

# Half Year Report

31 December 2022



Port Marlborough





## OVERVIEW

# Chair & Chief Executive's Report

For the Half Year Ended  
31 December 2022 (unaudited)

## I inamata ki te anamata

The work done now leads us into the future

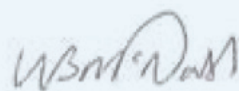
*This whakataukī carries us through to the 2023 financial year, as we continue to invest in our largest-ever capital development programme, expand our workforce and futureproof our business. We are building technical skills and resilience into our teams, growing our people as our business grows, and ensuring we have the right skills to deliver now and into the future.*

We are pleased to present the results for the first half of the 2023 financial year, demonstrating our delivery of success to Marlborough through balancing the needs of people, planet and prosperity through partnerships.

Our current redevelopment projects present long-term sustainable opportunities that are transformative for the Port and community, and we are committed to their successful completion.

We would like to thank our superb team, our customers and all stakeholders for their support and contributions to the first half of the 2023 financial year. The following report demonstrates the progress made over this period as we continue driving success for Marlborough.

For and on behalf of the Board of Directors:



**Warren McNabb** Chair



**Rhys Welbourn** Chief Executive Officer

# Statement of Corporate Intent Performance Targets

The targets for financial and operational performance, as detailed in the 2022/2023 Statement of Corporate Intent, are compared with actual results achieved for the period 1 July 2022 to 31 December 2022.

PEOPLE	2022-2023 Target	Half Year Result	Status
Preventative Action to Incident Ratio	10:1	5:1	●
Corrective Action Close out on Time	80%	80%	●
Lost time injuries (LTIs)	< 0.5	3	●
Annual Health Checks and Health Insurance available for all permanent staff	80%	100%	●
Living Wage Accreditation	Maintained	Maintained	●

\* notes to the People targets are on page 4 & 5

PLANET	2022-2023 Target	Half Year Result	Status
Total Freshwater withdrawal (Megalitres)	93	55	●
General Waste to Landfill (Tonnes)	772	350	●
Recycling (Tonnes)	55	55	●
Recycling as % of general waste to landfill	9%	16%	●
Greenhouse Gas Net Emissions <sup>2</sup> (Tonnes of CO2 equivalent)	-820	-337	●

\* notes to the Planet targets are on page 6

PROSPERITY	2022-2023 Target	Half Year Result	Status
Net Operating Profit after Tax [NOPAT] excludes non-cash revaluations	\$8.02m	\$4.44m	●
Earnings Before Interest, Tax, Amortisation [EBITDA] excludes non-cash revaluations	\$17.81m	\$8.64m	●
Return on shareholder's funds excludes non-cash revaluations	4.4%	NC <sup>2</sup>	
Equity Ratio	65.6%	NC <sup>2</sup>	

\* notes to the Prosperity targets are on page 7, and pages 10 – 13

PARTNERSHIPS	2022-2023 Target	Half Year Result	Status
Invest 1% of EBIT (three-year rolling average) in community sponsorships and programmes	\$130k	\$64k	●

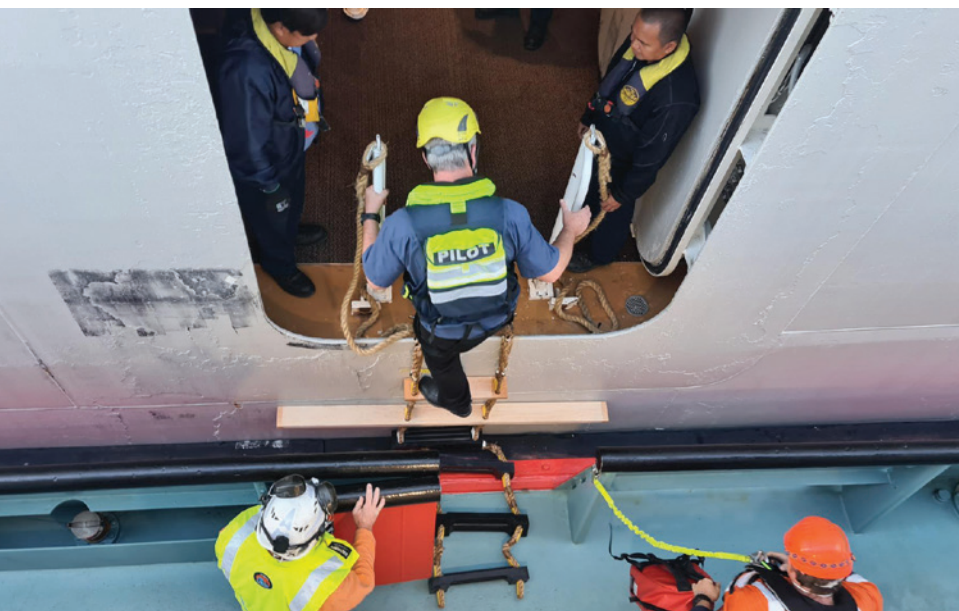
\* notes to the Partnership targets are on page 9

<sup>1</sup> Greenhouse Gas Emissions = Scopes 1 + 2 emissions

<sup>2</sup> Not calculated for this period

● on track

● not tracking to target



## People

HAUORA VALUE WELL-BEING

Our number one priority is always the Health and Safety (H&S) of all people in our workplaces. A focus has been on developing H&S management systems to drive a business culture where health, safety and wellness are fundamental components of everyday work. Worker engagement has been pivotal throughout this process as we refine and continuously improve our procedures and protocols.

All critical risk Bowtie Risk assessments were workshopped with teams and board representation, and completed in December, with one additional and final assessment planned for early 2023. A new safe System of Work was launched for operational teams, including new planning and risk assessment tools.

We saw a rise in proactive safety engagements, and an increase in the preventative action to incident ratio from 2:1 to 5:1 during the July to December period. This indicates that for every five proactive safety interventions, there is only one incident occurring. This positive outcome demonstrates the proactive work done by the H&S team and engagement from all team members and H&S team representatives across the business to prevent incidents and improve safety culture.

Of the three LTI's recorded over the period, one was due to precautionary time granted for unconfirmed, but suspected heatstroke.

Two resulted from incorrect manual handling. In all cases, the team members returned to work with no ongoing issues. In light of these, we have increased the areas of shade for our marina ops workers, and during the remainder of the reporting period we will place a focus on incorporating manual handling risk controls into new Standard Operating Procedures and Safe Systems of Work.

# People

MAHI TAHI WORK TOGETHER

Increased operations across the business has enabled the growth and strengthening of our workforce. New Zealand's maritime border reopened to all vessels at 11.59pm on 31 July 2022, and the return of Cruise tourism to Marlborough required further resourcing of our marine and operations teams. We welcomed an additional Launch master and Pilot to the marine team, and on boarded new members to workshop, port operational, and marine teams.

Our accreditation with “Living Wage Aotearoa” was maintained. We continue to invest in the future through apprenticeships, cadetships and student opportunities in our business.

Over the period, a number of our people achieved internal promotions, and we welcomed new members to many teams across the business. These roles bring resilience to the business as we gear for growth, and adding to our specialised operational teams allows us to plan more effectively and manage fatigue in the workplace.

We continued our focus on our people and our organisational culture, with cross-team representation on working groups for policies, culture, wellbeing and H&S, and in the development of a new and updated suite of policies that are available and easy to understand by all teams.







## Planet

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Our environmental impact remains front of mind as operations increase. With harbour activity increasing through the return of cruise and the more frequent assistance to our shipping customers, our tug fleet and marine teams have been kept busy. This of course, has a consequential effect on our Scope 1 GHG emissions, which are up on the previous half-year when tourism and business was severely affected by the impact of COVID. The feasibility of more sustainable alternatives such as modernising our fleet, and the provision of shore power, are being factored into long-term planning by our infrastructure teams.

The successful introduction of more extensive recycling facilities especially at Waikawa Marina assisted improvements in total recycling volume and also as a proportion of general waste.

Water withdrawal over the period was up on the previous half year due to the return of cruise (wharf wash down) and increased dust suppression activity in the log yard. Water usage increased at Waikawa in line with business levels through the hardstand, and requirements associated with dust suppression and ground preparation for the new marina extension.



# Prosperity

KAIRANGATIRA DELIVER EXCELLENCE

The Group's half year result shows revenue at \$19.21m up \$2.28m from last year (December 2021: \$16.93m) with growth being driven by increased trading activity across the business.

Significant investments have been made in the workforce, and this gearing for growth will position the company well for the future, enabling Port Marlborough to continue to drive success for the region and allow the business to meet the needs of commercial customers.

The opening of Waikawa North West marina in December 2022 was a significant milestone for the teams. The first jetties opened with immediate occupancy of berths, with the remainder of jetties due for completion in April. Uptake of the facilities is good, and high occupancy is anticipated for 2023.

Our net profit after tax is tracking above budget at this point of the year, although comparatively down on the 2022 half year result.

Looking forward, we anticipate to be in a favourable position at the end of the financial year as the outlook for our trades is positive.







## Partnerships

We measure our success in terms of achieving good results not only in financial return (Prosperity) but also in terms of what we are delivering to our teams and communities (People) and the environment (Planet). We do this by taking a partnership approach in our business interactions and in how we engage with our communities, to ensure this success is shared.

Our sponsorship programme is on track to deliver further support to our community in targeted areas. Our strengthening of the Port Marlborough Sounds Discovery Fund has provided more options for Marlborough Sounds based learning opportunities for local schools, and we were delighted to partner with Bluebridge to further bolster the fund in December.

Loosening of Covid restrictions in mid-2023 saw the return of much-loved community events such as the Marina2Marina, and the Picton Maritime Festival, events which the company have supported since their inception.

PONO ACT WITH INTEGRITY

We initiated an internship opportunity to partner in development of iwi capacity in the environmental management space. Initially as a pilot with Te Ātiawa o Te Waka-a-Māui, the programme will sponsor a tertiary student in a relevant subject, with work experience at Port Marlborough and with the Te Taiao team at Te Ātiawa o Te Waka-a-Māui Trust.

Commercial partnerships endured, including with Centreport for the Marlborough Inland Hub project, and KiwiRail for the redevelopment of the Waitohi Picton ferry precinct.

Our involvement in stakeholder groups and initiatives like the Picton Regional Forum, the Cruise Think Tank, Cawthron Environmental Awards, Picton Dawn Chorus and the Kaipupu Wildlife Sanctuary, keeps us involved and supporting our local community, and on behalf of the Board of Port Marlborough we thank all our stakeholders for their ongoing support.



## Consolidated Income Statement

For the Half Year Ended 31 December 2022 (Unaudited)		Six months ended	
Year ended 30 June 2022 Group \$'000		31 Dec 2022 Group \$'000	31 Dec 2021 Group \$'000
34,310	Revenue	19,215	16,935
77	Other income	35	17
(1,855)	Investment Property Revaluation	-	-
(9,862)	Operations and Maintenance	(5,063)	(4,385)
(8,277)	Employee benefits expense	(5,547)	(4,088)
(3,810)	Depreciation, impairment & amortisation expense	(2,008)	(1,842)
(1,086)	Interest	(962)	(496)
(204)	Subvention payments	-	-
9,293	Operating Surplus	5,670	6,141
1,855	Derivatives (non-cash)	498	857
11,148	Profit before income tax	6,168	6,998
(2,952)	Income tax expense	(1,724)	(1,957)
8,196	Profit/(loss) after income tax for the period	4,444	5,041

The accompanying notes form part of and should be read in conjunction with the financial Statements

## Consolidated Statement of Comprehensive Income

For the Half Year Ended 31 December 2022 (Unaudited)		Six months ended	
Year ended 30 June 2022 Group \$'000		31 Dec 2022 Group \$'000	31 Dec 2021 Group \$'000
8,196	Profit for the period	4,444	5,041
	Other Comprehensive income, net of tax		
	Items that will never be classified to profit or loss:		
13,339	(Loss)/gain on revaluation of property, plant and equipment	-	-
(1,977)	Income tax relating to revaluation of property, plant and equipment	-	-
19,558	Total Comprehensive income for period net of tax	4,444	5,041
19,558	Comprehensive income attributable to equity holders of the parent	4,444	5,041

## Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2022 (Unaudited)		Six months ended	
Year ended 30 June 2022 Group \$'000		31 Dec 2022 Group \$'000	31 Dec 2021 Group \$'000
163,062	Equity at beginning of the period	178,788	163,062
19,558	Total Comprehensive income for the year, Net of tax	4,444	5,041
(3,832)	Dividends	(1,780)	(1,929)
178,788	Balance at end of the period	181,452	166,174

## Consolidated Statement of Financial Position

As at 31 December 2022 (Unaudited)		Six months ended	
Year ended 30 June 2022 Group \$'000		31 Dec 2022 Group \$'000	31 Dec 2021 Group \$'000
<b>CURRENT ASSETS</b>			
5,522	Cash and Cash equivalents	2,175	3,110
3,100	Trade and other receivables	6,183	3,672
393	Inventories	390	381
-	Current tax receivable	-	-
9,015	Total current assets	8,748	7,163
<b>NON-CURRENT ASSETS</b>			
115,321	Property, plant and equipment	115,069	100,446
117,172	Investment property	124,204	112,105
6,750	Investments	6,750	-
76	Trade and other receivables	45	87
174	Other non-current assets	672	-
363	Other intangible assets	534	245
239,856	Total non-current assets	247,274	212,883
248,871	Total assets	256,022	220,046
<b>CURRENT LIABILITIES</b>			
6,660	Trade and other payables	4,830	4,279
565	Current tax liabilities	158	284
7,225	Total current liabilities	4,988	4,563
<b>NON-CURRENT LIABILITIES</b>			
43,675	Borrowings from MDC Holdings Limited	50,305	31,000
18,901	Deferred tax liabilities	18,982	17,215
282	Other non-current liabilities	295	1,094
62,858	Total non-current liabilities	69,582	49,309
70,083	Total liabilities	74,570	53,872
178,788	Net assets	181,452	166,174
<b>EQUITY</b>			
13,588	Capital and other equity instruments	13,588	13,588
69,344	Revaluation reserve	69,344	57,982
95,856	Retaining earnings	98,520	94,604
178,788	Total Equity	181,452	166,174

## Consolidated Cash Flow Statement

For the Half Year Ended 31 December 2022 (Unaudited)		Six months ended	
Year ended 30 June 2022 Group \$'000		31 Dec 2022 Group \$'000	31 Dec 2021 Group \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
34,219	Receipts from customers	18,192	16,451
27	Interest received	29	2
(19,041)	Payments to suppliers and employees	(10,274)	(8,615)
(976)	Interest and other costs of finance paid	(791)	(473)
(1058)	Subvention Payment	(203)	-
(2,006)	Income tax paid (net of refunds)	(2,050)	(1,000)
11,165	Net cash provided by/(used in) operating activities	4,903	6,365
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
192	Proceeds from sale of property, plant and equipment	74	-
(2,782)	Payment for property, plant and equipment	(4,150)	(965)
(17,721)	Payment for investment property	(8,800)	(6,361)
(175)	Payment for intangible assets	(224)	-
(20,486)	Net cash provided by/(used in) investing activities	(13,100)	(7,326)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
12,675	Drawdown of borrowings	6,630	-
(3,832)	Dividends paid	(1,780)	(1,929)
8,843	Net cash used in financing activities	4,850	(1,929)
(478)	Net increase in cash and cash equivalents	(3,347)	(2,890)
6,000	Cash and cash equivalents at the beginning of the financial period	5,522	6,000
5,522	Cash and cash equivalents at the end of the financial period	2,175	3,110

The accompanying notes form part of and should be read in conjunction with the financial Statements



# Notes to the Financial Statements

For the Half Year Ended 31 December 2022

## 1. Company information

The Consolidated Financial Statements comprise the activities of Port Marlborough New Zealand Limited (PMNZL) and the other entities in which the Company has a controlling interest. The Consolidated Financial Statements presented are for the Group as at, and for the Half Year ended 31 December 2022.

The Group consists of:

- Port Marlborough New Zealand Limited
- Waikawa Marina Trustee Limited - subsidiary
- PMNZ Marina Holdings Limited – subsidiary
- Marlborough Inland Hub Limited – joint venture

The Group is a profit-oriented company incorporated in New Zealand. Its principal products and services are the provision of port and marina facilities at the northern tip of the South Island of New Zealand. The Company is a reporting entity for the purposes of the Financial Reporting Act 2013 and its financial statements comply with that Act and the Companies Act 1993. The Company is a port company for the purposes of the Port Companies Act 1988 and its financial statements also comply with that Act.

The parent entity is MDC Holdings Limited, which is a 100% owned subsidiary company of Marlborough District Council.

The condensed consolidated interim financial statements have been prepared in accordance with the New Zealand equivalents to International Financial Reporting Standards (NZIFRS) NZIAS 34 Interim Financial Reporting.

The unaudited financial statements for the six months to 31 December 2022 have been prepared in accordance with the Accounting Policies as stated in the financial statements for the year ended 30 June 2022.

The financial statements were authorised for issue by the Directors on 24 February 2023.

### New standards adopted

No new standards have been adopted.

## 2. Reconciliation of profit for the period to net cash flows from operating activities

Year ended 30 June 2022 Group \$'000	Six months ended	
	31 Dec 2022 Group \$'000	31 Dec 2021 Group \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
8,196 Profit after tax for the period	4,444	5,041
(70) (Gain) on sale or disposal of non-current assets	(34)	-
1,855 Gain on revaluation of investment property	-	-
(1,855) Loss/(Gain) on revaluation of derivative instruments	(498)	(857)
3,810 Depreciation, impairment and amortisation of non-current assets	2,008	1,842
(21) Increase/(decrease) in deferred tax balances	81	270
(36) Increase/(decrease) in rent concession	31	(47)
24 Lease interest on lease liabilities	13	12
<b>Changes in net assets:</b>		
<i>(Increase)/decrease in assets:</i>		
(291) Current receivables	(3,083)	(863)
178 Less investment activities included in receivables	1,185	411
(87) Current inventories	3	(75)
<i>Increase/(decrease) in liabilities:</i>		
2,618 Current payables	(1,830)	237
(4,123) Less investment activities included in payables	2,990	(292)
967 Current tax	(407)	686
11,165 Net cash from operating activities	4,903	6,365

### 3. Commitments for expenditure

Year ended 30 June 2022 Group \$'000	Six months ended	
	31 Dec 2022 Group \$'000	31 Dec 2021 Group \$'000
1,948 Property Plant and Equipment	459	321
6,455 Investment Property*	2,135	12,148
8,403	2,594	12,469

\*The bulk of Capital commitments under investment property relate to the Waikawa Marina Extension

### 4. Contingent assets and liabilities

#### *2022 Group and Parent Contingent assets*

There are no contingent assets (2021: Nil)

#### *2022 Group and Parent Contingent liabilities*

In the normal course of business the Group is subject to potential loss contingencies arising from such matters as guarantees and contractual obligations by government and private parties. In the judgement of Directors no losses in respect of such matters are expected to be material to the Group's financial position.

### 5. Events after the reporting period

At the time of preparation of these Financial Statements there were no post balance date events requiring disclosure (2021: Nil).



# Company Directory



**Port Marlborough**

Board of Directors		
Warren McNabb	BCom, LLB(Hons), MBA	Chair
Keith Taylor	BSc, BCA, FIA, CFInstD, ONZM	Retired 12 December 2022
Colin Crampton	BE Civil (Hons), FEngNZ, Dip BusAdmin	
Martin Fletcher	CA, MInstD	
Jennifer Moxon	BA, MInstD	
Richard Olliver	LLB, BCom	
Hon Heather Roy	Dip Phty, MInstD	

Executive		
Rhys Welbourn	MBA, BA (Hons), PG Dip. GIS, Dip Eng (Civil), CMInstD	
Gavin Beattie	BE Mech (Hons) MIPENZ CPEng	
Anthony Burgess	Dip Eng (Civil)	
Dean Craighead	BCom, CA	
Anouk Euzeby	MBA, BA (Hons), IUT (eqv Dip)	
Ryan Lock	BCom (IBus)	
Rose Prendeville	B.Tech (I.E), Dip.PM	

Auditor:	Anthony Smith for Deloitte Limited, on behalf of the Auditor General
Legal Advisor:	Bell Gully
Banker:	Bank of New Zealand

## Registered Office:

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