



Meet the Crew

A/R:2020



Port Marlborough

The voyages of Tuia – Encounters 250 commemorated the remarkable Polynesian navigators and the incredible voyaging traditions of the Pacific peoples, alongside the European scientists and explorers who sailed in tall ships to Aotearoa, and the first cultural encounters.

The Tuia 250 kaupapa was to weave people together for a shared future – Tuia te muka tangata ke uta.

We welcome you to Port Marlborough's review of 2020, and hope our efforts have made a modest contribution to a better shared future, with the right balance for our people, our planet and prosperity – Ngā tāngata katoa, Te aō tūroa, Tōnuitanga.

Kia whakamahia te mahi e Tātou

The work is done by us all

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Highlights

Revenue

\$30.20

Million

2019 30.7 million

Dividend

\$3.5

Million

2019 \$3.7 million



1,109,257

Passengers through port
(ferry and cruise ship passengers)



554,767

JAS logs exported



2,782,486

Ferries: Lane metres freight
(rail and commercial vehicles)



3,126

Vessel visits over
500GRT



48

Cruise ships
to berth



1,528

Vessels accommodated
at marinas



71

FTE staff
employed

About the Port

Port Marlborough operates Marlborough's regional port and marinas and plays an important role in driving success for Picton and for Marlborough.

The port and its people support prosperity across a diverse range of Marlborough's signature industries including fishing, marine farming, domestic and international tourism including cruise, Cook Strait ferries, forestry export, and recreational boating.

Picton embraces its proud and long-standing history as the southern terminal port for Cook Strait passenger and freight ferry services. Port Marlborough's ferry infrastructure operates 24/7, providing a resilient and reliable connector through the backbone of the country's road and rail passenger and freight linkages.

We operate New Zealand's deepest export shipping berth at Waimahara Wharf in Shakespeare Bay, and a multipurpose berth at Waitohi Wharf in Picton Harbour. Picton is a popular cruise ship

port, able to accommodate the world's largest class of cruise vessel at the Waimahara Berth.

Port Marlborough is the largest New Zealand marina operator outside of Auckland with marinas at Picton, Waikawa and Havelock providing around 1050 berths and accommodating more than 500 vessels in boat sheds and storage compounds.

A further 250 berths under construction in the new Waikawa North West Marina will come on stream in 2022.

Our operations span several locations in the Marlborough Sounds. In each, substantial property-holdings within the port and marina precincts host integrated value-add independent businesses. There is further capacity available to expand existing operations and establish new ventures.

At Waitohi Picton

- Cook Strait freight and passenger ferry berths and terminals
- Berths for cruise ships up to 362 metres LOA
- Wharf facilities servicing aquaculture, commercial fishing and tourism
- Export shipping berth [draft 15.3 metres] and adjacent quayside storage facility in Shakespeare Bay servicing log export, project cargos and general cargos
- Extensive land holdings supporting integrated port activities
- Picton Marina, including berths for super-yachts and other vessels to 35 metres plus

At Waikawa

- Waikawa Marina, including land-based boat storage and launching facilities
- Waikawa Travelift haulout and hardstand facility [capacity >50 vessels]
- Waikawa Marine Centre, a cluster of marine service industry and hospitality businesses associated with the Marina

At Motuweka Havelock

- Berth, wharf and land-side facilities to service marine farming, tourism, forestry and barging operators in Pelorus Sound
- Havelock Marina, providing berths for recreational vessels, land-side storage and boat launching facilities
- An eight hectare reclamation accommodating a range of maintenance, aquaculture, and marine related value-added industries

Marlborough Sounds

- Te Whanganui Port Underwood marine farming wharf and port landing facilities
- Elaine Bay marine farming wharf and port landing facilities

Ownership

Port Marlborough's sole shareholder is MDC Holdings Limited, a wholly-owned subsidiary of the Marlborough District Council. Port Marlborough returns profit to the community of Marlborough by way of shareholder dividends.

Our Vision

Leading the way as an environmentally
restorative port, driving success
for Marlborough

Our Values

ACT WITH INTEGRITY

PONO

We keep our promises
and do what we say we will do

DELIVER EXCELLENCE

KAIRANGATIRA

We deliver excellent customer service
and excellent commercial results

We've embraced the task of evolving our team's
culture and decision making to set people, the planet
and prosperity at the heart of our thinking and actions
everywhere, every day. Our values define how we operate
and interact, between ourselves, with our customers
and with our community.

VALUE WELL-BEING

HAUORA

We work together to sustain what keeps us healthy:
physically, mentally, socially and culturally

PROTECT THE FUTURE

KAITIAKITANGA

We consider the environmental, economic, community
and cultural impacts of our decisions everywhere we operate

WORK TOGETHER

MAHI TAHI

We operate at the heart of our community.
We share ideas, understand, collaborate and celebrate.

Holding the Course

A full-page photograph of two men standing on a rocky shore. The man on the left is wearing a black quilted jacket with a small logo and khaki trousers. The man on the right is wearing a light blue button-down shirt and dark trousers. In the background, a red sailboat is on the water, and blue mountains are visible under a cloudy sky. A yellow horizontal line runs across the middle of the image, behind the text.

Port Marlborough has again delivered strong operational performance, achieving \$30m revenue for a second successive year despite the challenging impacts of the global coronavirus pandemic that emerged in late summer.

Overview

Notwithstanding the disruption brought about by COVID-19, 2020 has been a stand-out year for Port Marlborough as we continue our mission to drive success for Marlborough across our resilient, diversified business portfolio.

Marlborough Sounds Marinas occupancy numbers remained high across all three of our marinas and our launching ramps were well utilised over the summer by people getting out on the water.

Despite a shortened season Picton still enjoyed its busiest cruise season ever with record vessel visits and more than 100,000 visitors for the first time.

Commercial and rail freight volumes across Cook Strait were comparable to the prior year; although passenger and private vehicle numbers were down from late March onwards.

“...we continue our mission to drive success for Marlborough...”

Log exports were the Port’s major trade casualty, 20% down on budget due to COVID lockdown in China from January and locally from late March, on the back of an already soft market.

After more than a decade of planning, construction of the new North West Waikawa Marina began in March and the decision was made to continue with this development despite the backdrop of COVID-19. The 250 new berths are on track for delivery in 2022 and will contribute to the recovery of the region and demonstrates our commitment to long-term value creation.

Port Marlborough’s sustainability framework continues to take shape with metrics now established as a baseline to drive decision making and performance across all parts of the business.

Community partnerships continue at the fore. Picton’s role as host port to the Tuia – Encounters 250 flotilla in November was an absolute highlight,

as our team worked hard to ensure all vessels were cared for throughout their stay.

The Port Marlborough Sounds Discovery Fund sponsored the Tuia 250 Schools’ Day on the Waitohi Picton Foreshore, ensuring more than 1,300 Marlborough School children were able to experience the flotilla and learn about the kaupapa of Tuia 250.

Financial Performance

The Group’s revenue at \$30.2m again broke the \$30m threshold [2019: \$30.7m].

Trading performance at \$10.7m million [measured by pre-tax profit adjusted for non-cash revaluations and subvention payments] was down by 10% on the previous record trading year [2019: \$11.9m], impacted mainly by reduced log export.

Value of Group total assets at \$203.2m [2019: \$202.1m] reflects continued investment in productive assets, countered by revaluation loss of \$6.8m attributable to a decision to replace four older jetties in Havelock and adjustments relating to perception of increased risk around earnings potential of specific assets in the current market.

The Group’s equity ratio at 74.1% is consistent with the prior year and places the Company in a good position to take on additional capital projects.

Directors propose a final dividend of \$2.2 million, bringing total distribution for 2020 to \$3.5 million. Total dividends of \$25.1 million have been distributed to our Shareholder over the last ten years, and \$77.5 million since Port Marlborough's establishment in 1988.

Governance

There have been no changes to Board composition. Mr Fletcher retired by rotation at the Annual General Meeting and was reappointed.

Health and Safety

A revised three year Health and Safety Strategy has the primary objective of moving our health and safety maturity mode to 'resilient' across all performance factors by 2022. Significant work delivered included review and alignment of the Company's Health and Safety Management System with ISO45001, implementation of ICAM investigation methodologies, and launch of a refreshed worker engagement model.

As the extent of the COVID-19 threat became increasingly evident, we activated our Pandemic Response Plan in early March. Throughout the period since, we've implemented Alert Level specific safety plans to enable continuity of essential services whilst minimising risk of transmission. The HSEQ team has worked closely throughout this period with staff and senior leaders to support the overall wellbeing of our team.

Operational Performance

Number of ship visits



Total ship visits

2020 3,126 2019: 3,364
2018: 3,363

Ferries	Cruise ships	Other*
2018: 3,156	2018: 41	2018: 166
2019: 3,159	2019: 42	2019: 163
2020: 2,963	2020: 48	2020: 115

*[Over 500 GRT]

Non-ferry cargoes



Total cargo [Tonnes]

2020 617,997 2019: 795,406
2018: 796,166

Logs*	Salt [Tonnes]	Cement [Tonnes]	Fish [Tonnes]	Other [Tonnes]
2018: 709,333	2018: 2,200	2018: 17,277	2018: 13,013	2018: 37,261
2019: 697,828	2019: 12,860	2019: 18,688	2019: 15,002	2019: 51,088
2020: 555,182	2020: -	2020: 2,379	2020: 15,290	2020: 45,146

*[Export & domestic, JAS'000]

Marina facilities – berth occupancy %



Total average occupancy

2020 94% 2019: 94%
2018: 92%

Havelock [368]	Waikawa [480]	Picton [206]
2018: 81%	2018: 96%	2018: 101%
2019: 86%	2019: 96%	2019: 101%
2020: 88%	2020: 97%	2020: 100%

“...we are well placed to navigate business challenges ahead”

Our people

2020 has been an exceptional year that has called upon our people to be more adaptable and resilient than ever, relying on strong culture and working relationships.

Across the business, our teams responded positively and practically to the needs of a fast changing COVID-19 environment. Their willingness to adapt to the changed work practices – including working from home for many – was universal.

Our experiences of alternative working arrangements over recent months have been positive, and lessons learned will be taken forward into new protocols for the future.



Looking ahead

The North West Waikawa Marina will really start to take shape in the coming year as breakwaters are built, on track for completion in 2022.

Planning for redevelopment of the Waitohi Picton Ferry Precinct in association with KiwiRail is a major focus. This will be an extremely significant investment for the Company and requires the attention of the leadership team, Board and Shareholder to ensure that the project delivers

an appropriate balance of customer, commercial, iwi, community and environmental outcomes.

The impacts of COVID-19 continue to play out around the globe, leading to uncertainty at many levels. We're focused on consolidating our business operations and working closely with our customers during the coming year, ready to respond to further possible changes in the economy.

Port Marlborough has a balanced, resilient business portfolio with relatively secure revenue streams. With prudent management we are well-placed to navigate the business challenges ahead.

Final word

In closing, we take this opportunity to thank each of our staff for their contribution. The year finished with an unexpected twist, and without exception our people rose to the challenge for each other, for our customers and ultimately for our wider community.

Keith Taylor
Chairman

Rhys Welbourn
Chief Executive

The Board



Ian Boyd

Keith Taylor ONZM
Chairman

Jennifer Moxon

Andrew Besley

Martin Fletcher

Mathew Kerr

Peter Drummond

Capital investment planning and the Company's response to COVID-19 have been high priorities for the Board in 2020.

Directors approved funding for construction of Waikawa North West Marina, set to deliver 250 new berths by 2022 in the Company's largest single infrastructure investment to date.

In parallel, Directors continue to work closely with staff and the Shareholder towards future redevelopment of the Waitohi Picton Interislander Ferry Precinct to best serve the long term interests of the Company.

The Board has worked with the leadership team to ensure that employees and customers have been well supported as we continue

to navigate the exceptional circumstances brought about by COVID-19. Directors' focus has been on ensuring health outcomes as a first priority, and a long-term view on business resilience.

The Board's Health and Safety Committee has worked with the leadership team during the period to confirm the company's three-year health and safety strategy and annual work plans, and review events and primary risks, while the Audit and Risk Committee has progressed a number of compliance matters.

Leadership team



Troy Tane
Port Manager

My role is all about operational leadership, customers, and leading port and marine compliance. My team manages all port areas and delivers professional port and marine services so our customers can go about their business safely and as productively as possible.

Dean Craighead
Chief Financial Officer

I make sure that all financial aspects of our business are properly managed, protecting against risk, driving profitability, and making sure that everything operates as it should. We continue to invest in the future, protecting the shareholder's assets and future prosperity.

Rhys Welbourn
Chief Executive

I'm here to lead and enable the team to work together towards the same clear vision. It's important that we're resilient and adaptable, leading consistently across the whole business as we deliver for our people, our customers and our community.

Anouk Euzeby
Commercial Manager

My eye is firmly on our customers, working with the team to deliver on customer needs and to grow value. This means helping our business customers succeed, and equally it means making sure our recreational marina customers have a great experience with us.

Rose Prendeville
Capabilities Manager

I'm focused on leadership and technical support across the business in health and safety, people and culture, sustainability, quality and resource management competencies. We're all about making sure we've got what our business needs, now and for the future.

Gavin Beattie
Infrastructure Manager

Infrastructure is at the core of delivering on our customers' needs. I'm responsible for making sure that we have the right infrastructure; that it's safe for people and the environment, is resilient, and is properly maintained.

Measuring what matters

Port Marlborough's sustainability commitment strives to deliver balanced benefits to people, planet and prosperity, through partnerships.

We've previously looked hard at our business and worked with stakeholders to understand what this should look like – what matters most, what we can influence, and where we should focus our efforts.

During the year we've developed a series of sustainability metrics and put in place a baseline for future performance; this is our '2020 Sustainability Snapshot'.

We've aligned our approach with the widely recognised United Nations Sustainable Development Goals [UN SDGs] and Global Reporting Initiative [GRI] reporting standards.

Our specific goals and targets reflect what is most material for Port Marlborough and our communities.

<https://sdgs.un.org/goals>

<https://www.globalreporting.org>

People		Good health + well-being	UN SDG	3
		Peace, justice + strong institutions	UN SDG	16
		Partnerships for the goals	UN SDG	17
Planet		Clean water + sanitation	UN SDG	6
		Responsible consumption + production	UN SDG	12
		Climate action	UN SDG	13
		Life below water	UN SDG	14
		Life on land	UN SDG	15
Prosperity		Decent work + economic growth	UN SDG	8
		Industry innovation + infrastructure	UN SDG	9

Our Sustainability Scorecard

Greenhouse Gas Emissions [GHG]

SDG Targets



Baseline Disclosure 2020 Full Year [Metric tonnes of CO² equivalent]

GHG emissions - scope 1*	467
GHG reductions - scope 1*	-1,509
GHG emissions - scope 2**	248

Targets

- T1] Scope 1 GHG emissions do not increase during FY20/21.
- T2] Scope 1, 2 and 3 GHG emissions are reduced by 15% by 30 June 2025

Waste Management

SDG Targets



Baseline Disclosure 2020 Full Year [Tonnes]

Total weight of hazardous waste	38
Total weight of non-hazardous waste - landfill	740
Total weight of recycling	51
Total weight of composting - dirty bark	406

Targets

- T3] 100% of dirty bark collected is composted for FY20/21.
- T4] The volume of recycling doubles by 30 June 2021.

Water Withdrawal

SDG Targets



Baseline Disclosure 2020 Full Year [Megalitres]

Water withdrawals - PMNZ	53
Water withdrawals - industrial customers	45
Water withdrawals - non-chargeable	27

Targets

- T5] Non-chargeable water consumption is reduced by 5% by 30 June 2021.
- T6] Total water withdrawal does not increase during FY20/21.

Economic Value

SDG Targets



Baseline Disclosure 2020 Full Year [Million NZ\$]

Direct economic value generated and distributed	7,000
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Targets

- T7] Achieve SCl value delivery targets.

Energy Efficiency

SDG Targets



Baseline Disclosure 2020 Full Year [Gigajoules]

Total non-renewable fuel consumption	7973
Total renewable fuel consumption	7679

Targets

- T8] Non-renewable fuel consumption is reduced by 15% by 30 June 2025.

Employment and Workforce

SDG Targets



Baseline Disclosure 2020 Full Year [%]

Male	72
Female	28
Under 29 years	6
30-49 years	28
50-64 years	52
Over 65 years	13

Targets

- T9] A plan to improve the gender diversity ratio is implemented by 30 June 2021.

Occupational Health and Safety

SDG Targets



Baseline Disclosure 2020 Full Year [Number]

Near hits reported	18
LTI per 100,000 work hours	0.8
MTI per 100,000 work hours	0.0

Targets

- T10] LTI per 100,000 work hours = nil.
- T11] All development and improvement actions are aligned with ISO45001 OHS management systems.

* Scope 1: Emissions owned or controlled by PMNZ; reductions contributed by forestry ownership.

**Scope 2: Emissions from generation of electricity purchased by PMNZ.

A photograph of three men, likely workers, standing in a workshop or industrial setting. They are all wearing bright orange high-visibility work jackets with reflective silver stripes. The man on the left is holding a green power drill. The man in the middle has a beard and is wearing a jacket with 'BR' on the pocket. The man on the right is holding a large wrench. They are all smiling at the camera. In the background, there are shelves with various tools and equipment, and a large door with an anchor logo. The text 'Ngā tāngata katoa' is overlaid in white, and 'People' is overlaid in yellow.

Ngā tāngata katoa People

Port Marlborough's role as a significant local employer, our multiple business connections and our position as a user and guardian of our natural resources connect us strongly with the physical and social health and well-being of our people and community.

Health, safety and wellness

As an employer and operator of the port and marinas Port Marlborough has clear and extensive responsibilities to keep our staff, port users and visitors safe from harm.

Our commitment to growing the company's health, safety and wellness competence continues as we move towards a 'resilient' measure of safety maturity across all aspects of our operation and people management.

Improvements during the year included increased use of electronic systems for incident recording and management, and simplification and improved competency in safe work planning. We've continued to work with customers across our operations through our port and marina user forums to maintain safe work practices and to collaborate on safety initiatives.

HAUORA

MAHI TAHI



Marina2Marina

On the 19th of October, 2019, more than 520 competitors turned out for the seventh Marina2Marina to walk and run various stunning courses between Picton and Waikawa Marinas, and the inaugural 24km Link Run from Anakiwa to Picton Marina.

Marina2Marina is all about participation and community, catering for all ages and abilities. This is a zero-waste event, that distributes funds generated to community groups who together volunteered 235 hours for the 2019 event.

We're really glad to support Marina2Marina, with Marlborough Sounds Marinas providing headline sponsorship since the event's inception.

<https://www.marina2marina.co.nz/>

Targeted employee engagement in health and safety led to formation of a new HSEQ Team, and we now involve staff from across the business in bow-tie assessments of critical risk and ICAM incident investigations.

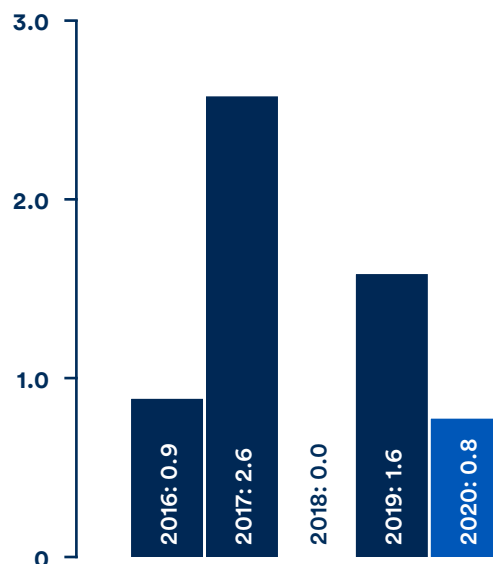
Our approach brings people with different perspectives together to assess safety risk, innovate improvements and develop effective safety controls, while developing stronger working relationships.

As a Port, we're an essential services provider, so Port Marlborough continued to operate throughout the Level Four and Level Three COVID-19 lockdown period. Only essential staff were on site, primarily the Port Services Team and a skeleton workshop crew maintaining essential infrastructure. While many staff in more office based roles were able to work from home, the remainder of the operations team were stood down. The Company was fortunate that with assistance from the Government wage subsidy we were able to maintain incomes for our permanent team, and for those casual staff who met the subsidy criteria.

Rail and Maritime Union

The RMTU represents around half of our staff, most through a Collective Employment Agreement which was renegotiated towards the end of the 2020 year. We acknowledge the RMTU team as a constructive and fair partner, and thank them for their ongoing contribution and support of our people.

Lost time injuries ^[LTI] per 100,000 hours worked



Iwi Partnerships

Port Marlborough is committed to respecting the Treaty of Waitangi. We appreciate our connections with the Iwi of Te Tau Ihu o Te Waka-a-Māui and strive to grow our understanding of Te Aō Maori.

Our relationship with the people of Te Ātiawa o Te Waka-a-Māui is especially important to us. We have valued our work with Te Ātiawa on a number of projects and matters during the year and look forward to continuing our path together.

Community Partnerships

Our many partnerships with community, educational and environmental groups continued. These partnerships keep us connected with our communities and their evolving priorities.

We appreciate our ongoing involvement with the Picton Regional Forum, Pelorus Promotions, Picton Business Group, the Waikawa Ratepayers' Association and the Smart and Connected groups in Havelock and Picton.

He waka eke noa.
We're all in this together.

HAUORA

KAITIAKITANGA

MAHI TAHI



Tuia – Encounters 250

Tuia 250 recognised the extraordinary voyaging traditions and feats of the Pacific peoples, and the first encounters between Māori and Europeans when James Cook, Tupaia and others arrived in Aotearoa aboard HMB Endeavour in 1769.

New Zealanders across the country came together in conversations about the past, the present, and about how we navigate our shared future.

<https://www.totaranui250.co.nz/>

Tōtaranui 250 Trust General Manager, Chrissy Powlesland

“Port Marlborough was a key partner for the Tuia 250 ki Tōtaranui events held in November 2019. For several months leading up to the events, we worked closely with the team. There were a large number of stakeholders involved, both in the local community and at a national level, and the Port Marlborough team consistently rose to the many challenges. This included tackling logistical complexities due to the berthing requirements of the five vessels in the flotilla. Berthholders were relocated and the wharf was modified to host the replica Endeavour.

The Port Marlborough Sounds Discovery Fund was entirely responsible for the Schools Day. The financial support made it possible for school children from around the Marlborough region to visit the flotilla in a learning environment. The support included transport assistance, bespoke materials, and trained staff. Incorporating a Marlborough Sounds lens across the educational programme offered a unique opportunity for these children and brought to life the kaupapa of Tuia te muka tangata ki ua. Weaving people together for a shared future.

It was in large part due to Port Marlborough’s support that the Tuia 250 experience in Tōtaranui was considered one of the best across the country.”



An aerial photograph of a port area. In the foreground and middle ground, there are numerous large, neat stacks of processed timber, likely logs or planks, arranged in rows on a paved or gravel surface. A large blue and white cargo ship is docked at a pier in the background, with several smaller boats nearby. The port is situated along a body of water, with a green, hilly shoreline visible on the left and right. The text 'Te Aō Tūroa' is overlaid in white, and 'Planet' is overlaid in yellow below it.

Te Aō Tūroa Planet

Port Marlborough is committed to evolving our environmental management practices, reaching beyond compliance to achieve a restorative approach over time.

We are doing this through an intentional programme of work that builds on our wide range of existing environmental controls and monitoring programmes and is consistent with environmental standards, community aspirations and evolving best practice.

Baseline measures as a starting point

We've made baseline measurements to underpin targeted improvement of our environmental performance, with initial focus on greenhouse gas emissions [our 'carbon footprint'], waste, and water use. Other measures will follow over time.

We've set targets for improvement and specific actions for each area, to be consolidated into an expanded programme of work in coming months.

Stormwater improvements at Waikawa Marina

Port Marlborough has worked closely with Marlborough District Council, Waikawa Marina commercial tenants and in consultation with

Te Ātiawa environmental staff to establish new stormwater consent requirements for landside marina and hardstand operations at Waikawa. The work programme included significant monitoring along with infrastructure and housekeeping improvements to develop a meaningful ongoing operational management and compliance regime.

Upgrade of water consumption monitoring at Havelock

Management of water use at Havelock has been an ongoing challenge due to sections of aging pipe infrastructure, difficulty of leak detection, and inefficient monitoring equipment. During the year our engineering team undertook a full review of water use and infrastructure, and designed a new monitoring system using electronic measurement via an extensive metering system to provide real-time data, and enable fast detection and repair of water leaks. Implementation of the new infrastructure was underway at year end and will be complete in Spring.

Biosecurity

Port Marlborough continues to work closely with Marlborough District Council, NIWA and the Top of the South Biosecurity Partnership, Ministry of Primary Industries and other agencies to optimise biosecurity outcomes for the Port, Marinas and wider environment.

“...we've turned our minds to better understanding the harbour environment.”

Scheduled physical checks were completed in the port and marina areas in our ongoing collaboration programme to protect against marine pests, and education of our staff and marina users continued with specific workshops held at Waikawa and Havelock.

Predator management continues within the Port and marinas as part of our ongoing land management, in association with Picton Dawn Chorus and Kaipupu Wildlife Sanctuary.

During the year a refresh of requirements introduced more stringent protocols around cruise ship activities to better protect against border incursions.

Marine mammal monitoring, Picton Bays

With various development projects expected for the Port over coming years, we've turned our minds to better understanding the harbour environment. We know that dolphins and sometimes whales visit Picton Bays, so we asked Cawthron Institute to set up a monitoring programme to help us learn more about their movements in the area.

Specialist marine mammal scientists set a series of three acoustic monitoring buoys just above the sea floor at sites at the end of The Snout, near Bob's Bay, and on the western side of Shakespeare Bay. The monitors collected acoustic data for a full year so that any seasonal differences were included.

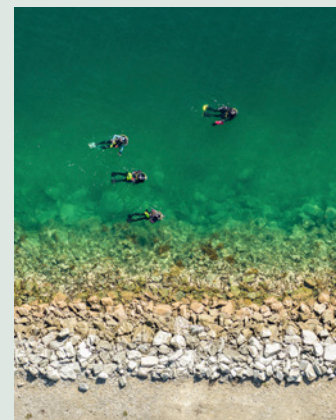
The data confirmed that dolphins regularly visit Picton Harbour and Shakespeare Bay. There were quite marked seasonal differences, with bottlenose and dusky dolphins visiting almost daily during winter and spring, but only occasionally over summer and autumn. Hector's Dolphins were detected near the end of The Snout on just a handful of occasions and only in June and April. This is consistent with known small populations whose home territories are further out in the Sounds. No whales were detected.

This work has produced a valuable baseline that will help us carefully plan any construction work to minimise potential harm, for example impacts of construction noise on the important sonar processes of dolphins. The first use of the Cawthron study is in planning for the Waitohi Picton Ferry Precinct Redevelopment project.

PONO

KAITIAKITANGA

MAHI TAHI



Seaweed

Waikawa Dive Centre is passionate about bringing Seaweed to life and delivers events to celebrate, educate, and highlight the diverse connections and interactions we have with the sea. Port Marlborough and Marlborough Sounds Marinas sponsorship helps to make Seaweed events more accessible to Marlborough families from all walks of life.

A special feature of Seaweed 2020 was our partnership with the Waikawa Dive Centre, Cawthron Institute and Mana Moana Te Ātiawa o Te Waka-a-Māui to relocate sea life from the future site of the Waikawa North West Marina, prior to start of construction.

<https://www.seaweed.org.nz/>

A man with a beard, wearing a black t-shirt and dark overalls, is working in a workshop. He is leaning over a large wooden table, using a small tool to work on a piece of wood. The workshop is filled with various wooden planks and tools. In the background, another person is working at a table, and a boat is visible outside. The overall scene is one of craftsmanship and industry.

Tōnuitanga Prosperity

Port operations generally performed well in 2020, moderated by lower log exports and some direct COVID impacts in the final quarter.

Port trade

Cruise was the standout performer for the year. More than 105,000 cruise passengers visited Marlborough on 48 vessels hosted at wharf and a further two ships anchored in Picton Harbour that ferried passengers to the Foreshore. In addition, eight ships visited the outer Sounds to cruise with the assistance of Port Marlborough Pilots.

Four unscheduled cruise ship visits early in the season partially offset cancellation of nine visits when the season came to an abrupt end mid-March. The Government moved quickly to manage COVID risk by halting cruise activity, and subsequently closed the country's borders. There is no expectation of international cruise activity for the 2020-21 summer.

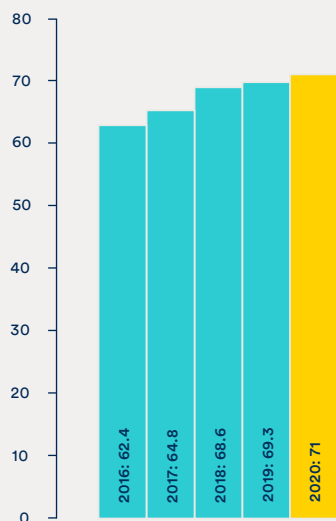
High volatility in the export log market early in the year was compounded by the effects of COVID lockdown in China and then in New Zealand to reduce log exports to 554,767 JAS, 17% lower than the prior year. Volumes are showing some sign of recovery post balance date.

Structural changes in the Marlborough forest industry impacted the makeup of exports through Shakespeare Bay following One Forty One's purchase of Nelson Forests Limited.

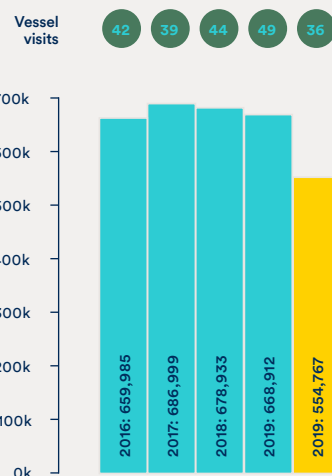
One Forty One's change in strategic focus to domestic supply and utilisation of their own rather than purchased logs reduced their share of the Port's log exports by some margin. This freed up log supply and a small number of new exporters have subsequently entered the market.

Cook Strait ferry freight volumes softened slightly to 2.6% below 2019, affected by reduced general economic activity from March.

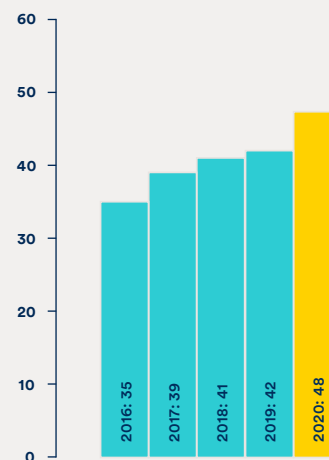
Staff employed [FTE]



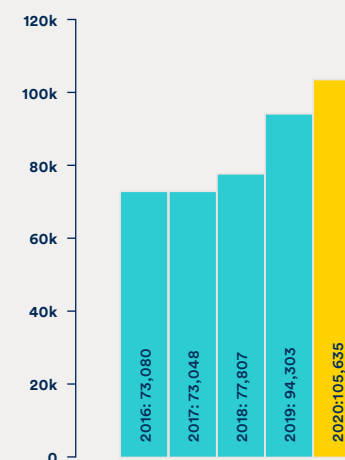
Shakespeare Bay log exports [JAS]



Cruise ship visits to berth



Cruise ship passengers



Severe restrictions on travel through the COVID lockdown reduced year-on-year private vehicle and passenger volumes by 12% and 14% respectively.

In July while berthing in heavy weather, Bluebridge ferry Strait Feronia collided with wharf and linkspan structures surrounding her berth alongside Waitohi Wharf, causing minor damage to the ship but severely disabling the berth. With no alternative berth available, the ship eventually returned to Wellington to discharge passengers and freight. Temporary repairs returned the berth to service five days after the initial incident, and permanent repairs are now complete.

This incident highlighted the need for multi-vessel berth capacity, and we have subsequently been working with both ferry operators to promote increased berth resilience that is commercially workable for all parties. In addition, review of harbour wind limits by the Harbourmaster, Pilots and ferry operators has resulted in increased use of tugs Maungatea and Monowai to assist ferries in higher wind conditions.

Port Marlborough and StraitNZ secured a new long-term commercial agreement, and StraitNZ's drop-freight marshalling facilities were extended to provide for continued growth in their operation.

Golden Bay Cement reviewed their supply chain for the Marlborough and Nelson regions and have subsequently exited their Picton operations.

There has been minimal domestic log cut through the Havelock log yard, while other trades including fishing remain consistent year on year.

Marine Farming

Our team has worked closely with the Marine Farming Association and aquaculture operators with a focus on improved safety, processes and operational assets. A Common User Forum established at Havelock identified and implemented a number of improvements including access restriction to

Statement of Corporate Intent performance targets

The targets for financial and operational performance, as detailed in the 2019/20 Statement of Corporate Intent, are compared below with actual results achieved for the period 1 July 2019 to 30 June 2020.

Financial performance	Target	Result
Earnings Before Interest, Tax, Depreciation, Amortisation (EBITDA) – excludes non cash revaluations	\$15.64m	\$15.20m
Return on shareholder's funds (excluding non-cash revaluations)	5.8%	4.7%
Equity ratio	69.7%	74.1%
Operational performance		
Ferry freight movement (% volume movement to prior year)	2.0%	-2.6%
Export log volumes	700,000 JAS	554,767 JAS
Cruise ship visits	49	48
Marina berth occupancy	93.6%	94.4%
Marina boatshed occupancy	99.3%	99.6%

How we did this year

Group results	2020	2019
Surplus before non-cash revaluations, tax and subvention payment	\$10.700m	\$11.678m
Valuation adjustments non-cash		
– Property	[\$6.867m]	\$2.164m
– Financial derivatives	[\$0.310m]	[\$0.672m]
Surplus before tax and subvention payment	\$3.523m	\$13.170m
Provision for tax and subvention payment	[\$0.290m]	[\$3.796m]
Profit after income tax	\$3.233m	\$9.374m
After tax return on average shareholder's funds (excludes non-cash revaluations)	4.70%	6.11%
Net asset backing per share	\$11.08	\$11.11
Dividend – interim and proposed final	\$3.506m	\$3.696m

operational areas at Pokiki Wharf and a new sewer pump has been installed for larger vessels. The Havelock Channel underwent routine dredging, and a major renovation was largely completed at the Oyster Bay wharf in Port Underwood.

Marlborough Sounds Marinas

There is no evidence of a post-COVID slowdown and, if anything, interest in local recreation has increased. The level of enquiry for berths in the new North West Waikawa Marina has also strengthened further since construction began in autumn. Hardstand and haulout operations were particularly busy over the spring and summer, and development of Marinas staff expertise in this area has continued.

Planning and development

Port Marlborough has been heavily involved in Marlborough District Council's development of the new Marlborough Environment Plan, actively engaging in hearings processes. This project looks set to draw to a close in the coming year as the Environment Court manages the final appeals process.

In delivery of capital projects, the team worked with established Picton companies Sounds Connection and Lochmara Lodge to construct a new building at London Quay, realising a long-time ambition of both operators to base in fit-for-purpose homes in the heart of Picton's foreshore visitor area.

Other smaller developments underway or being planned at balance date included redevelopment of the Oyster Bay wharf in Port Underwood, a small jetty at Westshore, and a new barge berth at Havelock.



Elite Boat Builders

Port Marlborough is committed to our business partners, and that's never been more important than the closing part of the year as the economic impacts have been felt strongly by those customers whose business streams are heavily impacted.

We talked with Sarah Williams and Vaughan Steel of Elite Boat Builders to see how they are faring.

"Yes, our business has been affected by COVID-19 and the forced shutdown... this has greatly affected turnover. Some clients have opted to 'wait and see' before committing to undertaking large projects."

Sarah said Port Marlborough's communication has been great regarding COVID-19 requirements at the marinas. "The support over the lockdown was hugely appreciated and enabled us not to worry."

Waikawa North West Marina Development

Construction of the new Waikawa North West Marina is on track for completion in 2022. Despite a false start due to the onset of COVID-19 lockdown literally the day after the contractor established on site in late March, the reclamation was fully formed by August and breakwater construction is set to commence in late October. Jetties will be built later in 2021 with full completion scheduled in 2022.

The new marina is enjoying strong support from the local community and so far has achieved good environmental performance during construction. Steady interest from potential berth holders continues to grow – we hear anecdotally that restrictions on overseas travel have refocused interest in local leisure activities, and where better to spend time than the Marlborough Sounds?

The 250 berth marina will feature a reduced impact engineering design to protect our marine environment, advanced technology concrete floating jetty system, metered shore power with up to 32 amps per berth, 2 metre wide jetties, berth holder parking, gated jetties with access control system, energy efficient low glare lighting, security cameras throughout and is future-proofed for electric vehicle charging.

<https://marlboroughmarinas.co.nz/waikawanorthwest/>



ARCHITECT'S RENDER
ATHFIELD ARCHITECTS



Waitohi Picton Ferry Precinct Redevelopment

Replacement of KiwiRail's existing Interislander ferry fleet with two new bespoke rail-enabled ships from 2024 will require redevelopment of Port Marlborough's terminal facilities used by Interislander in Picton to accommodate the larger ships and longer trains.

The Cook Strait ferry service is integral to Waitohi Picton's physical, commercial and social landscape. This once-in-a-generation transformational development gives us an opportunity to demonstrate at a significant scale how we can partner with our customer KiwiRail, other agencies, iwi and the community to achieve our long-term goals as a leading, environmentally restorative port that delivers financial, social and environmental value.

This project is being developed as a partnership between Port Marlborough and KiwiRail, in association with Waka Kotahi NZ Transport Agency and Marlborough District Council.

We appreciate the ongoing engagement regarding all aspects of the project readily provided by Te Ātiawa o Te Waka-a-Māui.

Resource consent processes are set to commence towards the end of 2020, following nomination of the project as a listed project under the COVID-19 Recovery (Fast-track Consenting) Act 2020.

<https://pictonferryprecinct.co.nz/>



Port Marlborough