"> <li>• There only advantage to this option is that it would enable further dialogue with the Board over any shortcomings in the SOI.</li> </ul>

<p>Risks and Disadvantages</p>	<ul style="list-style-type: none"> <li>• This approach would require the independent support of each shareholder. Addressing any concerns over the final SOI in this way would signal a breakdown in the relationship between the shareholders and the Board.</li> </ul>
--------------------------------	--

**7. Important considerations for decision-making**

<p><b>7.1 Fit with Purpose of Local Government</b></p> <p>Appropriate reporting and setting of the expectations on the performance of Council’s Council Controlled Trading Organisations supports the economic wellbeing of the community.</p>
<p><b>7.2 Consistency with Community Outcomes and Council Policy</b></p> <p>The recommendation supports the Community Outcome that “our infrastructure is efficient, cost-effective and meets current and future needs”.</p>
<p><b>7.3 Risk</b></p> <p>There is low risk to Council of receiving and accepting the final Statement of Intent as it does not propose any substantial change to the previous draft Statements of Intent.</p>
<p><b>7.4 Financial impact</b></p> <p>This decision has no direct financial impacts however, the final SOI contains the projected dividend payments to the councils from IHL.</p>
<p><b>7.5 Degree of significance and level of engagement</b></p> <p>This matter is of low significance therefore no engagement has been undertaken.</p>
<p><b>7.6 Climate Impact</b></p> <p>Climate change responsiveness was identified by Council as a specific matter of interest in the Statement of Expectation letter. There are no climate change impacts arising from receiving the SOI.</p>
<p><b>7.7 Inclusion of Māori in the decision-making process</b></p> <p>No engagement with Māori has been undertaken in preparing this report.</p>
<p><b>7.8 Delegations</b></p> <p>The Joint Shareholders Committee has the following delegations to consider the final Statement of Intent:</p> <p><i>Areas of Responsibility:</i></p> <ul style="list-style-type: none"> <li>• <i>All matters relating to jointly owned Council Controlled Organisations and Council Controlled Trading Organisations, including statements of intent, statements of corporate intent, half</i></li> </ul>

*yearly reports, and the appointment of directors and setting of director 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, and the appointment of directors and setting of director fees.*

**8. Conclusion and Next Steps**

- 8.1 Infrastructure Holdings Limited has met the expectations of the Shareholding Councils with the delivery of their final Statement of Intent 1 July 2025 to 30 June 2027.
- 8.2 The staff's recommendation is for the Joint Shareholders Committee to receive and agree to the Infrastructure Holdings Limited's final Statement of Intent 1 July 2025 to 30 June 2027.

**9. Attachments**

1.	Infrastructure Holdings Limited final Statement of Intent 1 July 2025 to 30 June 2027	9
2.	Nelson Airport Limited final Statement of Intent 2024 to 2025	27
3.	Port Nelson Limited final Statement of Corporate Intent 2025	56



# IHL

Infrastructure Holdings Limited

## Statement of Intent

For the period from 1 July 2025 to 30 June 2027

**PORT  
NELSON**

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

## Contents

Introduction.....	3
Strategic Context.....	4
Purpose.....	4
Nature and Scope of Activities .....	4
Objectives.....	5
Performance Measures and Targets.....	6
Financial Performance.....	7
Prospective Summary Consolidated Financial Statements.....	7
Accounting Policies.....	7
Ten-Year Projected Capital Expenditure Programme .....	7
Ten-Year Projected Debt Profile.....	7
Key Financial Metrics.....	8
Distributions to Shareholders.....	8
Commercial Valuations .....	9
Acquisition and Divestment.....	10
Compensatory Activities .....	10
Non-Financial Performance.....	11
Risk Management.....	11
People and Health and Safety .....	12
Relationships.....	12
Sustainability and Climate Change.....	12
Governance Performance.....	14
Approach To Governance.....	14
Information To Be Provided To Shareholders.....	14
Structure and Responsibilities of the Boards .....	15

# Introduction

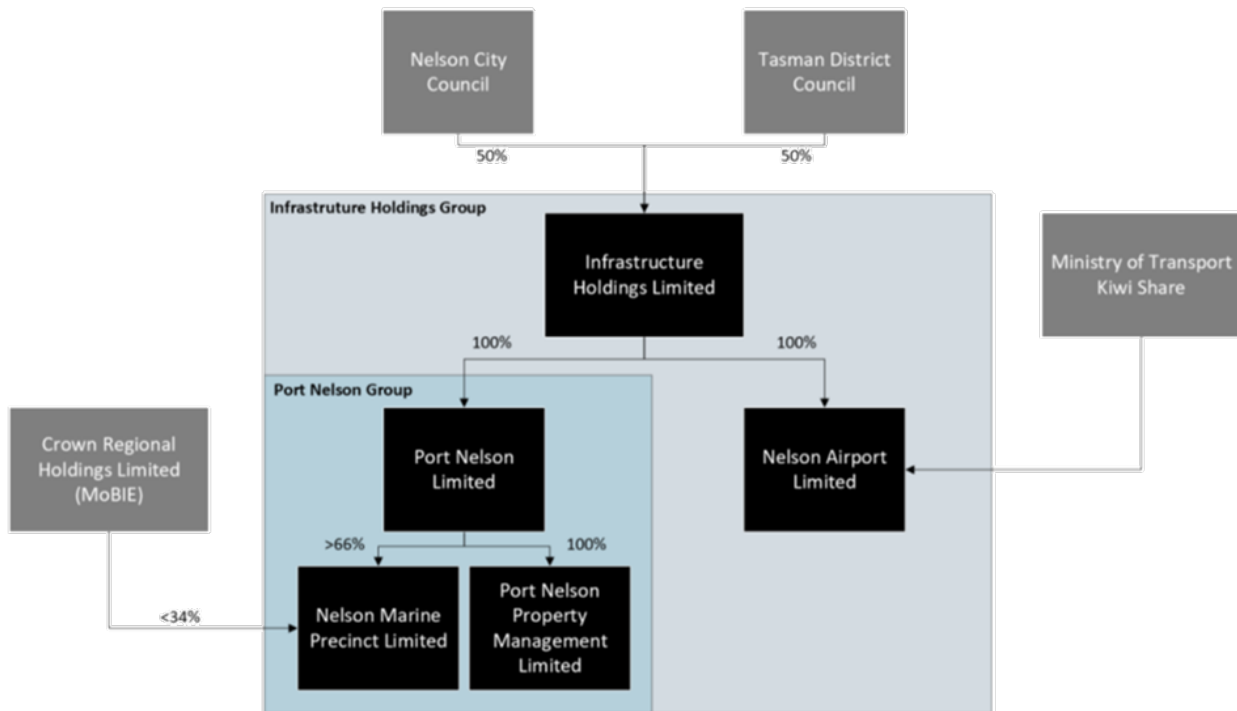
Infrastructure Holdings Limited ('IHL' or 'the Group') is a Council Controlled Trading Organisation under section 6 of the Local Government Act 2002.

In accordance with section 64 of the Local Government Act 2002 the Directors present the Statement of Intent for the 2024/25 financial year and the two following financial years.

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

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

## Group Corporate Structure



# Strategic Context



## Purpose

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

To deliver its purpose, Infrastructure Holdings Limited provides the corporate treasury function for the Group, including securing and providing funding. The benefits and costs from funding are passed onto to the subsidiary companies using a blended interest rate. As a result, in the long-term the parent company will not generate a surplus from its treasury function.

## Nature and Scope of Activities

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

	<p><b>Purpose: To facilitate regional prosperity</b></p> <p>Port Nelson is the maritime gateway for Te Taihū – a vital hub for economic activity and a key stakeholder in our region’s continued growth and prosperity.</p> <p>Port Nelson creates value for its stakeholders by providing a suite of marine, cargo handling, warehousing, logistic, slipway, and property portfolio services.</p> <p>In addition, Port Nelson has over 235,000 m<sup>2</sup> of commercial land that it develops and leases to support fishing, marine services, and other export-related industries.</p>
	<p><b>Purpose: To contribute to a sustainable and prosperous Nelson Tasman</b></p> <p>Nelson Airport is a key strategic asset and contributor to the prosperity and growth of the Nelson Tasman economy. Its primary service is moving people into and out from the region safely and efficiently.</p> <p>Nelson Airport supports a diverse range of businesses that service passengers or require access to air services or airport land and building infrastructure.</p> <p>Nelson Airport may also grant and administer sub-leases of the land, buildings or installations vested in NAL for any purpose complementary to the ongoing safe and efficient operation of the Airport.</p>

## Objectives

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

### Legislative

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

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

### Monitoring

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

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

### Treasury

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

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

## Performance Measures and Targets

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

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

Specific performance measures and targets for Port Nelson and Nelson Airport are available in their respective Statements of Corporate Intent and Statement of Intent.

GROUP PERFORMANCE MEASURES	2025	2026	2027
<b>Monitoring</b>			
Net profit after tax (\$m)	12.4	13.6	16.5
Dividends (\$m) <sup>A</sup>	5.9	7.6	8.1
<b>Treasury</b>			
<b>Funding Risk</b>			
Compliance with the Group's interest rate debt profile	100%	100%	100%
<b>Debt Credit Metrics</b>			
Funds from Operations / Debt	>13%	>13%	>13%
Debt / EBITDA	<4x	<4x	<4x
<b>Lender Financial Covenants</b>			
Shareholder funds/total assets	>30%	>30%	>30%
Minimum Shareholder Funds	>\$300m	>\$300m	>\$300m

A ~ The stated dividend figures are the dividends attributable to that specific financial year. From a financial accounting perspective, the year in which they are recognised may change slightly depending upon the exact dates the Port of Nelson and Nelson Airport boards declare their dividend.

## Financial Performance

### Prospective Summary Consolidated Financial Statements

GROUP Y/E 30 JUNE	2025	2026	2027
<b>Statement of Comprehensive Income</b>			
Revenue (\$m)	108.2	114.7	122.5
Earnings before interest, taxes, depreciation, and amortisation (EBITDA) (\$m)	40.6	44.2	48.9
Earnings before interest and taxes (EBIT) (\$m)	25.1	27.4	31.8
<b>Net profit after tax (NPAT) (\$m)</b>	<b>12.4</b>	<b>13.6</b>	<b>16.5</b>
<b>Statement of Financial Position</b>			
Total assets (\$m)	574.2	591.2	610.2
Total liabilities (\$m)	177.2	188.6	199.3
<b>Total equity (\$m)</b>	<b>397.0</b>	<b>402.6</b>	<b>410.8</b>
<b>Statement of Cash Flows</b>			
Net cashflows from operating activities (\$m)	27.6	33.0	33.8
Net cashflows from investing activities (\$m)	(44.4)	(31.2)	(36.8)
Net cashflows from financing activities (\$m)	14.1	(1.6)	2.4
<b>Net cashflows (\$m)</b>	<b>(2.7)</b>	<b>0.1</b>	<b>(0.6)</b>

### Accounting Policies

The accounting policies for IHL are consistent with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP') and in accordance with the Companies Act 1993 and the Financial Reporting Act 2013. They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable reporting standards as appropriate for profit-orientated entities.

Infrastructure Holdings Limited, the parent, does not expect to generate a surplus from its treasury function. Financial instruments are used to provide long-term certainty of financing costs, annual valuations are required accounting adjustment.

IHL's accounting policies are detailed in the most recent annual financial statements.

### Ten-Year Projected Capital Expenditure Programme

The following table shows the projected Group capital expenditure forecast for ten years from 1 July 2024.

GROUP	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Capital Expenditure (\$m)</b>	43	29	33	37	39	26	60	65	51	47

### Ten-Year Projected Debt Profile

The following table shows the projected Group debt profile forecast for ten years from 1 July 2024.

GROUP	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Total Debt</b>	133	139	150	155	170	165	191	221	236	248

## Key Financial Metrics

GROUP	2025	2026	2027
Revenue (\$m)	108.2	114.7	122.5
Net profit after tax (\$m)	12.4	13.6	16.5
Return on assets	2.2%	2.3%	2.7%
Return on equity	3.1%	3.4%	4.0%
Gearing (debt/equity)	33.5%	34.5%	36.4%
<b>Debt credit metrics</b>			
Funds from Operations / Debt	20.7%	23.7%	22.6%
Debt / EBITDA	3.3	3.1	3.1
<b>Lender financial covenants</b>			
Shareholder funds/total assets	66.1%	64.2%	62.2%
Shareholder Funds (\$m)	397.0	402.6	410.8
PARENT	2025	2026	2027
Revenue (m)	14.0	15.4	15.8
Net profit after tax (\$m)	6.0	7.7	8.2
Return on assets	1.2%	1.5%	1.5%
Return on equity	1.6%	2.0%	2.2%
Gearing (debt/equity)	35.0%	36.6%	39.3%
Shareholder funds/total assets	73.9%	73.0%	71.6%

## Distributions to Shareholders

For the foreseeable future, IHL will only be able to make distributions to shareholders when dividends are received from subsidiaries. Dividends are expected to be declared in conjunction with the release of the half-year and full year results with payments to follow in March and December each year. The table below provides the ordinary dividend forecast for the next three years.

GROUP	2025	2026	2027
<b>Forecast Ordinary Dividend (\$m)</b>	5.9	7.6	8.1

IHL's dividend policy is summarised overleaf. IHL is continuing to work with the boards of its subsidiaries to refine and achieve an appropriate degree of alignment in the dividend policies across the group.



**IHL Dividend Policy – Principles**

Principle 1 – Dividend Frequency & Timing

- A. Dividends shall be declared and paid on a 6 monthly basis, subject to Board approval.
- B. The Board may also consider special dividends from time to time based on extraordinary earnings or capital transactions.

Principle 2 – Target Dividend Payout Ratio

- A. The target is to pay-out a high<sup>A</sup> ratio of IHL’s and Group NPAT, adjusted for one-off, non-recurring or non-cash items.
- B. The pay-out ratio may be reduced or increased in any one year to smooth out short term fluctuations in the dividend stream and may be stated to be met over a number of consecutive years.

Principle 3 – Financial Health

The dividend pay-out ratio in any one year may be reduced to ensure that:

- A. It is sustainable based on IHL and the Group’s current and projected performance.
- B. IHL and the Group retains their Investment Grade shadow credit rating of >BBB- (and meet the associated credit metrics as specified in the Treasury Policy).

Principle 4 – Legal & Regulatory Compliance

- A. Dividend payments will comply with all relevant legal and regulatory requirements.
- B. Dividends will not be declared if they would result in IHL or the Group failing to meet any statutory or regulatory capital adequacy requirements.

Principle 5 – Board Discretion

- A. The Board reserves the right to adjust or suspend dividend payments in exceptional circumstances, such as significant economic downturns, major strategic investments, or unforeseen financial challenges.
- B. Any decision to adjust or suspend dividend payments will be communicated to shareholders with a clear rationale.

*A – The intention is to replace the word “high” with a specific target payout percentage range once further analysis of the group’s forecast 10-year financials has been completed.*

**Commercial Valuations**

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

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

## Acquisition and Divestment

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

### Subsidiary of IHL

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

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

## Compensatory Activities

Currently, there are no activities for which compensation will be sought from any local authority. On 1 July 2024, the shareholders will have uncalled capital of up to 233 million shares. There is no current intention to make a call on any uncalled capital.

# Non-Financial Performance

## Risk Management

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

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

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

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

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

Liquidity risk management involves ensuring that cash requirements can be met as they arise. This risk can be effectively mitigated through the measurement, management, and maintenance of the liquidity ratio, along with efficient and effective cash management.

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

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

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

Individual subsidiary foreign currency exposures greater than NZD100,000 are to be hedged. Commodity price risk is where movements in international commodity prices (i.e. diesel) will result in NZD purchase costs that materially differ from budgeted amounts.

Operational risk is managed by each of the subsidiaries.

## People and Health and Safety

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

In collaboration with Port Nelson and Nelson Airport, IHL intends to develop principles and objectives at a Group level to ensure the health, safety and wellbeing of all people working across the Group. As part of its people plans, it aims to develop governance best practices and talent for the benefit of the region.

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

## Relationships

IHL embraces the need to work closely with all its stakeholders. IHL has relations with local authorities, its subsidiaries, local communities, and iwi. Many of the Groups external relations will be engaged with via the subsidiary companies, which IHL communicates with frequently.

IHL will attend and report to the Joint Shareholder Committee and Joint Councils regularly and providing transparent “no surprises” communication.

## Sustainability and Climate Change

### Sustainability and Climate Resilience

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

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

### Carbon reduction

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

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

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

### Climate-Related Disclosure Reporting

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

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

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

SCOPE	DISCLOSURES	CLIMATE-RELATED DISCLOSURES (NZ CS 1)	2025	2026	2027
<b>Governance</b>	Identity and define the governance body responsible for oversight	Clause 6, 7 (a) and 8	Targeting Full	Targeting Full	Targeting Full
	Define Management's role	Clause 6 & 9	Targeting Full	Targeting Full	Targeting Full
<b>Strategy</b>	Climate and financial impacts	Clause 10 & 12	Qualitative assessment	Targeting Full	Targeting Full
	Scenario analysis undertaken	Clause 10 & 13	Qualitative assessment	Targeting Full	Targeting Full
	Climate-related risks and opportunities	Clause 10 & 14	Qualitative assessment	Targeting Full	Targeting Full
	Anticipated impacts and financial impacts	Clause 10 & 15	Qualitative assessment	Targeting Full	Targeting Full
	Transition plan aspects of strategy	Clause 10 & 16	Qualitative assessment	Targeting Full	Targeting Full
<b>Risk Management</b>	Integration of climate-related risks identification, assessment, and management	Clause 17, 18 & 19	Targeting Full	Targeting Full	Targeting Full
<b>Metrics and Targets</b>	Define metric categories including general, industry specific and other KPIs	Clause 20, 21, 22 & 24	Full except for Scope 3	Targeting Full	Targeting Full
	Targets used to manage climate related risks and opportunities	Clause 20, 21 & 23	Full except for Scope 4	Targeting Full	Targeting Full
<b>Green House Gas Emissions</b>	GHG emissions assurance	Clause 25 & 26	Internal assurance	External assurance	External assurance

# Governance Performance

## Approach To Governance

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

### Board Charter

The board charter sets out the responsibilities and framework for the operations of the Board.

### Appointment of directors

Shareholders select and appoint directors to IHL.

IHL selects and appoints all directors to its subsidiaries following receiving a recommendation from IHL's Governance and Appointment Committee. The Committee comprises 3 members, 1 appointed by each of the shareholders and the Chair of IHL.

### Letters of Expectation

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

### Statement of Intent

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

### Monitoring

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

### Group Collaboration

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

## Information To Be Provided To Shareholders

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

	Half Yearly	Annually
Performance Commentary	✓	✓
Statement of Comprehensive Income	✓	✓
Statement of Movement in Equity	✓	✓
Balance Sheet	✓	✓
Statement of Cash Flows	✓	✓
Notes to the Financial Statements	✓	✓
Performance against performance measures and targets	✓	✓
Auditors report		✓
Annual General Meeting of shareholders		✓
Draft Statement of Intent		✓
Final Statement of Intent		✓

## Structure and Responsibilities of the Boards

	Port Nelson	Nelson Airport	Infrastructure Holdings
<b>Shareholdings</b>	100% Infrastructure Holdings Limited	100% Infrastructure Holdings Limited 1 Kiwishare – Crown/Ministry of Transport	50% Nelson City Council (NCC) 50% Tasman District Council (TDC)
<b>Directors</b>	Paul Zealand (Chair) Gerrard Wilson Kim Wallace Jon Safey Meg Matthews Guy Roper	Quinton Hall (Chair) Darren Mark Matthew Clarke Emma Ihaia Matthew McDonald	Sue Sheldon CNZM (Independent Chair) Paul Zealand Gerrard Wilson Quinton Hall Darren Mark
<b>Board makeup</b>	Minimum 6 and maximum 7 directors. Employees/members of a local authority are excluded from eligibility.	Minimum of 4 and maximum of 6 directors. Employees/members of a local authority are excluded from eligibility.	Minimum of 3 and maximum of 6 directors, including an independent chair. Employees/members of a local authority are excluded from eligibility.
<b>Appointment and removal of directors</b>	IHL appoints/removes all directors. Note that Infrastructure Holdings Limited's Governance and Appointments Committee will recommend to the board of IHL certain individuals to be directors of Port Nelson Ltd. Directors rotate on a three-yearly cycle.	IHL appoints/removes all directors. Note that Infrastructure Holdings Limited's Governance and Appointments Committee will recommend to the board of IHL certain individuals to be directors of Nelson Airport Ltd. Directors rotate on a three-yearly cycle.	NCC and TDC, by way of the Joint Shareholders' Committee, appoint/remove all directors. Joint Shareholders' Committee appoints an independent chair. Directors must rotate, as determined by the Joint Shareholders' Committee. IHL has a Governance and Appointments Committee with 3 members, 1 each appointed by NCC and TDC and the Chair of IHL. This Committee is formed to recommend board appointments to Port Nelson Ltd and Nelson Airport Ltd.
<b>Directors to vote in best interests</b>	Directors may act in the best interests of IHL.	Directors may act in the best interests of IHL.	Directors must act in the best interests of IHL.
<b>Directors' remuneration</b>	Board of IHL determines a maximum amount, directors divide amongst themselves.	Board of IHL determines a maximum amount, directors divide amongst themselves. Directors can increase the amount if another director joins, but only by a maximum of the average remuneration paid to the directors.	NCC and TDC to determine, by way of the Joint Shareholder's Committee.
<b>Quorum for voting at directors' meetings</b>	Majority of the directors.	Majority of the directors.	Majority of the directors.
<b>Directors' resolutions</b>	Majority directors' agreement for resolutions at meetings. Unanimous directors' agreement for written resolutions. No Chair casting vote.	Majority directors' agreement for resolutions at meetings. Unanimous directors' agreement for written resolutions. No Chair casting vote.	Majority directors' agreement for resolutions at meetings. Unanimous directors' agreement for written resolutions. No Chair casting vote.
<b>Quorum for voting at shareholders' meetings</b>	Board of IHL.	Board of IHL.	Representative of each of NCC and TDC.
<b>Shareholders' resolutions</b>	IHL board.	IHL board. The Crown must approve land/kiwishare relevant matters.	NCC and TDC must approve.

	Port Nelson	Nelson Airport	Infrastructure Holdings
<b>Major transaction approval</b>	IHL board.	IHL board. (Crown must approve in certain instances also if related to the Kiwishare or land.)	NCC and TDC must approve
<b>Other key decisions requiring approval</b>	Amalgamations and liquidations require IHL board approval.	Amalgamations and liquidations require IHL board approval.	Please see below this table at * the matters which require the approval of both NCC and TDC before the board of directors may authorise.
<b>Distributions</b>	Board approves.	Board approves.	The board approve the policy, it is then included in the Statement of Intent, which requires NCC and TDC approval.
<b>Shareholders' information rights</b>	As per the Companies Act – any shareholder (IHL) may request information from the Company.	As per the Companies Act – any shareholder (IHL) may request information from the Company.	As per the Companies Act – any shareholder of IHL may request information from the Company.
<b>Amendments to constitution</b>	IHL board may amend. (Crown/Ministry of Transport must approve any constitutional change.)	IHL board may amend. Certain matters relating to land cannot be amended without Crown approval.	NCC and TDC must agree to amend.
<b>Shareholders' Agreement</b>	No	No	Yes



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

- i. make any material disposal of assets which are not budgeted for and/or provided for in the Statement of Intent in the relevant Financial Year (or any series of related disposals which, if considered together, would be material); or
- ii. engage in any business or activity which is not the Business (i.e., holding and administering investments in entities in which NCC and TDC have a substantial interest for the benefit of the Nelson and Tasman regions and securing funding for and providing funding to the same) or reasonably incidental to the Business; or
- iii. undertake any capital raising or external debt financing or refinancing that is not in accordance with Infrastructure Holdings Limited corporate treasury structure policies or existing lending and/or borrowing agreements; or
- iv. enter into, terminate, or grant a waiver of rights under, or material amendment to, any contract in relation to a transaction with NCC and/or TDC or a Subsidiary (i.e., Port Nelson Limited and/or Nelson Airport Limited) which has not been included in an approved budget, Statement of Intent or otherwise previously approved; or
- v. grant any security interest over the assets of Infrastructure Holdings Ltd, other than in the ordinary course of business or as permitted by Infrastructure Holdings Limited policies regarding the granting of security interests and/or Infrastructure Holdings Limited existing lending and/or borrowing agreements; or
- vi. appoint an administrator or take a step to liquidate, dissolve or wind-up Infrastructure Holdings Ltd; or
- vii. make any decision to undertake an initial public offering; or
- viii. issue, cancel, buy-back or make any reduction of Shares, securities that are convertible into or exchangeable for Shares, or options to acquire Shares; or
- ix. transfer any Shares held by Infrastructure Holdings Ltd or purchase or otherwise acquire its own Shares; or
- x. approve any transfer of Shares by NCC and TDC; or
- xi. give financial assistance for the purposes of, or in connection with, the purchase of Shares; or
- xii. consolidate, divide, or subdivide any Shares or create, alter or cancel any rights attaching to Shares; or
- xiii. apply any amounts available for distribution in paying up Shares or other securities; or
- xiv. exercise the right to issue shares in lieu of dividends conferred by section 54 of the Companies Act; or
- xv. make any amendment to the Shareholders' Agreement not expressly contemplated by the provisions of that agreement; or
- xvi. create, acquire, or sell any Subsidiary.

**IHL**

Infrastructure Holdings Limited

**PORT  
NELSON**

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



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

**STATEMENT OF INTENT**  
**TAUAKI WHAKAMAUNGA ATU**



## CONTENTS

I. Introduction .....	3
II. Strategic Context.....	4
A. Purpose.....	4
B. Nature and Scope of Activities .....	6
C. Objectives .....	10
D. Performance Measures and Targets.....	13
III. Financial Performance .....	16
A. Prospective Summary Financial Statements.....	17
B. Ten-Year Projected Capital Expenditure Programme ....	19
C. Ten-Year Projected Debt Profile .....	19
D. Key Financial Covenants .....	20
E. Accounting Policies.....	21
F. Dividend Policy .....	21
G. Commercial Valuation .....	21
H. Procedure for Acquisition of Other Interests.....	21
IV. Non-Financial Performance .....	22
A. Sustainability, Risk Management & Reporting .....	23
B. Health and Safety .....	24
C. Relationships with Customers/Stakeholders/lwi ....	24
V. Governance Performance .....	25
A. Approach to Governance .....	26
B. Information to be Provided to Shareholders.....	26

# I. INTRODUCTION

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

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

This SOI is for the 2024/25 Financial Year to 30 June 2025, and for the two following financial years.

This SOI addresses the relevant requirements in the Statement of Expectation sent by Council shareholders to Infrastructure Holdings Ltd (IHL) dated 19 December 2023.



NELSON AIRPORT STATEMENT OF INTENT 2024/2025

# II. STRATEGIC CONTEXT

## A. PURPOSE

### **Our Vision - Tō Tātou Tirohanga Whakamua**

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

Kia noho hei taunga rererangi o te ao e whakahaere ana i ngā waka rererangi kore tuku.

### **Our Purpose - Tō Tātou Whāinga Matua**

To contribute to a sustainable and prosperous Nelson-Tasman.

Kia tāpae atu ki a Whakatū-Aorere hei wāhi whakauka, tōnui hoki.

### **Our Mission - Tā Tātou Kaupapa**

Nelson Airport provides sustainable airport infrastructure that connects Nelson-Tasman to the world.

E whakarato ana te Taunga Rererangi o Whakatū i ngā hanganga taunga rererangi e noho ai a Whakatū-Aorere ki te ao whānui.

Nelson Airport facilitates business opportunities by optimising the use of land and developing commercial facilities.

E whakahaere ana te Taunga Rererangi o Whakatū i ngā ara pakihī mā te arotau i te whakamahinga o te whenua me te whanake whare arumoni.

Nelson Airport supports excellent experiences that add to visitor satisfaction.

E tautoko ana te Taunga Rererangi o Whakatū i ngā wheako pai e whakanui ana i ngā painga ki ngā manuhiri.



NELSON AIRPORT STATEMENT OF INTENT 2024/2025

# OUR VALUES Ō TĀTOU UARA

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

## Teamwork - Mahitahi

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

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

## Openness - Ngākaunui

*“willing to consider new ideas; unprejudiced”*

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

## Continuous Improvement - Whakapai ake

*“a thing that makes something better or is better than something else”*

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

## Accountability - Noho haepapa

*“the condition of being responsible for your actions”*

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

## Safety - Marutau

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

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

## Integrity - Ngākau Pono

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

We are honest, open, ethical, and fair in all of our actions, respecting our customers and colleagues alike.

## B. NATURE AND SCOPE OF ACTIVITIES

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

On 1 July 2023 NAL became part of the Infrastructure Holdings Ltd (“IHL”) Group, corresponding with NAL’s ordinary shares being transferred from Nelson City and Tasman District Councils respectively, to IHL. NAL is a wholly owned subsidiary of IHL.

The airport is a key strategic asset and contributor to the prosperity and sustainability of the Nelson Tasman region. Its commercial operations and services deliver significant benefits to the region. Its primary service is moving people in and out of the region safely and efficiently. In 2019 prior to Covid and when Jetstar was still operating here, the number of passengers through the airport was more than one million annually. In the 2023 financial year, passenger volumes were 915,000. The rapid resumption of travel post-Covid was due to pent up demand from people to travel domestically once lockdowns ended in late 2022.

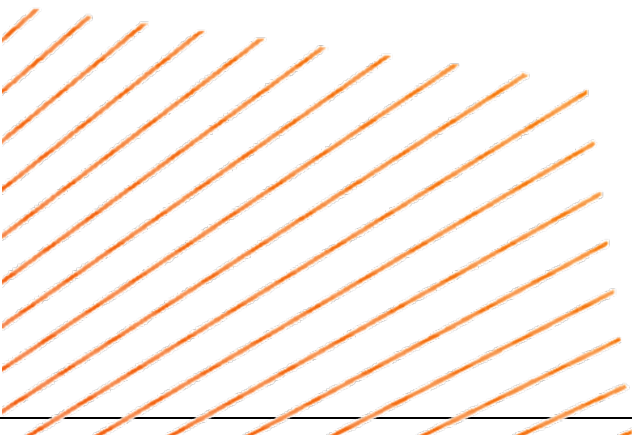
Through Air New Zealand, Nelson Airport has direct links with the key cities of Auckland, Wellington, and Christchurch. Other carriers including Originair, Sounds Air and Golden Bay Air provide direct provincial links to the North Island cities of Wellington, Palmerston North, Hamilton, as well as the Kāpiti Coast and short flights to Tākaka and Karamea in the north of the South Island.

The airport supports a diverse range of businesses that service aircraft or require access to air services or airport land and building infrastructure, such as the New Zealand Flying Doctors, aviation colleges and helicopter operators.

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

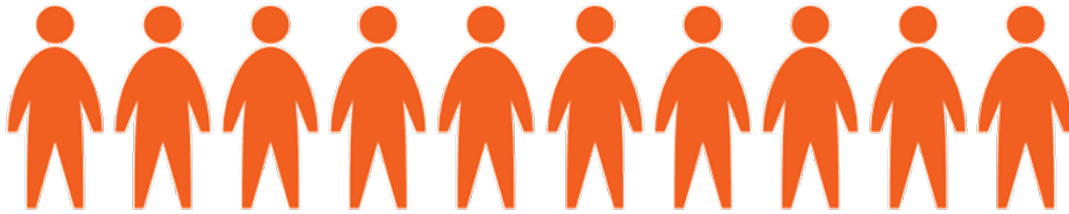
- growth and efficiency of the region’s economy
- attraction and retention of talent in the region
- resilience of the region and its ability to respond to emergencies
- attraction of investment in local operations of international aeronautical players
- ability of locals to connect with the world

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





# NELSON AIRPORT BY THE NUMBERS



915,240

Nelson Airport's passenger numbers for the 12 months to December 2023



1347m  
of sealed runway

118.8h  
of operational  
land area



1.4 million pax, the  
terminal capacity per  
annum



1000+ total  
carparks



\$148 million, our  
total asset value



25 FTE, our  
employees (31 total)



1,090,839, the total number of  
seats flown for the 12 months to  
December 2023

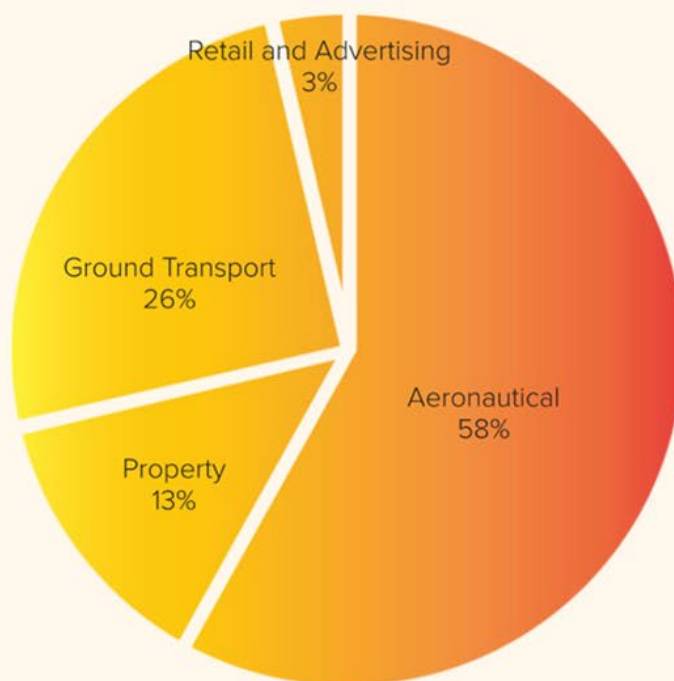


# REVENUE ANALYSIS

The revenue streams earned reflect the scope of airport activities. The diagram below illustrates a summarised view of the forecast revenue split for the 2024/25 financial year.



2024/25 REVENUE FORECAST BY REVENUE STREAM



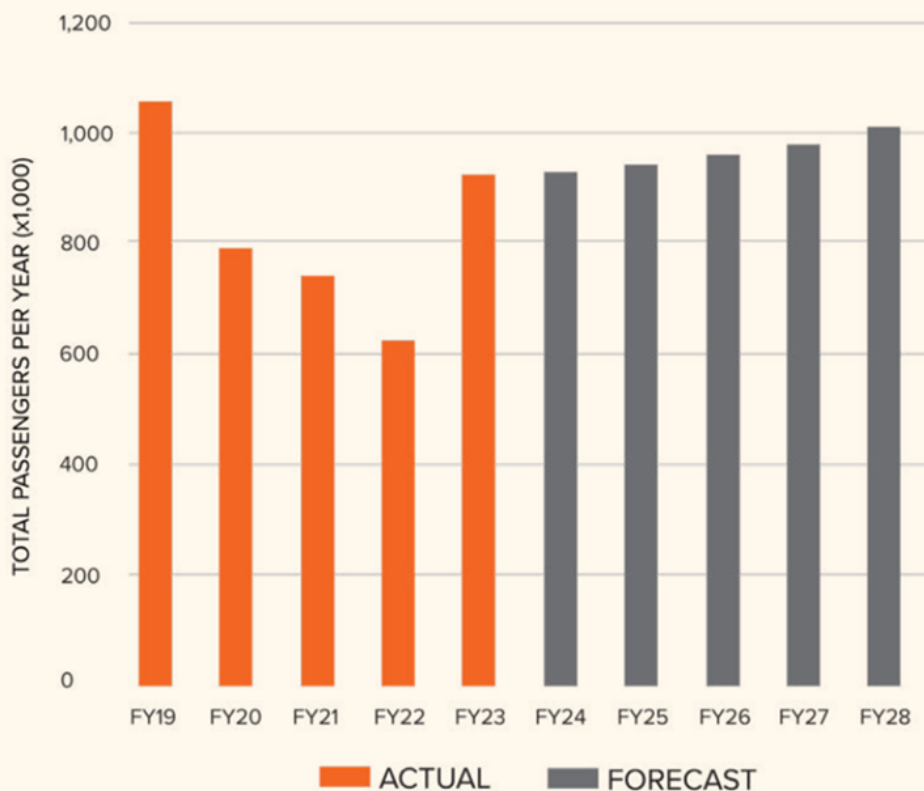
# PASSENGER PERFORMANCE



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

NAL is forecasting a return to annual pre-Covid record passenger performance, more than 1 million passengers, by FY28.

HISTORICAL VS FORECAST TOTAL PASSENGERS



NOTE: Jetstar left the market in November 2019.

## C. OBJECTIVES

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



### Health, Safety and Risk

Provide a safe and secure airport in accordance with CAA and HSWA rules, underpinned by a strong safety culture and an effective safety management system.



### Customers and Stakeholders

Build strong relationships with airlines, shareholders, Tasman and Nelson communities and Iwi, hapu and other Māori organisations.



### People, Culture and Values

Be an employer of choice in the region.



### Finance Results

Contribute directly and indirectly to the economic prosperity of the region by ensuring strong financial performance and expanding and diversifying revenue streams to reduce reliance on aeronautical activities.



### Infrastructure and Property

Invest in and maintain buildings and infrastructure that support our strategic objectives and provide resilience against the effects of natural events.



### Environmental Sustainability

Reduce our carbon emissions and waste by investing in future green energy production and waste reduction/recycling opportunities and facilitate other stakeholders to do the same.

# OUR STRATEGIES

For the financial years 2024/25 to 2026/27, the Statement of Intent concentrates on the following strategies:

## People, Culture and Values

Enhance employer brand and recruitment processes and systems.

Promote diversity and inclusion.

Improve employee engagement and performance.

Implement and promote health and wellness programmes and initiatives.

## Health, Safety and Risk

Maintain our health and safety policy and systems in compliance with the relevant legislation and standards.

Provide regular training and education on health and safety topics.

Conduct audits and inspections to monitor and evaluate the health and safety performance and compliance of the airport

Establish and maintain a positive health and safety culture and climate.

## Financial Results

Leverage the competitive advantage and strategic location of the airport and retain more domestic airlines routes, increase domestic volumes and enhance customer satisfaction and loyalty.

Strengthen the financial resilience and governance of the airport by continuing to maintain a robust and transparent budgeting and reporting system.

Diversifying and managing financial risks and liabilities, and ensuring compliance with relevant laws and regulations.

## Infrastructure and Property

Maintain a long-term master plan that supports the vision, goals, and objectives of the airport.

Enhance the accessibility and connectivity of the airport.

Optimise the use and allocation of space and resources within the airport.

# OUR STRATEGIES

For the financial years 2024/25 to 2026/27, the Statement of Intent concentrates on the following Strategies:

**Customers and Stakeholders**

Diversify and expand the customer experience at the airport, by exploring new and innovative business opportunities and partnerships.

Engage and consult with local communities, Iwi, and other relevant stakeholders on the airport's development plans, environmental impacts, and opportunities for collaboration and partnership.

Provide high-quality customer service and passenger experience at the airport by ensuring safety, security, comfort, convenience, and accessibility for all travellers and visitors.

**Environmental Sustainability**

Mitigate the environmental impact of the airport by implementing energy- efficient and sustainable solutions.

Implement a carbon management plan that sets clear and measurable targets for reducing the airport's carbon footprint, monitors and reports progress and achievements, and identifies and implements carbon reduction initiatives and best practices.

Promote and facilitate the use of public transport, cycling, and walking as alternative modes of travel to and from the airport.

Encourage and support the airlines and other stakeholders to adopt more fuel-efficient and environmentally friendly practices.

Enhance oversight of noise levels as set out in the Nelson Resource Management Plan



## D. PERFORMANCE MEASURES AND TARGETS

### FY25 TARGETS

#### People, Culture and Values

Measure		Target
	Annual employee engagement survey to be undertaken	Complete the employee engagement survey by 30th June 2025
	Maintain a formal training and development programme for all employees	Increase the development hours per FTE

#### Health, Safety and Risk



Measure		Target
	Meet all our obligations and standards under Civil Aviation Act Rules	No "major" <sup>1</sup> findings Annual independent audit of SMS completed
	Facilitate an effective and transparent forum with engaged stakeholders jointly driving safety and operational improvements	Complete external audit of H&S risks, governance compliance processes and procedures

<sup>1</sup> An occurrence or deficiency involving a major system that caused, or had the potential to cause, significant problems to the function or effectiveness of that system.


## D. PERFORMANCE MEASURES AND TARGETS

### FY25 TARGETS

#### Infrastructure and Property

Measure		Target
	Maintain an asset management system to manage the condition, criticality, and life cycle of all assets	Rehabilitation project stage 1 commenced on main apron
	Ensure planning framework enables delivery of master plan	NoR and PC30 confirmed Consents achieved for bridging of Jenkins Creek

#### Financial Results

Measure		Target
	Manage financial performance to ensure we are optimising returns while also maintaining a strong balance sheet	EBITDA <sup>2</sup> \$11.47m Gross Leverage Ratio <sup>3</sup> < 3.5 Funds from Operations/Debt <sup>4</sup> >18%

<sup>2</sup>Earnings before interest, taxes, depreciation, amortisation, and other non-operating income/expenses

<sup>3</sup>Total third-party debt at year end/EBITDA before other income and expenses (maintained at <4.5)

<sup>4</sup>Total third-party debt at period end/Equity at period end (maintained at > 11%)





## D. PERFORMANCE MEASURES AND TARGETS

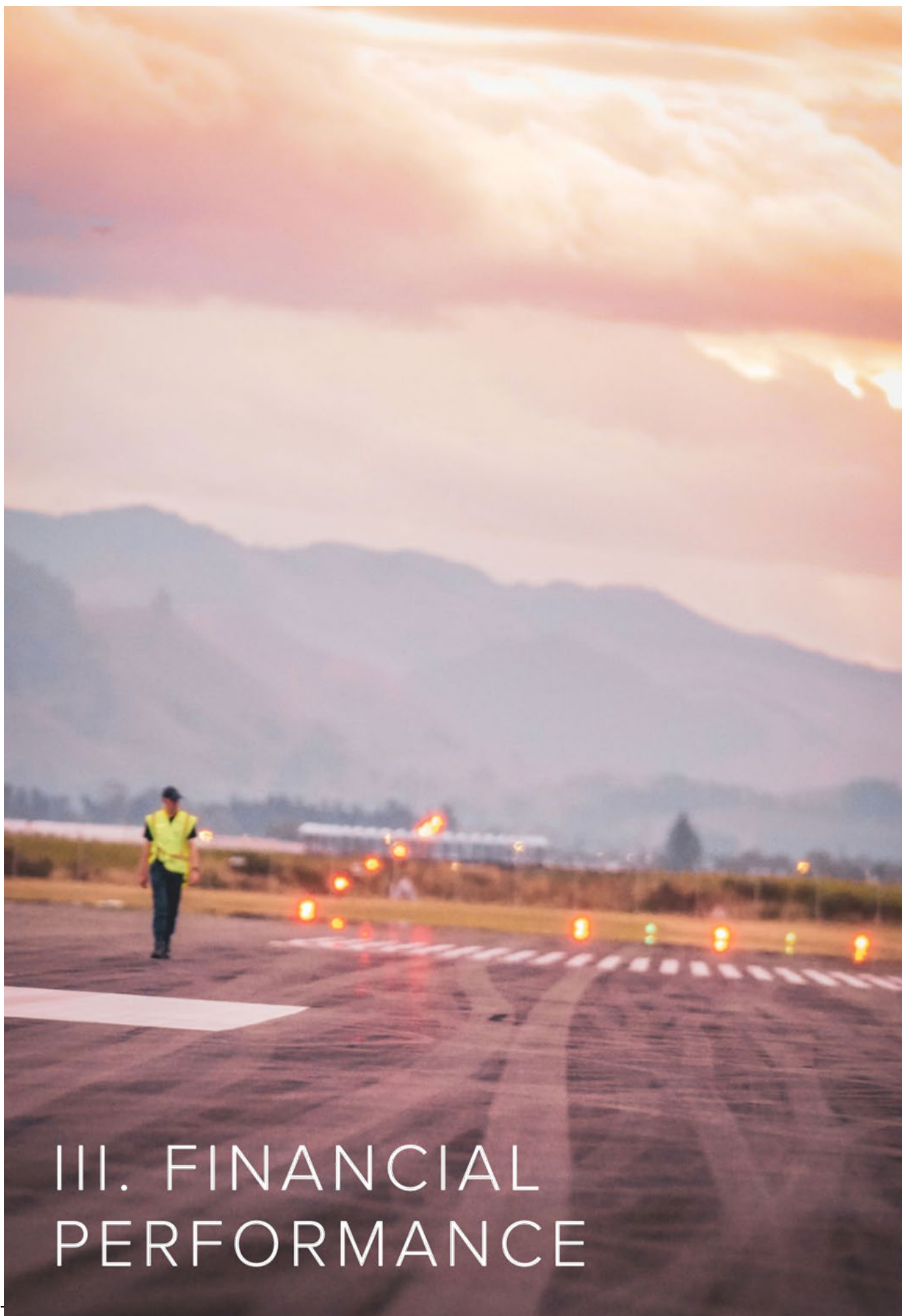
### FY25 TARGETS

#### Customers and Stakeholders

Measure		Target
	Deliver an exceptional customer experience for those visiting the airport in any capacity	Maintain "Excellent" result in next Customer Satisfaction Survey
	Deliver on Māori Partnership plan	Adopt the Cultural Framework and commence implementation

#### Environmental Sustainability

Measure		Target
	Pursue sustainability initiatives that deliver our goal to be carbon neutral by 2030	Climate Disclosure reporting initiated
	Enhance oversight of noise levels as set out in the Nelson Resource Management Plan	Review recommendations of 2024 Five-year Noise Audit and prepare a plan for those recommendations that are to be implemented



### III. FINANCIAL PERFORMANCE

## A. PROSPECTIVE SUMMARY FINANCIAL STATEMENTS

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

	FY24	FY25	FY26	FY27
Total Operating Revenues	17.7	19.1	20.9	23.8
Total Operating Expenses	(6.5)	(7.5)	(8.1)	(8.4)
EBITDA before Other Income / Expenses	11.2	11.6	12.8	15.4
EBITDA after Other Income / Expenses	11.2	11.6	12.8	15.4
Depreciation and Amortisation	(4.2)	(4.1)	(4.8)	(5.3)
EBIT	7.0	7.5	8.0	10.1
Finance (Expense) / Income	(1.7)	(2.2)	(2.7)	(3.5)
Profit before Income Tax	5.3	5.3	5.2	6.6
Income Tax	(1.9)	(2.0)	(2.0)	(2.4)
Net Profit after Income Tax	3.4	3.3	3.2	4.3

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

	FY25	FY26	FY27
<b>Assets</b>			
Current Assets	1.5	1.6	1.8
Property, Plant and Equipment	162.6	179.3	191.0
<b>Total Assets</b>	164.1	180.9	192.8
<b>Liabilities</b>			
Current Liabilities	4.1	5.1	4.1
Total Loan Finance	40.2	54.3	64.5
Other Non-Current Liabilities	13.2	13.2	13.2
<b>Total Liabilities</b>	57.5	72.5	81.8
<b>Total Net Assets</b>	106.6	108.3	111.0
<b>Total Equity</b>	106.6	108.3	111.0

## A. PROSPECTIVE SUMMARY FINANCIAL STATEMENTS

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

	FY25	FY26	FY27
Cash Opening Balance	0.2	0.3	0.3
<b>Cash In</b>			
Cash from Operations	21.9	23.9	27.2
Cash drawn from Loan Facility	14.5	15.1	11.0
<b>Total Cash Inflows</b>	36.4	39.0	38.2
<b>Cash Out</b>			
Operational Expenses	8.1	8.7	9.1
Income Tax Paid	2.4	2.0	2.2
Dividends	1.3	1.4	1.5
Capital Expenditure	22.1	23.7	21.2
GST Paid	(0.7)	(0.5)	(0.1)
Loan Payments (principal and interest)	3.1	3.7	4.4
<b>Total Cash Outflows</b>	36.3	39.0	38.2
Cash Closing Balance	0.3	0.3	0.3

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

## B. TEN-YEAR PROJECTED CAPITAL EXPENDITURE PROGRAMME

The following table shows the projected capital expenditure forecast for the current financial year plus 10 additional years.

### Ten-Year Total Capital Expenditure Forecast

	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Total Capex (\$m)	7.0	18.1	21.5	17.0	22.5	21.0	14.0	16.8	11.3	12.5	12.6

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

	FY25	FY26	FY27
Runway, Aprons and Taxiways	10.1	7.8	2.9
Electrical Assets	0.3	1.0	-
Stormwater / Erosion / Drainage	2.9	1.5	1.0
Rescue Fire Service	-	-	1.9
Security	-	0.1	-
Landside Roading and Carparks	0.3	-	-
Commercial Property Developments	1.3	9.4	9.9
All Other Forecast Capital Expenditure	3.2	1.7	1.3
	18.1	21.5	17.0

## C. TEN-YEAR PROJECTED DEBT PROFILE

The following table shows the projected debt levels for NAL for the current year plus 10 additional years.

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

	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Total Debt (\$m)	26.6	40.2	54.3	64.5	74.2	88.4	90.8	94.6	92.6	90.4	86.9

## D. KEY FINANCIAL COVENANTS

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

	NOTE	FY25	FY26	FY27
Working Capital (\$ x 1,000,000)	1	(1.5)	(2.3)	(1.2)
Working Capital Ratio	2	1.7	3./	1.9
Return on Equity	3	3./ %	3.- %	3.8%
Shareholders' Funds to Total Assets Ratio	4	0.6	0.6	0.6
Debt to Equity Ratio	5	2.6	2.-	1.6
Leverage Ratio	6	3.4	3.1	4.1
Interest Cover Ratio	7	5.2	4.6	4.3
Funds from Operations / Debt	8	17.4%	13.8%	13.7%

#### Notes

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

## E. ACCOUNTING POLICIES

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

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

NAL has undertaken General Purpose Financial Reporting utilising the revaluation model based on the accounting concept of Fair Value. Significant valuation work was undertaken towards this end and underpins the reporting of Property, Infrastructure and Leasehold Interest at fair value.

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

From 1 July 2023 NAL became part of the IHL Group, corresponding with NAL’s ordinary shares being transferred from Nelson City and Tasman District Councils respectively to IHL. NAL is a wholly-owned subsidiary of IHL.

IHL has notified NAL that it requires quarterly reporting, an option provided under section 66 (3) of the Local Government Act 2002. Quarterly reports must be delivered by 31 May and 30 November each year. However, at the time of preparing this SOI the scope of the information required to be included in these reports had yet to be formalised by the shareholder. Accounting policies are set out in detail in NAL’s Annual Report which is available from Nelson Airport Ltd’s website at: [www.nelsonairport.co.nz](http://www.nelsonairport.co.nz).

### Dividend Policy

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

### Commercial Valuation

The commercial value of the shareholders’ investment in the company is considered by the directors to be not less than the shareholders’ funds as disclosed in the Statement of Financial Position published in the last Annual Report.

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

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

### Procedure for Acquisition of Other Interests

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



# IV. NON-FINANCIAL PERFORMANCE



## A. SUSTAINABILITY, RISK MANAGEMENT & REPORTING

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

### Risk Management:

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

### Carbon reduction:

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

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

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

### Climate change:

Following the August 2022 weather event, NAL began developing our resilience planning which identifies the physical risks to the airport from natural events such as an increase in rainfall while Jenkins Creek is at high tide. Resilience planning focuses on the next 30 years and will identify mitigation strategies around stormwater networks, detention basin, pump stations, stop banks and rock walls.

### Waste Minimisation:

NAL will focus on reducing waste and increasing recycling, this being pursued as part of an initiative to engage more deeply

with airport tenants and suppliers to establish environmental champions and raise the priority of environmental management matters.

### Climate Related Disclosures (CRDs):

Consistent with the requirements of Council shareholders and Infrastructure Holding Limited (IHL), NAL commenced reporting against the Climate-Related Disclosures (NZ CS 1) standard in FY24.

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

### Governance

- Outlines the board's and management's roles in assessing and managing climate-related risks and opportunities.

### Strategy

- Outlines the climate-related risks and opportunities NAL has identified over the short, medium and long-term.
- Analyses the impacts and resilience of NAL's strategy after taking these into consideration and outlines the transition plan.

### Risk Management

- Describes NAL's processes in managing and assessing climate-related risks.

### Metrics and targets

- Discloses the metrics used to assess climate-related risks and opportunities in line with NAL's strategy and risk management processes.
- Describes the targets used to manage climate-related risks and opportunities and performance against those targets.

FY25 projects underway to both reduce our carbon footprint and build resilience against natural events including those caused by climate change:

- Proactively pursue confirmation of Project 2-Zero NoR and Private Plan Change to protect ability to host zero-emission aircraft and develop green energy generation as a permitted activity
- Stormwater replacement and improvement projects
- Continue engagement with market players regarding commercial opportunity for hydrogen eco system and generation in Nelson

- Expanding our composting programme
- Promoting the eBus service to increase its use

## B. HEALTH AND SAFETY

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

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

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

## C. RELATIONSHIPS WITH CUSTOMERS/STAKEHOLDERS/IWI

In 2025 we will continue to work towards a closer relationship with iwi. In 2024 we have developed a Māori Partnership Plan that has been presented to the Iwi General Managers Forum. The next step is to build an associated work programme for Nelson Airport.

Alongside this, we will continue to work on building our cultural capability internally. All staff have been offered the opportunity to attend Te Reo Māori classes since early 2023. Several staff will continue their learning with Te Ataarangi in 2024. Cultural confidence training for senior leaders is also planned in 2024.



## A. APPROACH TO GOVERNANCE

The board’s approach to governance of NAL is to preserve and enhance shareholder value in the long term.

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

The board must:

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

The board consists of a minimum of four and a maximum of six non-executive directors, appointed by the shareholders in accordance with the constitution.

The board meets at least nine times per year. The individual directors’ attendance record is maintained and reported in the Annual Report.

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

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

All board members comply with the New Zealand Institute of Directors’ Code of Proper Practice for Directors. Fees for the board are set by the shareholder in accordance with a policy jointly approved by Nelson City Council and Tasman District Council.

## B. INFORMATION TO BE PROVIDED TO SHAREHOLDERS

### General

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

### Half-Yearly Report

To be delivered to shareholders by 28 February. The half-yearly report will include:

- A Directors’ Report which includes commentary on NAL’s operations and performance against non-financial performance measures
- A condensed Statement of Comprehensive Income
- A condensed Statement of Changes in Equity
- A condensed Statement of Financial Position
- A condensed Statement of Cash Flows
- Appropriate Notes to the condensed Financial Statements

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

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

### Statement Of Intent

- Draft to be delivered to the shareholder on or before 1 March in the year preceding the financial year to which the draft Statement of Intent relates.
- Comments from the shareholder on draft Statement of Intent, if any, to be provided to NAL by 1 May.
- Final Statement of Intent to be delivered to the shareholder following consideration of any shareholder comments by 31 May, or later if allowed by the shareholder. In any case not later than 30 June.
- Final Statement of Intent to be made available to the public following adoption by the shareholder.

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

### Annual Report

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

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

The Annual Report will include:

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

### Annual Shareholders' Meeting

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

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





NELSON AIRPORT LIMITED  
Trent Drive, Nelson, New Zealand  
[nelsonairport.co.nz](http://nelsonairport.co.nz)

# PORT NELSON

## Statement of Corporate Intent 2025





// Welcome to  
**Port Nelson's  
Statement of  
Corporate  
Intent**

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

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

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

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

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

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

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

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

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

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

Driving excellence across the supply chain for our customers.

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

Delivering strong and sustained returns for our shareholders.

Working and striving together 'to facilitate regional prosperity'.



# // Contents

## **Introduction**

Nature and Scope of Activities.....	5
-------------------------------------	---

## **Strategic Context**

Purpose and Goals .....	8
2030 Strategy Overview .....	9
Stakeholder Strategies .....	10
Our Customers.....	10
Our Environment.....	11
Our People .....	12
Our Community .....	13
Our Shareholders.....	14

## **2025 Initiatives and Forecasts**

2025 Strategic Initiatives.....	16
Performance Measures .....	18
Financial Performance.....	20
Prospective Summary Financial Statements.....	20
Commercial Valuation and Dividends.....	23
Procedure for Acquisition of Other Interests.....	23
Ten-Year Projected Debt Profile .....	24
Ten-Year Projected Capital Expenditure Programme .....	24

## **Governance**

Non-Financial Performance .....	26
Risk Management .....	26
Sustainability and Climate Change .....	26
Health and Safety.....	26
Relationships.....	27
Governance Performance	
Accounting Policies.....	28
Dividend Policy.....	28
Approach to Governance .....	29
Information to be Provided to Shareholders .....	30

# Introduction



INTRODUCTION

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

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

## Nature and Scope of Activities

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

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

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



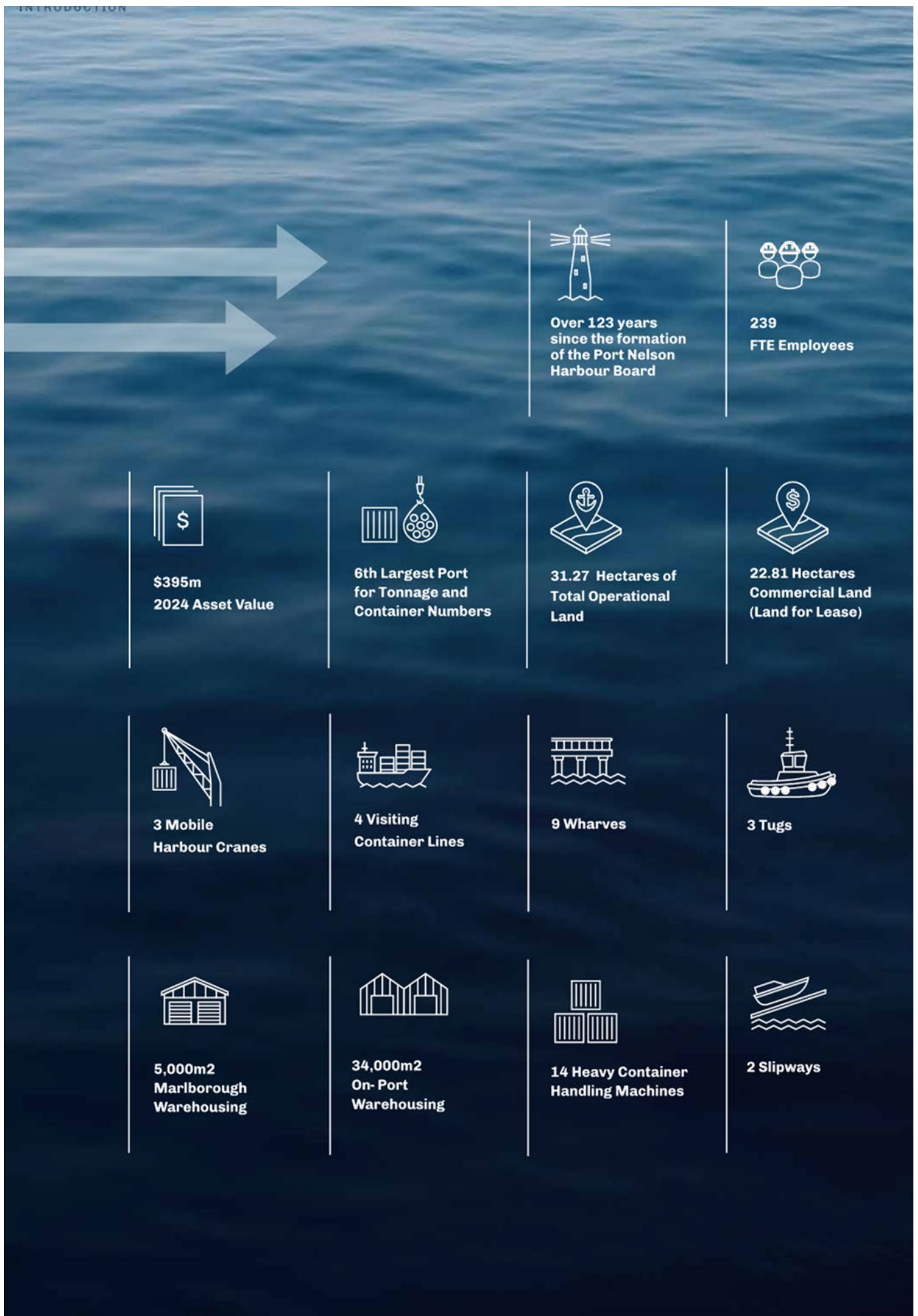
import commodities to Port Nelson are fuel and vehicles, both second-hand and new.

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

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

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

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



# Strategic Context



STRATEGIC CONTEXT

## // Purpose and Goals

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

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

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

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

### Purpose

## Facilitating Regional Prosperity

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

### Stakeholder Goals



### Values

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



## // 2030 Strategy Overview

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

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



### Our Customers

#### Always better

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

#### The preferred Te Taiuhu cargo pathway

Champion the needs of Te Taiuhu exporters and importers and growing the Marlborough cargo through our high service model



### Our Environment

#### Reduce our impact

Reduce our physical and carbon impact on the environment

#### Leadership in sustainability

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



### Our People

#### "I see you"

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

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

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



### Our Community

#### A trusted partner for our community

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

#### A trusted partner for iwi and Māori

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



### Our Shareholders

#### A fair and sustained return

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

#### Diversified income

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



# // Stakeholder Strategies

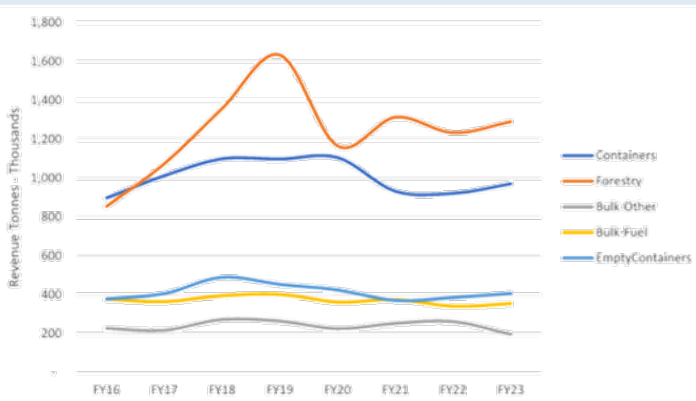
## Our Customers

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

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

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

Revenue Tonnes (RT)



### 2030 Strategy

#### Always better

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

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

#### The preferred Te Taihu cargo pathway

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

Maintaining and expanding Marlborough's cargo market share handled by QuayConnect is a focus. This encompasses inbound packaging, raw materials for the wine industry, and outbound bottled and bulk wine exports. QuayConnect aims to manage cargo flow with integrity while supporting Port Nelson's responsiveness to customer demands.

STRATEGIC CONTEXT

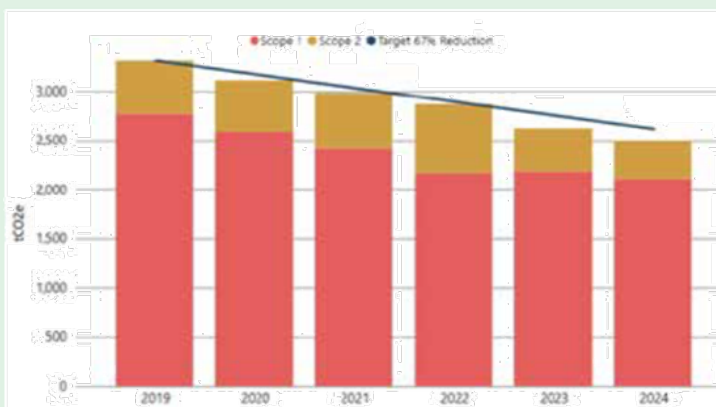
## Our Environment

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

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

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

### Total Emissions:



### 2030 Strategy

#### Reduce our impact

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

Additionally, Port Nelson will minimise operational impacts on the physical environment by ongoing pursuit of continual improvement approach to activities such as dredging, dust emissions, stormwater discharges, noise, and spills.

#### Leadership in sustainability

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

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

STRATEGIC CONTEXT

## Our People

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

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

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

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



300+

Team members in our Port whanaū



### 2030 Strategy

#### "I see you"

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

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

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

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

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

STRATEGIC CONTEXT

## Our Community

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

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

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

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

 **\$110k**  
Sponsorship funds for community initiatives



### 2030 Strategy

#### A trusted partner for our community

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

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

#### A trusted partner for iwi and Māori

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

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

STRATEGIC CONTEXT

## Our Shareholders

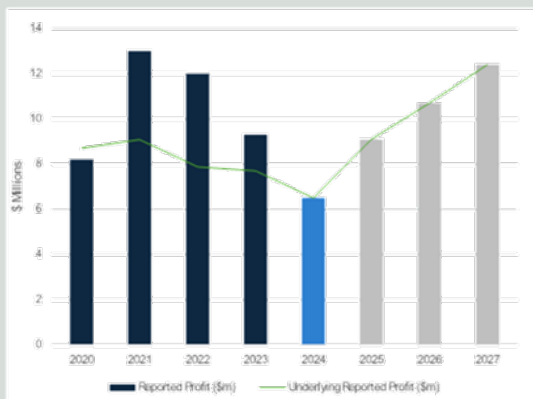
Commercial success is critically important to the Port as it results in a strong dividend to our community through delivering “strong and sustained returns to our shareholders”.

Over recent years, the impacts of Covid and its post-pandemic recessionary consequences have negatively impacted both cargo and costs. This has led to a flat financial performance. A steady improvement in cargo volumes and the benefit of increased port charges contribute to improved returns over the next three years.

The Port remains committed to investing in its infrastructure, assets, and technology to deliver operational excellence. The recently completed 2050 Infrastructure Masterplan provides a framework for future investment.

In addition, the Port applies an asset management approach which seeks to optimise the development, operation, maintenance, upgrade, and disposal of assets.

### Net Profit After Tax:



\*Underlying profit excludes revaluation of investment properties, and other non-cash or one-off events.



### 2030 Strategy

#### A fair and sustained return

Current levels of financial performance are insufficient to fund future Port developmental goals and provide a fair return to shareholders - assessed as a return on equity above 5.5%. Progress towards this target will recognise the competitive environment of Port users.

Investment in the Port’s infrastructure will be optimised and fit for purpose over the life of Port assets.

#### Diversified income

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

Additionally, this strategy supports the growth of QuayConnect, leveraging its expertise beyond logistic lines related solely to Te Taiuhu.

# 2025 Initiatives and Forecasts



## // 2025 Strategic Initiatives

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

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

After struggling to fully move its 2023 vintage due to international inventory stocks, the wine industry now has a reduced 2024 harvest, down 25% in 2023. This will continue to allow built up inventories to reduce, but will see lower volumes moved across the port.

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

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

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

### Our Customers:

#### Marlborough Inland Port:

The Inland Port development in Blenheim will be completed, providing 5000m2 of warehousing and a container terminal.

#### QuayConnect Business Growth Plan:

Leveraging of the Marlborough Inland Port to support Marlborough exporters to improve their logistics efficiency, including linkages to Christchurch.

#### Container Vessel Performance Improvement Plan:

Increase container loading and unloading productivity rates, without compromising safety.

#### Continuous Improvement:

Strengthen the culture and structure supporting continuous improvements, including improvement in the use of performance data dashboards.

### Our Environment:

#### Operational electric cranes:

The safe commissioning of the new electric hybrid crane, the conversion of Crane 4 to an electric hybrid, and the completion of supporting electrical infrastructure.

### Our People:

#### Emergency Management Plan:

Clarify, communicate and develop PNL's emergency management capability, including reduction, readiness, response and recovery.

#### Port User Management:

Refresh PNL's port user management protocols and plans to ensure that all port users are suitably qualified and inducted in operations at the port, as well as ensuring high-risk activities are appropriately managed.

#### Safe Work Framework:

Strengthen the clarity and approach to real-time hazard assessments and our 'Safe System of Work' Framework.

#### Event and Improvement Notification System:

Improve the management of feedback within the business, with a particular focus on Health & Safety and environmental incidents and improvements.

#### Risk Assurance Programme:

Refresh the risk assurance process with a particular focus on critical risk verification reviews, and safety audits.

2025 INITIATIVES AND FORECASTS

**Workforce Management Software and Processes:**

Streamline and automate the processes and systems that manage workers' time, organise and deploy their labour efficiently, enable employee and manager self-service, and improve employee safety.

**Refresh and embed a Wellbeing Strategy:**

Respond to themes from the engagement survey; refresh our Wellbeing framework and strategy, and establish a Wellbeing Action Group. This will also include providing Port wide training to support collective resilience and wellbeing.

**Our Community:**

**Continue to build relations with iwi and Māori:**

Continue to strengthen the relationship with iwi, and foster a stronger connection with kaimahi Māori. Increase knowledge and awareness within the Port.

**Our Shareholders:**

**Profitability Improvement:**

Continue to make changes in the business to move PNL towards delivering a Return on Capital (RoC) greater than 5.5% by 2028FY.

**Nelson Marine Precinct Operational:**

Complete the development of the Nelson Marine Precinct as a premium destination for vessel maintenance and repair, and one that exceeds profit forecasts.

**Master Plan - 2025 to 2027 Projects:**

Enhance Container and QuayPack operations and improve safety.

**Brunt Quay & Dredging Consents:**

Be ready to lodge consent applications by the end of 2026.

**Wildman Avenue Development:**

Develop a master plan feasibility for the site and identify the first tenant.

**Replace Financial Reporting System:**

Deliver an enterprise resource planning upgrade capable of delivering our current and future financial reporting objectives.



## // Performance Measures

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

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



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

	2022/23 ACTUAL	2023/24 TARGET	2023/24 FORECAST	2024/25 TARGET
Revenue Tonnes (000)	3,245	3,349	3,288	3,209
Container throughput (TEU - twenty-foot equivalent units - 000)	105	113	106	106
Vessel visits	769	776	754	727
Revenue growth QuayConnect (\$m)	5.7	1.0	1.0	1.5
Average container crane moves per hour	19	>20	19	>20
Average container truck waiting time (mins)	14.7	<15	14.5	<15



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

	2022/23 ACTUAL	2023/24 TARGET	2023/24 FORECAST	2024/25 TARGET
Gross reduction on FY19 scope 1 and 2 carbon emissions (cumulative)	14%	18%	22%	25%
Gross reduction on FY19 levels in scope 3 carbon emissions (PNL originated)	72%	85%	60%	70%
Port's significant noise event & events >85dbH (at monitor)	0 & 15	0 & 8	1 & 20	0 & 8
Dust events external complaint	0	0	0	0
Port substance Spills >10L reach harbour	0	0	1	0

2025 INITIATIVES AND FORECASTS

**Our People**

Ō tātou  
whānau

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

	2022/23 ACTUAL	2023/24 TARGET	2023/24 FORECAST	2024/25 TARGET
High potential risk events	1	<=2	4	<=2
Serious harm*	1	0	1	0
Lost time injury frequency rate (LTIFR)**	7.08	<=2.6	5.8	<=2.6
Critical risk verification reviews	44	44	43	43
Visible safety leadership events	430	400	450	400

\*Serious harm definition is fatality or notifiable injury (HSWA 2015)

\*\*LTIFR is calculated as LTIs per 200,000 hours

**Our Community**

Tō tātou  
hapori

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

	2022/23 ACTUAL	2023/24 TARGET	2023/24 FORECAST	2024/25 TARGET
Utilisation of slipway - (Calwell)	84%	85% or 312 days	85%	85% or 310 days
Sponsorship as a percentage of NPAT	1.3%	>1.2%	1.5%	>1.2%
Dividend \$ (% underlying NPAT)	4m	4.5 (50%)	4.5m (72%)	5.9m (64%)

**Our Shareholders**

Ō tātou  
kaiwhaipānga

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

	2022/23 ACTUAL	2023/24 TARGET	2023/24 FORECAST <sup>+</sup>	2024/25 TARGET
Underlying* revenue	\$82.9m	\$86.1m	\$84.4m	\$88.9m
Underlying earnings before interest and taxes	\$13.9m	\$16.3m	\$13.8m	\$17.5m
Underlying net profit after tax	\$7.7m	\$9.1m	\$6.2m	\$9.1m
Underlying return on assets	2.0%	2.3%	1.7%	2.3%
Underlying return on equity	2.8%	3.2%	2.4%	3.2%
Gearing (debt/equity)	20.1%	21%	21.9%	21.9%

+ Financial results for 23/24FY are based on May 24 YTD results plus Q3 reforecast for June unaudited

\*Underlying financial performance excludes recognition of investment property revaluation

2025 INITIATIVES AND FORECASTS

## // Financial Performance

### Prospective Summary Financial Statements

For the three year period July 2025 to June 2027

#### Statement of Comprehensive Income

	2025	2026	2027
	\$000	\$000	\$000
<b>Revenue</b>			
Port Operations	81,140	86,500	91,200
Property	7,545	7,279	7,497
<b>TOTAL REVENUE</b>	<b>88,682</b>	<b>93,778</b>	<b>98,698</b>
<b>Expenses</b>			
Employee Benefit Expenses	26,288	27,007	27,808
Other Operational and Property Expenses	33,556	35,022	37,183
<b>Earnings before Interest, Tax, Depreciation and Amortisation</b>	<b>28,839</b>	<b>31,749</b>	<b>33,708</b>
Depreciation and Amortisation	11,336	11,987	11,872
<b>Earnings before Interest and Tax</b>	<b>17,503</b>	<b>19,762</b>	<b>21,835</b>
Net Financing Costs	4,767	4,826	4,452
<b>NET PROFIT BEFORE INCOME TAX</b>	<b>12,735</b>	<b>14,936</b>	<b>17,384</b>
Income Tax	3,604	4,193	4,941
<b>NET PROFIT AFTER INCOME TAX</b>	<b>9,131</b>	<b>10,743</b>	<b>12,442</b>

2025 INITIATIVES AND FORECASTS

## Balance Sheet

	2025	2026	2027
	\$000	\$000	\$000
<b>Current assets</b>			
Cash and Cash Equivalents	321	420	208
Trade and Other Receivables	13,293	13,680	14,515
Inventories	833	833	833
Prepayments and Accruals	1,542	1,820	2,099
<b>TOTAL CURRENT ASSETS</b>	<b>15,989</b>	<b>16,755</b>	<b>17,656</b>
<b>Non-current assets</b>			
Property, Plant and Equipment	357,218	354,992	362,014
Intangible Assets	2,858	2,530	2,325
Investment Properties	33,109	33,109	33,109
<b>TOTAL NON-CURRENT ASSETS</b>	<b>393,185</b>	<b>390,631</b>	<b>397,449</b>
<b>TOTAL ASSETS</b>	<b>409,174</b>	<b>407,385</b>	<b>415,105</b>
<b>Current liabilities</b>			
Trade and Other Payables	5,840	3,710	4,639
Employee Benefit Entitlements	1,578	2,168	2,028
Tax Payable	368	1,742	1,990
Dividend Payable	4,400	5,000	5,195
Noise Mitigation	100	100	100
<b>TOTAL CURRENT LIABILITIES</b>	<b>12,486</b>	<b>12,719</b>	<b>13,952</b>
<b>Less non-current liabilities</b>			
Employee Benefit Entitlements	256	256	256
Deferred Tax Liability	18,388	18,388	18,388
Term Loan	88,794	80,712	81,552
Noise Mitigation	200	160	140
Right of Use Assets	150	150	150
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>107,788</b>	<b>99,666</b>	<b>100,486</b>
<b>TOTAL LIABILITIES</b>	<b>120,274</b>	<b>112,385</b>	<b>114,438</b>
<b>Shareholders' funds</b>			
Issued Capital	6,050	6,050	6,050
Retained Earnings	105,520	111,420	117,087
Asset Revaluation Reserve	174,280	174,280	174,280
Minority Interests	3,250	3,250	3,250
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>288,900</b>	<b>295,000</b>	<b>300,667</b>
<b>TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES</b>	<b>409,174</b>	<b>407,385</b>	<b>415,105</b>

2025 INITIATIVES AND FORECASTS

## Statement of Cash Flows

	2025	2026	2027
	\$000	\$000	\$000
<b>Cash flows from operating activities</b>			
Cash was provided from:			
Receipts from customers	80,460	86,389	90,208
Rent received	7,550	7,280	7,500
	<b>88,010</b>	<b>93,669</b>	<b>97,708</b>
Cash was applied to:			
Payments to suppliers and employees	59,530	62,760	65,580
Interest paid	5,100	4,860	4,470
Taxes paid	3,240	5,210	5,870
Net GST paid	650	(560)	(50)
	<b>68,520</b>	<b>72,270</b>	<b>75,870</b>
<b>Net operating cash inflows</b>	<b>19,490</b>	<b>21,399</b>	<b>21,838</b>
<b>Cash flows from investing activities</b>			
Cash was provided from:			
Sale of property, plant and equipment	4,300	0	0
	<b>4,300</b>	<b>0</b>	<b>0</b>
Cash was applied to:			
Purchase of property, plant and equipment	24,322	10,230	16,230
Purchase of intangibles	540	50	0
	<b>24,862</b>	<b>10,280</b>	<b>16,230</b>
<b>Net investing cash inflows/(outflows)</b>	<b>(20,562)</b>	<b>(10,280)</b>	<b>(16,230)</b>
<b>Cash flows from financing activities</b>			
Cash was provided from:			
Loans borrowed	20,840	12,760	20,070
	<b>20,840</b>	<b>12,760</b>	<b>20,070</b>
Cash was applied to:			
Loans repaid	15,360	17,880	19,390
Dividend paid	4,500	5,900	6,500
	<b>19,860</b>	<b>23,780</b>	<b>25,890</b>
<b>Net financing cash inflows/(outflows)</b>	<b>980</b>	<b>(11,020)</b>	<b>(5,820)</b>
<b>Net increase/(decrease) in cash held</b>	<b>(92)</b>	<b>99</b>	<b>(212)</b>
Cash and cash equivalents at 1 July	412	321	420
<b>CASH AT 30 JUNE</b>	<b>321</b>	<b>420</b>	<b>208</b>

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

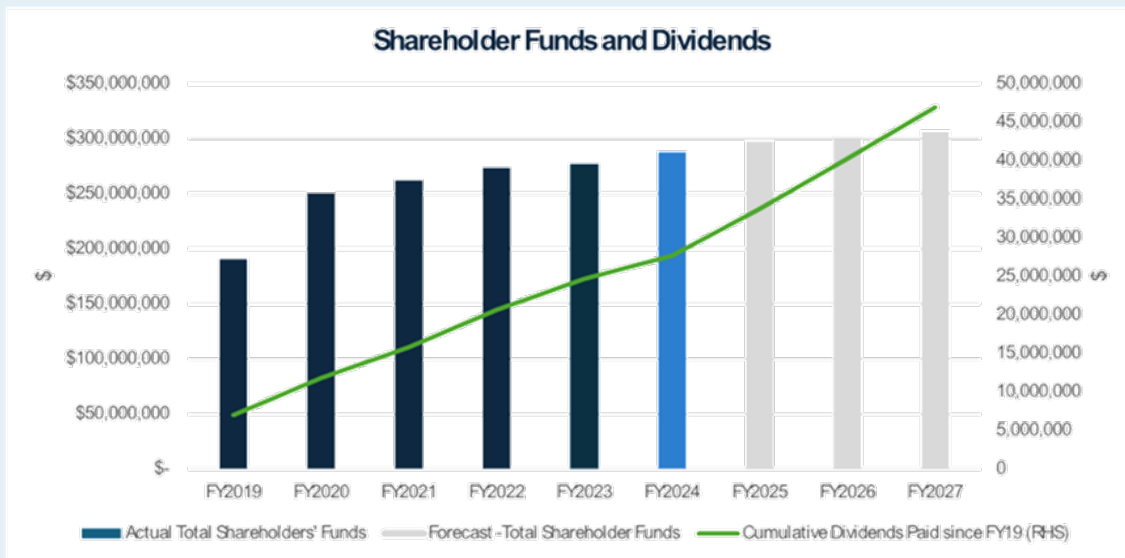


### Commercial Valuation and Dividends

The directors assessment of the value of the shareholders investment in the company is \$288.6m. The value is the prospective value of total shareholders' funds as at June 30, 2024.

Dividend payout as a % of NPAT has increased over financial years 24-25 to reflect gains received on the closeout of interest rate swaps during 2023/2024.

Dividends proposed for in future financial years (note this is different to the timing of actual payments which are covered on page 20) are expected to be \$4.5M for the year ended 30 June 2024, \$5.9M in 2025FY, \$6.5M in 2026FY and \$6.7M in 2027FY.



### Procedure for Acquisition of Other Interests

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

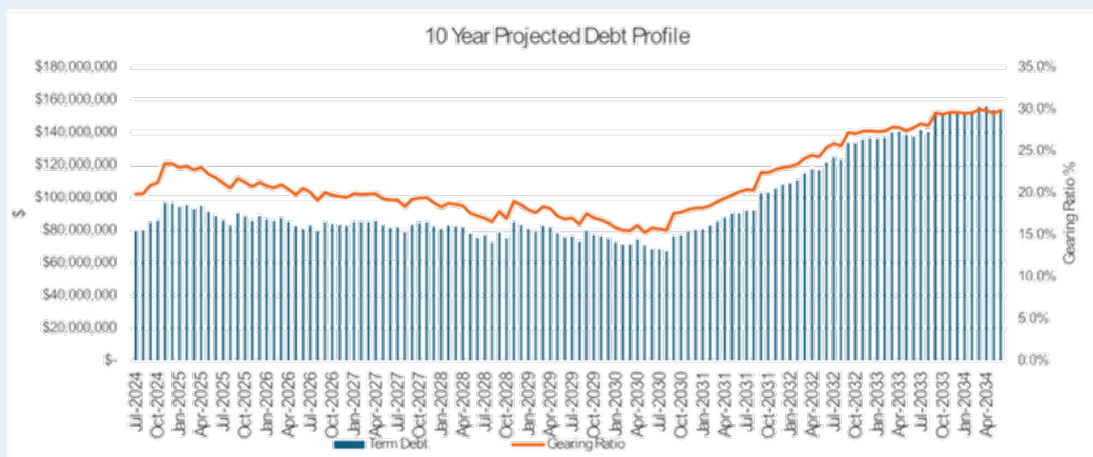
Any major share investment (other than operational investment) inconsistent with the five-year strategic plan will be subject to shareholder approval.



### Ten-Year Projected Debt Profile

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

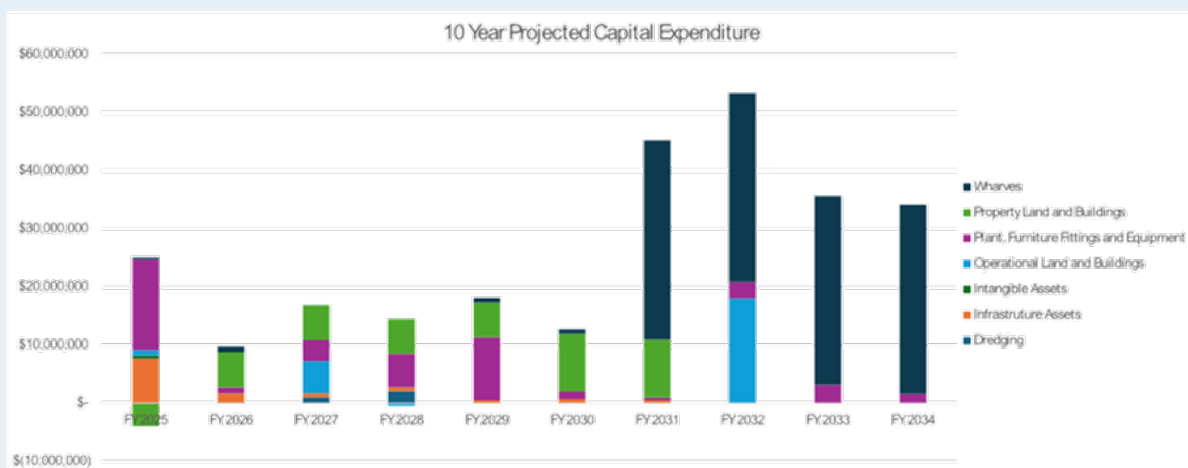
The following graph shows an annualised breakdown of expected debt levels for ten years across the Group, including the Port Nelson Slipways and expenditure on Wildman Avenue and main wharves.



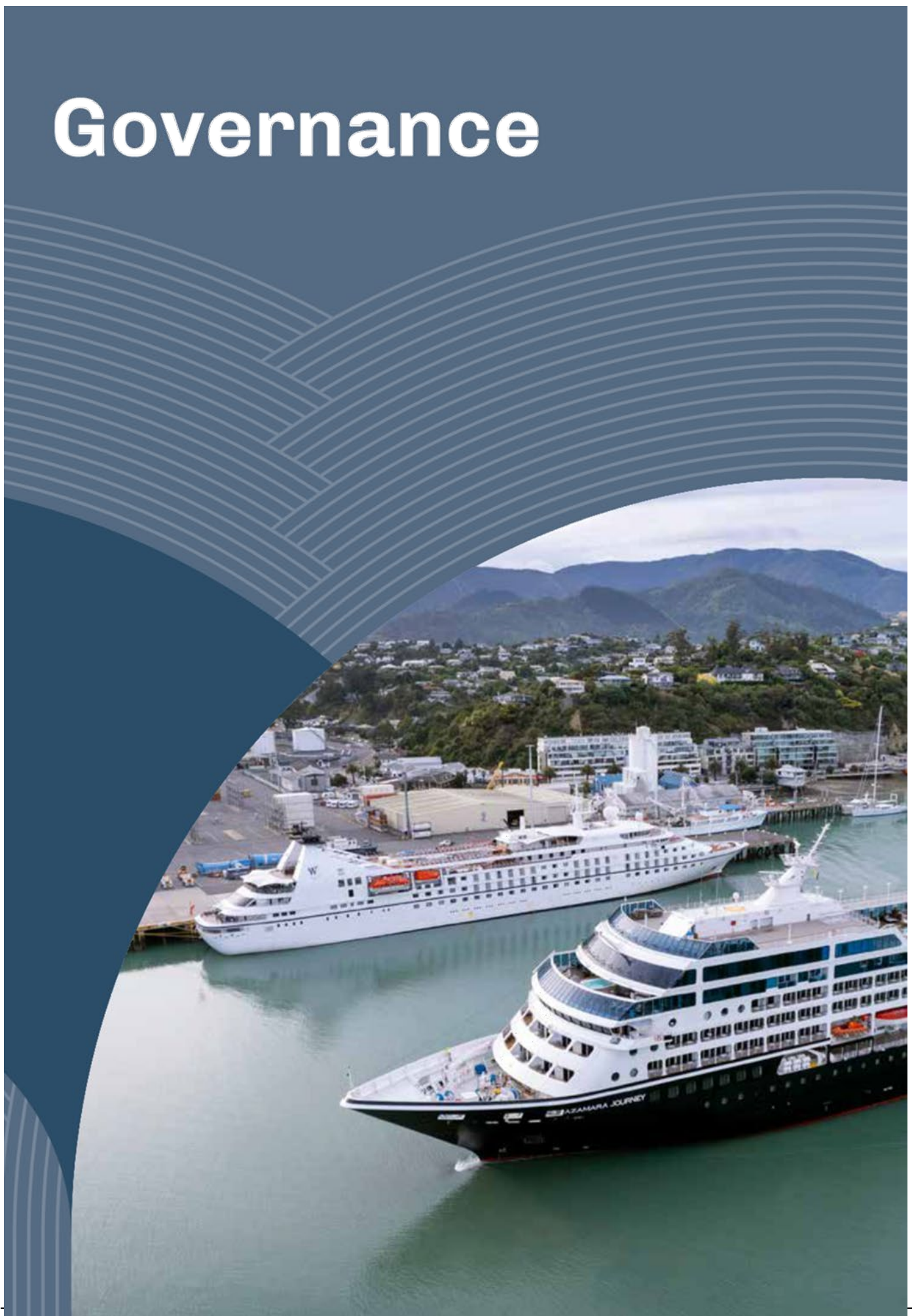
### Ten-Year Projected Capital Expenditure Programme

Total forecast capital expenditure over ten years is \$174 million. Key components of this expenditure include the Port Nelson Slipway development in the financial years 2024 and 2025, an investment programme for wharf replacements over the periods 2030 through 2034, and replacement to cranes and

the pilot vessel over the years 2024 to 2025 as well as the Wildman Avenue development over the period. The following graph shows an annualised breakdown of expected capital expenditure for ten years across the Group.



# Governance







## // Non-Financial Performance

### Risk Management

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

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

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

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

### Sustainability and Climate Change

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

The Port has established two key targets for carbon reduction:

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

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

(e.g. hydrogen) for our heavy plant.

The Port is not required to report under the Climate-related disclosures and Other Matters Amendment Bill. However, the Port commenced reporting against the climate-related disclosures standard in the 2024FY, with full compliance in the 2026FY. The Port will continue to broaden the scope of these reports.

### Health and Safety

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

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

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

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

Port Nelson, through consultation with our people, has identified 7 critical risks that have the potential to cause fatalities, this translates to 43 potential risk events where a critical risk is being managed. Critical Risk Reviews, an improvement review process, ensures the controls the Port has in place are working, and drives ongoing improvement.



**Health and Safety Governance Committee**

Port Nelson’s board is engaged in approving policies and ensuring compliance through the Health and Safety committee. External audits are used to challenge current operations. The Port developed a plan based on the outcomes from the 2023 financial year SafePlus external audit. These actions were completed in 2024FY. The Port is currently aligning its systems to ISO 45001, an international standard for health and safety at work developed by national and international standards committees independent of government.

**Relationships**

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

Port Nelson provides information to shareholding local authorities through its shareholders, IHL. There is also direct contact at mayor, CEO and officer level, where the Port connects with council over non-shareholder matters. The Port appreciates that councillors provide a strong connection to the community and welcome direct contact related to issues that may arise.

The Port operates a ‘no surprises’ approach with its shareholders.

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

To continue to build positive relationships with iwi, the Port has implemented a iwi and Māori partnership plan. The iwi and Māori partnership plan focuses on improving and strengthening our relationships with tangata whenua and mana whenua. This includes engaging in regular consultation, collaborating with iwi and incorporating their perspectives and concerns into planning and operations.





## // Governance Performance

### Accounting Policies

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

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

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

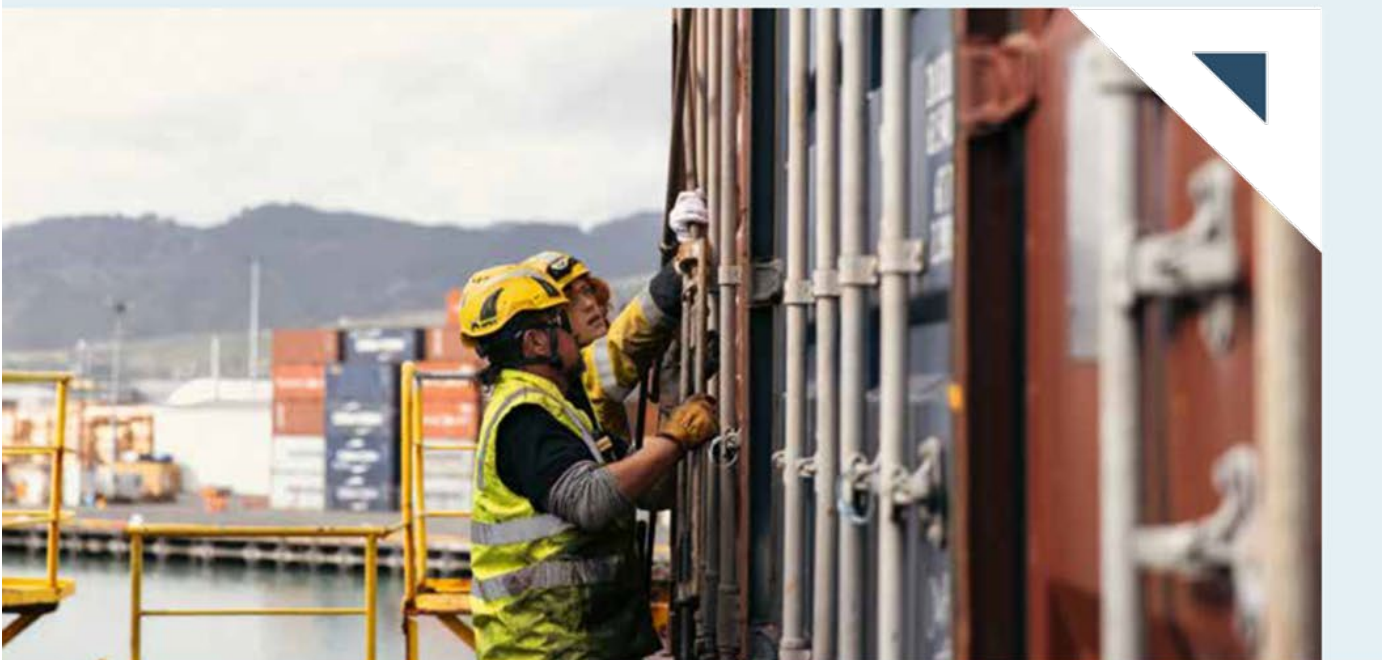
<https://www.portnelson.co.nz/news-room/publications/>

### Dividend Policy

The Port Nelson board will use its best endeavours to accommodate the shareholder's desire for consistent and reliable dividends with steady growth within the constraints imposed by the directors' obligations to act in accordance with their statutory duties, funding covenants and future capital requirements.

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

Given the high future capital investment, largely in asset replacement required over the future medium term, dividends in the lower end of the range are expected.





## Approach to Governance

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

### Company

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

### Corporate Code of Governance

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

### Board

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

### Board Committees

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

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

### Chairperson

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

### Chief Executive

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

### Health and Safety

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





## Information to be Provided to Shareholders

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

Over the period covered by this Statement of Corporate Intent, the Port will provide the following formal reports.

### Annual Statement of Corporate Intent

Under the Port Companies Act 1988, the Port is required to provide a draft Statement of Corporate Intent one month after the commencement of the financial year, with a financial statement three months after the years commencement.

Given the COO obligation of its shareholder IHL, the Port will provide its draft SoCI five months before the start of the new financial year and the final SoCI by the start of the new year.

### Half Yearly Report

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

### Annual Report

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

### Quarterly Reporting

Within six weeks after the end of each financial year's September and March quarters, the company will deliver to the shareholders a quarterly report on the preceding quarter. The company's quarterly report to shareholders shall include a performance

commentary, together with such other information as the board consider appropriate.

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

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

### General Disclosure

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

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

### Communication of Information

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

### Procedure for Acquisition of Shares

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

### Compensatory Activities

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

**PORT  NELSON**

Port Nelson  
Nelson 7010, New Zealand

## 8 CONFIDENTIAL SESSION

### 8.1 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:**

### 8.2 Trustee Remuneration 2024/2025 - Tasman Bays Heritage Trust

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.

### 8.3 Infrastructure Holdings Limited - Governance matters

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