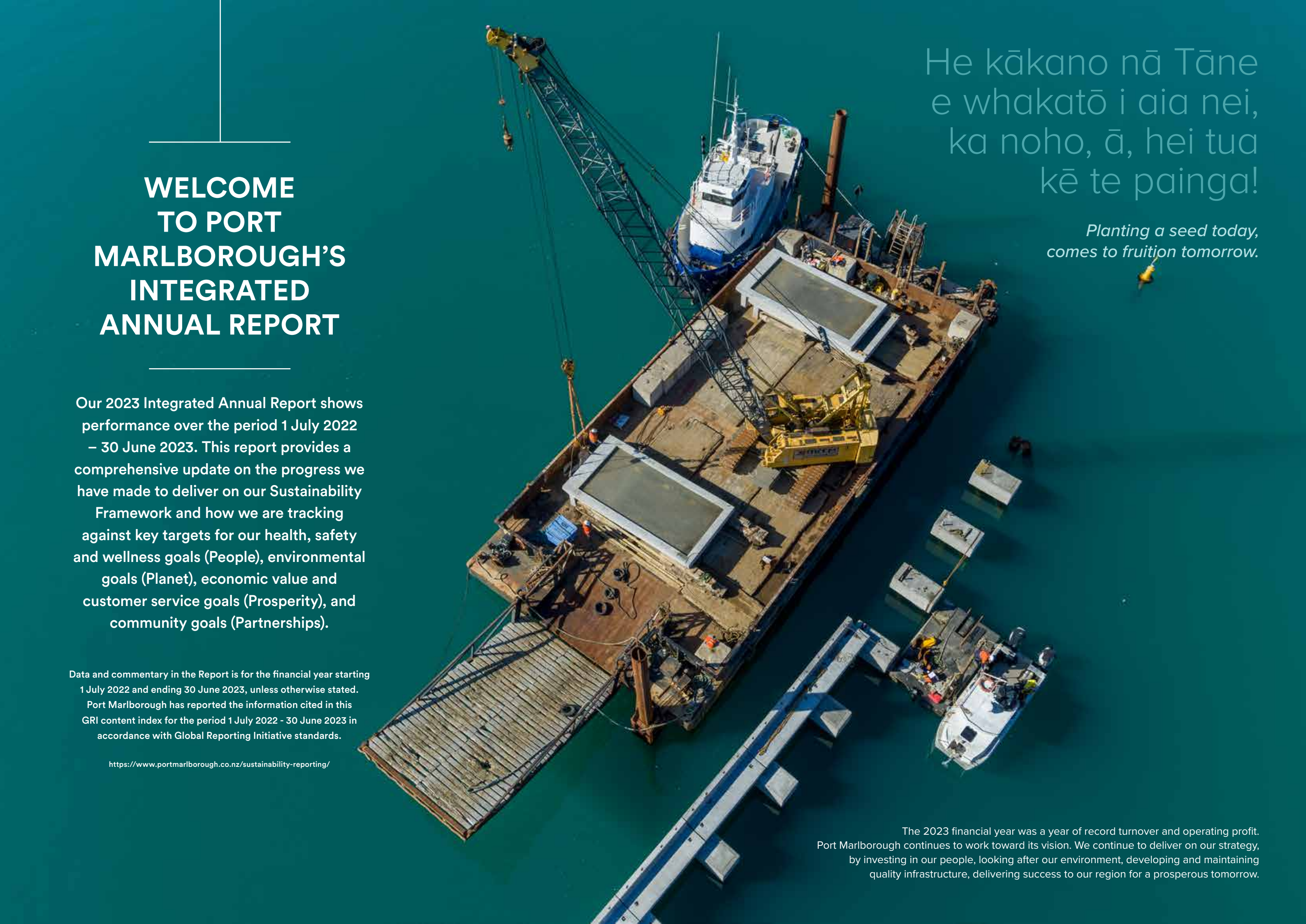




Port Marlborough

ANNUAL REPORT 2023



WELCOME TO PORT MARLBOROUGH'S INTEGRATED ANNUAL REPORT

Our 2023 Integrated Annual Report shows performance over the period 1 July 2022 – 30 June 2023. This report provides a comprehensive update on the progress we have made to deliver on our Sustainability Framework and how we are tracking against key targets for our health, safety and wellness goals (People), environmental goals (Planet), economic value and customer service goals (Prosperity), and community goals (Partnerships).

Data and commentary in the Report is for the financial year starting 1 July 2022 and ending 30 June 2023, unless otherwise stated. Port Marlborough has reported the information cited in this GRI content index for the period 1 July 2022 - 30 June 2023 in accordance with Global Reporting Initiative standards.

<https://www.portmarlborough.co.nz/sustainability-reporting/>

He kākano nā Tāne
e whakatō i aia nei,
ka noho, ā, hei tua
kē te paininga!

*Planting a seed today,
comes to fruition tomorrow.*

The 2023 financial year was a year of record turnover and operating profit. Port Marlborough continues to work toward its vision. We continue to deliver on our strategy, by investing in our people, looking after our environment, developing and maintaining quality infrastructure, delivering success to our region for a prosperous tomorrow.



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About Port Marlborough

Port Marlborough operates the region’s port and marina operations as a values-led organisation, delivering social, environmental and financial value for Marlborough.

The port and marinas facilitate the operation and growth of diverse industries that define Marlborough’s economic landscape. From recreational boating, inter-island freight and passenger services, domestic and international tourism, including cruise, to forestry, fishing, and marine farming.

Port Marlborough’s sole shareholder is MDC Holdings Ltd, a wholly owned subsidiary of the Marlborough District Council. Port Marlborough is required to act as a successful business as a Port Company under the Port Companies Act 1988 and returns profit to the Marlborough community by way of annual dividends to the shareholder.

MOTUWEKA HAVELOCK

The Havelock port and marina operation supports industry and recreation in the Pelorus and Kenepuru Sounds. Berthage, wharf and landside facilities support recreational boating, marine farming, tourism, forestry and commercial barging.

Havelock is the Greenlip Mussel capital of the world, with around 65,000 tonnes of mussels grown in the Kenepuru and Pelorus sounds coming through the port per annum. Commercial property holdings around the port area accommodate a range of maintenance and aquaculture value-add services.



MARLBOROUGH SOUNDS MARINAS

A significant part of our operation is Marlborough Sounds Marinas – New Zealand’s largest marina operator outside of Auckland. Marlborough Sounds Marinas comprises three iconic marinas - Picton, Waikawa and Havelock. These provide facilities including marina berths, boatsheds and secure compound parking for over 2,000 vessels, as well as launching and parking facilities for casual trailer boat day users.

The extension to Waikawa Marina - Waikawa North West Marina was made available in stages from December 2022, and provides further berthage for 251 vessels ranging from 12 – 25m.

WAITOHI PICTON

Waitohi Picton is the South Island hub for Cook Strait passenger and freight services, with port-owned ferry infrastructure providing a resilient link in the national supply chain between New Zealand’s two islands for passengers, freight, trucks, vehicles and rail.

Port Marlborough’s marine services are based here with the marine fleet incorporating two towage vessels and a pilot boat covering the Marlborough Sounds as well as numerous smaller work boats.

The multipurpose berth at Waitohi Wharf in Picton Harbour serves the fishing fleet and smaller cruise vessels, and the Westshore area is host to a number of marine engineering and manufacturing businesses as well as commercial fishing vessels.

SHAKESPEARE BAY

Shakespeare Bay features New Zealand’s deepest export shipping berth at Waimahara Wharf, which is a busy cruise ship port, able to accommodate the world’s largest class of cruise vessels. The port’s forestry services are located at the juncture of Waimahara and Westshore, with a 8ha log yard, woodchip storage yard, and commercially tenanted scaling shed. A debarking facility will be established in the next financial year to further expand on the offering for Marlborough’s forestry export industry.

MARLBOROUGH SOUNDS REMOTE SITES

Port Marlborough provides wharf and port landing facilities in Elaine Bay and Oyster Bay - Te Whanganui Port Underwood to support marine farming operators throughout the Marlborough Sounds.



 **3,249,971** Lane metres **+ 1.2%**
freight (Ferries)

771,137 JAS logs exported **- 4.2%** 


3,156
Vessel visits
over 500GRT **+ 11.9%**

47
Cruise ships
to berth 


Vessel
accommodated
at marinas
(restated totals for inclusion of Picton Town Wharf berths, Waikawa Marina Trust, and Waikawa North West Marina in overall total)

2,161

 **1,041,627**
Passengers
through port **+ 55.3%**
[ferry and cruise ship passengers]

79.4 
FTE staff
employed **+ 3.92%**

Revenue **+ 19%**
\$41M
2022: \$34.4 million

EBITDA **+ 30%**
(Before Revaluations)
\$21M
2022: \$16 million

Dividend **+ 19%**
\$4.4M
2022: \$3.7 million



Warren McNabb and Rhys Welbourn

CHAIR & CHIEF EXECUTIVE REPORT

Marlborough is a great place to live and work and Port Marlborough is committed to driving success for the region through its strategy of balancing the needs of people, planet and prosperity through partnerships.

These four pillars have been the foundation of our strategy since 2018, and steer decision making as we look to grow sustainably, delivering good jobs and work for our region, supporting local and national industry while being a good community partner and protecting our environment.

The 2023 Financial Year is a year of records across all four of Port Marlborough’s strategic pillars:

- People: first company-wide Haoura Wellbeing programme launched, and all staff at or above Living Wage Aotearoa standards.
- Planet: record amount of recycling in our marinas.
- Prosperity: record revenue and dividend payment.
- Partnerships: record number of community groups supported through sponsorship.

The Annual Report shows progress against the strategic targets and those set in our annual Statement of Corporate Intent. Additionally, the Report references the Global Reporting Initiative guidelines for clear and transparent sustainability comparison across years.

PEOPLE

Our team members are our most valuable asset, contributing their skills and knowledge to our success. We extend our gratitude to all our teams for their dedication, especially during the busy summer months, which was marked this year by the return of the cruise industry and increased domestic tourism in our marinas.

HEALTH & SAFETY

Our foremost priority remains the Hauora (Health, Safety and Well-being) of everyone in our workplace. This year, we initiated a critical risk programme, involving all teams in the development of safety controls to enhance our operational safety. Additionally, we expanded our health and safety focus to encompass staff well-being, acknowledging the significance of physical, mental, social, and cultural health as a holistic approach to overall well-being. Our first Hauora Wellbeing calendar initiated in the first part of the year, featured a six-week physical health challenge, anti-bullying awareness campaigns,

opportunities for social connections, and cultural and financial competency courses.

We are committed to fostering an inclusive workplace where everyone can express their true selves. Over the year, we reinforced this commitment by crafting our Diversity, Equity, and Inclusion Policy. As a values-driven organisation, we continuously strive for progress.

CULTURE

At mid-year, the company adapted to its growing workforce. The Senior Leadership Team was reconfigured to address the need for focused in-house HR capability, appointing a new General Manager of People and Culture, responsible for overseeing all aspects of human resources, including administration, coordination, evaluation, strategic and policy planning.

Looking ahead, we also understand the significance of nurturing young talent within our region and bolstering our region's workforce to ensure we have the necessary skills for sustained

success. To support this, we have taken proactive steps this year in supporting youth career development, offering port orientations and presentations alongside apprenticeships, cadetships and gateway programmes to support regional youth into work. (p28)

PLANET

Our long-term goal is environmental restoration, and we are taking significant steps toward this objective. Reconfiguration of our senior team enhanced the remit of our manager of Infrastructure to have oversight of our environmental responsibilities and added an Environmental Manager to the infrastructure team to manage our “Planet” targets and results.

Additionally, we worked with sustainability consultants Proxima Global to refresh our materiality work, with stakeholder and board engagement exercises laying the groundwork for a meaningful, relevant and focused strategic refresh for the new Senior Team.

ENVIRONMENTAL

TARGETS

This year, we initiated a project to transform our commercial forest into a permanent carbon sink. Analysis revealed that as the trees in our forest reach maturity they become less effective at carbon sequestration. To address this, we decided to shift from Pinus varieties to native and hardwood varieties, restoring our part of the Sounds to its natural state. In the short term, this shift may negatively affect our scope 1 emissions reporting due to the way in which carbon sequestration is accounted for. However, we are committed to this environmentally responsible decision, which will ultimately lead to sustainable GHG reductions with no expiration date, and improved biodiversity outcomes.

Our scope 1 & 2 emissions were both up last year. This is on the back of a large increase in operational activity, mainly attributed to marine fleet activity, kept busy over the summer and shoulder seasons from the return of cruise, ferry assignments and high export activity at the start of the financial year. The good news on the horizon in this regard, is the recent Board approval for the purchase of a new tug vessel with modern efficient engines and the highest level (Tier 3) of NOx emission controls. As we transition to a newer fleet, we are looking at how we can invest beyond the minimum to make reductions to our environmental footprint.

Water withdrawal and waste figures were also up on previous years, again owing to increased operational activity and the addition of the Waikawa Marina Extension (essentially adding the size of the Picton Marina). Encouragingly, the percentage of recycling as proportional to

overall waste has increased, notwithstanding, we continue to work towards reducing our water withdrawal and waste to landfill. (p15)

PROSPERITY

This year saw the return of cruise ships to Marlborough after a two-year hiatus. 47 vessels visited Waitohi Picton bringing a much-needed boost to the local tourism industry. The cruise industry is an important contributor to Marlborough's tourism economy which, prior to the disruption of COVID, provided an estimated \$29 million benefit to the region's GDP.

Our sustainable strategy for cruise has seen us working alongside the industry, community and customers for the long-term prosperity of all. We achieve that through balancing our schedules with other shipping, working with cruise lines to ensure they meet high environmental standards and engaging with the community through the cruise think tank and other groups.

Showing flexibility, we accommodated KiwiRail vessels alongside Waitohi for 'wet docks', allowing essential maintenance to happen. Overall, Cook Strait volume increased year on year, although this slowed towards the end of the year. Passenger numbers from ferries and cruise also increased over the year, again bringing valuable additional spend to the region.

Our work with KiwiRail on the iReX project moved into the preparatory work stage. We enabled the construction of the new temporary ferry terminal and Waitohi Awa culvert in readiness for the main construction works to begin once KiwiRail's funding is confirmed. We acknowledge there has been and will continue

to be some disruption to the community during construction. We will continue to work with all partners to minimise this disruption and thank the community of Waitohi Picton for their patience and understanding.

The export forestry trade started strong on the back of record export levels the previous year. Over the year, though, export volumes softened owing to head winds from the Chinese economy. Our focus for the future remains on the development of debarking services with our partner C3. This service removes bark from logs at the port removing the need for fumigation and creating clean bark – a useful product – which in turn reduces waste to landfill.

Our woodchip export project continued to operate over the year, with the first shipment exported to Japan for use in paper production. The project has confirmed our ability to store and transport this product with high quality and environmental standards. This track record was an important factor in the exporter Marusumi committing to another year of operation.

The year also saw the importation of over 40,000 metric tonnes of salt over Waimahara Wharf. Dominion Salt runs the southernmost salt farm and processing centre in New Zealand, supplying most of the countries salt under various brands. This year was a poor harvest year and subsequently saw the importation of salt for processing at Grassmere.

Partial completion of the Waikawa Marina Extension allowed for the incremental opening of berths through the year. We were able to quickly move through our waiting list enabling 173 people to secure a berth in one of the most beautiful marinas in the country.

All of our marinas were again busy over the summer period as people from within and outside the region holiday in the Marlborough Sounds enjoying relaxing days at the bach, fishing, diving or water sports.

As we do every year, we valued our investment property and assets as part of our accounting processes. This year, the value of the Group total assets, \$234m [2022: \$248m] is a revaluation loss on investment property, reflecting higher capitalisation rates in the market (affecting all investment property in New Zealand) and forward capital works planned to keep facilities at a high service level.

Notwithstanding, it has been an excellent year of operational performance. Revenue topped \$41 million for the first time and has been translated into a record EBITDA, (excluding asset and derivative revaluations) of \$21m.

Directors are therefore pleased to propose a final dividend of \$2.5m million, bringing the total distribution for 2023 to \$4.4 million, the highest in over 10 years.

Total dividends of \$31.4 million have been distributed to our Shareholder over the last ten years, and \$89 million since Port Marlborough's establishment in 1988.

PARTNERSHIPS

Our community sponsorships received a significant boost this year. Our commercial partners, StraitNZ Bluebridge, matched our support for school camps at Mistletoe Bay with an additional \$10,000. We take great pride in the success of the Sounds Discovery Fund, which has provided thousands of Marlborough School children

with opportunities for outdoor and active learning in our unique environment.

Our wider community partnerships endured, with over 45 regional community groups receiving sponsorship from our PMNZ sponsorship fund. (p28).

Our commercial partnerships throughout the year endured, as we continue to invest in, and drive the region's prosperity in line with our value of Kairangatira - delivering excellence. We would like to thank all of our customers and commercial partners for their continued support.

GOVERNANCE

The Board remains committed to Port Marlborough's long-term strategy and vision. This year, Directors took the opportunity to revisit our sustainability strategy and work on the prioritisation of material sustainability issues which inform strategy and work plans.

A process of stakeholder engagement with our community and key industry customers and partners had identified material issues, and Directors worked through the prioritisation of these in terms of context, business continuity and strategic planning. This process provides a way of assessing and prioritising the importance of non-financial issues (environmental and social) in the context of overall business priorities, management and performance, and in the charting of our sustainability roadmap. This ensures Port Marlborough's goals and performance are aligned with the highest environmental standards and the ability to deliver long into the future, to achieve the vision of leading the way as an environmentally restorative port, driving success for Marlborough.

The Board also invested in Director development and upskilling with the completion of the Health and Safety Leadership and Governance Training Course led by IMPAC. The course was useful to confirm the alignment of the Board's thinking on the development of safety culture and risk management.

Over the course of the year, Directors visited worksites engaging with workers on health, safety and environmental aspects of their work.

The composition of the Board changed over the year as former Chair Keith Taylor retired in December 2022. Keith's invaluable contribution to Port Marlborough in terms of experience and leadership is acknowledged. Warren McNabb was subsequently appointed the new Chair at the AGM.

LOOKING AHEAD

E ki ana te whakatauki - He kākano nā Tāne e whakatō i aia nei, ka noho, ā, hei tua kē te painga! Planting a seed today, comes to fruition tomorrow. The investments we're making now for people, infrastructure and projects will bear dividends for our communities and region in the future.

It's an exciting time to be at Port Marlborough, and we are proud to continue to work towards our vision of becoming an environmentally restorative port, driving success for Marlborough.

We thank all of our staff, customers, community members and iwi for their continued support.



Rhys Welbourn Chief Executive
Warren McNabb Chair



Operational Performance

Number of ship visits



Total ship visits

2023 **3,156** 2022: 2,818
+ 12% 2021: 3,233

Ferries	Cruise ships	Other*
2021: 3,114	2021: 0	2021: 119
2022: 2,706	2022: 0	2022: 112
2023: 2,995	2023: 47	2023: 114

*[Over 500 GRT]

Non-ferry cargoes



Total cargo [Tonnes]

2023 **901,456** 2022: 858,638
+ 5% 2021: 829,876

Logs*	Fish [Tonnes]	Other [Tonnes]
2021: 770,363	2021: 12,106	2021: 47,407
2022: 805,128	2022: 7,691	2022: 45,819
2023: 786,226	2023: 7,135	2023: 88,555

*[Export & domestic, JAS'000]

Marina facilities – berth occupancy %



Total average occupancy

2023 **97%** 2022: 100%
- 3% 2021: 97%

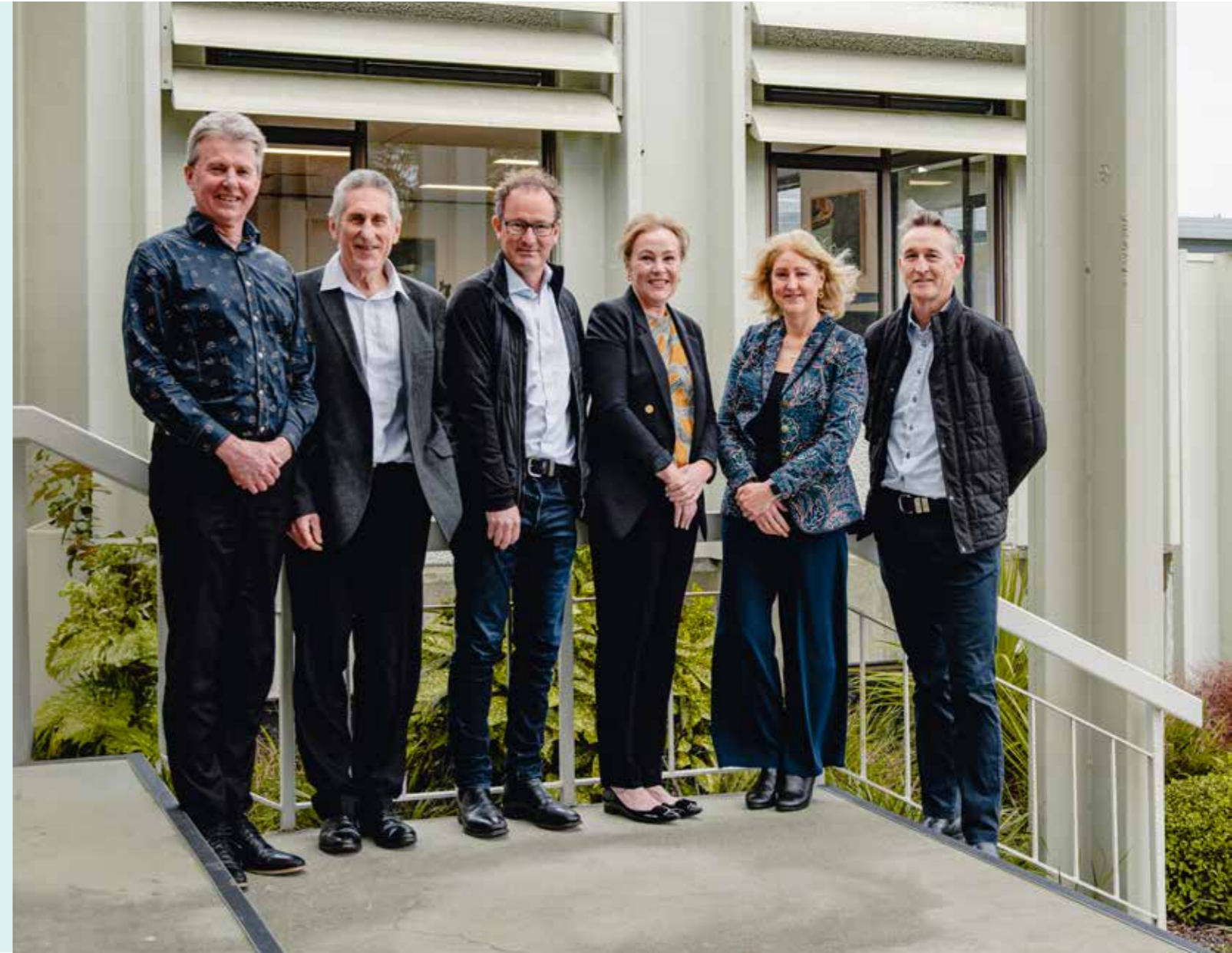
Havelock [368]	Waikawa [480]	Picton [206]
2021: 95%	2021: 98%	2021: 101%
2022: 100%	2022: 98%	2022: 102%
2023: 98%	2023: 83%	2023: 96%

Governance

The Board of Directors is responsible for the corporate governance of Port Marlborough, guiding the company toward sustainability, financial responsibility, and ethical governance. Their primary duty is to ensure accountability to the shareholder (MDCH Ltd) and to define and supervise our operational strategy, ensuring it aligns seamlessly with our overarching vision and values.

The Board's responsibilities span regulatory and legal compliance, including governance over risk management to identify and mitigate operational risks. Their efforts include strategic planning, ethical leadership, sound financial management, and prudent risk assessment. All of these elements are integral to our vision of leading the way as an environmentally restorative port, driving success for Marlborough.

The Board meets at least six times per year to review performance and consider key strategic growth plans and material issues and risks. In addition, Board subcommittees provide oversight of Audit and Risk, Health and Safety, and Remuneration. The Board delegates its authority for the executive management and operations of the company to the Chief Executive Officer and Senior Leadership Team.



L-R: Colin Crampton, Martin Fletcher, Warren McNabb (Chair), Jennifer Moxon (Health & Safety Committee Chair), Heather Roy, Richard Olliver (Audit & Risk Committee Chair)

Senior Leadership Team Tima Kaihautū

The final months of the financial year saw some changes to the configuration of our senior management team to ensure we have the appropriate senior-level structure in place to align responsibilities of management with overall strategic objectives, to ensure we are appropriately resourced across the business to meet the needs of our growing workforce and to deliver on our partnership and sustainability goals. Introducing the Senior Leadership Team for 2023:



Gavin Beattie
General Manager Infrastructure and Environment | *Poutoko Tūāhanga, Taiao*

Gavin leads the engineering, environment and workshop teams to proactively develop and maintain port and marina infrastructure, and achieve our environmental sustainability targets. Infrastructure planning goals include long term resilience, innovation to continually improve operational environmental performance, and designing safety and sustainability outcomes into all projects.

Anouk Euzeby
General Manager Marinas and Property | *Poutoko Herenga Waka me ngā Papa*

Anouk oversees the marinas and property teams. Meeting customer needs in a win-win way is a priority for Anouk's team, as they focus on building commercial relationships as well as the development of new business opportunities around the port's marinas and commercial land holdings. The large and geographically spread marinas team ensures recreational boating customers enjoy the Marlborough Sounds as a premium boating destination from our world-class marinas at Havelock, Picton and Waikawa.

Rhys Welbourn
Chief Executive Officer | *Te Tumu Whakarae*

Rhys leads the Senior Leadership team in the achievement of the company's strategic goals and vision; balancing strategic planning in terms of outcomes on people, planet and prosperity. Rhys supports and enables our people, our customers and our community in their efforts.

Anthony Burgess
General Manager Health, Safety & Wellbeing | *Poutoko Hauora, Haumaru me te Oranga*

Anthony leads the commitment to providing a healthy and safe working environment for all employees, customers, contractors and visitors to our workplace. To ensure the wellbeing of our people, in everything we do, we prioritise the Port Marlborough core value of Hauora – we work together to sustain what keeps us healthy.

Dean Craighead
General Manager Finance and Technology | *Poutoko Ahumoni, Hangarau*

Dean's team delivers the company's financial and business services, optimising profitability and development opportunities. Management of technology also comes within Dean's responsibility and making sure the port can continue investing in assets and people to deliver on our vision and to support future growth.

Ryan Lock
General Manager Port and Marine | *Poutoko Pōta, Moana*

Ryan's team delivers professional pilotage, towage and land-based services so our port customers can go about their business safely. The Port teams manage maritime safety and security, border and biosecurity in close cooperation with regulators. Ryan is also engaged in making sure the port is prepared to meet the continually growing and changing needs of customers.

Connie Smith
General Manager Communications and Engagement | *Poutoko Whakapāpā*

Connie holds a vital role in our strategic efforts, focusing on advancing our social and cultural objectives and developing community partnerships. She provides oversight for Port Marlborough's sponsorship portfolio and leads in media liaison, internal and external communications, and in the development of meaningful engagement within our stakeholder communities. Corporate publishing and reporting are also under Connie's responsibility.

Nicky Dowling
General Manager, People & Culture | *Poutoko Tāngata, Ahurea*

With the port's workforce now reaching a size and scale necessitating focussed in-house human resources expertise, Nicky's appointment underscores our commitment to our people. Nicky will lead recruitment for the business, fostering a positive and inclusive workplace culture, and support the development of our people.

Our Vision

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

Our Mission

We connect and protect over land and sea, so that our communities, environment and economies thrive.

Our Values

HAUORA
VALUE WELL-BEING

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

KAITIAKITANGA
PROTECT THE FUTURE

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

MAHI TAHI
WORK TOGETHER

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

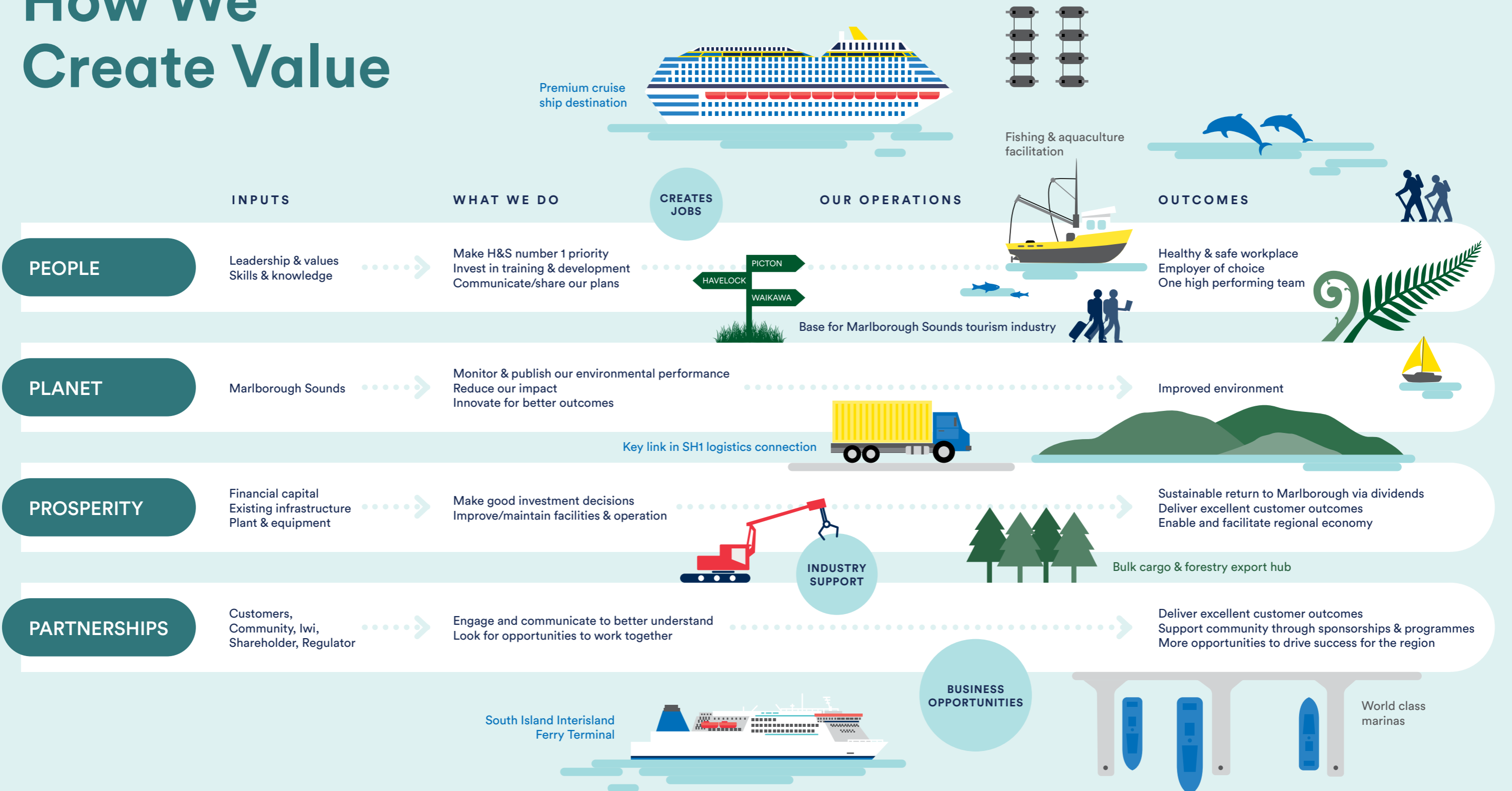
PONO
ACT WITH INTEGRITY

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

KAIRANGATIRA
DELIVER EXCELLENCE

We deliver excellent customer service and excellent commercial results.

How We Create Value





Our Strategy

Port Marlborough is a port company, as defined by the Port Companies Act 1988, and required to operate as a successful business. Our long-term strategy evolved in 2018 with the adoption of a new direction, focusing on the sustainable delivery of this success to our region over the long term.

This strategy sets the course for work plans and targets to deliver success across health, safety and wellness outcomes (People), environmental outcomes (Planet), economic and customer outcomes (Prosperity), and social and cultural outcomes (Partnerships).

SUSTAINABLE DEVELOPMENT GOALS

The 17 United Nations Sustainable Development Goals (SDGs) provide a blueprint for global sustainability. The port's strategy aligns with nine SDGs of most relevance for the port and are pictured below.

Alignment of our strategy with the goals ensures we are part of a bigger picture supporting broader national and global objectives for a sustainable future.

Goal 3 (Good Health & Wellbeing), **Goal 8** (Decent Work & Economic Growth), **Goal 5** (Gender Equality), **Goal 13** (Climate Action), **Goal 12** (Responsible Consumption & Production), **Goals 15** (Life on Land) and **14** (Life Below Water), **Goal 9** (Industry, Innovation & Infrastructure), **Goal 17** (Partnerships for the Goals)





Sustainability

STRATEGY

Port Marlborough’s approach to sustainability is embedded in our strategy with a stated vision: to lead the way as an environmentally restorative port, driving success for Marlborough.

GOVERNANCE

Port Marlborough’s Board of Directors sets and oversees sustainability direction and priorities. The Senior Leadership Team provides strategic and operational leadership on sustainability and reports via the CEO to the Board.

Reconfiguration of teams in the company over the financial year has seen capacity built at senior management level to better align operational priorities with sustainability objectives across the strategic pillars of People, Planet, Prosperity and Partnerships. The establishment of the company’s first Sustainability Working Action Group at the end of the reporting period, will further commit to ensuring that sustainability principles are operationalised through work plans.

MATERIALITY

The issues most material and relevant to our operations were revisited in the beginning of the reporting period, with materiality analysis through stakeholder engagement. Through interviews with iwi, commercial and recreational customers, community groups, staff, Senior Leaders and Directors, the sustainability issues most important to our stakeholders were compiled and analysed in terms of their impact on future operations of Port Marlborough, and across the strategic pillars, these material impacts have been identified as the issues most likely to impact the way we create or erode value over the short, medium and longer term.

We know that the success of our operations is only sustainable through careful stewardship of our unique environment (Kaitiakitanga), working together collaboratively with our customers and community (Mahi Tahī) and by following through on our promises to stakeholders (Pono). The exercise and the prioritisation of results by Directors and leadership have set the course for a renewed sustainability strategy to take shape in the 12 months following the reporting period.

OUR MATERIAL TOPICS

People

Health, Safety and Wellbeing of People in our workplaces (p16-19)

Good Work – Talent attraction, development and retention (p16-19)

Planet

Reducing Carbon Emissions (p21)

Health of Natural Resources*

Prosperity

Economic Value Created (p13)

Supply Chain management*

Risk Management*

Partnerships

Community Relationships (p27)

*Identified in 2023 materiality review, development of targets underway for the following reporting period.

Sustainability Scorecard

*Scope 1: Emissions owned or controlled by PMNZ; reductions contributed by forestry ownership.
*Scope 2: Emissions from generation of electricity purchased by PMNZ.

Developing solid ground for sustainability metrics is essential and an ongoing focus as we improve our ability to measure performance and effectively implement initiatives / improvements.

While the quality of our sustainability data continues to improve year on year, the challenge lies in finding a meaningful basis for comparison, period on period, due to the first year of sustainability measurement being 2020, which comprised business as usual for the first nine months – and a final quarter where the coronavirus pandemic had major operational impacts.

While the business recovered more quickly than expected during 2021 and 2022, closed borders prevented any cruise industry activity from early March 2020 with first cruise vessels only arriving in this reported financial year (late 2022).

Increased shipping, a strengthened focus on navigational safety in the harbour and the operational needs of the two ferry operators have significantly increased use of our harbour tug fleet with a consequential increase in diesel use – our largest contributor to Scope 1 GHG emissions. These include total diesel increasing 47% on last year's figures.

These factors contribute to the challenge of establishing 'what is the base' for the setting of targets, and comparison year on year. Going forward, we are working with sustainability consultants Proxima around our overall sustainability strategy and integrated reporting, and the reconfiguration of our Senior Leadership team and the appointment of a dedicated Environmental Manager means we have a renewed and better-resourced focus for the following reporting period.

Greenhouse Gas Emissions [GHG]	Waste Management	Water Withdrawal	Economic Value	Energy Efficiency	Employment & Workforce	Occupational Health & Safety																																								
<p>Baseline Disclosure 2023 Full Year [Metric tonnes of CO² equivalent]</p> <p>GHG emissions - scope 1* 2022: 441 2023: 644</p> <p>GHG reductions - scope 1* 2022: -717 2023: -717</p> <p>GHG emissions - scope 2** 2022: 264 2023: 207</p> <p>2023 Progress Scope 1 emissions: Increased from base year, change in approach of reporting our forestry figures to show more accurate data & impact on Forestry harvest.</p> <p>Scope 1 + 2 emissions: Increased due to operational activity increase.</p>	<p>Baseline Disclosure 2023 Full Year [Tonnes]</p> <p>Total weight of hazardous waste 2022: 12 2023: 74</p> <p>Total weight of non-hazardous waste to landfill 2022: 813 2023: 899</p> <p>Total weight of recycling 2022: 123 2023: 126</p> <p>Recycling as % of total non-hazardous waste to landfill 2022: 15.1% 2023: 14%</p> <p>2023 Progress Non-Hazardous waste to landfill increased, which is directly correlated with the increase in business activity.</p> <p>Recycling as a % of non-hazardous waste up 14% on base year – Target achieved [10% increase] **</p>	<p>Baseline Disclosure 2023 Full Year [Megalitres]</p> <p>Water withdrawals - PMNZ 2022: 24 2023: 37</p> <p>Water withdrawals - industrial customers 2022: 43 2023: 39</p> <p>Water withdrawals - non-chargeable 2022: 26 2023: 42</p> <p>2023 Progress Total water withdrawal exceeded target by 10 megalitres, represents our increased operational activity. Increase in non-chargeable water consumption due to increase in Marina usage, and Waikawa extension occupation rate increase.</p>	<p>Baseline Disclosure 2023 Full Year [Million NZ\$]</p> <p>Economic value distributed 2022: 27,020 2023: 30,569</p> <p>Economic value retained 2022: 7,290 2023: 10,788</p> <p>2023 Progress 2023 SCI Prosperity Targets Achieved</p>	<p>Baseline Disclosure 2023 Full Year [Gigajoules]</p> <p>Total non-renewable fuel consumption 2022: 7,557 2023: 10,320</p> <p>Total renewable fuel consumption 2022: 7,905 2023: 8,726</p> <p>2023 Progress Total non-renewable fuel consumption increased, due to increased operational activity</p>	<p>Baseline Disclosure 2023 Full Year [%]</p> <table border="1"> <thead> <tr> <th></th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td>70%</td> <td>72%</td> <td>72%</td> </tr> <tr> <td>Female</td> <td>30%</td> <td>28%</td> <td>28%</td> </tr> <tr> <td>Under 29 years</td> <td>6%</td> <td>6%</td> <td>8%</td> </tr> <tr> <td>30-49 years</td> <td>27%</td> <td>32%</td> <td>32%</td> </tr> <tr> <td>50-64 years</td> <td>56%</td> <td>50%</td> <td>44%</td> </tr> <tr> <td>Over 65 years</td> <td>11%</td> <td>12%</td> <td>16%</td> </tr> <tr> <td>Average Age</td> <td>52.2</td> <td>51.8</td> <td>51.7</td> </tr> <tr> <td>Median age</td> <td>56.5</td> <td>57</td> <td>55</td> </tr> <tr> <td>Total FTE</td> <td>72.0</td> <td>74.7</td> <td>79¹</td> </tr> </tbody> </table> <p>2023 Progress Cadetship opportunities: Two apprenticeship positions have been created, and further Youth Career Engagement activities have been activated through the year. (p28)</p> <p>Internal Talent Development: Workplace team reconfigurations have seen a number of staff promoted internally to maximise skills and capability building through the teams.</p> <p>¹ Additionally Port Marlborough employs three FTE (Female) contractors, through organisations 41South (Engineering services), BusinessBase (payroll services), and Adaptive Resource Mgmt Ltd (Financial administration). An additional 0.22FTE is contracted for cleaning services in Havelock Marina (Female).</p>		2021	2022	2023	Male	70%	72%	72%	Female	30%	28%	28%	Under 29 years	6%	6%	8%	30-49 years	27%	32%	32%	50-64 years	56%	50%	44%	Over 65 years	11%	12%	16%	Average Age	52.2	51.8	51.7	Median age	56.5	57	55	Total FTE	72.0	74.7	79 ¹	<p>Baseline Disclosure 2023 Full Year [Number]</p> <p>Near hits or near misses reported 2022: 11 2023: 31</p> <p>LTI (Lost Time Injuries) per 100,000 work hours 2022: 0.8 2023: 2.8</p> <p>MTI (Medical Treatment Injuries) per 100,000 work hours 2022: 0 2023: 2</p> <p>2023 Progress Work continues on the alignment of the PMNZ Fatigue Risk management System to industry framework (p17)</p>
	2021	2022	2023																																											
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PEOPLE

Ngā tāngata katoa



*We look after the hauora of all people in our workplace
We are one high-performing team
We have the right skills to deliver now and into the future*

We look after the hauora of all people in our workplace



Staff volunteering day at Kaipupu Point, a Well Being "Connect" Calendar event

WELL BEING

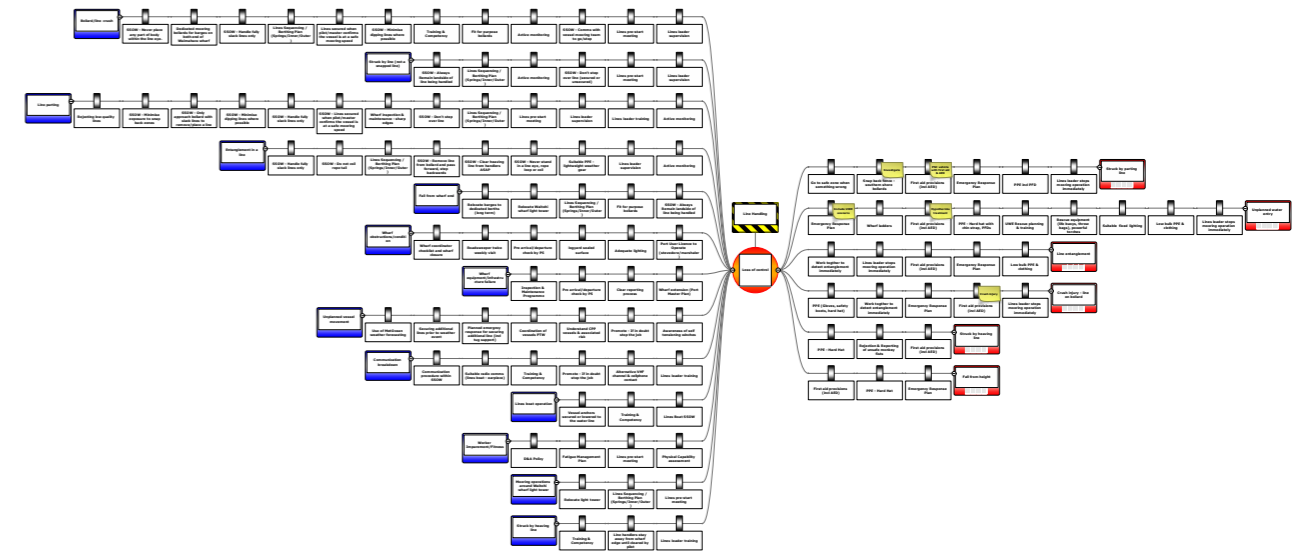
In 2023, we launched a well being initiative with a focus on Hauora, drawing inspiration from the Mental Health Foundation's "5 Ways To Wellbeing".

Throughout the year, we organised a range of events, each designed to address different aspects of Hauora. These events included mindfulness workshops for mental well being, fitness challenges to promote physical health, team-building activities and a bake sale and auction to raise funds for the Mental Health Foundation, and to spread awareness around Pink Shirt Day. A number of volunteering opportunities were also made available in work time for community initiatives.

The response from our team has been encouraging, with increased camaraderie, motivation, and an enhanced sense of fulfilment among our colleagues. Our ongoing commitment to the wellbeing calendar is supporting our teams' overall Hauora and supporting teamwork and connection for a positive and inclusive work environment.

EMPLOYEE ASSISTANCE PROGRAMME

As part of our ongoing commitment to supporting the hauora of our Port Marlborough whānau, we updated our Employee Assistance Program to EAP Services, to provide confidential and professional support services for all employees and their immediate families. Counselling, personal budgeting, career planning and legal advice are all available as free and confidential practical assistance and support.



CRITICAL RISK PROGRAMME

Over the next 12 months, the next stage of the Critical Risk Programme will be rolled out across our teams. This initiative represents a significant step forward in our continuous commitment to safety and operational improvements by our proactive management of H&S risks.

Our Health and Safety team engaged a wide range of workers in Bow-Tie Risk Assessment workshops to identify and assess the critical risks within our operations. These workshops have allowed us to identify our most Critical Risks, and to develop controls and standards.



FATIGUE RISK MANAGEMENT SYSTEM

Port Marlborough has input to The NZ Ports H&S leadership group through our membership in the Port Industry Association. The group is a tripartite association between regulators, unions and the port industry. Industry engagement undertaken in 2022 by the group across the country showed overwhelmingly that port workers' number one concern in a health and safety context was fatigue risk. Following this engagement, the group have developed industry fatigue guidelines by working collaboratively with H&S teams from ports around the country.

Given the nature of our work, fatigue has been identified as a potential major contributing factor to every critical risk. Taking a lead from the guidelines produced by the leadership group, we formed a Fatigue Learning and Action Team (FLAT) for Port Marlborough. The FLAT has input to policy development, developing the fatigue risk management framework, production of the new fatigue risk awareness handbook and the promotion and implementation of this management system.



RUNANGA – LEADER’S FORUM

2023 saw the foundation of our Health and Safety Runanga.

The Runanga is made up of our Health and Safety Representatives and leaders across the company. The forum is a place to discuss opportunities, concerns and improvements for Health, Safety and Wellbeing at Port Marlborough.

Each Runanga meeting is chaired and run by a different operational team and works to engage and empower our teams across the business in Health, Safety and Wellness systems and initiatives.

H&S TRAINING

Over the course of the year we conducted H&S representative stage one training for our H&S representatives, and extended the invitation to some commercial partners as well, with the aim of further developing our safety culture in the wider port area. We also initiated H&S leadership training with IMPAC, extending it to all leadership tiers and governance, including our Board of Directors, to continue our safety commitment at every level.

Our commitment to our company value of Hauora is clear: we work together to uphold what keeps us healthy. To ensure a safe environment for our people, tenants, and visitors while upholding operational excellence.



PORT ACCESS INDUCTIONS

In 2022 we digitised our Port Access Inductions, to allow our port users to complete an online digital, interactive induction designed to familiarise port users with the health and safety protocols, practices, and regulations specific to the port’s restricted operational areas. It serves as an essential tool for onboarding new employees, contractors, port users and visitors, ensuring that everyone is well-informed and aware of rules and safety measures.

The key focus of moving the inductions online is to create efficiencies for our team and wider port users while supporting our commitment to the hauora of all people in our workplace.

Scan to visit the Port Induction video online



We are one high-performing team

WORKPLACE CULTURE WORKSHOPS

Continuing our commitment to build on positive workplace culture and the Hauora of our people, we held additional workshops over the year to support our Code of Conduct and Just and Fair Culture policies. The Mahi Tahi workshops which were initiated in the previous financial year were continued and we “onboarded” further teams with these two foundational “people” policies.

The onboarding of our newly established Diversity, Equity and Inclusion policy was held with a dedicated session in the same way, facilitated by workplace culture specialists the Ripples Project, experts in facilitating workshops aligning workplace culture with values to keep positive behaviours on track, creating workplaces that are safe, happy and well.



RAIL AND MARITIME TRANSPORT UNION

Many of our staff are members of, and are represented by the RMTU (48% at year-end). The port and the RMTU operate a Joint Consultative Forum through which we look to cooperatively improve business delivery and operational matters including Health and Safety.

Work with the RMTU over the year has been undertaken through a “high performance, high engagement” model, which has helped boost engagement, increase productivity and improve health and safety outcomes, while empowering those on the front lines of our business to develop relevant solutions to issues. We value the input of the RMTU and acknowledge their contributions.

We have the right skills to deliver now and into the future



Liam Doran

Andrew McEwing

Luke Grogan

NAVIGATING THE MARLBOROUGH SOUNDS

With the increase in general shipping, return of the Cruise industry to Marlborough, and our involvement in maritime project partnerships, we bolstered our marine team with an additional two full-time pilots. Joining Andrew McEwing, the appointment of Luke Grogan and Liam Doran to the marine team reflects the port's commitment to safe and efficient maritime operations in the Marlborough Sounds.

As our port operations diversify and modernise, a skilled marine team is vital for our sustainable success. The combined skillsets of our new team members strengthen the port's resilience and ability to respond to the needs of our shipping customers, and having additional resource to the team means we can be fully responsive while ensuring strict adherence to the necessary rest and fatigue management guidelines.

Additionally, the new marine team has represented Port Marlborough's interests alongside our project partners in complex navigational planning for the iReX project underway in Picton Harbour.

This aligns with our mission to serve our partners and the community better. More pilots mean optimised operations, shorter wait times, and an improved experience for all relying on Port Marlborough.



LIAM DORAN

Pilot

Liam Doran brings over two decades of maritime experience to our team. He started as a Deck Officer Cadet in England and later joined the Cook Strait Ferries in 2015, where he advanced to become a Master Mariner, achieving the position of captain in 2019.

In 2023, Liam made a significant career move by joining Port Marlborough as a pilot. This change allows him to navigate various ships and expand his knowledge in the Marlborough Sounds.

Liam says the best things about his role are the natural beauty of his work environment in the Queen Charlotte Sound and the camaraderie and kindness among his team. Liam resides in the Marlborough Sounds with his wife and young son.

ANDREW MCEWING

Pilot

With a broad maritime background ranging from fishing to ferry captaincy, Andrew McEwing has extensive experience in navigating the Sounds, and trained as a Pilot under long-standing and recently retired PMNZ pilot John Davis in 2022. Prior to becoming a Pilot, Andrew had exemption certificates for Bluff, Nelson, Timaru, QCS, Tory Channel and Wellington so always had an interest in learning more. The beauty of his job is that "The people and the culture here are great. The team is small enough to get to know most people, and on a professional level, there is good support." Andrew says the best part of his working day is when he's out on the water and soaking in the beauty of the Sounds.

LUKE GROGAN

Marine Operations Manager, and Pilot

Luke has been in the maritime sector one way or another for over twenty years. In a career that has taken him all around the world and provided many adventures along the way. Since moving into shore-based roles, Luke has worked as the Marlborough Harbourmaster and been involved in many projects to improve maritime and navigation safety both at a regional and national level.

Luke says "The Port is integral to the success of the town and region and vice versa – it's great to be a part of that. And the company's commitment to balancing 'people planet and prosperity' really resonates with me.

"Seeing worldly seafarers astounded at the beauty of Tōtaranui /Queen Charlotte Sound as we pilot the ship through Picton, is a reminder of just how lucky we are to live here."

We demonstrate continuous improvement in our environmental performance.

We are kaitiaki of the areas in which we operate.

We innovate to produce better environmental outcomes

PLANET

Te Ao Tūroa



We demonstrate continuous improvement in our environmental performance

Notes to the Sustainability Scorecard

GREENHOUSE GAS EMISSIONS

With the increase in operational activity, return of the cruise industry, and overall increased operations, we have seen a 47% increase in diesel usage (our largest Scope 1 GHG contributor) primarily related to increased tug activity (ferry assists and the return of cruise) (Scope 2)

Increased operations also brought about a 7% increase in purchased electricity, dues to increased staffing and increased work on site (Scope 1)

There is also a significant decrease in our scope 1 emission reductions due to forestry changes as outlined below.

Our infrastructure teams continue to work with our commercial customers and energy providers on the longer term aspiration of provision of shore power in the port.

The procurement of a more energy-efficient tug to serve the port's marine fleet began over the financial year. This will be IMO Tier III compliant with the highest available emission controls which is expected to lower the overall Scope 1 emissions from the marine fleet.

As part of the assurance process for our annual accounts, Deloitte also undertook a review of our GHG figures this year.

RESTATEMENT OF FORESTRY EMISSIONS

Approximately 50% of our current forest plantation has reached maturity, meaning it no longer contributes to carbon reduction. As a result, we have initiated the harvesting of this mature forest. Following this, we plan to utilize the vacated land to establish a native NZ forest. Native forests provide a sustainable means for greenhouse gas (GHG) reduction that does not wane over time. Due to these changes, we are adjusting our reported greenhouse gas emissions from the previous year. This adjustment is in line with

our revised reporting methodology concerning forestry-related Scope 1 emission reductions. As per the Ministry for Environment emissions guidelines, there are two outlined methods for calculating emissions and removals from planted forests:

Approach One - Carbon Stock Change Accounting: Adopted during our base year 2020 reporting due to less refined forestry data. This method calculates the annual net emissions and removals from forest growth and harvesting. At the time, our data was largely estimated, making this approach the recommended choice by our advisors.

Approach Two - Averaging Accounting: In March 2023, as we mapped out our harvesting strategy, we engaged Mackenzie Management to oversee our forestry operations. They conducted a thorough audit, producing a detailed report on our forestry data. With enhanced data quality, we transitioned to this second approach. It calculates CO2 removals from newly planted forests up to the point they achieve their long-term average carbon stock. Beyond this point, it is assumed the forest neither emits nor absorbs CO2. This method requires details on when the forest was planted to ascertain its age.

For the fiscal year 2023, we harvested 5.5Ha. Under Approach Two, all our mature forest ceased to offer emission reductions. This is because each species has a distinct age at which it reaches its long-term average carbon stock (e.g., Pinus radiata at 22 years, other softwoods at 28 years, etc.). All forest plantations older than their respective long-term average carbon stock age, which in our case totals 24.1Ha, are deemed to have a neutral emission factor. Transitioning to Approach Two revised our Scope 1 Emissions from -1509 tCO2-e in the prior year to -717 tCO2-e for this year.

To ensure accurate year-on-year comparisons, we have restated the previous year's GHG forestry emissions to correspond with Approach Two. Given that the recent harvest only affected mature planted forest (which has a neutral emission factor), the adjusted emission value for the prior year aligns with this year's figure at -717 tCO2-e.



WASTE MANAGEMENT

General waste to landfill increased from 772 tonnes to 899, which is directly correlated with the increase in business activity.

Successful introduction of more extensive recycling facilities especially at Waikawa Marina, assisted improvements in total recycling volume, and of recycling volume as a proportion of general waste, which increased over the year to 126T, and 14%.

WATER WITHDRAWAL

Water withdrawal over the year was up 27% on the previous year.

Volume used in the Port area significantly increased from previous 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 ground preparation for the new marina extension.

BIOSECURITY

Port Marlborough works closely with Marlborough District Council, MPI and the Top of the South Biosecurity Partnership and other agencies to optimise marine biosecurity outcomes for the Port, Marinas and wider environment.

Scheduled physical checks are regularly undertaken in the port and marina areas in our ongoing collaboration programme to protect against marine pests. Education of our staff and marina users in particular is an ongoing focus. In the recent allocation of the new marina Waikawa North West, vessels arriving from outside the region were required to provide evidence of a clean hull prior to berthing.

Predator management continues within the Port and marinas in association with Picton Dawn Chorus and Kaipupu Wildlife Sanctuary.

Port Marlborough is an international port and we are therefore charged with ensuring all border biosecurity protocols are met. Additionally, we work very closely with NZ Customs and Nelson Marlborough District Health Board and other agencies to ensure best practice border management and protection.

We are kaitiaki of the areas in which we operate

TŌTARANUI RESTORATION

Port Marlborough has supported a research project in association with the University of Auckland, Marlborough District Council and Te Ātiawa o te waka a Maui, that is researching the viability of re-establishing seaweed in barren sub-tidal reef areas in Tōtaranui Queen Charlotte Sound. This research is part of the Sustainable Seas project 1.1 "Understanding ecological responses to cumulative effects."

In May 2022, kina were removed from areas of kina barrens at 4 sites across Tōtaranui-Queen Charlotte Sound as part of an experiment aimed at examining the effects of kina on kelp and rimurimu forests in the sound and to better understand the potential of sea urchin removal as a tool to promote kelp recovery across the Sound. The team monitored the recovery of kelp and seaweeds in these removal areas and in adjacent control kina barrens (where kina were not removed), and also measuring other environmental parameters such as water temperature and underwater light levels.

One year after the initial removal of kina, the research team returned to Tōtaranui to carry out a survey of the four sites and see what has changed. What they found was varying degrees

of rimurimu recovery across all four sites. The most striking recovery was at Motutara Island, where around 200 giant kelp (*Macrocystis pyrifera*) plants up to 4.5 metres in length were found. Smaller kelp and seaweed species such as *Ecklonia radiata* and *Carpophyllum flexuosum* were also found throughout this removal area.

The other sites also showed positive signs, with increases of *C. flexuosum* and *C. maschalocarpum* at the Meretoto and Tahuahua sites. The research team was particularly encouraged by the appearance of several young *E. radiata* plants at the Meretoto site, as this species had not been observed there prior to kina removal.

In the nearby control barrens where kina were not removed, rimurimu remained rare and there

was no observable change since the first survey in 2022.

While it is still early days, these findings highlight the capacity of different kelp and rimurimu species to naturally colonise areas of kina barrens once kina have been removed.

Port Marlborough has supported the team to return to each site every 2-3 months to remove kina that are reinvading the removal areas from adjacent barren areas. Overall, the results of the one-year survey are very encouraging and there have been varying degrees of rimurimu (kelp) recovery across the four sites following the kina removal.

A more significant follow-on project is being developed for the wider area, and we will consider opportunities to further support and participate as they emerge.



Dr Nick Shears leads the team in a 2023 survey of Tōtaranui.

We innovate to produce better environmental outcomes



SHAKESPEARE BAY FORESTRY

Recipient of the Port Marlborough Environment Scholarship, forestry student Hannah Munro completed her honours dissertation on the Shakespeare Bay Forestry Project. Hannah worked alongside our capabilities and engineering teams for the past two years, investigating options for the replanting of the Port Marlborough forestry block in this area, taking a long-term view.

The plans resulting from her dissertation work will be considered as part of the long-term planting strategy for this area in our move from Pinus Radiata to native forestry in order to produce better greenhouse gas, and biodiversity outcomes.

TUATARA TRANSLOCATION

It was an honour to join with the Department of Conservation and local mana whenua iwi as tuatara were taken to Lochmara Lodge for a short stint on their way to being released in the wild. Together with Kaumātua and kaimahi from Te Ātiawa o te Waka a Māui and Ngāti Apa ki te Rā Tō, we carried and released the Tuatara to Lochmara’s specially modified enclosures which are a transitional home so they can acclimatise to the sounds and learn to hunt independently until they are released back into the Marlborough Sounds later this year.

The translocation and release of the Tuatara was coordinated by DoC in consultation with the tuatara recovery group, Te Ātiawa and Ngati Koata. The Tuatara health checks, their ongoing care, and their enclosures at Lochmara were sponsored by Port Marlborough, following the High Court decision around the aquarium building tenancy on the port-owned site on Picton’s waterfront.

It was a real privilege to be involved in restoring these beautiful Taonga to full health and ultimately towards their release back to the wild.



Tuatara release to Lochmara Lodge

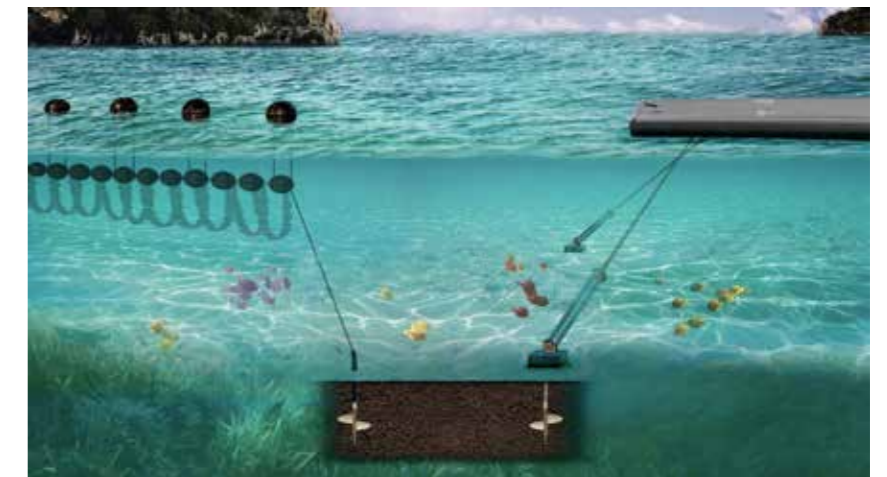


Marine Category award winners 2023, Mike, Tegan and Donna Baker, with category sponsor Rhys Welbourn for Port Marlborough

MARINE FLEX MOORING SYSTEMS

Port Marlborough was again privileged to sponsor the Marine category award at this year’s Cawthron Marlborough Environment Awards. The awards have run in Marlborough since 1997, celebrating inspirational and innovative environmental initiatives across our region.

Picton company Marine Flex was the winner of the Marine Category this year. Mike and Donna and the team at Marine Flex have developed a mooring and anchor system that reduces damage to the seabed under marine farms, boats and jetties. Marine Flex’s rubber cables are a big improvement on the conventional heavy chains of traditional moorings which can



sweep the seabed and impact marine habitat and sea life.

The Marine Flex mooring system is used worldwide and closer to home in Port Marlborough facilities in our new barge moorings in Shakespeare Bay and at the Waikawa Marina extension.

Marine Flex Award – category winner video





SILVERSEA

BLUEBRIDGE
COOK STRAIT FERRIES

PROSPERITY

Tōnuitanga

*We deliver and create long-term value through integrated investments
We deliver excellent customer experience and outcomes
We enable and facilitate regional growth*

We deliver and create long-term value through integrated investments

WAIKAWA MARINA EXTENSION

Future growth opportunities now exist for businesses in Waikawa as a consequence of the arrival of new vessels at Waikawa due to the new marina development. Additionally, the increased customer base will enable us to attract services which are not currently based at the marina.

Long term planning of the Waikawa marina precinct is being reviewed by our commercial and property teams and is expected to take shape in the following financial year, with any commercial space carefully considered to attract businesses that support and enhance our regional economy. Growing trade, integrating sustainability and ensuring the best utilisation of existing facilities are top priorities.



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 30 June 2023.

PEOPLE	Target	Result	PROSPERITY	Target	Result
Preventative Action to Incident Ratio	5:1	3:1	Net Operating Profit after Tax [NOPAT] excludes non-cash revaluations (\$m)	\$8.02	\$10.59
Corrective Action Close out on Time	80%	57%	NOPAT / Return on Shareholder Funds excludes non-cash revaluations	4.40%	6.13%
LTI ¹ per 100,000 work hours	< 0.8	2.8	Earnings Before Interest, Tax, Amortisation [EBITDA] excludes non-cash revaluations (\$m)	\$17.81	\$21.05
Annual Health Checks and Health Insurance available for all permanent staff	80%	100%	Equity Ratio	65.6%	71.3%
Living Wage Accreditation	Achieved	Achieved			
PLANET	Target	Result	PARTNERSHIPS	Target	Result
Total Freshwater withdrawal (Megalitres)	93	119	Invest 1% of EBIT (three-year rolling average) in community sponsorships and programmes (\$m)	\$130k	\$133k
General Waste to Landfill (Tonnes)	772	899			
Recycling (Tonnes)	55	125			
Recycling as % of general waste to landfill	9%	14%			
Greenhouse Gas Emissions (Tonnes of CO2 equivalent)	705	851			
Greenhouse Gas Storage (Forestry sink)	-717	-717			

¹ LTI – Lost Time injury

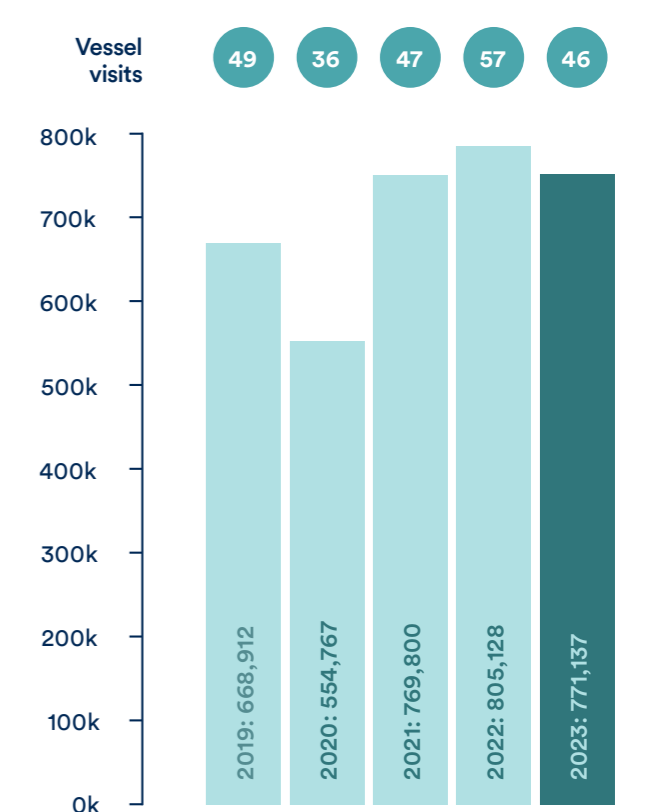
We deliver excellent customer experience and outcomes

FORESTRY INDUSTRY

The export forestry industry had another strong year, although slightly down on the previous record year as the Chinese economy hit some head winds. We continue to work with the industry to continuously improve our facilities and services.

This year we entered into a partnership with C3 and Pedersen group to establish a debarking facility at Shakespeare Bay. The debarking process completely removes bark from the logs for export as cargo, providing a more sustainable alternative to chemical fumigation prior to export. The removed bark is also a valuable resource that can be used as mulching or composting material. Our deep water facilities make Shakespeare Bay the ideal location for this type of service as the Port can accommodate deeper draught vessels and act as a finishing port or single full load port. Growth and innovation continue with our forestry export offering, with the third scaling shed for C3 now in place. This additional shed will further enable the inward receipt of logs with increased efficiency for C3 and the port.

SHAKESPEARE BAY LOG EXPORTS [JAS]



PORT TRADE

With the return of 47 cruise ships to Marlborough the revival has been crucial for the region's tourism, in post-pandemic recovery. Sustainable cruise strategies have been at the forefront of Marlborough's approach, prioritising our region's long-term prosperity and in maintaining high environmental standards. On the export front, while forestry trade began robustly, it witnessed a decline over the year due to challenges from the Chinese economy the diversifying of our commercial and service offering have showed the benefits of holding a diverse portfolio. Completing a section of the Waikawa North West Marina by year-end meant an additional 173 berths were ready, providing additional revenue and further supporting local tourism especially during the summer season.

OVERALL

In terms of prosperity, a significant milestone was achieved with revenue surpassing \$41 million for the first time, resulting in a record EBITDA of \$21 million. With the increase of revenue converted into a proportional increase in dividend, the total distribution for 2023 is \$4.4 million.

This dividend payment will be the highest in over a decade, and since 1988, Port Marlborough has disbursed \$89 million in dividends to the shareholder.



We enable and facilitate regional growth

WELCOME BACK TO THE CRUISE INDUSTRY

The Cruise tourism industry returned to Marlborough following a two-year hiatus due to the global pandemic. We refreshed cruise ship operations training for our port and marine teams, and our operational teams worked hard to prepare for the season. Port bookings are planned in a sustainable way to ensure the needs of other shipping customers are also prioritised and to ensure that bookings are staged and carefully planned around community needs.

The season was blessed and opened in October 2022 by mana whenua iwi, Te Ātiawa o te waka a Maui, who were represented by trustee and vice chair Whaea Rita Powick giving a karanga to

the first ship of the season, Royal Caribbean International's Ovation of the Seas.

Port Marlborough is a founding member of the Regional Cruise Think Tank, which brings together representatives from council, shipping agents, Destination Marlborough (and tour operators) to prepare for the season.

Meticulous preparation for the return of the industry following the pandemic included collaboration with cruise companies around COVID policies and with the regional health authority in emergency response simulation, and in security exercises with Maritime NZ, NZ Police, and FENZ. The successful season saw no incidents, with 47 visits "alongside" at both Waimahara and Waitohi, similar to numbers seen pre-pandemic.



Te Ātiawa o te waka a Maui opened the 2023 season with warm Waitohi manaakitanga.



PARTNERSHIPS

Taukaea (Tāngata)

We are a trusted community partner

We are a trusted iwi partner

We have strong commercial and regulatory relationships



We are a trusted community partner

2023 SPONSORSHIP FOCUS - SAILING

In anticipation of the opening of Waikawa North West, we had a key focus on the support of our sailing community in Waikawa Marina this year, including the Waikawa Boating Club.

September saw another successful Spring Twilight Racing Series for the club, for which Marlborough Sounds Marinas is a founding sponsor, and towards the end of the season we were privileged to host the prestigious Round the North Island Two-Handed Yacht Race.

The race normally completes a loop of the North Island, but this year diverted to Waikawa due to the unusual status of the newly built marina berths being available prior to allocation in Waikawa. It was the first time race participants have called into the south island in more than 30 years. In an unusual turn of events, the large amounts of slash, rubbish and other debris washed into the water by Cyclone Gabrielle meant participants were rerouted back up the west coast of the North Island rather than via the original loop course.

Garry Joliffe, a racing committee member, said in the Marlborough Express that it was great for the race to return to Marlborough after all these years. "Our amazing hosts down in Waikawa managed to put all the boats on that new pier at 16W which was amazing, and it was great to be back there."



Race Leg 3 - Waikawa to Auckland credit: LiveSailDie

SPONSORSHIPS



COMMUNITY ENGAGEMENT

Our community engagement continued throughout the year, with presentations and project updates given by Senior Leaders and project managers to the Picton Regional Forum, Picton Business Group, and numerous interest groups where we are invited to present and participate.

SPONSORSHIPS : FY23 COMMUNITY

- > Port Marlborough Pavilion at Endeavour Park
- > Mistletoe Bay Trust
- > Waikawa Marae Matariki Festival
- > Picton Maritime Festival
- > Picton Christmas Parade
- > Havelock Mussel Festival
- > Marlborough Nelson Marine Radio
- > Picton Mens' Shed
- > Havelock Mens' Shed
- > Picton Food Bank
- > Coastguard Marlborough
- > Marlborough Sounds Community Vehicle Trust
- > Landsar
- > Picton Spring Clean
- > Life Education Trust
- > Blenheim Lions Club
- > Marine Farming Association
- > Envirohub Marlborough Family Seaweek Cruise

EDUCATION

- > Marlborough Girls' College Academic prizes
- > Marlborough Boys' College Academic prizes
- > Queen Charlotte College Academic prizes
- > Picton School Waitohi Awa fundraising book
- > Havelock School
- > Port Marlborough Sounds Discovery Fund
- > Queen Charlotte College Aquaculture Programme
- > Scitec Marlborough Schools' Science Fair

SPORT

- > Marina2Marina Event
- > Picton Football Club
- > Picton Rowing Club
- > Waikawa Bay School Junior Netball Team
- > Marlborough Colleges' Sailing Club
- > Waikawa Boating Club Spring Twilight Racing
- > Marina 2 Marina
- > Queen Charlotte Yacht Club
- > Waikawa Boating Club Support Vessel
- > Pelorus Rugby Club
- > Marlborough Football Girls U16

ENVIRONMENT

- > Picton Environment Centre
- > Kaipupu Sanctuary
- > Picton Dawn Chorus
- > Envirohub Marlborough
- > Cawthron Marlborough Environment Awards
- > Marine Farming Association Environment Award
- > Seaweek Kaupapa Moana
- > Tōtaranui Kelp Beds Restoration Project

SOUNDS DISCOVERY FUND

Now in its fifth year, over the reporting period, the Port Marlborough Sounds Discovery Fund once again supported over a thousand primary school students from the region in their learning about the Marlborough Sounds. Through school chosen camps and activities, we support schools to facilitate learning experiences in the sounds, or in water safety based activities. This year, a purpose-built programme for the fund was developed by Kaipupu Sanctuary.

Students participated in the "Kaipupu Experience" programme, consisting of a look and touch session in the Picton Environment Centre to learn about native birds and their predators, followed by a boat trip to Kaipupu to have a walk around and see how it all works in the field, see native birds and trees, weta hotels, penguin nesting boxes, and see plenty of traps! Under supervision, the students taste some native plants, learn to identify some poisonous ones, and compare old growth forest to younger regenerating forest to learn about the bush succession process.

Our friends at the sanctuary said that many local students are developing a great knowledge and appreciation of our local native environment which bodes well for conservation for our region in the future!



YOUTH CAREERS ENGAGEMENT

Engagement with Marlborough school leavers has been a key theme throughout the year, as we undertook workshops and presentations with groups of students from the Graham Dingle Foundation Career Navigator Programme, Mahi Whakaara, and Queen Charlotte College. The objective of our support for these groups is to help students navigate the beginning of their career journeys by demonstrating the range of careers available in our industry, and to encourage them as they begin their transition to the workforce from school.

Presentations, Q&A sessions, and port orientations were tailored to students' interests and facilitated by our workshop and marine teams. Of particular interest were the tours of our marine fleet, and the port's operational areas, where students got to see the operations in the port and log yard.

We are a trusted iwi partner



MANA WHENUA ENGAGEMENT

Port Marlborough is committed to respecting the principles of Te Tiriti o Waitangi and strive to grow our understanding of Te Ao Māori. We acknowledge the significance of our operational areas to local mana whenua iwi.

Through the reporting period, staff have had the opportunity to take part in Te Reo Māori language courses facilitated by Te Ataarangi ki Te Taihū o Te Waka-ā-Māui. These courses are aimed at encouraging broader use of Te Reo in the workplace, improving pronunciation, and to better understand tikanga.

TE ĀTIAWA O TE WAKA A MAUI

We thank Te Ātiawa for their manaakitanga, inviting our leadership team to Waikawa Marae to welcome new Kaiwhakahaere Justin Carter over the year, and we look forward to working further with the iwi with the principles of Kotahitanga and Mahi Tahī guiding our efforts.

NGĀTI KUIA

We are working closely with Motuweka Havelock mana whenua iwi Ngāti Kuia around future planning for Havelock Marina and look forward to building on the relationship and progressing some cultural interpretation projects together over the coming months.

We have strong commercial and regulatory partnerships



Multi-partner Oil Spill training exercise, Havelock Marina 2023

EMERGENCY RESPONSE PLAN

Through the year we partnered with FENZ, MDC Harbours, NZ Police, Bluebridge and KiwiRail to develop a new emergency response framework.

Building on previous plans we further integrated our incident management plans with these agencies and customers to ensure alignment of response. Emergencies can arise for a number of reasons whether natural events or safety incidents. The community can take confidence that our response plans are shared with key agencies, minimising response times and increasing collective effectiveness.

Our General Manager of Health, Safety and Wellness, Anthony Burgess says “The closer we work together the better prepared we are to collectively respond to an emergency and complement each other’s areas of expertise.”

MARITIME NZ AND WORKSAFE

Port Marlborough has been active in the Port Health and Safety Leadership Group working alongside Maritime NZ, WorkSafe, Unions and other ports in the development of an Approved Code of Practice for loading and discharging cargo at ports and on ships.

The ACOP will clarify the law and provides guidance on how PCBUs can achieve industry good practice and meet their obligations.

We have also been proactive in the development of a fatigue risk management systems and have been engaged with RMTU on an awareness training programme to be rolled out later this year.

PORT & HARBOUR SAFETY CODE

Port Marlborough continues to be committed to the NZ Port & Harbour Safety Code. Our Marine Safety Management System is based on the code and over the course of the year we have continued to align ourselves closely with MDC Harbourmaster.

COMMERCIAL PARTNERSHIPS

Our partnership-driven approach to commercial relationships, consistently delivers mutually beneficial results. Through this approach we prioritise our value of Mahi Tahī (collaboration), we’ve achieved tangible successes for both the port and our partners. Looking ahead, we remain committed to this approach, confident that it’s integral to our ability to deliver on our vision of delivering sustainable success for Marlborough.



iReX

Waitohi Picton Ferry Precinct Redevelopment

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

Enabling Work for the Waitohi Picton Ferry Precinct Redevelopment project (iReX) commenced on site in 2022. Early work has included upgrading the Waitohi culvert, Te Ātiawa Kaitiaki are supporting the project overall by taking on key roles as Iwi monitors and in the cultural health of Waitohi Awa while the enabling works are happening on site.

A Temporary terminal building was constructed and opened, and the construction of new Port Marlborough commercial jetties began in the course of the financial year, to accommodate those charter and fishing vessels displaced by the project, adjacent to the old terminal building.





Waikawa Marina Development

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

Following a challenging period over construction, which included inclement weather, a global pandemic and international supply chain delays, Waikawa North West marina officially opened for the arrival of the first vessels in December 2022.

At the close of the financial year the new marina was operating at around 70% capacity, with further jetties to open over the remainder of the calendar year

as the finishing touches were added to walkways and jetties, and services provided to the remaining berths.

Work with Te Ātiawa o te waka a Maui is ongoing to incorporate cultural elements into the final touches of the marina, including interpretation panels, designs to the breakwater, and a pou whenua.

The official opening of the marina will be held in December 2023.



Video content - first vessels arrive at Waikawa North West Marina, December 2022

Marlborough Inland Hub



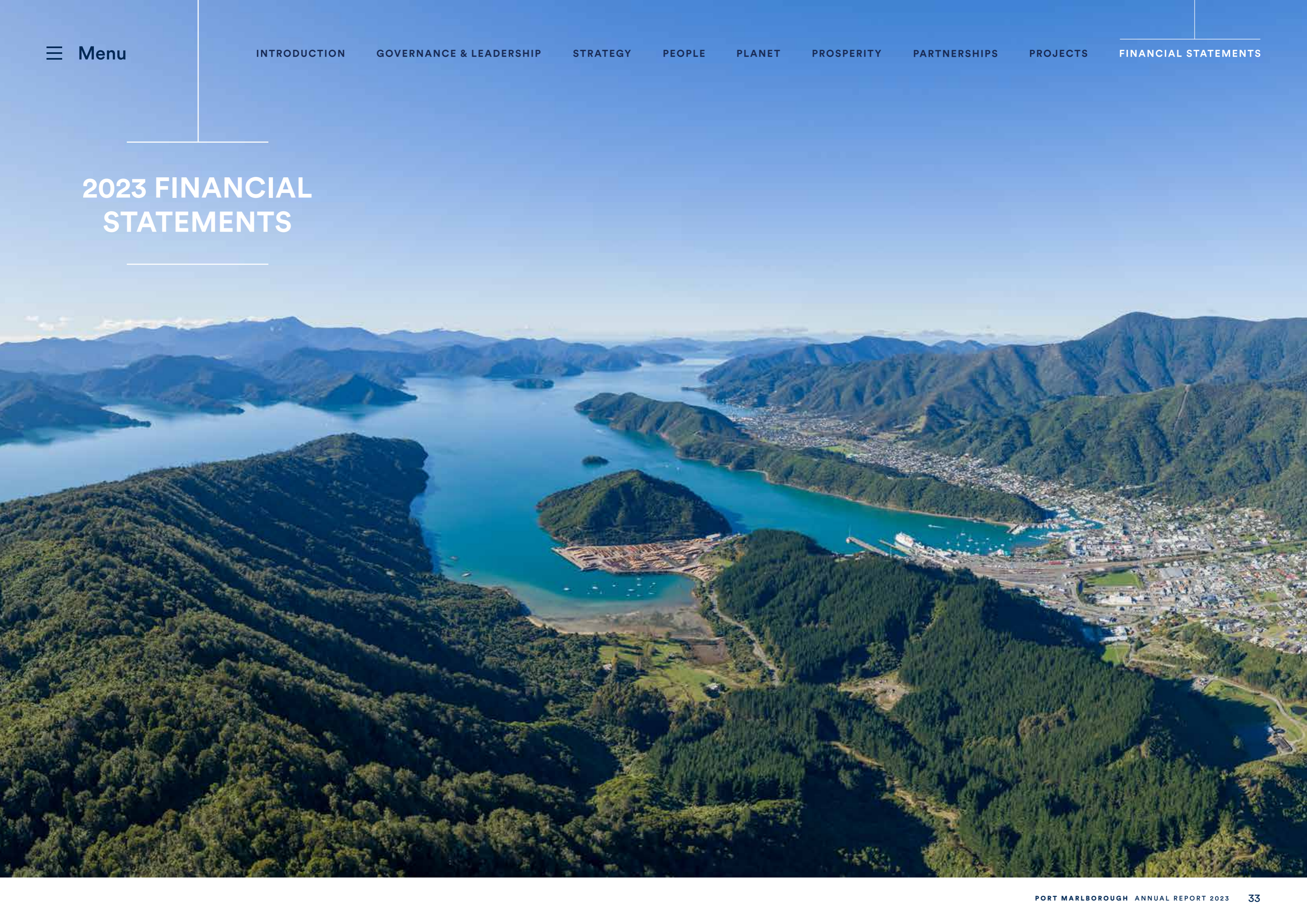
Marlborough Inland Hub has applied for a resource consent to progress the first phase of development at Riverlands. This phase will enable container handling and storage at the Riverlands site. The initial development will provide a 1 hectare site accessed from Cloudy Bay Drive. Master planning for future phases of development are taking shape. In the meantime the Riverlands vineyard yielded a bumper 2023 harvest.

There has been a strong start to the new Picton container facility with volumes continuing to grow month on month. This is testament to working together with partners to provide options for Marlborough exporters to get their product to market.



Boundary lines are indicative only

2023 FINANCIAL STATEMENTS



STATUTORY INFORMATION

Directors' report

The Directors of Port Marlborough New Zealand Limited are pleased to present to the Shareholder their Annual Report and financial statements for the year ended 30 June 2023.

The Directors are responsible for presenting financial statements in accordance with New Zealand law and generally accepted accounting practice, which present fairly in all material aspects the financial position of Port Marlborough New Zealand Limited and its subsidiaries as at 30 June 2023 and the results of the Group's operations and cash flows for the year ended on that date.

Auditors

Anthony Smith for Deloitte Limited, on behalf of the Office of the Auditor General, is the auditor of Port Marlborough New Zealand Limited and its subsidiaries for the year ended 30 June 2023.

Employee remuneration - parent company

The number of employees whose total remuneration received in their capacity as employees was within the specified bands is shown below.

REMUNERATION	NUMBER OF EMPLOYEES	
	2023	2022
\$100,000 - \$110,000	8	4
\$110,000 - \$120,000	2	2
\$120,000 - \$130,000	4	4
\$130,000 - \$140,000	3	-
\$140,000 - \$150,000	4	1
\$160,000 - \$170,000	1	2
\$170,000 - \$180,000	1	1
\$180,000 - \$190,000	2	1
\$200,000 - \$210,000	3	-
\$210,000 - \$220,000	1	1
\$220,000 - \$230,000	1	-
\$260,000 - \$270,000	-	1
\$350,000 - \$360,000	1	-
\$390,000 - \$400,000	-	1

INTERESTS REGISTER

Directors' remuneration and benefits

The remuneration paid to non-executive Directors during the year. The figures include all benefits, retiring allowances and Fringe Benefit Tax.

DIRECTOR	2023
W B McNabb (Chair)	\$55,062
C J Crampton (paid to employer)	\$35,400
J C Moxon	\$38,778
R W Olliver	\$37,116
H J Roy	\$35,400
K B Taylor (retired)	\$34,800
M F Fletcher (paid to Marlborough District Council)	\$35,400

Directors' and Officers' liability insurance

The Company has arranged Directors' and Officers' Liability Insurance with QBE Insurance International Limited. This cover insures Directors against liabilities to other parties that may arise from their positions as Directors. The insurance does not cover liabilities arising from criminal actions.

Directors' interests in contracts

The following Directors have declared interests in the identified entities. The declaration serves as notice that the Director may have a commercial interest in or benefit from any transaction between the holding company or Group and the identified entities.

Members' Interests

Warren McNabb

Alpine Energy Limited, Director
 Boyce Investments Limited, Shareholder / Director
 Energy 3 Limited, Shareholder / Director
 Infratec Limited, Director
 Infratec Renewables (Rarotonga) Limited, Director
 Lancewood Forests Limited, Director
 Lulworth Wind Farm Limited, Director
 Pistol Vineyard Investments Limited, Director
 The Bluffs Vineyard Company Limited, Shareholder / Director
 Weld Cone Wind Farm Limited, Director

Colin Crampton

Lifelines Wellington, Deputy Chair
 University of Canterbury, Advisory Board Member
 Establishment CE, Water Services Entity Act

Martin Fletcher

Calmar Cherries Limited, Director/Shareholder
 Marlborough District Council, Chief Financial Officer

Jennifer Moxon

Fisher Funds Management Limited, Director
 Kiwi Wealth Investment Limited, Board Member
 Kiwi Wealth Limiter, Board Member
 Marlborough Skills Leadership Group, Co-Chair
 Portfolio Custodial Nominees Limited

Richard Olliver

Toi Downs Limited, Director
 Ridgeback Trustees Limited, Director
 Kenepuru Forests Limited, Director
 Lancewood Forests Limited, Director
 The Bottling Company Limited, Director
 St Andrews Property Group Limited, Director
 Good Conscience Limited
 The Care Foundation, Trustee
 Marlborough Colleges Charitable Foundation, Trustee
 Fulton Hogan Limited. (and subsidiaries) Shareholder, Director

Heather Roy

Financial Advice New Zealand, Independent Chair
 Marlborough Chamber of Commerce, Board Member
 New Zealand Remembrance Army Charitable Trust, Chair/Trustee
 Security and Reliability Council (Electricity Authority), Independent Chair
 TorquePoint Limited, Principal/Director
 Utilities Disputes Limited, Independent Chair

Directors' Loans

There were no loans by the Company to Directors.

Use of Company Information

During the year, the Board did not receive any notices from Directors of the Company requesting the use of Company information received in their capacity as Directors, which would not otherwise have been available to them.

Statement of responsibility

The Directors are responsible for ensuring that the financial statements present fairly in all material aspects the financial position of the Group as at 30 June 2023, and its financial performance and cash flows for the year ended on that date.

The Directors consider that the financial statements of the Group have been prepared using appropriate accounting policies consistently applied and supported by reasonable judgments and estimates, and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the statements with the Financial Reporting Act 2013.

The Directors consider they have taken adequate steps to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for the corporate governance of the Company. Corporate governance encompasses the direction and control of the business by the Directors and the accountability of the Directors to the Shareholder, MDC Holdings Limited, for the performance of the Company, and compliance by the Company with laws and standards.

Role of the Board of Directors

The Board of Directors (the “Board”) is appointed by the shareholders to supervise the management of the Company and its subsidiary companies (the “Group”). The Board establishes the Group’s objectives, strategies for achieving objectives, and the overall policy framework within which the Group’s business is conducted and monitors management’s performance. The Board has delegated the day-to-day management of the Group to the Chief Executive.

The Board also ensures that appropriate procedures are in place to provide for effective internal control.

Board operations and membership

The Board comprises six non-executive Directors: a Chair and five Directors. Board members have an appropriate range of proficiencies, experience and skills to ensure that all governance responsibilities are completed to ensure the best possible management of resources. Directors’ qualifications and details are set out on page 48 of this report and their interests are listed on page 34. Port Marlborough’s constitution sets out policies and procedures on the operation of the Board, including the appointment and removal of Directors.

Board committees

Three Committees of the Board assist the Board to provide leadership and policy in discharging governance responsibilities regarding specific areas of risk. The Health and Safety Committee comprised of all Directors and chaired by Jennifer Moxon, supports delivery against the Board’s Charter including strategy and review of the safety risk management framework.

The Audit and Risk Committee comprises three Directors, Richard Olliver (Chair), Martin Fletcher and Heather Roy. This committee supports the Board in its oversight of the Company’s financial reporting processes, the independent auditors, the Company’s compliance with legal and regulatory requirements, and overview of wider business risk.

The People, Performance and Culture Committee was established in 2023 and comprises Chair Warren McNabb, and Directors Jennifer Moxon and Colin Crampton. This committee assists the Board in fulfilling its responsibilities in matters related to the remuneration and performance of staff and supporting a positive culture.

Statement of Corporate Intent

In accordance with section 13 of the Port Companies Act 1988 the Board submits an annual Statement of Corporate Intent (SCI). The SCI sets out the Company’s overall objectives, intentions, and financial and performance targets. The SCI is approved by the shareholder, MDC Holdings Limited which is wholly owned by the Marlborough District Council.

Risk management

The Board has overall responsibility for the Group’s internal control systems. The Board has established policies and procedures that are designed to provide effective internal control. Annual budgets and longer-term strategic plans are prepared and agreed by the Board. Financial statements and operational reports are prepared on a monthly basis and reviewed by the Board throughout the year to monitor performance against budget targets and objectives.

In addition, the Board reviews risk management strategies, including the segregation of duties, the employment of suitably qualified and experienced staff, and recommendations made by the external auditors.

Directors’ approval of financial statements

For the Year Ended 30 June 2023

Approval by Directors

The Directors are pleased to present the Financial Statements of Port Marlborough New Zealand Limited for the year ended 30 June 2023 on pages 36 to 48.

Authorisation for issue

The Board of Directors authorised the issue of these Financial Statements on 27 September 2023.



W B McNabb Chair



R W Olliver Director

For and on behalf of the Board of Directors

Deloitte.

INDEPENDENT AUDITOR’S REPORT

TO THE READERS OF PORT MARLBOROUGH NEW ZEALAND LIMITED GROUP’S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Port Marlborough New Zealand Limited (the Group). The Auditor-General has appointed me, Anthony Smith, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements of the Group on his behalf.

Opinion

We have audited the financial statements of the Group on pages 36 to 48, that comprise the consolidated statement of financial position as at 30 June 2023, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the Group:

- present fairly, in all material respects:
 - o its financial position as at 30 June 2023; and
 - o its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards, Reduced Disclosure Regime.

Our audit was completed on 27 September 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General’s Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible on behalf of the Group for assessing the company’s ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors’ responsibilities arise from the Port Companies Act 1988.

Responsibilities of the Auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit carried out in accordance with the Auditor-General’s Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General’s Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information in the Annual Report, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Group.



Anthony Smith
For Deloitte Limited
On behalf of the Auditor-General
Christchurch, New Zealand

27 September 2023

Consolidated Income Statement

	Group		
	Notes ¹	2023 \$'000	2022 \$'000
Revenue	3.1	41,260	34,310
Other income	3.1	97	77
Investment property revaluation	10	(25,863)	(1,855)
Operations and maintenance	3.3	(9,250)	(9,862)
Employee benefits expense	23.6	(11,061)	(8,277)
Depreciation, impairment & amortisation expense	3.2	(4,139)	(3,810)
Finance (costs) gain	3.2	(1,747)	769
Subvention payments		(258)	(204)
Profit before income tax		(10,961)	11,148
Income tax expense	4.1	2,102	(2,952)
(Loss)/profit after income tax for the period		(8,859)	8,196

Consolidated Statement of Comprehensive Income

	Group		
	Notes	2023 \$'000	2022 \$'000
Profit for the year		(8,859)	8,196
Other Comprehensive income, net of tax			
Items that will never be classified to profit or loss:			
Gain on revaluation of property, plant and equipment	9	-	13,339
Gain on Investment in Joint Venture	8	813	-
Income tax relating to revaluation of property, plant and equipment	4.3	-	(1,977)
Total comprehensive income for the year net of tax		(8,046)	19,558
Comprehensive income attributable to equity holders of the parent		(8,046)	19,558

Consolidated Statement of Changes in Equity

	Group		
	Notes	2023 \$'000	2022 \$'000
Equity at beginning of the year		178,788	163,062
Total Comprehensive income for the year, net of tax		(8,046)	19,558
Dividends	18	(3,682)	(3,832)
Balance at end of the year		167,060	178,788

¹ Notes to the Financial Statements are included on pages 38 to 48

Consolidated Statement of Financial Position

As at 30 June 2023	Notes ¹	Group	
		2023 \$'000	2022 \$'000
CURRENT ASSETS			
Cash and cash equivalents	22.2	1,595	5,522
Trade and other receivables	5	5,978	3,100
Inventories	6	320	393
Other current assets	14.2	126	-
Total current assets		8,019	9,015
NON-CURRENT ASSETS			
Property, plant and equipment	9	115,189	115,321
Investment property	10	101,948	117,172
Investments	23.3	8,091	6,750
Trade and other receivables	5	35	76
Other Non-current assets	14.2	495	174
Other intangible assets	11	424	363
Total non-current assets		226,182	239,856
Total assets		234,201	248,871
CURRENT LIABILITIES			
Trade and other payables	12	4,582	6,660
Current tax liabilities	4.2	1,258	565
Total current liabilities		5,840	7,225
NON-CURRENT LIABILITIES			
Borrowings from MDC Holdings Limited	13	48,000	43,675
Deferred tax liabilities	4.3	13,003	18,901
Other non-current liabilities	14	298	282
Total non-current liabilities		61,301	62,858
Total liabilities		67,141	70,083
Net Assets		167,060	178,788
EQUITY			
Capital and other equity instruments	15	13,588	13,588
Revaluation reserve	16	69,344	69,344
Retained earnings	17	84,128	95,856
Total Equity		167,060	178,788

¹ Notes to the Financial Statements are included on pages 38 to 48



W B McNabb Chair

For and on behalf of the Board of Directors



R W Olliver Director

Consolidated Cash Flow Statement

As at 30 June 2023	Notes ¹	Group	
		2023 \$'000	2022 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		38,727	34,219
Interest received		126	27
Payments to suppliers and employees		(21,640)	(19,041)
Interest and other costs of finance paid		(1,974)	(976)
Subvention Payment		(203)	(1,058)
Income tax paid (net of refunds)	4.2	(3,103)	(2,006)
Net cash provided by/(used in) operating activities	22.1	11,933	11,165
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		105	192
Payment for property, plant and equipment		(2,154)	(2,782)
Payment for investment property		(13,730)	(17,721)
Payment for intangible assets		(724)	(175)
Net cash provided by/(used in) investing activities		(16,503)	(20,486)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings		6,630	12,675
Repayment of borrowings		(2,305)	-
Dividends paid		(3,682)	(3,832)
Net cash used in financing activities		643	8,843
Net increase in cash and cash equivalents		(3,927)	(478)
Cash and cash equivalents at the beginning of the financial year		5,522	6,000
Cash and cash equivalents at the end of the financial year	22.2	1,595	5,522

¹ Notes to the Financial Statements are included on pages 38 to 48

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

1. Company information

The Consolidated Financial Statements comprise the activities of Port Marlborough New Zealand Limited (PMNZ) 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 year ended 30 June 2023.

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 northeast corner 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.

2. Summary of significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the Financial Statement for the year ended 30 June 2023, and the comparative information presented in these Financial Statements for the year ended 30 June 2022.

2.1. Statement of compliance

The Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") - Tier 2, and other applicable financial reporting standards as appropriate for profit-oriented entities that apply the reduced disclosure regime (RDR). The Group qualifies for NZ IFRS (RDR) as it does not have public accountability and is not a large, for profit public sector entity. The Group has elected to apply NZ IFRS (RDR) and has applied disclosure concessions with the exception of the cash flow reconciliation under FRS 44/NZ IAS 7.

2.2. Basis of preparation

The presentation currency is New Zealand Dollars (\$). All financial information has been rounded to the nearest thousand, unless otherwise stated. The Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity are stated exclusive of GST. All items in the balance sheet are stated exclusive of GST with the exception of trade receivables and trade payables, which include GST.

The consolidated Financial Statements have been prepared on the basis of historical cost, except for certain non-current assets and derivative financial instruments that are measured at revalued amounts or fair values at the end of each reporting period as disclosed in the notes to the consolidated Financial Statements. Historical cost is generally based on the fair values of the consideration given in exchange for assets.

Fair value measure

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurements are categorised into a three level hierarchy that reflects the significance of the inputs used in making the measurements.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

2.3. Accounting estimates and judgements

The preparation of Financial Statements in conformity with NZ IFRS RDR requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant judgements, estimates and assumptions made by management in the preparation of these Financial Statements are outlined below:

- Asset revaluation (notes 9 and 10)
- Financial instruments (note 14)

2.4. Impairment

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the greater of market value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

For non-revalued assets, impairment losses are recognised as an expense immediately. For revalued assets, other than investment property, the impairment loss is treated as a revaluation decrease to the extent it reverses previous accumulated revaluation increments for that asset class.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, subject to the restriction that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase to the extent that any impairment losses on the same asset had been previously charged to equity. An impairment of goodwill is not subsequently reversed.

2.5. Ferry Terminal Redevelopment

Planning for major redevelopment of the Waitohi Picton Ferry Precinct to accommodate KiwiRail's new Cook Strait fleet, due to arrive from 2025, has

progressed over the period. Resource consents for the project were achieved in April 2021, having been processed as a listed project through the COVID-19 Recovery (Fast-track Consenting) Act.

Development plans and contract negotiations are at an advanced stage and enabling works are well underway, with main works construction commencing late 2023.

2.6. COVID-19

The decision to fully open NZ borders has paved the way for a long-awaited return of cruise to the region, after a two-and-a-half-year hiatus. A total of 52 cruise ships visited the port or cruised the Marlborough Sounds over the 2022/23 season which exceeded budget expectations.

2.7. Adoption of New Revised Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting period of the Group. These standards are not expected to have a material impact on the current or future reporting periods, nor on foreseeable future transactions.

2.8. Accounting policies other

Other accounting policies that are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

3. Profit from operations

Revenue recognition policies

Rendering of services: Revenue from rendering of services consists of revenue arising from cruise vessels, log storage, log wharfage, pilotage/towage and berthage. Revenue is measured based on the transaction price specified in the contract with a customer. Group recognises revenue when the performance obligations are satisfied following the transfer of the promised services to customers.

- **Cruise vessels** – Group provides a service of port access for cruise vessels. Revenue on such services is recognised upon the departure of the vessel as this is deemed to be the point at which the performance obligation is satisfied.
- **Log storage** – Group provides a service of log storage. Revenue on such services is recognised over the time period of storage.
- **Log wharfage** – Revenue on log wharfage is recognised upon the date the vessel sails as this is deemed to be the point at which the performance obligation is satisfied.
- **Pilotage/towage** – Revenue on pilotage/towage is recognised upon the transfer of the promised service to customers as this is deemed to be the point at which the performance obligation is satisfied.
- **Berthage** – Revenue on berthage is recognised over the time period of the vessel's stay in the berth.

Rental income: The Group's policy for recognition of revenue from operating leases is described in note 20.2.

3.1 Revenue

For the Financial Year Ended 30 June 2023		Group	
	Notes	2023 \$'000	2022 \$'000
Revenue from continuing operations			
Revenue from the rendering of services		18,318	13,228
Lease rental investment property (includes marinas)		11,295	10,440
Lease rental other property (includes ferry operations)		11,526	10,615
Interest revenue: Bank deposits/IRD use of money		121	27
		41,260	34,310
Revenue from the rendering of services			
Pilotage and towage		4,374	3,162
Log ships and storage		9,312	6,427
Marina services		1,653	1,643
Port and marine farm services		2,979	1,996
		18,318	13,228
Timing of revenue recognition			
At a point in time		14,573	9,773
Over time		3,745	3,455
		18,318	13,228
Other Income			
Other (expense) / revenue		97	77
		97	77

3.2 Expenses

Profit before income tax has been arrived at after charging the following expenses		Group	
	Notes	2023 \$'000	2022 \$'000
Interest costs			
Interest on borrowings and swaps		2,168	1,062
Interest expense on lease liabilities		26	24
(Gain)/loss on derivative financial instruments		(447)	(1,855)
Total finance costs		1,747	(769)
Depreciation, impairment & amortisation			
Depreciation of non-current assets	9	3,976	3,554
Impairment	9	-	137
Amortisation of non-current assets	11	163	119
		4,139	3,810

3.3 Operations and Maintenance

		Group	
	Notes	2023 \$'000	2022 \$'000
Other expenditure disclosures			
Audit Fees		97	80
Donations and Sponsorship		102	150
Employer contribution to superannuation		427	332
Operating lease rental properties		41	21
Expenses of investment properties generating income		4,507	4,000
Loss/(gain) on disposal of property, plant & equipment		(68)	(70)

4. Taxation

Income tax policies

Income tax expense comprises current and deferred tax and is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in the Consolidated Income Statement, except when it relates to transactions recognised in other comprehensive income or items charged or credited directly to equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly into equity respectively.

4.1 Reconciliation of income tax

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the Financial Statements as follows:

Notes	Group	
	2023 \$'000	2022 \$'000
Profit before income tax expense	(10,960)	11,148
Tax at current rate 28%	(3,069)	3,121
Plus/(less) tax adjustments:		
Prior year tax	(24)	(13)
Prior year deferred tax	(54)	-
Non-deductible expenses	1,557	30
Non-taxable income	(326)	(39)
Group loss available for offset	(186)	(147)
Income tax expense on the Income Statement, comprising	(2,102)	2,952
Current tax expense	3,796	2,973
Deferred tax expense/(credit)	(5,898)	(21)
	(2,102)	2,952

4.2 Current tax asset / (liability)

Notes	Group	
	2023 \$'000	2022 \$'000
Balance at beginning of the year	(565)	402
Current tax expense	(3,796)	(2,973)
Income tax paid (net of refunds)	3,103	2,006
Balance at end of the year	(1,258)	(565)

Current tax policies

Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). Tax assets and liabilities are offset when the Company has a legally enforceable right to set off the recognised amounts and intends to settle on a net basis.

4.3 Deferred tax liability

The deferred tax liability balance reported in the Consolidated Statement of Financial Position arises from the following temporary differences:

	Derivative Financial Instruments \$'000	Property, plant and equipment \$'000	Investment property \$'000	Intangible assets \$'000	Provisions \$'000	Totals \$'000
Balance at 30 June 2021	(471)	13,681	3,877	86	(228)	16,945
Recognised in:						
Profit or loss	519	(471)	(20)	(25)	(24)	(21)
Other comprehensive income	-	1,977	-	-	-	1,977
Balance at 30 June 2022	48	15,187	3,857	61	(252)	18,901
Recognised in:						
Profit or loss	126	(577)	(5,296)	(7)	(144)	(5,898)
Balance at 30 June 2023	174	14,610	(1,439)	54	(396)	13,003

Deferred tax policies

- Recognised on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes
- Generally recognised for all taxable temporary differences, however, not recognised for the initial recognition of goodwill
- Recognised to the extent that taxable profits will be available for when the temporary differences are reversed and utilised
- Calculated at the tax rates that are expected to apply to the period when the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to set off the recognised amounts and intends to settle on a net basis. With the exception of buildings, Port Marlborough does not intend to sell any investment property and does not have a history of doing so. On this basis deferred tax has been allocated against the underlying asset classes.

4.4 Imputation credit account balances

	Group	
	2023 \$'000	2022 \$'000
Available directly and indirectly to shareholders of the Parent Company, through the Parent Company	18,896	16,488

5. Trade and other receivables

	Group	
	2023 \$'000	2022 \$'000
Current	4,211	1,791
Past due 1-30 days	108	632
Past due 31-60 days	157	28
Past due greater than 60 days	484	438
	4,960	2,889
Loss allowance	(365)	(50)
Trade receivables	4,595	2,839
Other receivables	402	146
Rent concession provision	40	40
Prepayments	941	75
Total trade and other receivables	5,978	3,100
Rent concession provision		
Total provision	75	116
Less current provision	(40)	(40)
Non-current rent concession provision	35	76

Trade and other receivables policies

Trade receivables are measured on initial recognition at fair value. The Group has measured the loss allowance for trade receivables at an amount equal to lifetime ECL (expected credit losses). The expected credit losses on trade receivables are estimated using a provision matrix, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% against all receivables over 12 months because historical experience has indicated that these receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Allowances are recognised in the Consolidated Income Statement.

6. Inventories

	Group	
	2023 \$'000	2022 \$'000
Goods held for maintenance: at cost	320	393

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision has been made for obsolescence where applicable. Inventories are held for maintenance purposes only.

7. Subsidiaries and Investments

The Company has the following subsidiaries:

	Country of incorporation	Nature of business	2023	2022
Waikawa Marina Trustee Limited	New Zealand	Trustee	100%	100%
PMNZ Marina Holdings Limited	New Zealand	Non Trading	100%	100%

Port Marlborough New Zealand Limited is the head entity within the consolidated group. Port Marlborough New Zealand is 100% owned by MDC Holdings Limited, which in turn is 100% owned by Marlborough District Council, the ultimate parent entity. From a financial perspective, both the level of investment (\$200) and trading activity of subsidiaries is negligible.

8. Joint Venture

Marlborough Inland Hub Limited, represents a joint partnership between Port Marlborough and Centreport. The Company owns a 32-hectare site at Riverlands, Blenheim. The initiative will provide an inland cargo hub, enabling freight movement via road rail to coastal and international shipping.

During the year, Port Marlborough provided a secured and interest bearing long-term shareholder loan to Marlborough Inland Hub Limited of \$500,000. Interest is payable on the 30th of June each year or as otherwise provided by agreement at an interest rate of the OCR from time to time plus a margin of 1.5%. Income from the loan for the year ended 30 June 2023 was \$17,731. The loan is repayable on demand.

Recognition and Measurement policies

A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of joint venturers are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated Balance Sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

An investment is accounted for using the equity method from the date on which the investee becomes a joint venture.

When necessary, the entire carrying amount of the investment is tested for impairment in accordance with NZ IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (the higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised in accordance with NZ IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with a joint venture of the Group, profit and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interest in the joint venture that are not related to the Group.

	Country of incorporation	2023	2022
Marlborough Inland Hub Limited	New Zealand	50%	50%

9. Property, plant and equipment

GROUP	Freehold land at fair value	Freehold improvements at fair value less depreciation	Buildings at fair value less depreciation	Wharf infrastructure at fair value less depreciation	Plant, equipment, furniture and vehicles at cost less depreciation	Work in progress at cost	Totals
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross carrying amount							
Balance at 30 June 2021	19,865	19,324	11,988	51,516	10,707	452	113,852
Additions	-	-	-	-	-	4,057	4,057
Disposals	-	-	-	(474)	(203)	-	(677)
Transfers from capital WIP	-	20	204	52	824	(1,100)	-
Revaluation Accum Depn Write Back	-	(1,676)	(1,610)	(4,747)	-	-	(8,033)
Revaluation movement to Reserve	6,279	8,073	(2,501)	1,488	-	-	13,339
Reclassification	-	2	(33)	-	31	-	-
Transfer from investment properties	220	-	40	-	-	-	260
Balance at 30 June 2022	26,364	25,743	8,088	47,835	11,359	3,409	122,798
Additions	-	-	-	-	-	3,884	3,884
Disposals	-	-	(92)	-	(235)	-	(327)
Transfers from capital WIP	-	4,189	46	190	760	(5,185)	0
Balance at 30 June 2023	26,364	29,932	8,042	48,025	11,884	2,108	126,355

GROUP	Freehold land at fair value	Freehold improvements at fair value less depreciation	Buildings at fair value less depreciation	Wharf infrastructure at fair value less depreciation	Plant, equipment, furniture and vehicles at cost less depreciation	Work in progress at cost	Totals
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accumulated depreciation / amortisation and impairment							
Balance at 30 June 2021	-	1,108	1,118	3,515	6,633	-	12,374
Disposals	-	-	-	(358)	(197)	-	(555)
Depreciation expense	-	568	585	1,590	811	-	3,554
Revaluation Accum Depn Write back	-	(1,676)	(1,610)	(4,747)	-	-	(8,033)
Impairment loss	-	-	137	-	-	-	137
Balance at 30 June 2022	-	-	230	-	7,247	-	7,477
Disposals	-	-	-	-	(195)	-	(195)
Depreciation expense	-	691	627	1,824	834	-	3,976
Impairment loss	-	-	(92)	-	-	-	(92)
Balance at 30 June 2023	-	691	765	1,824	7,886	-	11,166
Net book value							
Balance at 30 June 2022	26,364	25,743	7,858	47,835	4,112	3,409	115,321
Balance at 30 June 2023	26,364	29,241	7,277	46,201	3,998	2,108	115,189

9.1 Property, plant and equipment policies

- Freehold land
- Buildings
- Improvements
- Wharves infrastructure
- Plant, equipment, furniture and vehicles
- Work in progress

Freehold land and buildings are initially stated at cost, and subsequently revalued to fair value by an independent valuer and by reference to the asset's highest and best use, less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at balance date.

Additions between valuations are recorded at cost. Cost represents the value of the consideration given to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended service.

Revaluation increments are credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the Income Statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset. On disposal, the attributable revaluation surplus remaining in the revaluation reserve, net of any related deferred taxes, is transferred directly to Retained Earnings.

Improvements – properties for production, rental or administrative purposes, or for purposes not yet determined – are carried at fair value.

Wharves infrastructures are recorded at valuation established using depreciated replacement cost, plus additions at cost less accumulated depreciation and impairment losses (if any).

All other items of property, plant and equipment are stated at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses (if any).

Depreciation commences when the asset is ready for use and is charged to the Consolidated Income Statement on all Property, Plant and Equipment other than land and work in progress, over their estimated useful lives using the straight-line method. The useful lives and estimated residual values are reviewed at each balance date and amended if necessary.

Depreciation on revalued assets is charged to the Consolidated Income Statement. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated Income Statement.

The following estimated useful lives of major classes of assets are used in the calculation of depreciation rates:

Buildings	30-100 years
Improvements	20-50 years
Wharves infrastructure	10-50 years
Plant, equipment, furniture and vehicles	2-20 years

9.1.1 Valuation basis

An independent valuation of PMNZ land, buildings, improvements and wharf infrastructure is performed on a three-yearly basis. The latest review was at balance date, 30 June 2022. The valuation was performed by Crighton Anderson Property & Infrastructure Limited t/a Colliers International, independent registered valuers and associates of the NZ Institute of Valuers, with engineering input from WSP. The valuers have recent experience in the location and category of the items being valued. The fair values of the assets represent the estimated price for which an asset could be sold on the date of valuation in an orderly transaction between market participants.

Valuations have been updated for subsequent additions at cost, less any subsequent depreciation or impairment losses. Any revaluation surplus net of deferred income taxes is credited to other comprehensive income and is shown in Reserves (refer note 16).

Management's assessment is that there has been no material movements in value in the twelve months since the last valuation at 30 June 2022.

9.1.2 Fair value model

Assets have been categorised as specialised or non-specialised:

Specialised - In general terms these assets are:

- Only useful to particular uses or users,
- Rarely, if ever, sold on the open market, except as part of a total business, and
- Generally specialised structures located in particular geographical locations for business reasons.

Wharf infrastructures and improvements (hardstand, roads, services etc) generally fall into this category. For these assets fair value has been based on optimised depreciated replacement cost (ODRC) due to the limited market based evidence as the item is rarely sold, except as part of a continuing business.

Non-specialised - Assets in this category comprise land and buildings, one or more of the following valuation methodologies has been adopted for each asset:

- Comparable sales approach
- Optimised Depreciated Replacement Cost Value (ODRC)
- Investment Value – Rental Capitalisation
- Investment Value – Discounted Cash Flow

9.1.3 Cost model

The carrying amount of PMNZL land, buildings, improvements and wharf infrastructure had they been recognised under the cost model is as follows:

Notes	Group	
	2023 \$'000	2022 \$'000
Freehold land	5,706	5,706
Buildings	5,604	5,601
Improvements	10,028	6,336
Wharf infrastructure	15,684	16,045

10. Investment property

Notes	Group	
	2023 \$'000	2022 \$'000
Balance at beginning of financial year	117,172	105,646
Additions	10,639	13,641
Transfer to Property Plant & Equipment	-	(260)
Net gain/(loss) from fair value adjustments	(25,863)	(1,855)
Balance at end of financial year	101,948	117,172

10.1 Investment property policies

Investment property is property held primarily to earn rentals and/or for capital appreciation, and includes PMNZ's marinas, reclamation land and their supporting facilities located in Marlborough.

Where PMNZ lease investment property, at commencement of the lease the right of use asset is measured at cost and is comprised of:

- The initial measure of the corresponding lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs

They are subsequently measured at fair value when the asset meets the definition of investment property.

Investment property is stated at its fair value at balance date. An external, independent valuation firm, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio every year. The fair values are based on market values, being the estimated price for which a property could be sold on the date of valuation in an orderly transaction between market participants.

Gains or losses arising from changes in the fair value of investment property are included in the Consolidated Income Statement for the period in which they arise.

10.2 Valuation basis

Investment properties were valued at 30 June 2023 by Crighton Anderson Property & Infrastructure Limited t/a Colliers International, independent registered valuers and associates of the NZ Institute of Valuers.

The Valuers have recent experience in the location and category of the item being valued. The fair value of the assets represents the estimated price for which an asset could be sold on the date of valuation in an orderly transaction between market participants.

The Valuers included the following commentary in their valuation report:

“Market Risk: In response to escalating inflation levels in late 2021, the Reserve Bank of New Zealand (RBNZ) embarked on a steep monetary tightening cycle, with wholesale interest rates increasing from 0.25% to 5.50%. RBNZ has indicated the OCR is expected to remain at a restricted level for the foreseeable future. At the same time, there has been instances of bank failures in North America and Europe and global debt levels at historic

highs. Compounding these issues are ongoing global geopolitical challenges. New Zealand has entered a technical recession with more economic softness forecast.

The result of the above is a marked reduction in investor sentiment compared with 2021 and value write downs are occurring across most property segments and at most price points. These changes have occurred incrementally over the course of 2022 and into 2023 and it is possible that there will be further market changes over the course of 2023.

At the date of valuation, there remains a shortage of recent sales transactions from which to accurately determine current market values, which increase the uncertainty around our valuation conclusions. We also consider that there is possibility of further value change over the course of 2023.

In light of these prevailing marketing conditions, we strongly recommend that the valuation of all property be kept under frequent review as valuation advice could become outdated significantly more quickly than is normally the case.

In accordance with the accepted definition, the market value is concluded “as at the valuation date” and is based on our interpretation of events, evidence (such as it is) and sentiment up to that date. It is the value on that day.”

At each reporting date, the valuation reports are provided to the GM Finance and Technology for review. The review focuses on checking material movements and ensuring all additions and disposals are captured.

The valuation reports are also reviewed by the Audit and Risk sub-committee of the Board. A summary report on valuation movements is provided to the Board and full copies of the valuer's reports are available to Directors.

10.3 Fair value measurement of group investment properties

Investment property assets are located in Picton, Waikawa Bay and Havelock. The assets comprise a mix of rural, residential, port-related commercial and industrial and the marinas in each of the three locations. Total land area per certificates of title is 85.0325 hectares. This includes 0.8505 hectares of land in Waikawa Marina Northwest Extension for which title issue is in progress.

In completing valuations of investment property assets, one or more of the following valuation methodologies has been considered or adopted for each asset:

- Optimised Depreciated Replacement Cost value (ODRC)
- Investment value – Rental capitalisation
- Investment value – Discounted cashflow

The Marinas comprise the bulk of investment properties. Discounted cashflow valuations were completed for the three marinas using the following rates:

Property	Group	
	2023 \$'000	2022 \$'000
Picton Marina	7.35%	6.35%
Waikawa Marina	7.25% - 7.50%	6.50%
Havelock Marina	8.25%	7.25%

Variations in the discount rate adopted reflect investment strength of each of the respective marinas. In the case of rental capitalisation for commercial property, rates adopted ranged between 7.00% and 8.75% (2022: 6.40% and 8.25%).

11. Other intangible assets

	Group	
	2023 \$'000	2022 \$'000
<i>Software gross carrying amount</i>		
Balance at beginning of financial year	1,282	1,107
Additions	224	175
Disposals	-	-
Balance at end of financial year	1,506	1,282
<i>Software accumulated amortisation and impairment</i>		
Balance at beginning of financial year	919	800
Amortisation(i)	163	119
Disposals	-	-
Balance at end of financial year	1,082	919
Software Net book value at end of financial year	424	363

(i) Amortisation expense is included in the line item 'depreciation, impairment and amortisation expense' in the Consolidated Income Statement

Intangible assets policies

Software is a finite life intangible and is recorded at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight line basis over estimated useful life up to 10 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

12. Trade and other payables

	Group	
	2023 \$'000	2022 \$'000
Trade Creditors	842	1,148
Creditors - Property, plant and equipment	1,041	1,646
Creditors - Investment Property	918	2,691
Employee expenses	1,167	835
Related parties		
- Subvention Payments	258	204
- Interest	356	136
	4,582	6,660

Trade and other payables policies

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

Employee expenses

Accrual is made for benefits owing to employees in respect of wages and salaries, annual leave, and long service leave.

13. Borrowings

Borrowings from MDC Holdings (parent) secured - at amortised cost	Group	
	2023 \$'000	2022 \$'000
Classified as:		
Current	-	-
Non-current	48,000	43,675
	48,000	43,675

Loan maturities

Funds have been raised under a loan facility held by MDC Holdings Limited (parent). MDC Holdings have signalled their intention to meet the Company's long term funding requirements through their Statement of Corporate Intent.

Interest and security

Term loans incurred an interest expense of \$2,169,411 (2022: \$1,061,994). Interest rates ranged between 2.27% and 6.10% (2022: 0.94% and 5.21%). A Negative Pledge Deed has been entered into with MDC Holdings Limited. Borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing, and subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated taking into account any issue costs and any discount or premium on drawdown.

14. Other financial instruments

14.1 Lease Liability

Lease liability	Group	
	2023 \$'000	2022 \$'000
Classified as:		
Current	-	-
Non-current	(298)	(282)
	(298)	(282)

Lease liabilities policy

Port Marlborough assesses whether a contract is or contains a lease, at inception of the contract. Port Marlborough recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, Port Marlborough recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments.

Port Marlborough's operating lease contracts contain market review clauses in the event that Port Marlborough exercises its option to renew. Port Marlborough does not have an option to purchase the leased asset at the expiry of the lease period.

14.2 Derivative financial instruments

Interest rate swap contracts

Under interest rate swap contracts, the consolidated entity agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on debt held. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date and are disclosed below.

Interest rate swap asset / (liability) at fair value	Group	
	2023 \$'000	2022 \$'000
Classified as:		
Current	126	-
Non-current	495	174
	621	174

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date.

Fixed term remaining	Notional amount \$ '000	Fair value \$ '000	Interest rate
1 July 2022 - 31 March 2024	7,000	30	5.21%
1 July 2022 - 29 June 2024	5,000	96	3.77%
1 July 2022 - 23 February 2025	5,000	145	3.73%
28 March 2024 – 15 November 2029	5,000	323	2.99%
15 February 2025 – 15 November 2028	5,000	27	3.97%
Balance as at 30 June 2023	27,000	621	
Balance as at 30 June 2022	22,000	174	

Fixed rate hedging percentages (maturity profile)	Minimum	Maximum
0 to 2 years	50%	100%
2 years to 5 years	25%	80%
5 years to 10 years	0%	60%

Derivatives policies

The Group enters into derivatives financial instruments (interest rate swaps) to manage interest rate risk. These swaps:

- Are initially recognised at fair value on the date the contract is entered into and are subsequently re-measured to their fair value. The fair value of the interest rate swaps are determined using inputs supplied by third parties based on quoted prices in active markets for identical assets/liabilities. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves taking into account the effect of credit risk (CVA/DVA).
- Do not qualify for hedge accounting
- Have the changes to the fair value recognised in the Consolidated Income Statement (refer Note 3.2)
- Are not used for speculative purposes

15. Capital and other equity instruments

Classified as:	Group	
	2023 \$'000	2022 \$'000
13,587,650 fully paid ordinary shares (2022: 13,587,650)	13,588	13,588

All shares are of the same class, carry one vote per share and carry the right to dividends.

Equity instruments policies

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

16. Asset revaluation reserve

	Notes	Group	
		2023 \$'000	2022 \$'000
Balance at the beginning of financial year		69,344	57,982
Revaluation increments/(decrements)	9	-	13,339
Deferred Tax	4.3	-	(1,977)
Transfer to retained earnings	17	-	-
Balance at end of financial year		69,344	69,344

The asset revaluation reserve arises on the revaluation of wharves and jetty facilities, operational land and buildings (excluding investment property). Where a revalued wharf, jetty facility, land or building is sold etc., that portion of the asset revaluation reserve which relates to that asset is transferred directly to retained earnings.

17. Retained earnings

	Notes	Group	
		2023 \$'000	2022 \$'000
Balance at the beginning of financial year		95,856	91,492
Profit attributable to members of the parent entity		(8,046)	8,196
Dividends paid	18	(3,682)	(3,832)
Transfer from revaluation reserve	16	-	-
Balance at end of financial year		84,128	95,856

18. Dividends

	2023	2023	2022	2022
	Cents per share	Total \$'000	Cents per share	Total \$'000
Recognised amounts Fully paid ordinary shares	0.27	3,682	0.28	3,832

Dividends paid are classified as distributions of profit consistent with the Consolidated Statement of Financial Position classification of related equity instruments.

19. Commitments for expenditure

	Group	
	2023 \$'000	2022 \$'000
Property Plant and Equipment	972	1,948
Investment property	5,427	6,455

20. Leases

20.1 Maturity analysis (operating leases as lessee)

	Group	
	2023 \$'000	2022 \$'000
Year 1	33	10
Year 2	33	31
Year 3	33	31
Year 4	33	31
Year 5	33	31
Year 6 onwards	536	536
	701	670

20.2 Maturity analysis (operating leases as lessor)

	Group	
	2023 \$'000	2022 \$'000
Year 1	10,743	9,958
Year 2	6,249	9,582
Year 3	3,871	5,594
Year 4	3,661	3,425
Year 5	3,138	3,231
Year 6 onwards	4,596	7,203
	32,258	38,993

Leasing arrangements and policies

Operating leases as lessor relate to rental property owned by the consolidated entity with lease terms of up to 30 years, with provision for renewal. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at expiry of the lease period. Rentals income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

21. Contingent assets and liabilities

2023 Group and Parent contingent assets

There are no contingent assets (2022: Nil)

2023 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.

22. Statement of cash flows

Statement of cash flows policies

Operating activities

Operating activities include cash received from all income sources of the Company and Group and record the cash payments made for the supply of goods and services.

Investing activities

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities

Financing activities comprise activities that change the equity and debt capital structure of the Company and Group.

22.1 Reconciliation of profit for the period to net cash flows from operating activities

	Notes	Group	
		2023 \$'000	2022 \$'000
(Loss)/Profit for the year		(8,859)	8,196
Loss/(gain) on sale or disposal of non-current assets		(68)	(70)
Loss/(gain) on revaluation of investment property	10	25,863	1,855
Loss/(gain) share of profit from investment	23.3	(28)	-
Gain/(loss) on revaluation of derivative instruments	3.2	(447)	(1,855)
Depreciation, impairment and amortisation of non-current assets	3.2	4,139	3,810
Increase/(decrease) in deferred tax balances	4.3	(5,898)	(21)
Increase/(decrease) in non-current rent concession		(12)	(36)
Lease interest on lease liabilities	14	16	24
Changes in net assets:			
(Increase)/decrease in assets:			
Current receivables		(2,878)	(291)
Less investment activities included in receivables		(332)	178
Current inventories		73	(87)
Increase/(decrease) in liabilities:			
Current payables		(2,078)	2,618
Less investment activities included in payables		1,749	(4,123)
Current tax		693	967
Net cash from operating activities		11,933	11,165

22.2 Cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the Consolidated Cash Flow Statements can be reconciled to the related items in the Consolidated Statement of Financial Position as follows:

	Group	
	2023 \$'000	2022 \$'000
Cash and cash equivalents	1,595	5,522

Included in this balance are \$400,595 (2022: \$388,594) of funds held on trust for contractors retention purposes.

Cash and cash equivalents policies

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

22.3 Cash balances not available for use

Cash balances not available for use nil (2022: nil).

23. Related party disclosures

23.1. Parent entities

The Parent entity in the consolidated entity is Port Marlborough New Zealand Limited, which is 100% owned by MDC Holdings Limited which is in turn 100% owned by the ultimate Parent entity, Marlborough District Council. In the normal course of business, the Group incurs expenses on an arm's length basis from its ultimate controlling Shareholder Marlborough District Council, and other Companies comprising the MDC Holdings Group.

Transactions involving Parent entities

During the year transactions between Port Marlborough New Zealand Limited and its Parent entities included:

	Group	
	2023 \$'000	2022 \$'000
<i>MDC Holdings Limited</i>		
Loan finance costs *	(1,950)	(1,062)
Loan finance drawdown	4,325	12,675
Subvention payments **	(258)	(204)
Derivative gain/(losses)	447	1,855
Dividends paid	(3,682)	(3,831)
Other Services	(1)	(1)
<i>Marlborough District Council</i>		
Services Provided	116	70
Harbour and navigational levies	(430)	(430)
Rates and other services	(835)	(695)
Subvention payments	-	(868)
<i>Marlborough Airport Limited</i>		
Other Services	-	1

*Port Marlborough New Zealand Limited has an arrangement with MDC Holdings Limited whereby the parent enters into interest rate hedging arrangements and obtains borrowings on behalf of Port Marlborough New Zealand Limited. All financing obtained by the parent is on loaned to Port Marlborough New Zealand Limited on a matched funding basis.

** Port Marlborough New Zealand Limited has a tax loss share arrangement with MDC Holdings Limited and Marlborough District Council in exchange for subvention payments. The transactions are cost-neutral for Port Marlborough New Zealand Limited.

23.2 Year end

At year-end the following outstanding balances with parent entities were recorded as an asset / (liability):

	Group	
	2023 \$'000	2022 \$'000
<i>MDC Holdings Limited</i>		
Loan advance	(48,000)	(43,675)
Derivative	621	174
Interest payable	(356)	(136)
Subvention payment	(258)	(204)
<i>Marlborough District Council</i>		
Receivables/Revenue Accrual	-	5

Subsidiaries

Details of ordinary shares held in subsidiaries are disclosed in Note 7 to the Financial Statements. Intra-group related party transactions and outstanding balances are eliminated in the preparation of consolidated financial statements of the group. During the current and previous financial year Port Marlborough New Zealand Limited provided accounting and administration services to its subsidiaries for no consideration (2022: Nil).

23.3 Marlborough Inland Hub Limited

	Group	
	2023 \$'000	2022 \$'000
<i>6,750,000 shares</i>		
Carrying amount at beginning of year	6,750	-
Equity acquisitions	-	6,750
Share of profit/(loss) of joint venture	28	-
Gain/(loss) on revaluation of property, plant and equipment	813	-
Balance at end of the year	7,591	6,750
<i>Loan</i>		
Advance	500	-
Balance at end of the year	500	-
Total	8,091	6,750

23.4 Guarantees provided or received

Nil (2022:Nil)



23.5 Directors

Mr RW Olliver is a Director/Shareholder of:

- Fulton Hogan Limited who undertook construction work for the year totalling \$2,316,346 (2022: \$1,520,823).
As at 30 June, \$0 (2022:\$450,273) was owing to Fulton Hogan Limited.

23.6 Key management personnel compensation

Included in the employee benefit expenses is compensation of the Directors and Executives, being the key management personnel of the entity, as set out below:

	Group	
	2023 \$'000	2022 \$'000
Employee Benefits	1,626	1,494
Directors Fees	272	276

23.7 Marina facilities

A number of related parties, including Directors and employees of Port Marlborough New Zealand Limited utilise the Company's marina facilities. All transaction are at standard commercial rates.

24. Events after the reporting period

At the time of preparation of these Financial Statements there were no post balance date events requiring disclosure.

(2022: Nil)

Company Directory

BOARD OF DIRECTORS

Warren McNabb	Chair
Colin Crampton	
Martin Fletcher	
Jennifer Moxon	
Richard Olliver	
Hon Heather Roy	

EXECUTIVE

Rhys Welbourn	Chief Executive
Gavin Beattie	GM Infrastructure & Environment
Anthony Burgess	GM Health, Safety & Wellbeing
Dean Craighead	GM Finance & Technology
Nicky Dowling	GM People & Culture
Anouk Euzeby	GM Property & Marinas
Ryan Lock	GM Port & Marine
Connie Smith	GM Communications & Engagement

REGISTERED OFFICE

14 Auckland Street, Picton, New Zealand
 PO Box 111, Picton 7250, New Zealand
 Telephone (03) 520 3399
 Facsimile (03) 579 7695
www.portmarlborough.co.nz

AUDITOR

Anthony Smith for Deloitte Limited,
 on behalf of the Auditor General

LEGAL ADVISOR

Bell Gully

BANKER

Bank of New Zealand



Port Marlborough has reported the information cited in this content index for the period 1 July 2022 – 30 June 2023 in accordance with the Global Reporting Initiative Standards. The GRI Standards are the world's most widely used sustainability reporting standard.

General Disclosures

Disclosure Title	GRI No	Location / Reference / Information
Organisational Details	2-1	P48 – Company Directory
Entities included in the organisation's sustainability reporting	2-2	Port Marlborough NZ Ltd
Reporting period, frequency and contact point	2-3	Port Marlborough reports on sustainability annually along with its financial reporting. This report covers the period 1 July 2022 – 30 June 2023. This report was published on 27 September 2023. Questions about this report can be directed to: communications@pmnz.co.nz
Restatements of information	2-4	P21 – Restatement of Forestry Emissions
External assurance	2-5	As part of the Deloitte's annual audit of financials, additionally this year, Deloitte undertook a review of PMNZ 2023 GHG figures. PMNZ is a member of the Sustainability Business Council of NZ, a Global Network Partner of the World Business Council for Sustainable Development. As part of this membership, PMNZ sustainability reporting content is reviewed annually.
Activities, value chain and other business relationships	2-6	P13 (Value creation model), p29 (Commercial Partnerships), https://www.portmarlborough.co.nz/about/
Employees	2-7	P15 (Sustainability Scorecard – Employment & Workforce) With the 2023 appointment of a GM People and Culture at Senior Leadership level, PMNZ is working on refining metrics for reporting this disclosure fully.
Workers who are not employees	2-8	P15 (Sustainability Scorecard – Employment & Workforce)
Governance structure and composition	2-9	P35 (Corporate Governance Statement)
Nomination and selection of the highest governance body	2-10	"
Chair of the highest governance body	2-11	"
Role of the highest governance body in overseeing the management of impacts	2-12	P9 (Governance)
Delegation of responsibility for impacts	2-13	P9 (Governance)
Role of highest governance body in sustainability reporting	2-14	P14 (Sustainability Governance)
Conflicts of interest	2-15	P34 (Members' Interests)
Communication of critical concerns	2-16	P9 (Governance)
Collective knowledge of the highest governance body	2-17	P9 (Governance)
Evaluation of the performance of the highest governance body	2-18	P14 (Sustainability Governance), & ref:2-5.
Remuneration policies	2-19	P34
Process to determine remuneration	2-20	P35 Board Committees
Annual total compensation ratio	2-21	Information not available for the reporting period. With the 2023 appointment of a GM People and Culture at Senior Leadership level, PMNZ is working on refining metrics for reporting this disclosure fully.
Statement on sustainable development strategy	2-22	P6 (Chair & CE Report), p11 (Strategy), p15 (Sustainability Scorecard)
Policy commitments	2-23	P6 (Chair & CE Report), p18 (Culture), p35 (Risk Management), with further development of the commitments following the reporting period (p14 Sustainability- Governance)
Embedding policy commitments	2-24	P6 (Chair & CE Report), p18 (Culture), p35 (Risk Management), with further development of the commitments following the reporting period (p14 Sustainability- Governance)
Processes to remediate negative impacts	2-25	P14 (Sustainability), p15 (Sustainability Scorecard), p21 (Notes to the Sustainability Scorecard)
Mechanisms for seeking advice and raising concerns	2-26	Protected Disclosures Policy Speak Up Policy
Compliance with laws and regulations	2-27	There were no instances of compliance breaches or fines in the reporting year.
Membership associations	2-28	P29 (Partnerships), Additionally, PMNZ is a member of the Sustainability Business Council of NZ.
Approach to stakeholder engagement	2-29	P6 (Planet), p7 (Governance), p14 (Materiality)
Collective bargaining agreements	2-30	P18 (Rail & Maritime Transport Union)

Port Marlborough Integrated Annual Report 2023

GRI Content Index

Material Topics

Strategic Context	Topic	Disclosure	GRI No.	Reference / Information
		Process to determine material topics	3-1	P14 (Materiality)
		List of material topics	3-2	P14 (Materiality)
		Management of material topics	3-3	P14 (Materiality), p15 (Sustainability Scorecard), p21 (Notes to the Sustainability Scorecard)
People				
	Health, Safety & Wellbeing of People in our workplaces	Occupational health and safety management system	403-1	P15 (Sustainability, Occupational Health & Safety), p17 (Fatigue Risk Management System), p18 (Runanga Leaders Forum), p29 (Regulatory Partnerships) https://www.portmarlborough.co.nz/health-safety/
		Hazard identification, risk assessment, and incident investigation	403-2	https://www.portmarlborough.co.nz/health-safety/ , p15 (Sustainability Scorecard – Occupational Health & Safety)
		Occupational health services	403-3	P25 (SCI Targets:People), p17 (Wellbeing, EAP)
		Worker participation, consultation, and communication on occupational health and safety	403-4	P17 (Hauora section), p18 (Runanga, Training), https://www.portmarlborough.co.nz/health-safety/
		Worker training on occupational health and safety	403-5	Information not available for the reporting period
		Promotion of worker health	403-6	P17 (Wellbeing), p18 (Runanga, Training)
		Work-related injuries	403-9	P15 (Sustainability Scorecard – Occupational Health & Safety), p17 (Critical Risk Programme)
	Good work – Talent attraction, development & Retention	New Employee hires and employee turnover	401-1	P5 (Highlights), p15 (Sustainability Scorecard – Employment & Workforce)
		Diversity of governance bodies and employees	405-1	P15 (Sustainability Scorecard – Employment & Workforce)
Planet				
	Reducing Carbon Emissions	Direct (Scope 1) GHG Emissions	305-1	P15 (Sustainability Scorecard), p21 (Notes to the Sustainability Scorecard)
		Energy indirect (Scope 2) GHG Emissions	305-2	P15 (Sustainability Scorecard), p21 (Notes to the Sustainability Scorecard)
	Health of Natural Resources	Water & Effluents 2018 - Water Consumption	303-3	P21 (Water Withdrawal), p15 (Sustainability Scorecard)
Prosperity				
	Economic Value Created	Direct Economic Value generated and distributed	201-1	P15 (Sustainability Scorecard, Economic value)
Partnerships				
	Community Relationships	Operations with local community engagement, impact assessments, and development programs	413-1	P28 (Partnerships), p14 (Materiality – stakeholder engagement)