



Port Marlborough

STATEMENT OF CORPORATE INTENT

1 July 2022 – 30 June 2025

This Statement of Corporate Intent outlines Port Marlborough New Zealand Limited's intended path and performance for the next three years. This path is based on a clear vision, core values and a strategic delivery programme to guide sustainable operation and future development of Marlborough's regional port.

Port Marlborough is a Port Company under the Port Companies Act 1988 and consequently operates under a commercial imperative.

Port Marlborough's profits are distributed by way of dividend to its sole Shareholder, MDC Holdings Limited, with these financial benefits ultimately accruing to the residents and ratepayers of Marlborough through Marlborough District Council.

This SCI has been prepared in accordance with Section 9 of the Port Companies Act 1988 and is reviewed annually in accordance with Sections 8 and 10 of the Act.

OUR VISION – THE GOAL THAT DRIVES US

Port Marlborough’s vision is to lead the way as an environmentally restorative port, driving success for Marlborough.

WHAT WE VALUE

HAUORA	Value well-being	We work together to sustain what keeps us healthy; physically, mentally, socially and culturally
MAHI TAHI	Work together	We operate at the heart of our community. We share ideas, understand, collaborate and celebrate.
KAITIAKITANGA	Protect the future	We consider the environmental, economic, community and cultural impacts of our decisions everywhere we operate.
PONO	Act with integrity	We keep our promises and do what we say we will do.
KAIRANGATIRA	Deliver excellence	We deliver excellent customer service and excellent commercial results.

NATURE AND SCOPE OF ACTIVITIES

Port Marlborough will provide commercial port, harbour, port landing and marina facilities and associated services to meet its responsibilities as Marlborough’s regional port operator. These will encompass:

1. Port facilities for Cook Strait freight and passenger ferry services including ro-ro berths, passenger terminals and associated requirements
2. Commercial harbour facilities including a deep water berth for bulk cargo ships and cruise ships, including cargo storage areas and associated amenities
3. Marine pilotage and towage services to support shipping operations within the harbour catchment
4. Landing areas and berthage for fishing vessels, freight barges and vessels used in the marine farming industry
5. Port and marina facilities for commercial tourism and water transport operators
6. Marinas and boat storage facilities for recreational craft and facilities for associated businesses, including travel lift and hard stand facilities at Waikawa
7. Facilities and services related to the above activities

OBJECTIVES

Port Marlborough's principal objective is to operate as a successful business as per Section 5, Port Companies Act 1988. We measure our success by our contribution to our people, health, safety and wellness goals (**People**), environmental goals (**Planet**), economic and customer goals (**Prosperity**), and social and cultural goals (**Partnerships**).

PEOPLE

1. We look after the hauora of all people in our workplace and will:

- a. Continuously develop Health & Safety management systems to drive a business culture where health, safety and wellness are fundamental components of everyday work
- b. Manage risk across our business in accordance with the relevant legislation and the Port and Harbour Safety Code
- c. Maintain Living Wage Aotearoa employer status

2. We have the right skills to deliver now and into the future and will:

- a. Continuously develop organisational capability and productivity
- b. Create an internal talent development plan and succession plans for key areas of the business
- c. Create apprenticeships, cadet and student opportunities

3. We are one high performing team and will:

- a. Regularly review, refresh and communicate our company's strategic plan with staff
- b. Develop a suite of policies that are available and easy to understand to all staff
- c. Ensure senior leaders are visible in the organisations operations

PLANET

4. We demonstrate continuous improvement in our environmental performance and will:

- a. Publish a sustainability roadmap and implementation plan
- b. Publish performance against Global Reporting Initiative standards using integrated reporting
- c. Create a net zero 2050 plan

5. We are kaitiaki of the areas in which we operate and will:

- a. Reduce our net consumption
- b. Manage our waste sustainably
- c. Reduce impacts to the environment from our activities

6. We innovate to produce better environmental outcomes and will:

- a. Assess options for alternative fuel use and off-grid energy generation
- b. Create a data sharing platform for environmental data
- c. Design new infrastructure along sustainable, whole of life principles

PROSPERITY

7. We deliver and create long-term value through integrated investments and will:

- a. Deliver a sustainable return to the Shareholder through a balanced portfolio
- b. Maintain financial ratios within parameters agreed with the Shareholder
- c. Seek and develop commercial opportunities to provide revenue resilience

8. We deliver excellent customer experience and outcomes and will:

- a. Provide resilient infrastructure
- b. Engage customers to better understand their needs
- c. Enhance customer experience through the use of innovation and added value services

9. We enable and facilitate regional growth and will:

- a. Successfully complete our major projects
- b. Work with customers to grow value chains
- c. Optimise the Port's natural advantages and demonstrate the value of Port Marlborough to the region

PARTNERSHIPS

10. We are a trusted community partner and will:

- a. Engage openly and constructively with stakeholder communities
- b. Create opportunities for staff to be involved in charitable/community based activities
- c. Invest 1% of EBT (three year rolling average) in community sponsorships and programmes

11. We are a trusted iwi partner and will:

- a. Engage openly and constructively with iwi
- b. Develop Te Reo and tikanga Maori learning opportunities for staff
- c. Create opportunities for working together with iwi

12. We have strong regulatory relationships and will:

- a. Work collaboratively with relevant agencies to ensure our operations are aligned with expectations
- b. Integrate PMNZ emergency plans with relevant agencies
- c. Engage with the Harbourmaster on the Harbour Safety Management System

MEASURING SUCCESS

	KEY PERFORMANCE INDICATOR	ACTUAL	TARGET		
		21/22	22/23	23/24	24/25
PEOPLE	Preventative Action to Incident Ratio	2:1	5:1	10:1	20:1
	Corrective Action Close Out On Time	TBA	80%	90%	100%
	LTI ¹ per 100,000 work hrs	TBA ⁶	<0.5	<0.5	<0.5
	Annual health checks and healthcare insurance available for permanent staff	TBA ⁶	80%	90%	100%
	Living Wage Accreditation	TBA ⁶	Achieved	Achieved	Achieved
PLANET	Fresh water withdrawal (Megalitres)	TBA ⁶	Nil increase	Nil increase	Nil increase
	General waste to landfill (Tonnes)	TBA ⁶	-5%	-5%	-5%
	Recycling (Tonnes)	TBA ⁶	55	58	60
	Recycling as % of general waste to landfill	TBA ⁶	9%	10%	12%
	Greenhouse Gas Net Emissions ²	TBA ⁶	-820	-840	-860
PROSPERITY	Projected NOPAT ³ (excluding asset and derivative revaluations)	TBA ⁶	\$8.02m	\$9.60m	\$11.8m
	NOPAT ³ / Return on average Shareholder's Funds	TBA ⁶	4.4%	5.1%	6.1%
	EBITDA ⁴ (excluding asset and derivative revaluations)	TBA ⁶	\$17.81m	\$23.46m	\$28.95m
	Equity Ratio	TBA ⁶	65.6%	54.3%	48.9%
PARTNERSHIPS	Invest 1% of EBIT ⁵ (three year rolling average) in community sponsorships and programmes	TBA ⁶	\$0.13m	\$0.19m	\$0.23m

¹ LTI = Lost Time Injury

² Greenhouse Gas Net Emissions = Scopes 1 + 2 emissions

³ NOPAT = Net Operating Profit after Tax

⁴ EBITDA – Earnings before Interest, Tax, Depreciation and Amortisation

⁵ EBIT = Earnings before Interest and Tax

⁶ TBA = To Be Advised (pending completion of Annual Accounts)

PERFORMANCE RISK

Risks to achievement of our objectives are:

- General shape and timing of economic recovery following COVID-19 pandemic
- Movement in price and demand for export logs
- Timing of funding requirements for significant capital projects

DIVIDEND POLICY

A Recommendation on the level of any dividend to be paid will be made by Directors each year. Dividends to shareholders will be maximised consistent with consideration of the current and future capital requirements of the company and its debt to equity ratio. It is anticipated that distributions will be in the order of 45% of after tax profit as returned to Inland Revenue.

The Board will make best endeavours to distribute the above projections, noting upcoming requirements for funding of significant capital projects that will deliver benefits to the regional economy.

YEAR	PROJECTED DIVIDEND DISTRIBUTION
2023	\$3.65m
2024	\$3.96m
2025	\$4.81m

PROJECTED BORROWINGS

The Directors have adopted a policy of seeking to keep the gearing of the company in a range between 30% and 50% (debt to debt-and-equity) moving to the top end of the range at times, that is, prior to, or following, a major planned development.

YEAR	PROJECTED GEARING RATIO	LEVEL OF DEBT (CURRENT/PROJECTED)
2022	TBA	\$43.7m
2023	34.4%	\$67.0m
2024	45.7%	\$130.0m
2025	51.1%	\$176.0m

RATIO OF SHAREHOLDERS' FUNDS TO TOTAL ASSETS

YEAR	EXPECTED RATIO SHAREHOLDERS FUNDS TO TOTAL ASSETS
2023	65.6%
2024	54.3%
2025	48.9%

ACCOUNTING POLICIES

Policy application will be made consistent with, and conform to:

- The legal requirements of the Companies Act 1993
- Generally Accepted Accounting Principles (NZ GAAP)
- Financial Reporting Act 2013
- New Zealand equivalents to the International Financial Reporting Standards (NZIFRS)
- Other applicable regulatory and statutory requirements.

The latest published Annual Report including the Statement of Accounting Policies is at www.portmarlborough.co.nz.

PROVISION OF INFORMATION TO SHAREHOLDERS

The following information will be provided to Shareholders:

- 1) An annual report as required by Section 16(3) of the Port Companies Act 1988. The report will contain such information as is necessary to enable an informed assessment of the operations of the company and its subsidiaries, including a comparison of the performance of the company and its subsidiaries with this Statement of Corporate Intent and it will state the maximum dividend recommended to be paid by the Company to its Shareholders. The report will include:
 - a) A report of the operations of the Port Company and those of its subsidiaries during the financial year; and
 - b) Audited consolidated financial statements for that financial year consisting of:
 - i) Statement of Comprehensive Income, Balance Sheet and Cash Flow Statement; and
 - ii) Such other statements as may be necessary to show the financial position of Port Marlborough and its subsidiaries and the financial results of the operations during the financial year; and
 - iii) The audit report on those financial statements.
- 2) A half-year report covering a Statement of Financial Performance, abbreviated Statement of Financial Position, Statement of Cash flows, performance indicators, commentary on activities and such other information as the Directors may consider necessary.
- 3) Briefing to be provided to the Shareholder, following circulation of Annual and Half Year reports.
- 4) The shareholder will be regularly briefed on significant new capital projects.

5) Any other information reasonably required by the shareholder.

PROCEDURES FOR SHARE SUBSCRIPTIONS OR PURCHASES

The company will only invest in another business when it is consistent with the nature and scope of activities and objectives contained in this SCI.

In cases where the company intends to acquire an interest in another business as listed below, either by single transaction or any series of transactions, through the purchase of shares or by other means, it will give the shareholders prior written notice of its intention.

- A business outside the company's current nature, scope and objectives; and/or
- 20% or more of a business; and/or
- An activity where the cost is more than 10% of the company's shareholder funds; and/or
- A business or activity outside the Marlborough District;

DIRECTOR'S ESTIMATE OF COMPANY VALUE

The Directors estimate that the opening balance of Shareholder's Funds in the annual accounts will represent the value of the company. The Directors will advise the Shareholders on an annual basis if they believe the value to differ materially from this state.

As part of adoption of IFRS, land, buildings and port infrastructure are valued on a regular basis by independent valuation.

The opening balance of Shareholder Funds at 1 July 2022 is \$TBA (2021: \$163.06m).

APPENDIX 1

SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group consists of

- Waikawa Marina Trustee Limited
- PMNZ Marina Holdings Limited
- Marlborough Inland Hub Limited (Associate)

Waikawa Marina Trustee Limited and PMNZ Marina Holdings Limited were incorporated in September 1997 to facilitate the sale of long-term berth entitlements in the Waikawa Marina extension.

Marlborough Inland Hub Limited was incorporated in June 2022 and is a 50:50 joint venture with CentrePort Limited to facilitate the movement of container Exports and Imports for the Marlborough Region.

The company shall ensure at all times that in the case of new subsidiaries:

1. Control of the affairs of every subsidiary of the company is exercised by a majority of the Directors of that subsidiary.
2. A majority of the Directors of every subsidiary of the company are persons who are also Directors or Employees of the company or who have been approved by the shareholders for appointment as Directors of the subsidiary.
3. Without the prior consent of the Shareholders, neither the Company nor any subsidiary of the Company shall sell or otherwise dispose of, whether by a single transaction or any series of transactions and whether by sale of assets or shares, the whole or any substantial part of the business or undertaking of the Company and its subsidiaries (taken as a whole).
4. Where the Company or its subsidiaries hold 20% or more of the shares in any company or other body corporate (not being a subsidiary of the company) it will not sell or otherwise dispose of any shares in that company without first giving written notice to the Shareholders of the disposition.

The term “share” has the same meaning as in Section 2 of the State-owned Enterprises Act 1986 and the term “subsidiary” has the same meaning as in Section 155 of the Companies Act 1993.