

Waiho i te toipoto, kaua i te toiroa

*Let us keep close together,
not far apart*

ANNUAL REPORT 2024



Port Marlborough

Welcome to Port Marlborough's Integrated Annual Report

Waiho i te toipoto, kaua i te toiroa - Let us keep close together, not far apart.

This whakataukī represents our reporting period well, as the importance of Port Marlborough's partnerships, engagement and collaboration is reflected in the positive results.

Our commitment to our strategic vision to lead the way as an environmentally restorative port, driving success for Marlborough supports our investments in people, environmental protection, infrastructure quality, and partnership support for Marlborough's key industries. These efforts ensure ongoing sustainable success and contribute to a prosperous future for our region.

This Integrated Annual Report covers the period from 1 July 2023 to 30 June 2024, and gives an overview of our performance as well as tracking our progress against key targets in health, safety, and wellness (People), environmental stewardship (Planet), economic value and customer service (Prosperity), and community engagement (Partnerships).

Data and commentary cover the period 1 July 2023 – 30 June 2024, unless otherwise stated.

This report has been made in accordance with GRI reporting standards, for which an index can be referenced here: www.portmarlborough.co.nz/sustainability-reporting/
Should you require this document in an alternate format or have any feedback, please contact communications@pmnz.co.nz

Menu

To navigate this report, click on the word Menu above as you journey through and it will bring you back to this contents page. You can also select the type below to move quickly through sections and pages.

NAVIGATING OUR WORLD

Highlights	4
Operational Performance	5
Leadership	8

OUR CURRENT POSITION

Chair & CEO Report	6
Strategy	10
Vision	11
Materiality	14
Strategy Scorecard	15
Value Creation	16

IN OUR WAKE

People	17
Planet	22
Prosperity	28
Partnerships	33
Financial Statements	42



About Port Marlborough

Port Marlborough operates the region’s port and marinas as a key facilitator in the growth and operation of diverse industries that are essential to Marlborough’s economy. These industries include recreational boating, inter-island freight and passenger services, domestic and international tourism (including cruise operations), forestry, fishing, and aquaculture. Our commitment to sustainability and environmental stewardship is integral to operations, ensuring that these industries can continue to thrive in the future.

Port Marlborough is wholly owned by MDC Holdings Ltd, a subsidiary of the Marlborough District Council. As a Port Company under the Port Companies Act 1988, Port Marlborough is required to operate as a successful business, returning profits to the Marlborough community through annual dividends to our shareholder.

MOTUWEKA HAVELOCK

The Havelock port and marina support community, industry and recreation in the Pelorus and Kenepuru Sounds. The facilities provide berthage, wharf access, and landside services for recreational boating, marine farming, tourism, forestry, and commercial barging activities.

Havelock is recognised as the Greenlip Mussel capital of the world, with approximately 65,000 tonnes of mussels grown annually in the Kenepuru and Pelorus Sounds passing through the Port. Our commercial property holdings in the port area accommodate a range of maintenance and aquaculture value-add services, supporting the industry’s ongoing growth.



MARLBOROUGH SOUNDS MARINAS

A significant part of our operations is Marlborough Sounds Marinas, New Zealand’s largest marina operator. This network includes three iconic marinas—Picton, Waikawa, and Havelock—providing over 2,000 marina berths, boatsheds, and secure compound parking, as well as launching and parking facilities for casual trailer boat users.

The recent extension of Waikawa Marina—Waikawa North West Marina—was opened in the reporting period, and offers additional berthage for 251 vessels ranging from 12 to 25 meters.

WAITOHI PICTON

Waitohi Picton serves as the South Island hub for Cook Strait passenger and freight services. Port-owned ferry infrastructure provides a vital and resilient link in New Zealand’s national supply chain, facilitating the movement of passengers, freight, trucks, vehicles, and rail between the two islands.

Port Marlborough’s marine services are also based here, with a fleet that includes three harbour tug vessels and a pilot boat covering the Marlborough Sounds, as well as various smaller work boats. The multipurpose berth at Waitohi Wharf in Picton Harbour supports the fishing fleet and smaller cruise vessels, while the Westshore area hosts several marine engineering and manufacturing businesses alongside commercial fishing operations.

SHAKESPEARE BAY

Shakespeare Bay is home to New Zealand’s deepest export shipping berth at Waimahara Wharf, able to accommodate the world’s largest cruise vessels. This port is a key hub for Marlborough’s forestry exports, featuring a log yard, woodchip storage yard, and a commercially tenanted scaling shed. Over the reporting period, a state-of-the-art debarking facility was established, enhancing services for the region’s forestry industry.

MARLBOROUGH SOUNDS REMOTE SITES

Port Marlborough provides essential wharf and port landing facilities at Elaine Bay and Oyster Bay - Te Whanganui Port Underwood, supporting marine farming operators throughout the Marlborough Sounds. These sites provide essential connectivity for the aquaculture industry, ensuring smooth operations and continuity for the community and businesses throughout the Marlborough Sounds.



Highlights

 **3,286,750** Lane metres freight (Ferries)

709,353 JAS logs exported 


3,160
Vessel visits
over 500GRT

55
Cruise ships to berth



Vessels accommodated at marinas
(restated totals for inclusion of Picton Town Wharf berths, Waikawa Marina Trust, and Waikawa North West Marina in overall total)
2,060


1,216,757
Passengers through port
[ferry and cruise ship passengers]

102 
FTE staff employed

Revenue
\$58M
2023: \$41 million

EBITDA
(Before Revaluations)
\$34M
2023: \$21 million

Dividend
\$4.5M
2023: \$4.4 million



Operational Performance

Number of ship visits

Total ship visits

2024 **3,160** 2023: 3,156
 + 0% 2022: 2,818

Ferries	Cruise ships	Other*
2022: 2,706	2022: 0	2022: 112
2023: 2,995	2023: 47	2023: 114
2024: 2,985	2024: 55	2024: 120

*[Over 500 GRT]

Non-ferry cargoes

Total cargo [Tonnes]

2024 **800,210** 2023: 901,456
 - 11% 2022: 858,638

Logs*	Fish [Tonnes]	Other [Tonnes]
2022: 805,128	2022: 7,691	2022: 45,819
2023: 786,226	2023: 7,135	2023: 88,555
2024: 709,353	2024: 9,210	2024: 81,647

*[Export & domestic, JAS'000]

Marina facilities – berth occupancy %

Total average occupancy

2024 **92%** 2023: 97%
 - 5% 2022: 100%

Havelock	Waikawa	Picton
2022: 100%	2022: 98%	2022: 102%
2023: 98%	2023: 83%	2023: 96%
2024: 95.4%	2024: 89.4%	2024: 95%



Rhys Welbourn and Warren McNabb

Chair & Chief Executive Report

Port Marlborough has demonstrated resilience amidst a changing policy environment and a challenging global context.

The wind-down of the iReX project marked a significant development over the period. While this was disappointing, our approach ensured our communities were not disadvantaged and we were able to work with KiwiRail to complete essential tasks to be ready for the future. Global economic conditions have been difficult and demand for NZ forestry products has softened in our major export partner China. The international shipping and cruise industries have also been affected by events in the Red Sea and congestion at major port hubs.

Despite these challenges, our team have delivered strong results through prudent management of risk, strategic investments and project partnerships, with several key initiatives realised over the year. These efforts, alongside our ongoing partnerships with customers and suppliers, have reinforced our role as a vital facilitator of Marlborough’s economy. Through these partnerships we have delivered across all four of our strategic pillars and have returned a higher than anticipated dividend to the Shareholder.

HAUORA

Our people remain at the heart of everything we do. This year, we’ve continued to prioritise the Hauora (Health, Safety & Wellbeing) of our teams, launching the PortSafe programme to increase engagement and to elevate safety practices across the business. Our commitment to Hauora has guided many of our initiatives, from our ongoing Wellbeing Calendar events to the implementation of the Fatigue Risk Management System (FRMS).

In recognition of our growing operations, we’ve increased our workforce to 102 full-time equivalents. This growth represents a proactive approach to managing fatigue risk and has been crucial in addressing the 24/7 demands of port operations. Right-sizing the business for the modern

port environment ensures our people have the support they need to deliver operational excellence safely and efficiently.

ENVIRONMENTAL LEADERSHIP

Our commitment to kaitiakitanga and our carbon reduction journey continue to drive our environmental strategy. Through the implementation of the Bravegen carbon data management system, we have taken significant steps in improving the accuracy and efficiency of our emissions reporting. We have verified our emissions inventory with Toitū, setting the foundation for long-term carbon reduction targets that will shape our strategy going forward.

Our protection and restoration efforts to enhance environmental outcomes have been equally significant. We are

proud to be the first NZ marina operator to have achieved International Clean Marina certification across our three marinas—Picton, Waikawa, and Havelock. This certification highlights our ongoing commitment to continuous improvement and ultimately restoration in this area.

The reinstatement of native forest to our commercial forestry block and the ongoing work on biodiversity restoration projects, such as the Tōtaranui Kelp Restoration Project, are just some examples of our commitment to protecting and enhancing habitats. These projects support our aspiration to be an environmentally restorative port and reflect our strong partnerships with manawhenua iwi, conservation groups, and community stakeholders.



PORT TRADE

Despite challenges in the global economy, revenue has been positive this year and we have continued to support the major industries in the region. Our investments in forestry export services, including the development of the new debarking facility at Shakespeare Bay, have strengthened the port's capacity to meet the evolving needs of this industry. These upgrades also contribute to our sustainability goals by improving efficiency, providing an alternative to fumigation and reducing waste.

The cruise industry remains a vital contributor to Marlborough's economy, with 55 ships calling at our port this year, bringing over 140,000 passengers and crew. We continue to facilitate a smooth and successful cruise season, working closely with Council, port stakeholders, local businesses and the community to ensure positive outcomes for the entire region.

Ferry freight flows were consistent with the previous year and our continuing collaboration with these two key partners saw us develop our marine towage capability to add more resilience to this nationally significant trade route.

The introduction of Kaiana, our new tugboat, strengthens our operational capabilities and was a significant investment in our marine fleet over the reporting period. Kaiana's new efficient engines align with our carbon reduction goals, and its Tier 3 compliant engines significantly reduce harmful NOx and SOx emissions and are a good first step on our carbon reduction journey. Prior to the arrival of Kaiana, we were able to assist in the operation to safely refloat Aratere after an incident that saw her grounded on Titoki Bay Beach in Waitohi Picton Harbour. Our teams worked

alongside KiwiRail and regulators showing our capacity and capability to respond to emergency situations safely.

Our marina holdings continue to serve both recreational and commercial customers. The completion of the Waikawa North West Marina marked a significant milestone in our long-term commitment to supporting regional growth. The development, which has increased marina capacity in Marlborough by nearly a third, reflects the demand for world-class marina facilities, attracting not only local but also national and international customers. Approximately 60% of new berth-holders are from outside our region, bringing increased activity and economic benefits to our communities.

Our marina infrastructure also supports the aquaculture and fishing industry in Marlborough. Over the year we have worked closely with local industry to understand future needs having completed the Future Planning Study in Havelock and beginning the same in Waikawa. These studies include reaching out to all customers, interviews with stakeholders and environmental modelling to ascertain climate impacts on the future. We would like to thank all those who have participated and we look forward to discussing the analysis and results in the coming months.

SHARING OUR SUCCESS

Port Marlborough's commitment to supporting the community and its partners goes beyond our operational achievements. This year marked the formal signing of the Kawenata with Te Ātiawa o te Waka a Māui, a partnership agreement built on shared values of whanaungatanga, kotahitanga, manaakitanga, and kaitiakitanga.

This agreement strengthens our relationship with manawhenua iwi of Waitohi and Waikawa and sets the foundation for future collaborations that benefit our community and environment.

In addition, our sponsorship programme provided over \$196k to a range of community, environmental, and educational initiatives, building on our commitment to share our success with the region and demonstrating our commitment to our communities.

We also continued to focus on youth engagement and career development, expanding our cadetship programme and engaging with local schools through career workshops and presentations. This commitment to building the next generation of skilled workers aligns with our strategy of investing in the future and showcasing Port Marlborough as an attractive place to work. By giving back to our communities by engaging with local tamariki, enables us to show the next generation of our workforce that there are great opportunities and places to work in Marlborough, with exciting local and industry career opportunities.

LOOKING AHEAD

As we look to the future, we are committed to our vision of leading the way as an environmentally restorative port, driving success for Marlborough. Our strategy for the coming year focuses on building further resilience into our operations, enhancing our environmental performance, and ensuring that we continue to create long-term value for our people, partners, and community.

We recognise the importance of the Cook Strait connection to New Zealand's national supply chain for tourism, freight and all New

Zealanders. Port Marlborough stands ready to support the future development of this vital link. We await an announcement from the government following feedback from the Ministerial Advisory Group, which has been tasked with reviewing KiwiRail's inter-island ferry service. With their recommendations expected soon, we look forward to working on the next steps for Port Marlborough and the region.

In closing, we would like to extend our sincere thanks to our employees, customers, communities, and partners for their support throughout the year. It is through these strong partnerships and the collective efforts of our teams that Port Marlborough continues to thrive, delivering success and building a prosperous and sustainable future for Marlborough.

Rhys Welbourn Chief Executive Warren McNabb Chair



L-R: Colin Crampton, Geoff Blake, Jennifer Moxon, Warren McNabb, Heather Roy, Richard Olliver.

Board of Directors

The Board of Directors is responsible for the corporate governance of Port Marlborough, and provides strong oversight and strategic direction, ensuring the organisation’s impacts on the economy, environment, and society are effectively managed. Their primary duty is to ensure accountability to the shareholder (MDCH) and to define and supervise the company’s operational strategy.

Responsibilities of the Board span regulatory and legal compliance, including governance of risk management to identify and mitigate enterprise risks. The Board receives 12 governance reports per year and meets at least six times over the reporting period to review performance and consider planning, material issues and risks. Subcommittees of the Board include Health and Safety Committee, People, Performance and Culture Committee, and Audit and Risk Committees.

The Board of Directors is composed of experienced professionals with diverse backgrounds and is committed to upholding the highest standards of corporate governance. The Board delegates its authority for the executive management and operations of the company to the Chief Executive Officer and Senior Leadership Team.



Heather Roy

Director; Member of Health & Safety Committee, Member of Audit & Risk Committee

Appointment: December 2021

Heather Roy brings extensive experience in governance and public service, currently chairing several key organisations, including Utilities Disputes Ltd and Financial Advice New Zealand. Her background includes a notable political career as a former Member of Parliament and a Minister of the Crown. Heather’s expertise in governance, health and safety, and strategic leadership significantly contributes to her role on the board.



Warren McNabb

Chair of the Board; Member of Health & Safety Committee, Member of People Performance and Culture Committee,

Appointment: December 2020

Warren McNabb has a rich background in law, infrastructure, and utility investment banking, with significant experience in renewable energy development and carbon farming. As Chair of the Board, Warren leverages his expertise in regulated infrastructure sectors, capital markets, and strategic development to guide Port Marlborough’s governance.



Colin Crampton

Director; Chair of People, Performance and Culture Committee, Member of Health & Safety Committee

Appointment: December 2020

A seasoned civil engineer with four decades of experience in infrastructure, Colin Crampton offers deep expertise in infrastructure management and governance. His leadership in people management, strategy development, and risk management is instrumental in his role as Chair of the People, Performance and Culture Committee.



Richard Olliver

Director; Chair of Audit & Risk Committee, Member of Health & Safety Committee

Appointment: December 2021

Richard Olliver has broad experience across diverse sectors including finance and infrastructure. His current roles include key positions at Fulton Hogan Limited and The Bottling Company Limited. Richard’s strong background in capital management and financial analysis supports his leadership in the Audit & Risk Committee.



Geoff Blake

Director; Council Representative on the Board, Member of Health & Safety Committee, Member of Audit & Risk Committee

Appointment: December 2023

Geoff Blake brings extensive financial and operational experience as a Chartered Accountant from his tenure at Airbus/Safe Air and as Chief Financial Officer of Marlborough District Council. His comprehensive understanding of finance and risk management contributes valuable insights to the board.



Jennifer Moxon

Director; Chair of Health & Safety Committee, Member of People & Culture Committee

Appointment: December 2018

Jennifer Moxon is an experienced director with a strong strategic focus and a background in both the private and public sectors. Her previous roles include leadership positions at Fisher Funds Management and Transpower. Jennifer’s expertise in governance, risk management, and strategic planning has been valuable during her tenure on the board.



L-R: Dean Craighead, Nicky Dowling, Gavin Beattie, Anouk Euzeby, Rhys Welbourn, Ryan Lock, Connie Smith, Anthony Burgess

Senior Leadership Team Tīma Kaihautū

The Senior Leadership Team provides leadership for our people to achieve company goals across the strategic pillars of People, Planet, Prosperity and Partnerships.

With broad experience across their respective areas of responsibility, each member of the team brings unique expertise and a shared commitment to operational excellence, driving success for Marlborough and delivering outstanding results for our people and stakeholders.

Together, the team leads innovation and collaboration across the organisation, maintaining Port Marlborough's position as a vital facilitator of Marlborough's key industries and a trusted partner within the community.



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

Dean Craighead leads the Finance and Technology team, delivering financial and business services that optimise profitability and support sustainable growth. His team is responsible for the company's technology strategy and ensuring continued investment in assets and people to achieve Port Marlborough's vision.



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

Nicky leads our commitment to cultivating a positive and inclusive workplace culture at Port Marlborough. Nicky's team focuses on driving our people and workplace culture strategies, enhancing talent attraction and retention, and lifting leadership capability. Nicky is also responsible for ensuring our performance management framework supports the ongoing development and engagement of our people.



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

Gavin Beattie leads the engineering, environment, and workshop teams, focusing on developing and maintaining port and marina infrastructure while achieving environmental sustainability targets. His leadership in infrastructure planning prioritises long-term resilience, innovation, and integrating safety and sustainability into all projects.

Gavin also serves on the board of Marlborough Inland Hub Ltd as a Director, to oversee land assets in this joint venture for Port Marlborough partnership with CentrePort.



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

Anouk Euzeby oversees the marinas and property teams, prioritising customer satisfaction and building strong commercial relationships. Her team is dedicated to developing new business opportunities around the port's marinas and land holdings while ensuring that commercial and recreational boating customers enjoy a premium experience at Marlborough Sounds' world-class marinas.



Rhys Welbourn
Chief Executive Officer | Te Tumu Whakarae

With over 20 years in the port and marine industry, Rhys Welbourn has held engineering, operational, and commercial management roles and has been the Chief Executive of Port Marlborough since 2017. He leads the Senior Leadership Team in executing the company's strategy to drive success in the Marlborough region.

Rhys holds an MBA from Cranfield University and has completed the Advanced Leadership Programme at Cambridge University and the Advanced Negotiation Program at Harvard University. He is a Chartered Member of the NZ Institute of Directors.



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

Ryan leads the Port and Marine teams, ensuring that the port is well-prepared to meet the evolving needs of customers across Marlborough's key trades, including Forestry, Cruise, Inter-island Ferries, Export Cargo, and Fishing. His team provides professional pilotage, towage, and land-based services, all aimed at supporting safe and efficient port operations. They also manage maritime safety, security, and biosecurity in close collaboration with regulators.

Ryan also serves on the board of Marlborough Inland Hub Ltd as Director and Chair, to oversee land assets in this joint venture for Port Marlborough partnership with CentrePort.



Connie Smith
General Manager Communications and Engagement | Poutoko Whakapāpā

Connie Smith leads internal and external communications strategies, while also overseeing the company's social and community partnership initiatives.

Connie manages partnerships and stakeholder engagement, media relations, corporate publishing, and reporting. She also strategically manages the sponsorship portfolio, ensuring that Port Marlborough's success translates into meaningful connections and lasting benefits for the community. Connie is an accredited member of the Public Relations Institute of New Zealand.



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

Anthony Burgess is responsible for cultivating an integrated safety culture across Port Marlborough, ensuring the health, safety, and wellbeing of all staff, contractors, and users. He emphasises providing resources and systems to support workers, with a focus on the company's core value of Hauora – sustaining what keeps us healthy.



Our Strategy

Port Marlborough's principal objective is to operate as a successful business as per Section 5 of the Port Companies Act 1988, we achieve success by ensuring our operations support the wellbeing of our region and can continue to contribute positively to Marlborough's future. This 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).

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.

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.

Risk Management

Our Enterprise Risk Management Framework identifies, assesses, and manages risks across our operations. The framework was built through a collaborative process involving sector research, interviews with key stakeholders, and workshops with the Senior Leadership Team and Directors. Our risk workshop held over the reporting period has refined our approach and identified the enterprise risks most critical to our long-term sustainability. The framework is designed to align with strategic goals, ensuring that we proactively manage risks that could impact our business, stakeholders, and our region. We use a structured risk appetite model, which defines the level of risk we are willing to accept across various domains, from capital allocation to environmental impacts, ensuring that all key risks are addressed.

Our risk management strategy is informed by regular assessments, regular reporting, and continuous stakeholder engagement feedback. This approach ensures that risk ownership is clearly defined, mitigation strategies are aligned with our organisational objectives and material topic management, and that the effectiveness of these strategies are regularly reviewed and improved.

RISK	DESCRIPTION	RISK APPETITE	RELATED MATERIAL TOPIC
Capital	The risk of failing to secure sufficient capital for strategically important projects and the challenge of allocating capital across multiple projects and business units.	We have a cautious appetite for capital execution and delivery, ensuring rigorous risk assessments are completed for potential investments and focusing on long-term growth while balancing stakeholder priorities. We further mitigate this risk through established governance practices, clear reporting and delegated authority limits.	Infrastructure Delivery & Asset Management, Effective Financial Performance
People	The risk of losing people in strategic positions, failure to plan for succession in key roles and challenges in recruitment to the region. The risk of losing the trust of our people through poor people management.	We have a cautious appetite for people-related risks, focusing on internal talent development, succession planning, and maintaining a strong workforce culture. Through our People Strategy, we identify talent early and put development plans in place. We have robust People Management systems with comprehensive policies, training and support in place.	Recruitment & Retention, Workplace Culture
Cyber	The risk of cyber attacks disrupting our ability to operate and transact. The risk of a data breach or denial of service attack on our cloud-based platforms.	We have a cautious appetite for cyber risk, implementing controls to ensure data security while allowing for necessary innovation within safe parameters. We mitigate this risk through our Cyber Security Programme, regular updates of software systems, back up procedures and monitoring.	Good Governance & Risk Management
Commercial	The risk of exposure to international impacts on our export trades, such as log exports and cruise industry.	We have a receptive appetite for commercial risks, seeking growth opportunities while maintaining financial resilience through diversification and innovation. We manage commercial risks through diversification of trade, building good relationships and adding value to customers.	Effective Financial Performance, Regional Growth
Innovation	The risk of not keeping pace with technological advances to achieve our strategic goals.	We have a receptive appetite for innovation, actively exploring new technologies to enhance operations and sustainability, while ensuring commercial viability. We engage with industry to explore innovative solutions such as the use of drone technology for maintenance inspections.	Good Governance & Risk Management, Customer Focus
Resilience	The risk that our assets become less resilient to damage from operations or natural events through unsatisfactory asset management practices or under investment.	We have a neutral appetite for resilience risks, prioritising investments that align with long-term operational needs and the resilience of our infrastructure. We mitigate this risk through our Asset Management System, regularly inspecting and planning proactive maintenance on all major assets.	Infrastructure Delivery & Asset Management, Climate Action
Health & Safety	The risk of failing to deliver on our core value of Hauora, which emphasises collective well-being and sustaining what keeps people healthy, for all people in our workplaces.	We have an averse appetite for health and safety risks, committing to strict safety protocols and ensuring compliance with all relevant safety standards and regulations. We control these risks through our overarching Health, Safety and Wellbeing (Safe Port) Management System. We manage critical risks, fatigue and collaborate with workers and other PCBU's in our workplaces.	Health and Safety, Workplace Culture
Stakeholder	The risk of negatively impacting our relationships with key stakeholders due to mismatched expectations or actions.	We have a cautious appetite for stakeholder risks, ensuring clear communication and balanced decision-making to maintain trust and social licence. We manage this risk through our Stakeholder Management Plan. We regularly engage with stakeholders, whether through our User Forums, hui, customers surveys or key account management practices.	Community Amenity
Environmental	The risk that environmental damage and economic consequences arise through air, water or noise pollution. The risk of losing public trust if we don't uphold our commitments to Pono and Kaitiakitanga.	We have a cautious appetite for environmental risks, focusing on compliance while pursuing opportunities to protect and restore the environment within financial constraints. We manage this risk through our Environmental Management System, regularly monitoring our emissions and discharges to the environment and performing biosecurity audits in our waters.	Biodiversity & Climate Action
Climate Change	The risk that climate change and rising sea levels impacts our facilities and operations. Challenges in reducing our greenhouse gas emissions in alignment with our commitment to become an environmentally restorative port.	We have a neutral appetite for climate change risks, balancing the need for adaptation and mitigation while considering the financial impacts on infrastructure investments. We mitigate this risk through our Asset Management System and by modelling the impacts of climate change on our infrastructure. We design new infrastructure appropriately depending on design life.	Climate Action, Infrastructure Delivery & Asset Management

Integrated Reporting

Integrated reporting is a way of sharing both financial and non-financial information, following best sustainability practices to show how a business creates value through its economic, social, and environmental impacts.

Since 2019, we have embraced integrated reporting, becoming the first port in New Zealand to report in accordance with the Global Reporting Initiative (GRI) standards. This ensures our reporting is transparent, comprehensive, and aligned with global best practices in sustainability. Stakeholder engagement is key to our strategic planning. By actively engaging with employees, customers, local communities, iwi, and regulatory bodies, we ensure that we understand and respond to the issues that matter most to those impacted by our operations. This continuous dialogue informs our materiality assessments, which guide strategy development, decision-making and resource allocation.

In 2024, we conducted a comprehensive double-materiality assessment, building on previous work with sustainability consultants Proxima, leveraging insights and using impact assessment methodology from our

Enterprise Risk framework, developed with KPMG. This process allowed us to not only identify the issues that materially impact our financial and operational performance but also those that affect the broader environmental and societal context in which we operate.

Aligned with the Global Reporting Initiative (GRI) standards, our materiality assessment provides a structured framework for identifying and prioritising key topics. These topics are essential to both our stakeholders and the long-term value we create for Marlborough. The GRI standards ensure that our disclosures are consistent, transparent, and aligned with globally recognised sustainability reporting practices.

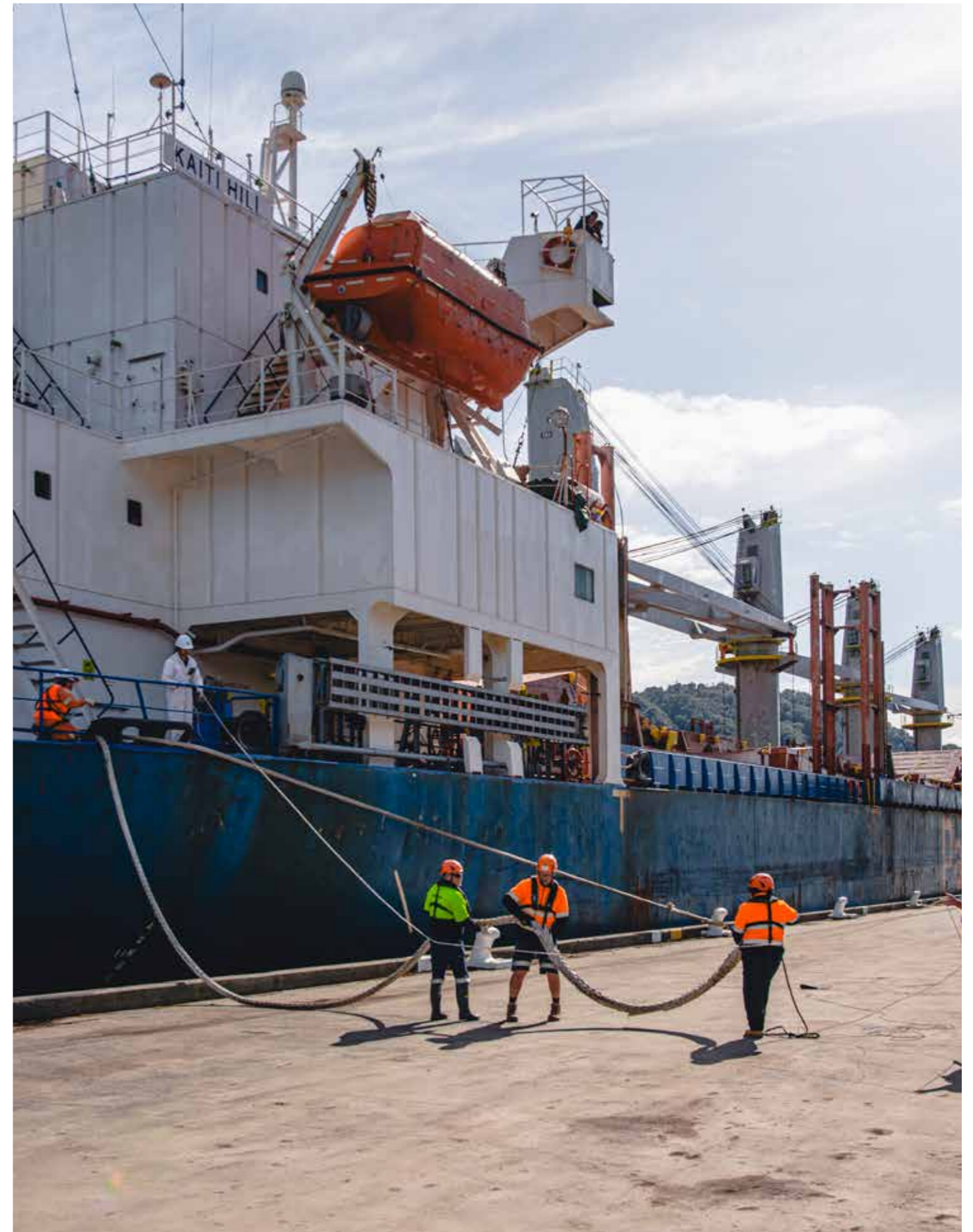
This integrated approach allows us to focus on the initiatives that have the greatest potential for positive impact. Our key material topics which met the reporting threshold follow, and our impacts on, and targets for influencing these positively are summarised in our Strategy Scorecard (p15) and discussed throughout this report.

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.

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)



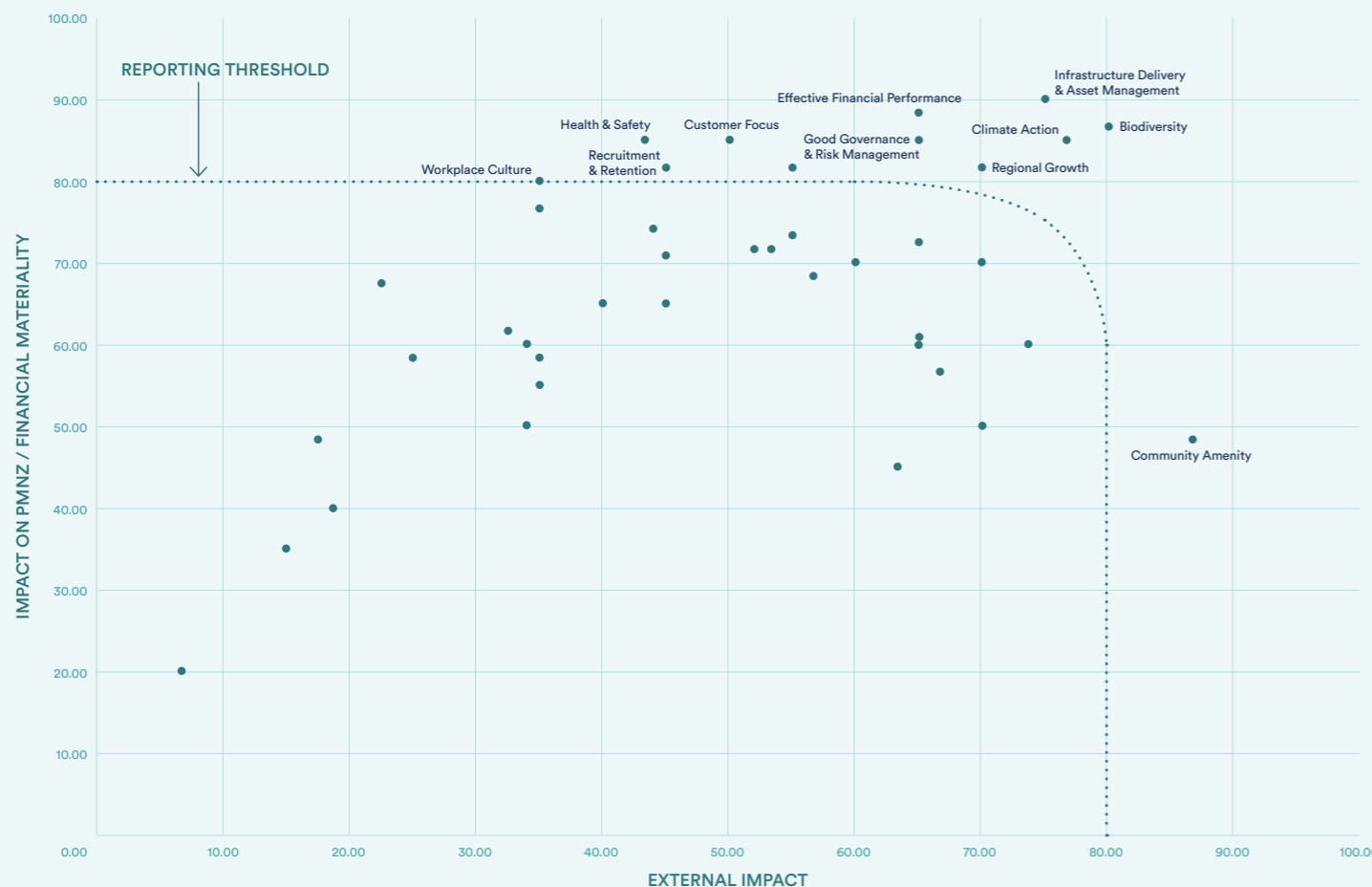
Material Issues 2024

In 2024, our reporting team conducted Port Marlborough’s third Materiality assessment, the first to apply a double materiality approach. This method aligns with global standards, including the GRI Standards and the EU Corporate Sustainability Reporting Directive (CSRD), ensuring we follow global best practices in sustainability reporting.

Double materiality considers both "inside-out" and "outside-in" impacts. This means we assess how Port Marlborough’s activities affect environmental, social, and governance (ESG) issues (inside-out) and how external ESG factors, such as climate change or regulatory shifts, in turn, impact the port’s financial performance and long-term sustainability (outside-in).

Data was collected from various sources, including the Risk Management Framework, internal team input, and feedback from customers and stakeholders. After thorough analysis, we identified the key issues from both perspectives, ensuring our focus on matters critical to Port Marlborough’s sustainability and success. Our Material Topics for 2024 are listed below and categorised by strategic fit.

2024 MATERIALITY MATRIX



PEOPLE

Workplace Culture

Creating an inclusive, supportive, and collaborative workplace is essential to driving employee engagement and performance. We prioritise diversity and well-being to ensure our people feel valued, motivated, and equipped to contribute meaningfully to the success of the organisation.

Recruitment & Retention

Attracting, developing, and retaining top talent is critical to sustaining our operations and growth. We focus on creating opportunities for career progression, training, and development, as well as offering a competitive work environment that meets the needs of our people in an evolving job market.

Health and Safety

The health and safety of our workforce is our top priority. We are committed to continuously improving our safety protocols and ensuring that every team member returns home safely every day. Our approach focuses on creating a culture of shared responsibility for safety and well-being.

PLANET

Climate Action

We recognise the urgency of addressing climate change and are committed to reducing our carbon footprint. Through sustainable practices, energy efficiency initiatives, efficient use of resources and collaboration with industry partners, we aim to contribute to a low-carbon future and support New Zealand's climate goals.

Biodiversity

Protecting and enhancing biodiversity in our operational areas is a key focus. We actively work to preserve natural habitats, minimise ecological impacts, and contribute to the regeneration of ecosystems to support long-term environmental sustainability.

PROSPERITY

Good Governance & Risk Management

Strong governance and effective risk management are central to our ability to deliver sustainable outcomes. We ensure that our decision-making processes are transparent, accountable, and aligned with our long-term strategic objectives, while proactively managing risks across our operations.

Effective Financial Performance

Maintaining strong financial performance is essential for continued value delivery to the Shareholder, and to our ability to invest in future growth and resilience. We continue to focus on optimising operational efficiency, delivering shareholder value, and ensuring financial sustainability.

Regional Growth

As a key facilitator of Marlborough’s economy, we are committed to working with our customers to support regional growth. By working collaboratively with local businesses, and enabling trade, we help drive economic development and success for Marlborough.

Infrastructure Delivery & Asset Management

Investing in and maintaining robust infrastructure is critical to our operational efficiency and long-term sustainability. We ensure that our assets are managed efficiently and are future proofed for climate risk, and to meet the evolving needs of our stakeholders and the communities we serve.

PARTNERSHIPS

Customer Focus

We prioritise building strong, collaborative partnerships with our customers, focusing on understanding their needs and challenges. By working closely with them, we aim to enhance service delivery and co-create solutions that drive mutual success.

Community Amenity

Supporting community well-being is a core part of our approach to sustainability, and we aim to be a good partner to mana whenua, tangata whenua, and to the broader communities in which we operate. We invest in initiatives that enhance the social, environmental, and economic health of our communities, ensuring that our business activities deliver lasting benefits.

Strategy Scorecard

This year marks the release of our fifth annual Scorecard, offering a snapshot of progress against key metrics for our Statement of Corporate Intent (SCI) and sustainability targets. Several of these targets were set within the SCI to guide our long-term strategy.

With the 2024 refinement of our material topics, some metrics now serve as baseline data, providing a solid foundation for measuring progress in the years ahead.

Notes to this Scorecard, along with insights on the evolving strategy and baseline measures, are included throughout the report to give a clearer picture of our performance.

PEOPLE



Occupational HSW Metrics

	FY 24	FY 23
Preventative Action to Incident Ratio	5:1	3:1
Lost Time Injuries (LTI) per 100,000 work hours	1.2	2.8

People & Culture Metrics

	FY 24	FY 23
FTE equivalent employed	102	80
Employee Engagement Score	68%	unmeasured
Gender Breakdown (Women:Men)	32% : 68%	28% : 72%

Gender Pay Gap (Women:Men)

	FY 24	FY 23
Senior Management	1:1.4, (28.61%)	unmeasured
Middle Management	1:1, (4.69%)	unmeasured
Administrative	1:1, (4.54%)	unmeasured
Production	1:1.3, (25.81%)	unmeasured

	FY 24	FY 23
Living Wage Accreditation	achieved	achieved

PLANET



Greenhouse Gas Emissions

(tCO2e)	FY 24	FY 23 (restated baseline)
Scope 1	606.82	665.65
Scope 2	199.97	208.50
Total S1+2	806.78	874.15
CO2e removals	716.21	716.99
Total Net emissions	90.57	157.16

Energy Consumption

	FY 24	FY 23 (restated baseline)
Total Energy Consumption (MJ)	18,618,372.51	19,628,608.49
Renewable energy as a % of Total Energy consumption	46%	45%

Water Usage (Megalitres)

	FY 24	FY 23 (restated baseline)
Water usage PMNZ	68.69	79.6
Water usage Industrial customers	45.47	39.6

Waste

	FY 24	FY 23 (restated baseline)
Waste to landfill (t)	563.71	591.49
Waste diverted from landfill (t)	6,450.28	4801.95
Waste diversion for all operations	92%	89%

Habitat Protection & Restoration

Base year data established in 2024	FY24
Habitat Area Restored (Ha)	0.17
Native Plantings	2432
Number of Vessels Screened	79
Pest species trapping numbers	126

PROSPERITY



Economic Value Created

	FY 24	FY 23
Revenue	\$58M	\$41M
EBITDA	\$34M	\$21M
Dividend	\$4.5M	\$4.4M

	FY 24 Actual	FY 24 Target	FY 23
Net Operating Profit after Tax [NOPAT] excludes non-cash revaluations (\$m)	\$19.25	\$8.02	\$10.59
NOPAT / Return on Shareholder Funds excludes non-cash revaluations	10.98%	4.40%	6.13%
Earnings Before Interest, Tax, Amortisation [EBITDA] excludes non-cash revaluations (\$m)	\$33.71	\$17.81	\$21.05
Equity Ratio	69.9%	65.6%	71.3%

PARTNERSHIPS



Community Partnerships

	FY 24 Actual	FY 24 Target	FY 23
Sponsorship Value	\$196k	≥ \$167k	\$133k

Community Focus

	FY 24
NPS - Marinas	27

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

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

***NB - This information is stated in accordance with the requirements of International Standard ISO 14064-1 Greenhouse gases – Part 1: Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals (ISO 14064-1:2018)

People Ngā tāngata katoa

STRATEGIC COMMITMENTS

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

MATERIAL TOPICS

- Health & Safety
- Recruitment & Retention
- Workplace Culture



This year, we've continued to grow and evolve, ensuring we can meet the demands of our 24/7 operations and support the industries that rely on us. Our efforts have centred around the key material topics of health and safety, recruitment and retention, and workplace culture, which are critical to maintaining a high-performing team and a thriving work environment.

Looking after the hauora of everyone in our workplace remains our highest priority, alongside building the capacity and skills we need to ensure future success. Over the past year, we have expanded our operational team, increased diversity, and strengthened our leadership, all while refining how we operate. These initiatives directly address the material topics we have prioritised, ensuring we meet workforce needs while contributing lasting value to both our business and the wider Marlborough region.

We look after the hauora of all people in our workplaces

WELLBEING

The PMNZ Wellbeing Calendar, now in its second year, continues to provide all employees with opportunities to enhance their wellbeing. Inspired by our core company value of Hauora, the calendar aligns with the "5 Ways to Wellbeing" model from the Mental Health Foundation of New Zealand (MHFNZ) and offers a diverse range of events regularly throughout the year.

Our Wellbeing Working Group takes feedback from employees across the business in planning each event. From nutrition workshops and fitness challenges to team-building activities that strengthen connections, every initiative is carefully planned to maximise enjoyment and wellbeing outcomes for employees.

Pink Shirt Day brought attention to the national "Anti-Bullying" campaign and provided an opportunity to increase engagement with our Anti

Bullying Policy, Just and Fair Culture Policy, and Code of Conduct, supporting our goals for a positive and inclusive workplace.

Another standout event was the "Keep Learning" expo, where experts were brought on-site over a lunch hour to provide complimentary resources on financial planning, cancer prevention, smoking cessation, and information about our EAP services. Our Environmental and HSW teams also held stands at the expo, providing information and resources for everyone.

The response from across the business to the events of the Wellbeing Calendar continues to be positive, with noticeable increases in teamwork, motivation, and participation. Our ongoing commitment to the Wellbeing Calendar continues to support the Hauora of our teams, and supports the continued development of our positive, inclusive, and connected work environment.

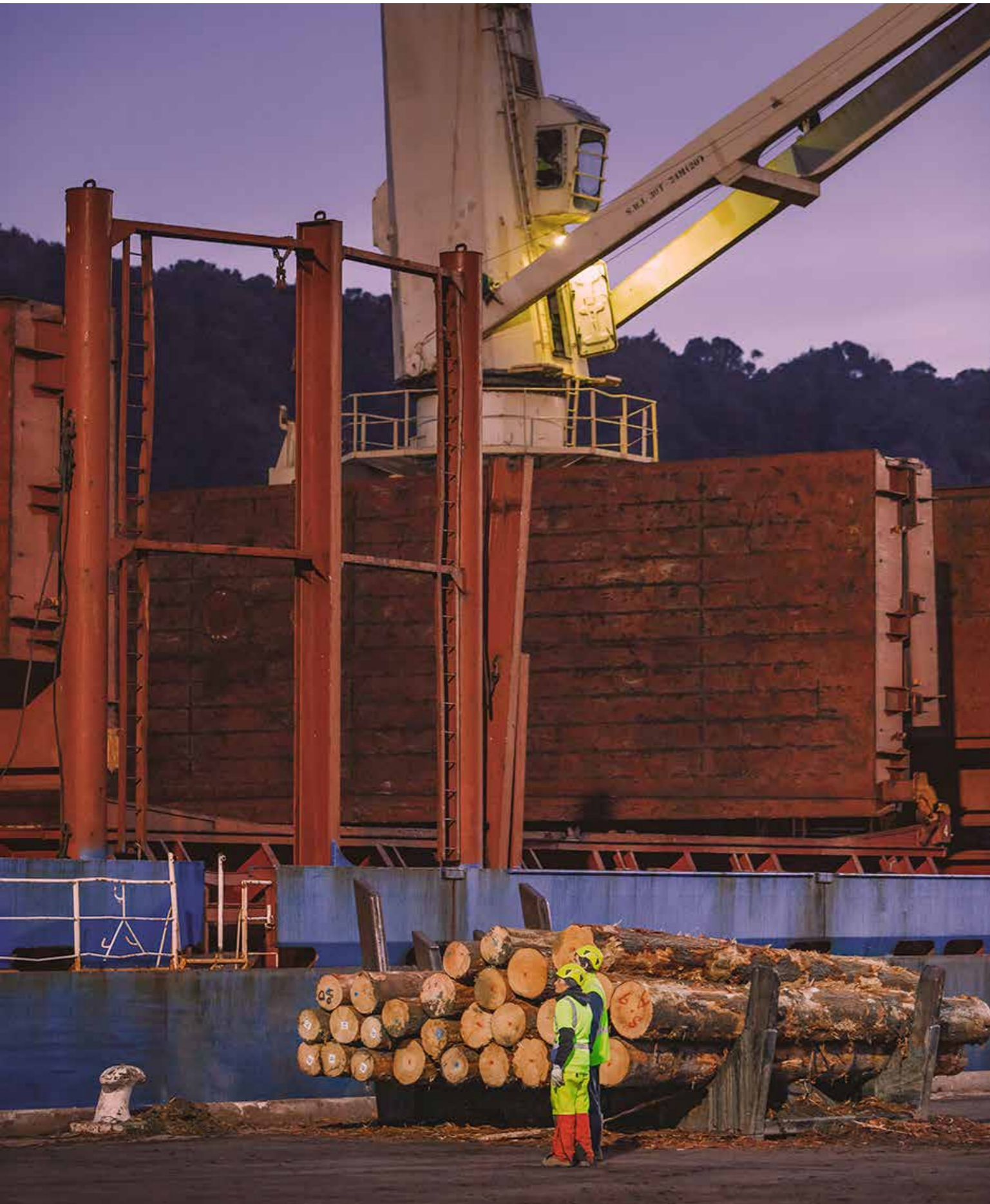


Pink Shirt Day 2024



PMNZ Waka Ama Training 2024





HEALTH & SAFETY INTRODUCING : PORT SAFE

In 2023, in response to recent developments in the national port industry’s health, safety, and wellbeing (HSW) landscape, we launched our strategic Health & Safety Communications and Engagement Programme, PortSafe. This initiative reflects our commitment to the Hauora of our teams by providing a consistent series of HSW resources and touchpoints that are accessible, engaging, and aligned with best practices.

Our overarching goal through PortSafe is to advance our HSW culture from a compliant stance to a proactive one, ultimately achieving a generative culture where safety is seamlessly integrated into our daily operations and an ingrained part of business practice for all our kaimahi. By

PORT SAFE

EMPOWERING OUR PEOPLE

offering well-planned information, tools, and resources, PortSafe empowers our workforce with the information needed to be fully informed and engaged in our HSMS, giving resources a targeted boost and embedding good health and safety practices into everyday work. We have developed measures for expected outcomes and look forward to reviewing the effectiveness of PortSafe as it unfolds and will be taking feedback from teams to improve and evolve it as we go.

GOAL	DETAILS	OUTPUTS	EXPECTED OUTCOME
Elevate visibility of Health, Safety, and Wellbeing (HAUORA) initiatives	<p>Prioritise the health, safety, and wellbeing (hauora) of everyone in our workplace.</p> <p>Integrate HSW into all aspects of business, from design and planning to daily operations.</p>	<p>Intranet Learning Management System “Te Kura” launched – December 2023</p> <p>Increased Safe Behaviour Observation (SBO) and leadership conversations integrated into team toolbox talks and individual KPIs</p> <p>Regular HSW Newsbites on Te Ihuwaka intranet</p>	A safe, healthy, and supportive workplace where HSW is central to our operations and culture.
Empower through Knowledge	<p>Provide workers with essential HSW tools and knowledge in engaging and accessible formats.</p> <p>Enhance the accessibility of resources in our HSMS toolkit</p>	<p>Te Kura Modules</p> <p>Fatigue Risk Management System and Handbook – December 2023</p> <p>Posters</p> <p>Regular HSW intranet news posts</p> <p>FRMS Handbook</p>	An informed workforce that actively engages with and contributes to a safer work environment.
Support Critical Risk Management Plan Rollout and implementation	Critical Risk Management Plan (CRMP) – rollout	<p>Launch milestone timeline by December 2023</p> <p>Launch CRMP overview – April 2024</p> <p>Launch Critical Risks – June 2024</p> <p>Launch LIVESAVERS – June 2024</p> <p>Launch Critical Risk STANDARDS December 2024</p>	Improved safety practices and heightened awareness of critical risks, preventing incidence of and raising awareness of critical risks.

CRITICAL RISK PROGRAMME

Aligned with regulatory requirements as an action point from the Port Health and Safety Leadership Group’s action plan, and a key foundation of our ongoing commitment to safety and operational improvements, the Critical Risk Programme continues to be rolled out across our teams. This initiative marks a significant advancement in our proactive management of health and safety (H&S) risks.

During the year, Senior Leaders and HSW representatives from all teams received HSW Leadership and Critical Risk training with industry experts +Impac, which underlined the importance of embedding effective Critical Risk management in HSMS.

Our Health and Safety team worked closely with operational and leadership teams through rigorous Bow-Tie workshops to identify and assess the most critical risks within our operations. These sessions have enabled us to pinpoint our Critical Risks, delve into their root causes, and develop effective mitigation strategies. Programme milestones achieved are outlined in the above table.

Standards for each Critical Risk will be completed in December 2024, with the assurance and monitoring programme rolled out subsequently.



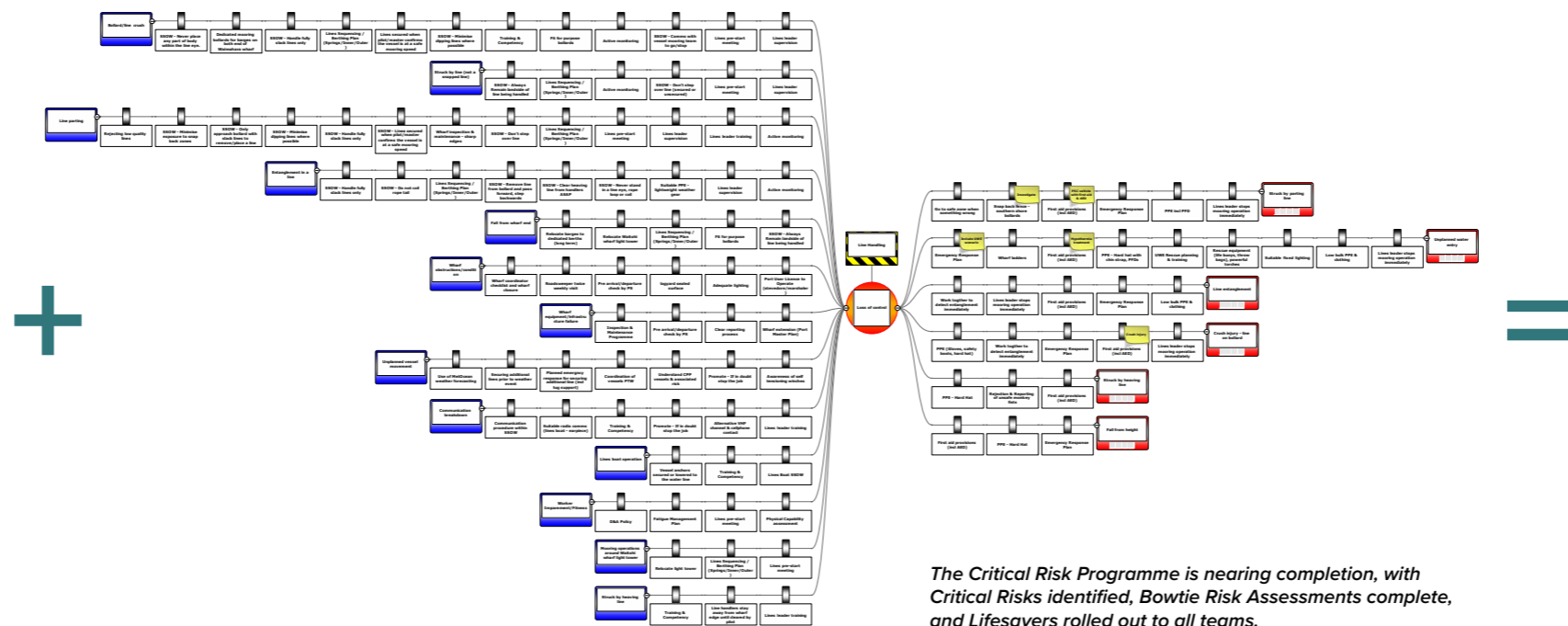
Critical Risk Management Programme team Launch – Lifesavers and Critical Risks. Joined by representatives of Maritime NZ, our new regulators for port Health and Safety.



Our teams had some fun putting together our Lifesavers Video – to remember the safe behaviours required to mitigate our Critical Risks.

CRITICAL RISKS

- Mobile Plant/Vehicles**
Plant and vehicle movements in operation
- Mooring Operations**
Line handling and gangways
- Work Over/In Water**
Working on wharfs, jetties, vessels, and diving operations
- Suspended Loads**
Cargo handling, construction cranes & travel-lift operations
- Working at Height**
Elevated work platforms, ladders & rope access work
- Hazardous Energy**
Overhead and underground services, vessel electrics, temporary power supply
- Uncontrolled Ignition Source**
Marina fire, hot work
- Confined Space**
Vessel holds/tanks, manholes, trenches, storm water treatment systems
- Marine Operations**
Navigational safety under the port & harbour marine safety code



The Critical Risk Programme is nearing completion, with Critical Risks identified, Bowtie Risk Assessments complete, and Lifesavers rolled out to all teams.

LIFESAVERS

- Know Your Stuff**
Ensure you're trained and competent for the tasks you're undertaking.
- PPE – Our last line of defence**
PPE is an important final personal safeguard.
- Plan to Protect**
Plan ahead to protect yourself & workmates by using the right planning tools for the job: SWMS, SOP, RA's and Permits to Work.
- Shared Space**
Consult, cooperate and coordinate with port / marina users to manage overlapping duties.
- See 360**
Only manoeuvre your vehicle or plant when you have eyes on 360 degrees!
- Stay Clear**
Stay clear of suspended loads and stacked cargo.
- Learn from Events**
Record events often, and participate in improving safety for everyone.
- Be Exclusive**
Create exclusion zones to separate people from high-risk work activities.
- Be Ready!**
Be ready and fit for work. Manage your fatigue, and make sure you're not impaired by drugs or alcohol.
- Always Alert**
Be ready for anything, anytime, anywhere. Emergencies don't make appointments.



FATIGUE RISK MANAGEMENT SYSTEM

Port Marlborough contributes to the NZ Ports H&S leadership group through our membership in the Port Industry Association. This group is a tripartite association between regulators, unions, and the port industry. Industry engagement undertaken in 2022 by the group across the country revealed that port workers' number one concern in a health and safety context was fatigue risk. In response, the group developed industry-wide fatigue guidelines by working collaboratively with H&S teams from ports around the country.

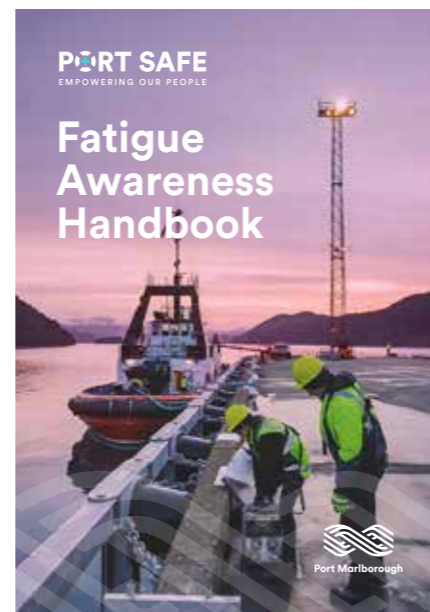
Recognising the nature of our work in a busy 24/7 port operation, fatigue has been identified as a potential major contributing factor to every critical risk at Port Marlborough. Following the guidelines produced by the leadership group, we established a Fatigue Learning and Action Team for Port Marlborough. The team has been instrumental in policy development, crafting

the fatigue risk management framework, producing a new fatigue risk awareness handbook, and promoting and implementing these initiatives.

Building on these efforts, we further developed several key components to enhance our fatigue risk management, including targeted fatigue awareness training through Te Kura, helping to increase staff understanding of fatigue and its associated risks.

To enhance our fatigue management, we've implemented biomathematical software, which assesses fatigue risk in relation to work allocation and roster management. This has been particularly useful for teams working fixed rosters, including mooring operations, port services, and the marine team.

We also undertook thorough review of rest and nap facilities for shift workers across the business, which resulted in improvements at several locations, including the PSC Port Services Centre, the Wellbeing



Room at POH, and the Waikawa boating club. These enhancements provide more suitable spaces for staff, especially those on shift work, to rest during breaks. We also participated in a peer review of our Fatigue Risk Management System alongside Port Nelson, allowing us to refine our approach and ensure we are aligned with best practices in the industry.

HEALTH & SAFETY RŪNANGA – LEADERS FORUM

The PMNZ Health and Safety Rūnanga is now in its second year and continues to serve as an important forum for Health and Safety Representatives and Senior Leaders to discuss HSW opportunities, concerns, and improvements.

Each Rūnanga meeting is chaired and led by a representative from a different operational team, promoting engagement and empowering our teams across the business in health, safety, and wellness systems and initiatives.

Over the past year, the Rūnanga has made significant strides in enhancing our health and safety practices:

- **L1 HSR Training:** We successfully completed Level 1 Health and Safety Representative (HSR) training for new representatives, equipping them with the knowledge and skills to advocate effectively for safety within their teams.
- **Increased Involvement in Board Site Visits:** HSRs have played a more active role in Board site visits, ensuring that frontline perspectives are considered in high-level discussions about safety.

- **Engagement with MNZ Inspectors:** Following the Health and Safety at Work Act (HSWA) designation change, HSRs have engaged with Maritime New Zealand (MNZ) inspectors to ensure compliance and address any concerns promptly.
- **Presenting HSW Content at Business Unit Toolbox Talks:** HSRs have taken the lead in presenting HSW content during toolbox talks.

The Rūnanga plays an essential role in developing our HSW culture, bringing together front-line and operational team perspectives to every level of our HSW engagements.



TRAINING AND INDUCTIONS

Our Learning Management System (LMS), "Te Kura," was launched in 2024 and is fully compatible with PMNZ's SharePoint. Te Kura is being developed to manage PMNZ's e-learning content, external training, and skills and competency registers. To date, 19 e-learning modules have been created, covering topics from onboarding and health and safety policies to risk assessments and safe systems of work. Training plans tailored to each PMNZ role are in development and will be rolled out over the next six months. Additionally, Permit to Work training for permit issuers was provided by Impac, covering essential safety protocols.

COMPLIANCE MONITORING

The Health, Safety, and Wellbeing (HSW) team has increased compliance monitoring to ensure all Port User Rules and Guidelines are being followed. This includes monitoring driver behaviour, the storage of materials and equipment, parking safety, and maintaining exclusion zones within common user areas.

We are actively working with our port tenants and customers on enforcement and compliance in the port.

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

Over the reporting period, we made changes to meet the evolving needs of our 24/7 port operations. Over the past year, we have increased our FTE employee numbers from 80 to 102, a move that supports our long-term strategy and ensures we can continue to address key operational challenges. A primary driver for this expansion has been the need to manage fatigue, a significant concern across our industry, especially in a port environment that operates around the clock. By increasing our team, we are better positioned to manage workloads, support fatigue risk management, and enhance overall Hauora of our teams.

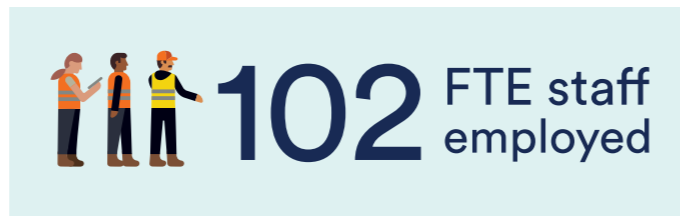
Many of these newly created roles are directly tied to our commitment to operational excellence. Positions like the Wharf Operations Manager, Boatyard Manager at Waikawa Marine Precinct, and new permanent Lines and General Hand roles have been essential in maintaining the smooth and safe functioning of our day-to-day activities. In addition, the introduction of cadetships has allowed us to build capacity and train the next generation of port professionals, ensuring that we remain well-equipped to handle the growing demands of our operations.

Alongside these operational roles, we have also enhanced our leadership team to drive broader strategic goals. New leadership positions, such as General Manager roles, Environment Manager, Infrastructure Manager, Marine Manager, Commercial Analyst, have been created to support our growth in key areas. These roles reflect our commitment to sustainability, stakeholder engagement, and operational and commercial innovation. As we continue to position Port Marlborough as an industry leader, these strategic additions are critical to ensuring that we not only meet but exceed the expectations of our customers, community, and partners.



A key focus of our leadership team has been to strengthen our partnership and sustainability efforts and support the long-term health of our environment. The Environment Manager drives our environmental initiatives, while the Infrastructure and Marine Managers ensure the systems and capabilities are in place to meet the demands of our growing operations. These roles are essential not only for safeguarding the long-term health of our environment but also for enabling the continued success of the industries that rely on our port to drive the region's economic growth.

In addition to these efforts, we have continued to improve the diversity of our workforce. Over the past year, the number of wāhine across our business has risen from 29% to 32%, a positive step forward as we work to create more opportunities for women in our industry. This focus on diversity reflects a wider commitment within the port sector to attract and support a more inclusive workforce.



CADETSHIPS

We also intensified our efforts to provide career opportunities for local school-leavers. Our teams welcomed several dynamic new recruits, including summer students, cadets, and interns. Our entry-level roles now include three cadetships, an apprenticeship, and multiple summer student positions across our marinas, infrastructure and workshop teams, all contributing to the port's operations during the busy summer season.

Pictured L to R:

- Corban Jamieson Engineering Cadet,*
- Ayla Looms Environment Cadet,*
- Mana Collins Marinas Summer Intern,*
- Nate Shipley Student Engineer,*
- Jayden Jamieson Engineering Cadet,*
- Fergus Lane Marinas Summer Intern,*
- Fin Sommerville-Smith Marinas Summer Intern,*
- Nathan Jamieson Mechanical Engineering Apprentice.*

We are one high-performing team

PEOPLE & CULTURE

This year, we established a dedicated People and Culture team to oversee recruitment, human resources, and the development of our workplace culture, ensuring that Port Marlborough continues to be a great place to work.

The team led the first Employee Engagement Survey, which provided us with a baseline for benchmarking against, and highlighted areas for improvement. Leadership training, performance management and internal communication were identified as key focus areas for improvement and throughout the year these have been addressed. Over the year the team created and delivered a Port Marlborough specific leadership programme for all our People Leaders.



RAIL AND MARITIME TRANSPORT UNION

Around 50% of our workforce are represented by, the Rail and Maritime Transport Union (RMTU). We maintain a collaborative relationship with the RMTU through the Joint Consultative Forum, which serves as a platform for addressing business delivery and operational matters, including a strong focus on Health and Safety.

Throughout the year, our work with the RMTU has followed the "high performance, high engagement" model, with a cooperative approach to improving engagement, productivity, and health and safety outcomes. This model has empowered our front-line staff to take a more active role in identifying and developing solutions to the challenges they face day-to-day. We greatly value the partnership with the RMTU and recognise their ongoing contributions to the success and safety of our operations.

Planet Te Ao Tūroa

STRATEGIC COMMITMENTS

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

MATERIAL TOPICS

Climate Action

Biodiversity

As kaitiaki of the areas we operate in, we're committed to continuous environmental improvement and innovation to create better outcomes for the planet. Our strategic focus on climate action and biodiversity guides our efforts to reduce carbon emissions, protect marine ecosystems, and enhance resource efficiency. By prioritising long-term sustainability, we're not just meeting regulatory requirements but actively working to restore and protect the unique ecosystems of the Marlborough Sounds.

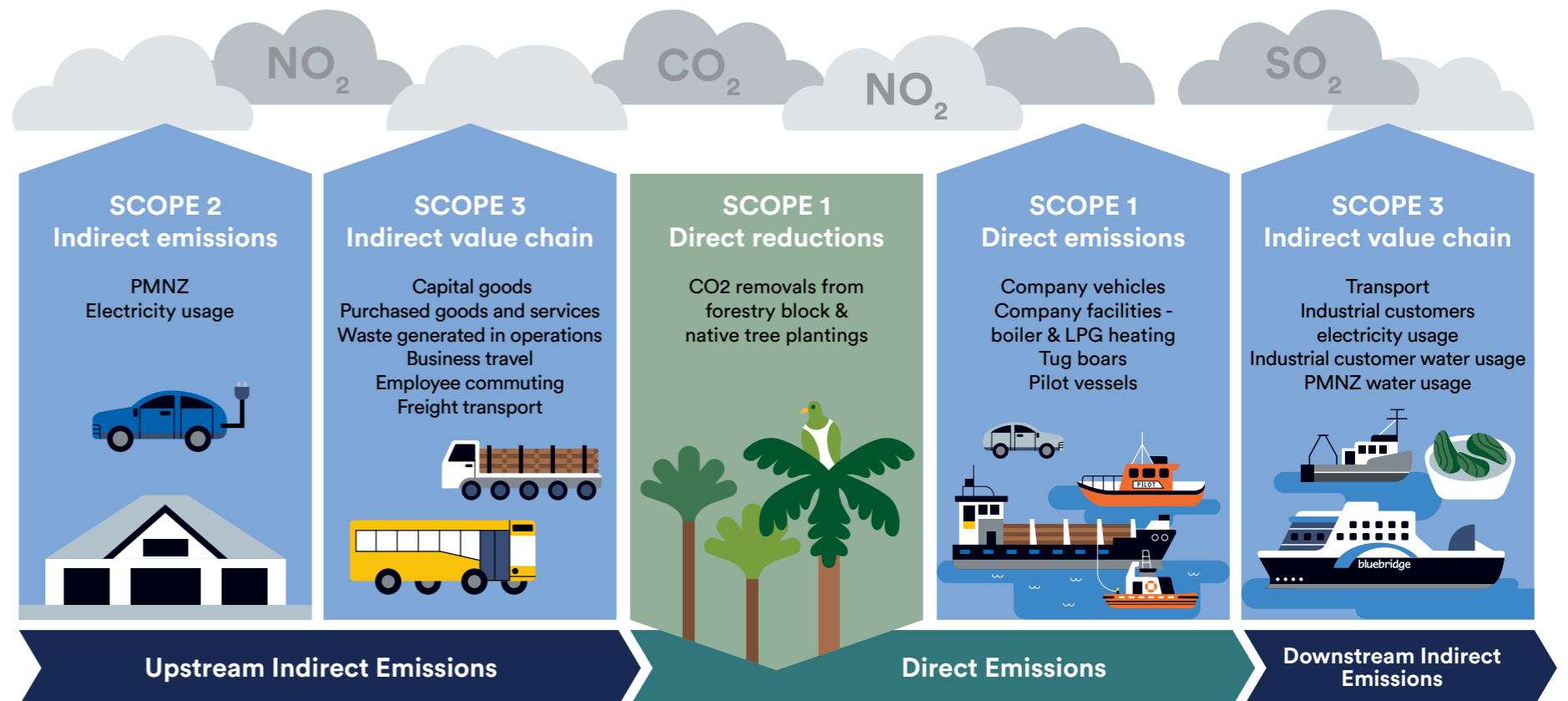
We demonstrate continuous improvement in our environmental performance

Carbon Reduction

As we prepare the port to meet our obligations in a lower carbon future, our journey began over the period with the implementation of the Bravegen Carbon Data Management system. This step has led to improved management of our emissions inventory, enhanced data accuracy, streamlined collection processes, and simplified emissions reporting. The new system also allows us to report on location-specific data, making the data more meaningful to each different area of our operations.

Our next step involved Toitū verification of our 2023 reporting period (July 2022 – June 2023), through which we assured our emissions inventory to ISO14064 standards. This process established a verified baseline for our future carbon reduction efforts as we meet our strategic commitments to improve environmental performance through emissions reduction to support a lower carbon supply chain for New Zealand.

Looking forward, we are focused on setting a carbon reduction plan, and in collaboration with Tonkin + Taylor, we will hold workshops with representatives from all areas of the business to identify carbon reduction opportunities. Through these workshops we will establish both short and long-term science-based carbon reduction targets.





GHG

Following assurance of our inventory, we have restated the 2023 reporting period as our baseline, reflecting our ongoing efforts to reduce emissions. Notably, Scope 1 and 2 emissions have decreased by 8% compared to 2023, this is due to a decrease in our vessel fuel usage owing to less tug assists during the current period.

We are collaborating with New Zealand ports to develop a Scope 3 guidance document to standardise measurement and reporting across the industry. Currently, we report on Transportation, Waste, Freight, Business Travel and purchased goods and services in our value chain emissions inventory. These categories have been comprehensively reviewed, and verified to reasonable assurance except for spend-based inventory (purchased goods and services), which were verified to limited assurance.

MARINE FLEET EMISSIONS

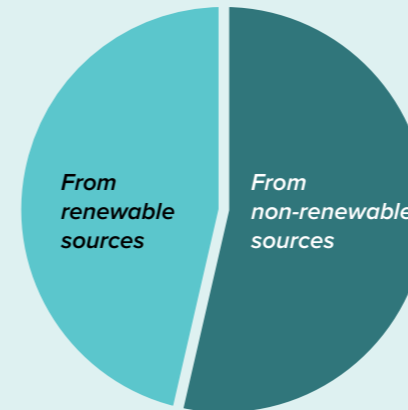
Over the period, Port Marlborough's first bespoke tug vessel was acquired. This new vessel KAIANA has been upgraded from the standard IMO Tier II compliant engines to IMO Tier-III compliant, to further reduce emissions. Other green technologies built into Kaiana include a new electric power generation system that produces electricity by drawing on the ample power available from the main engines, reducing fuel consumption and emissions as a result. The contribution Kaiana is expected to make to the fleet will increase our fleet emissions intensity.

FORESTRY EMISSIONS – STORAGE

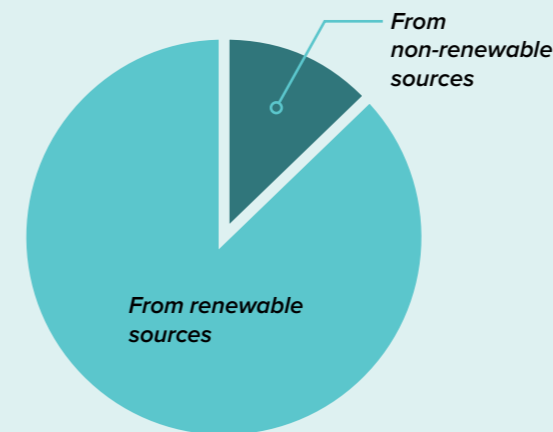
Scope 1 reductions remained consistent with 2023, with minor adjustments reflecting updated emission factors released by the Ministry for the Environment (MFE) during May 2024.

This year we harvested a large portion of our forestry block. What remains is 19.6 hectares of young (<22 years) forest. With the long-term goal of carbon storage and environmental restoration, we are replanting our harvested area with native vegetation and will continue to do so following future harvests.

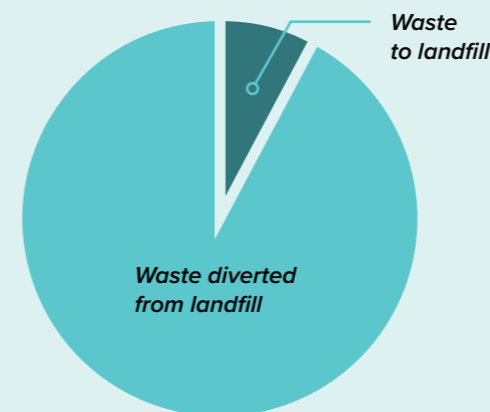
PMNZ ENERGY CONSUMPTION



COMMERCIAL CUSTOMER ENERGY USE



WASTE MANAGEMENT



Resource Efficiency

ENERGY CONSUMPTION

Port Marlborough's total energy consumption has decreased by 7% compared to the previous year. During the 2024 reporting period, the percentage of our total energy consumption from renewable sources increased from 45% to 46%. Our main sources of energy consumption include tug fuel, vehicle fleet fuel, and boiler fuel for heating our offices.

As part of our Carbon Reduction Pathway this year, we will focus on identifying opportunities to reduce energy use in these key areas and explore the potential to switch to renewable energy alternatives.

WASTE MANAGEMENT

We have successfully reduced our waste to landfill by 5% compared to 2023, thanks to the introduction of new recycling compounds in the marinas and improved data management that allows us to measure our impact more effectively. Our waste diversion rate has risen from 89% to 92%, with organic waste diversion from the log yards contributing significantly to this progress.

We've also introduced waste diversion strategies in construction projects, including the recent ferry terminal demolition. This project featured stringent environmental management standards and was a positive partnership collaboration with our contractors, supported by ongoing monitoring to ensure best practices were followed throughout.

WATER WITHDRAWAL

Port Marlborough's water usage decreased by 14% compared to FY23, driven by summer water restrictions in Picton and Waikawa. Improved monitoring of water meters has enabled quicker leak identification, helping to conserve water more effectively. This reflects our commitment to reduce our water consumption across our operations.

We innovate to produce better environmental outcomes

INTERNATIONAL CLEAN MARINAS ACCREDITATION

Our Marinas achieved a significant milestone over the period by earning International Clean Marina certification from the Marina Industries Association (MIA) and the International Council of Marine Industry Associations (ICOMIA).

This achievement underscores our commitment to environmental stewardship and our commitment to environmental excellence in our marinas. The certification process involved a thorough review of our environmental practices across our three marinas—Picton, Waikawa, and Havelock. Each site was assessed on criteria such as pollution control, waste management, emergency procedures, and customer education on sustainability practices in the marinas.

Reaching this standard required rigorous preparation by our marinas team, who reviewed and improved operational procedures, trained staff on updated environmental practices, and revamped



our waste management systems. This included reconfiguring waste collection areas and building a new recycling centre at Picton Marina. All of this was done while ensuring we continued to deliver the level of service our customers expect, even during a busy season.

Marlborough Sounds Marinas is the first in New Zealand to receive this certification. Our marinas team worked hard to meet these high standards and have committed to upholding this new standard of excellence.

ENVIRONMENTAL MANAGEMENT SYSTEM

During 2024, we have built an Environmental Management System (EMS) that aligns with the ISO14001 standard. Through the implementation of this EMS, we have been able to identify significant environmental aspects of our operations, set environmental objectives and implement the necessary improvements to enhance our environmental performance with the ultimate vision of being a restorative port.

We have improved our understanding of the aspects of our operations that have the potential to impact the environment and are able to put in place refined controls that follow the mitigation hierarchy approach. This has also provided an improved channel of communication for environmental awareness, improvement identification, incident response and risk management across all areas of the business.



We support the protection and restoration of Marlborough Sounds ecosystems



FORESTRY SLASH PROJECT

We have gone above and beyond with our forest management practices and are chipping our slash from the forestry harvest project, into woodchip. This woodchip is then sent to an operation in Blenheim, where it is used in their woodchip burner for heating. Gale contracting, a local Blenheim contractor, has been employed to carry out the slash chipping operation.

This operation will remove approximately 60% of all forestry slash generated on our block. The remaining slash will naturally degrade on site and provide vital nutrients to the soil for the success of the future native plantings in these areas. A great example of how the Port is supporting local businesses and the circular economy.



NATIVE PLANTINGS

Our Groundskeeping and Gardening teams undertook significant planting projects this year, completing several around our operations. These include a new native garden around the Bluebridge Terminal and the addition of over 1,000 plants in the Waikawa North West Marina extension, featuring kanuka, manuka, and reeds.

Careful planning was essential for each project, considering factors like salt-resistant plant varieties, tidal conditions, plant density, and sunlight exposure. Using native plants is an important part of creating habitats for native species, supporting biodiversity and contributing to habitat restoration in our areas of operation.

Our Shakespeare Bay Forestry Block harvest is complete and with Mackenzie Management Limited as project managers, our regeneration initiative has begun. Our



plan is to restore this area through enhancing natural regeneration and replanting native vegetation. This long-term plan supports our vision of restoration of the environment in which we operate.

The project will take a staged approach and will span over several years. The first stage is now complete, during which we undertook initial pest control of the harvested area and the replanted 3270 native plant species.

Pioneer native plants have been used to suppress competing pest species and attract birds for seed distribution in the area. Seedlings are from local nurseries that have eco-sourced seeds from the surrounding environment, amongst some others, species include Kohuhu, Manuka, Kanuka, Ngaio, Ake Ake, Wineberry, Lacebark, Five Finger, Cabbage Trees, Harakeke (wetland), Coprosma repens, Toetoe.



BIODIVERSITY & RESTORATION

We are committed to addressing biodiversity impacts across our operational sites, especially where activities intersect with sensitive ecological areas. We use a mitigation hierarchy approach to environmental management of our operations by prioritising avoidance, minimisation, and restoration efforts. Especially, in the instances when our operations have the potential to impact on biodiversity.

Our operations are located within the land/sea interface in the environment of the Marlborough Sounds, an area of high biodiversity comprising a wide range of ecosystems and unique habitats. We recognise our responsibility over these areas through our commitment to Kaitiakitanga, which aligns with global biodiversity goals, particularly in protecting and restoring ecosystems, ensuring sustainable use of resources. As part of our commitment

to kaitiakitanga, we work closely with stakeholders to identify restoration and rehabilitation opportunities. This includes specific projects aimed at protecting marine ecosystems, guided by both local and international biodiversity frameworks.

As recognised in our materiality assessment, protection of biodiversity is of the utmost importance to our stakeholders, and is key to ensuring the sustainable success of our operations at Port Marlborough. We have several Ecologically significant Marine sites and threatened environments that fall within our operational areas. Through sound environmental management, these areas are clearly demarcated, understood and considered in the management of day-to-day operations and in the management of projects. In every project undertaken in our operational areas, we conduct impact assessments to determine how ecosystem services may be affected by our proposed projects.

TŌTARANUI-QUEEN CHARLOTTE SOUND RESTORATION PROJECT

In 2022, Port Marlborough took a lead role as the headline sponsor for this significant environmental research project aimed at reviving the underwater kelp forests in Tōtaranui-Queen Charlotte Sound. These kelp and seaweed ecosystems are essential for supporting marine biodiversity and underwater habitats in the Sounds.

However, widespread loss of these habitats due to overfishing, sedimentation, and climate change has left some large areas of the Sound as kina barrens—reefs overgrazed by kina, and barren areas with no large kelp forests.

In partnership with the University of Auckland, Te Ātiawa, SLR Consulting, and Marlborough District Council, the project set out to explore whether managing kina populations could help restore kelp forests. Over the past two years, targeted areas across four sites in the Sound were cleared of kina by the research team, with control areas left untouched for comparison. Port Marlborough’s sponsorship has allowed continuation of the project into its second year, enabling ongoing monitoring and evaluation.

The results have been highly encouraging. Significant regrowth of kelp and seaweed has been observed in the kina removal areas, particularly in the Outer Sound at Motuara Island, where giant kelp forests up to 10 metres tall have returned. The project has also seen an increase in marine life, including invertebrates and seahorses, within the recovering kelp habitats. In contrast, control areas where kina were not removed have shown little recovery.

Port Marlborough’s involvement also extended to community engagement, with snorkelling trips and site visits organised to share the project’s progress with local stakeholders and rangatahi. In May 2024, we hosted a site visit with representatives from Te Ātiawa and Marlborough District Council, offering the chance to see first-hand the positive impact of the kina removal.

This project aligns closely with Port Marlborough’s wider commitment to environmental restoration and sustainable operations. The results demonstrate the potential for effective kelp restoration across Queen Charlotte Sound, despite ongoing environmental challenges. The next phase of the project will aim to expand on the methods and findings, and using the knowledge gained to provide practical advice to our communities with the ultimate goal of restoring and sustaining these critical underwater ecosystems for future generations.



PROTECTING KORORĀ IN THE PORT

Working at the land and sea interface means we’re closely connected to the coastal environment, and we take our responsibility to protect it very seriously. Living our value of ‘Kaitiakitanga – Protect the future’ guides our work, especially in projects that require changing, deconstructing or moving port infrastructure at the waters’ edge in the port.

One of the species we’re committed to protecting is the kororā, the world’s smallest penguin. Weighing just 1kg and standing about 30cm tall, kororā are primarily active on land at night. They’re often found nesting in coastal areas, including around the Picton port area and Kaipupu Sanctuary. On land, they make their nests in rock crevices, under trees, buildings, and even in burrows.

To keep these little penguins safe, we’ve partnered with Wildlife Management International Ltd. (WMIL) who undertake daily surveys when projects are underway to monitor kororā in the Port area. A mix of trail cameras, conservation dog surveys, and RFID microchipping are used to monitor their breeding and/or moulting progress.

The key aim of the monitoring is to provide information on kororā activity to all stakeholders, to ensure kororā stay out of harm’s way before, during and after construction.



We’ve taken proactive steps to deter kororā from returning to known breeding sites within operational or construction zones. This includes implementing nesting deterrents such as sandbags in the port area rock batters, and relocating individuals to Kaipupu Sanctuary, where they can utilise safe alternative nesting sites within a fenced sanctuary that benefits from active predator control. Our good partnership efforts with Kiwi Rail, Te Ātiawa, Department of Conservation (DOC), and Kaipupu Sanctuary have been key to the success of these efforts. By working together with local conservation groups, ecologists, and our community, we’re ensuring that our operations support the natural environment and biodiversity of our areas of operation.



Biosecurity

ON LAND

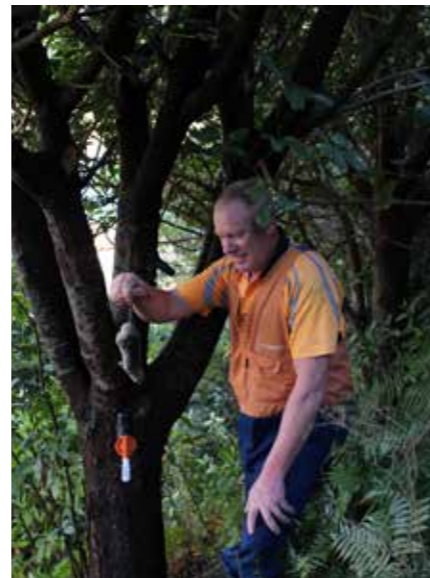
Our pest control initiatives are vital for protecting native ecosystems across our areas of operation, particularly given our proximity to the Kaipūpū Point Mainland Island Sanctuary. With the sanctuary's 600m pest-proof fence serving as a first line of defence against predators like rats, mustelids, and possums, we recognise the importance of supporting these efforts on "our side of the fence" in the port through our own trapping and pest control programmes.

Led by a member of our workshop team, Mike Adams, our efforts have reduced the number of pest species around the port, with a 45% increase in pest exterminations this year. Key species removed include possums, rats, and ungulates, all of which threaten native habitats and our

growing native planting initiatives in our forestry areas.

We are also proud to support the great work of Picton Dawn Chorus, a local group dedicated to eradicating pests in the wider Picton area. Picton Dawn Chorus acts as a second line of defence, covering 4,815 ha surrounding Kaipūpū Point, with a network of 75 traplines and over 3,000 traps in place. One in four residents in Picton and Waikawa are involved in this community effort, demonstrating the widespread commitment to protecting our native flora and fauna.

As a foundational sponsor of Kaipūpū, Port Marlborough remains committed to supporting these conservation efforts, which are essential to the ongoing restoration and preservation of the Waitohi rohe (area). Our ongoing contributions include providing land, office space, and additional resources to ensure these initiatives continue to thrive.



Mike Adams - pest trapping

In alignment with our biosecurity responsibilities as a "Port of First Arrival," we also maintain several mosquito traps around our marinas and port areas on behalf of Biosecurity NZ and the regional health authority, further ensuring the protection of our environment.

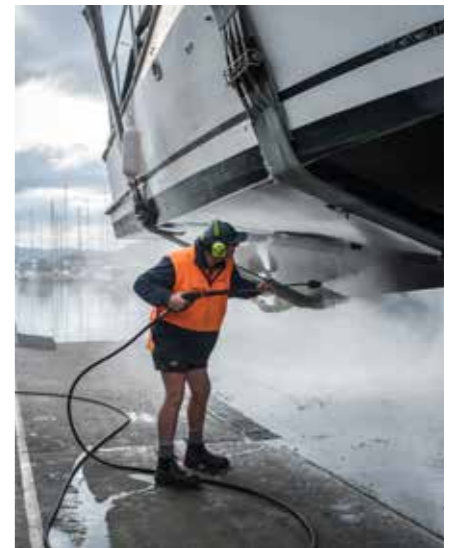
MARINE BIOSECURITY

Over the past 12 months, Marlborough Sounds Marinas has stepped up efforts to safeguard the local marine environment against invasive species, particularly the Mediterranean fanworm (*Sabella spallanzanii*). This invasive species, known for competing with native marine life, was detected over the reporting period at Waikawa Marina, where four large fanworms were found on marina infrastructure and the seabed during regular autumn biosecurity surveillance diving, undertaken by Marlborough District Council (MDC) biosecurity team surveillance diving team.

In response, the marinas team worked closely with the MDC Biosecurity team to ensure the prompt removal and destruction of the fanworms. While this immediate action helped contain the issue, it highlighted the importance of

continued vigilance in the marinas to prevent further incursions. Although fanworm is almost commonplace in other marinas around the country, our marinas team work hard to prevent them establishing in our facilities. Environmental DNA (eDNA) sampling following the surveillance diving found no further detections, demonstrating the effectiveness of these protective measures to date close monitoring is ongoing.

Backing up the port's commitment to ecosystem protection and restoration, Marlborough Sounds Marinas has additionally strengthened marina biosecurity screening for incoming vessels. This includes enforcing the 6 or 1 rule, which requires all vessels visiting from high-risk areas to provide proof of recent antifouling or a lift and wash before entering our marinas. These actions, alongside regular surveillance and customer education are key to minimising biosecurity risks.



Biosecurity protocols - lifting visiting vessels

The travel lift is an accredited decontamination facility at Waikawa Marina, and also provides an important role in these efforts. By screening vessels and promoting biosecurity awareness, we hope to keep the Marlborough Sounds free from harmful marine pests like the Mediterranean fanworm.

Prosperity Tōnuitanga

STRATEGIC COMMITMENTS

We deliver and create long-term value through integrated investments

We deliver excellent customer experience and outcomes

We enable and facilitate regional growth

MATERIAL TOPICS

Good Governance & Risk Management

Effective Financial Performance

Regional Growth

Infrastructure Delivery & Asset Management



Our commitment to creating long-term value through integrated investments, customer excellence, and regional growth continued. Over the past year, we have supported our community and industries by delivering projects that enhance infrastructure, drive regional economic development, and improve environmental outcomes.

Our strategic investments, such as the completion of the Waikawa North West Marina, and enhancements to the Shakespeare Bay logyard, expand capacity and create opportunities for local and national industries. By supporting critical sectors like forestry, marine engineering, and tourism, we support and strengthen the economic landscape of the Marlborough region, ensuring continued and sustainable success.

Guided by this vision to drive success for Marlborough long into the future, we have also been actively involved in long-term projects such as iReX. While the project has officially closed following the government's funding decision, we continue to collaborate with key stakeholders to maintain a resilient inter-island connection.

Looking ahead, we remain focused on ensuring our operations continue to drive positive outcomes for our customers, partners, and the wider Marlborough community, with a clear commitment to supporting the region's prosperity.

We deliver and create long-term value through integrated investments

Waikawa North West Marina

Waikawa North West was officially completed and opened over the reporting period in December 2023. This \$30 million development began to welcome vessels into its 251 new berths incrementally as jetties were completed and has now increased marina capacity by nearly a third in the Marlborough Sounds. This project has been more than a decade in the making and will deliver long-term benefits to our region.

At the heart of the marina's opening ceremony was the partnership between Port Marlborough and the Waikawa community, particularly with manawhenua iwi Te Ātiawa o te Waka-a-Māui. The unveiling of the toka manatu, or remembrance stone, marked a moment of reflection on the past and a shared

commitment to the future. Official "ribbon-cutting" duties undertaken by children from Waikawa Bay School, as a nod to the future prosperity the marina will bring to the region. The "step jetty" and dinghy rack at the marina's end provides a welcoming space overlooking Tōtaranui Queen Charlotte Sound for the community.

The inclusion of manawhenua elements, such as the toka manatu and kaimoana designs on the breakwater, highlights Waikawa's cultural significance, particularly as the area is historically important to Te Ātiawa as a waka landing site and access point to the Marlborough Sounds. This collaboration, alongside the world-class marina facilities, emphasises Port Marlborough's commitment to honouring the cultural and environmental values of the region.

Waikawa North West provides the addition of 251 new berths—80% of which are already

occupied—and brings Waikawa Marina's total capacity to over 1,100 vessels in wet and dry storage, including compounds, boatsheds, and marina berths. Approximately 60% of these new berth-holders are from outside the region, bringing significant custom to local industries such as hospitality and marine engineering. This influx of visitors strengthens Marlborough's economy, benefiting not only businesses directly involved with boating but also the wider community, as more families and visitors experience the magic of the Marlborough Sounds.

Scan the QR code to view the video of the Marina Opening



We deliver excellent customer experience and outcomes

Forestry Industry

Growth and innovation in our forestry industry portfolio continued throughout the year, with further investments made to enhance our forestry export services in Shakespeare Bay. Although the forestry market experienced a dip over the period due to fluctuating global demand and supply chain challenges, our teams have remained focused on innovating and future-proofing services.

A key investment over the period was the development of a new debarking facility in partnership with Pedersen Group, alongside the construction of a third scaling shed and additional paving to improve environmental outcomes.

These upgrades reflect the port's commitment to efficiency and environmental stewardship, enabling smoother log handling, reducing emissions, and

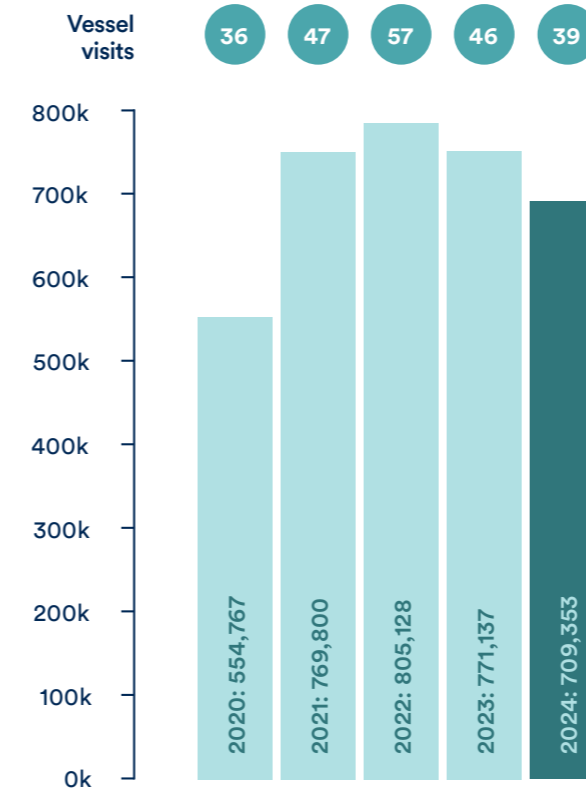
strengthening the inward receipt of logs for C3 and the port, ensuring continued support for this vital industry.

Kane Walsh, GM Operations of Pedersen Group, said, "Pedersen Group and C3 are proud to partner with Port Marlborough on the log debarking operations at the port. C3 has had a long-standing relationship with Port Marlborough, providing marshalling and stevedoring services. In collaboration with Port Marlborough, Pedersen Group helped establish an on-port log debarking facility. From the start, Port Marlborough supported our vision to provide a comprehensive solution for our clients, from beginning to end.

Working with the port team was smooth, and clear communication ensured the project was completed seamlessly and on schedule. A key factor in the success of the debarking facility has been the strong partnership with the Port Marlborough team, who share our commitment to delivering exceptional value to industry customers."



SHAKESPEARE BAY LOG EXPORTS [JAS]



Port Trade

Beyond the traditional log exports, throughout the year PMNZ handled a variety of other cargoes including containers, salt, woodchip, wetfish, fish feed and general project cargoes.

Port Marlborough's joint venture with Centreport to move containers into and out of Marlborough is continuing to grow.

Salt was imported through PMNZs Shakespeare Bay facility by customer Dominion Salt to supplement their local supplies and processing activities.

NZ King Salmon continue to opt for importing bulk shipments of fish feed direct to Picton from South Australia, this supply chain was setup in response to previous container shipment delays and has remained steady for a number of years. Feed is being stored on the port and then moved out to the NZ King Salmon farms within the Marlborough Sounds.

Project cargoes transiting the port during the year included a number of houses, plant/machinery and some sawmill sorting componentry destined for the lower south island.



VESSEL SERVICES, ENGINEERING AND MAINTENANCE TRADES

Port Marlborough is a key enabler of marine engineering services and mechanical trades, both within the port and at the Waikawa Marine Centre. By providing dedicated facilities and collaborating with specialised businesses, we support the region's maritime industry. These partnerships ensure essential maintenance, repairs, and services for vessels, benefiting industries such as aquaculture, tourism, and our recreational boating public. Through partnership investment in infrastructure and collaboration with industry partners, we provide support to the region's marine sector and help drive its contribution to the local and national economy.

Westshore Marine Ltd

Westshore Marine (WML) is a well-established boatbuilding, maintenance, and marine repair business, and a valued tenant and commercial partner of Port Marlborough. Operated under its current name for 12 years and managed by owner/operators Dave and Vicki Pook. Dave and Vicki are well-known in the industry, having previously partnered with Peter McManaway at McManaway Marine, Dave has been in the industry for 39 years.

Employing a dedicated team of seven, and building on extensive experience, the WML team service both commercial and recreational vessels and now operate in a new purpose-built facility in the Waikawa Marine Centre.

The development of the ferry precinct project in Picton Harbour over the year required the relocation of the business and close collaboration between Port Marlborough and WML to find a win-win position for both, which resulted in the development of a new purpose-built boatbuilding facility at the Waikawa Marine Centre Precinct.

Opened this year, the new facility includes two large maintenance bays, a workshop area, smoko and bathroom facilities. WML builds and regularly services and repairs commercial, fishing and recreational vessels from as far away as Raglan and Napier, with their everyday business mostly focusing on local vessels and those coming from local areas, Wellington, Nelson and further South.

The relocation and establishment of WML's new operations required detailed planning and close collaboration to ensure the new site can meet both current and future needs.

The addition of the new facility, allows them to continue servicing a wide variety of commercial fishing boats, water taxis, private launches, and yachts. The addition of the new facility provides increased capacity for larger repair jobs while also enabling them to undertake



other specialised projects such as boat extensions and wheelhouse construction.

Dave and Vicki say they enjoyed working closely with Port Marlborough's property and engineering teams throughout the relocation and build project.

Vicki said "Having to relocate after so many years was initially a real challenge, but when we got into the project, we really appreciated working with the Port team.

The team addressed our concerns and have developed the Waikawa facility into a modern new facility for us to operate from. This means we can continue to serve local and visiting vessels, continuing to provide the services our customers have relied upon over the years."

The WML team is looking forward to meeting more of the Waikawa marina community and continuing to support the maritime fleet of Marlborough and from further afield.

Tory Channel Contracting

Tory Channel Contracting, trading in the industry as "TCC Boats", is owned by Sam and Lisa Edwards and situated in the Picton Harbour precinct, is a full-service shipyard that specialises in large vessels, handling boats up to 180 tonnes. Operating from its base under Kaipupu Point in the port since 2012, TCC Boats has become a key player in the national maritime service industry. With two large-capacity slipways and a spacious undercover shed, they provide services ranging from vessel design and construction to repairs and modifications, accommodating everything from small recreational boats to large commercial vessels.

For over 20 years, TCC has been a valued tenant of Port Marlborough. This partnership ensures TCC has the facilities to manage their many operations. "Working together with Port Marlborough has been crucial in helping us meet the needs of the region's maritime community," says Sam Edwards. "We're looking forward to continuing this partnership to grow our capacity and further enhance the services we offer." The yard has grown from a site that was vacant for 9 months to an at capacity yard that struggles to keep up with demand. Port Marlborough's property managers have helped navigate the steep growth curve this division has experienced, most recently with the expansion of their yard area and the addition of another service jetty. TCC construction completed the jetty installation. Both these projects reflected a collaborative approach between PMNZ and TCC. The barging and construction divisions have also been involved with the Waikawa Marina development, IReX project and more recently the new Tug berth.

Their shipyard is equipped to service a wide range of vessels, including local commercial fishing boats, water taxis, aquaculture support boats, and private vessels. With their ability to accommodate larger vessels from Picton, Waikawa, Havelock and beyond, TCC Boats also regularly works on boats from across New Zealand, including from as far afield as Bluff, Wellington, Napier, and Nelson.

Recent projects include the design, build and launch of back-to-back 20 and 24-metre commercial fishing vessels both bound for Bluff, proving their capacity for large-scale builds and repairs. Currently focusing on a few smaller builds. A 12m mono fishing boat, 10m catamaran water taxi to be based out of Picton and another 10m catamaran pleasure craft. They are also

refitting vessels, for the New Zealand King Salmon and a large tourism catamaran for Marlborough Tour Company. Some of their work can be found in the Pacific. They built and delivered the latest Cook Islands Tug Boat launched in 2022.

TCC's services cover everything from anti-fouling, garnet blasting, and full marine paintwork to aluminium and steel fabrication. Their expansive shed space allows them to handle large new builds and extensive refitting jobs indoors. While their slipways are constantly full with short term maintenance works and emergency haulouts.

Looking ahead, Sam and Lisa are focused on staying on top of their game by expanding their capacity, continuing to innovate, refining their environmental practices, while serving both the commercial and recreational maritime industries with the same high standards they expect. "We have already invested in the next step, with design and engineering well underway to achieve what the market needs", says Lisa Edwards. "Working closely with the port's property and commercial team helps us work towards outcomes that are beneficial both for our business and the wider needs of the port and region."

Sam and Lisa are proud of TCC's family-focused culture and their team's strong sense of strong social responsibility. TCC's notable recent community contributions include the Queen Charlotte Yacht Club rebuild, supporting Sailability for disabled sailors, helping local schools, and assisting young local sailors with affordable repairs. They believe in the value of young Marlburians learning to navigate local waterways and often collaborate with Port Marlborough in sponsorship initiatives such as the support of the local Marlborough Colleges' Sailing team.



We enable and facilitate regional growth

Kaiana

This year, we welcomed Kaiana into Waitohi Picton, marking a significant enhancement to our marine fleet. At 21 metres in length, Kaiana is designed to support the resilience and efficiency of our operations. With a 50-tonne bollard pull and advanced Azimuth thrusters, Kaiana plays a crucial role in ensuring that ships can berth and unberth safely, supporting the flow of trade through our port.

Our marine fleet is a vital enabler of trade in Marlborough, ensuring that the diverse vessels entering Picton Harbour—from inter-island ferries to cargo ships and cruise liners—can navigate safely in and out of port. Kaiana strengthens this capability, offering the manoeuvrability and power required to handle the variety of vessels we support.

The arrival of Kaiana also symbolises the partnership we share with manawhenua iwi Te Ātiawa o te Waka-a-Māui. Te Ātiawa gifted the name Kaiana, a name with deep historical

significance, recalling the lagoon area that once sustained the local community. This connection is something we honour as we continue our operations in the region.

As part of our commitment to sustainability, Kaiana is fitted with IMO Tier-III compliant engines, reducing emissions and aligning with our environmental goals. The tug is also equipped with an innovative electric power generation system, which further cuts fuel consumption and emissions, helping us lead the way in environmental responsibility.

By adding Kaiana to our fleet, we have invested in the modernisation of our marine operations and reinforced our ability to safely and efficiently manage the vessels that contribute to Marlborough’s economy.

We welcomed Kaiana officially into Marlborough with a celebration at the Queen Charlotte Yacht club, together with Marlborough Mayor Nadine Taylor, Te Ātiawa o te waka a Maui, members of our Board of Directors, employees, Tamariki from Picton School, and invitees from our local maritime and boating communities.



Damen Representative Mark Todd presents the model Kaiana to Rhys Welbourn and Ryan Lock



Picton School Tamariki welcomed the Kaiana with song



Scan the QR code to watch the Kaiana arrival

55 Cruise Ship visits



Cruise

We experienced an exceptional cruise season this year, with 55 ships calling at Waimahara and Waitohi wharves, including 10 maiden visits. Over the 2023-2024 season, we welcomed 100,859 passengers and 43,876 crew members to the region, a slight increase from previous years.

Beyond providing a key tourism experience, cruise contributes significantly to Marlborough’s local economy. With an estimated \$500,000 spent per day during ship visits, the economic benefits are widespread, supporting local businesses, hospitality, retail, and tour operators. Winery tours, water taxi trips in the Sounds, and local artisan markets all proved to be popular with visitors, creating a positive flow-on effect for the community.

The port’s role is key in facilitating this industry, ensuring the smooth arrival and departure of ships, partnering with our community to enable this key trade, and contributing to the overall success of Marlborough’s tourism sector. Looking ahead, we are set for another strong season, with 52 visits already scheduled for next year.



GM Port & Marine Ryan Lock presents a plaque for the maiden call of Resilient Lady together with Mayor Nadine Taylor, MDC’s Dean Heiford, and Destination Marlborough’s Acting GM Tracey Green.



OVERALL

A significant milestone in prosperity was achieved this year, with revenue surpassing \$57 million for the first time, contributing to a record EBITDA of \$34 million. This financial success reflects the strength of our strategic investments, commercial risk management and ability to identify opportunities and maximise value through effective commercial partnerships.

With \$26 million invested in infrastructure projects during the year, up from \$15 million previously, we are committed to sustaining this momentum and ensuring our port is fit for the future. We are proud to announce another record dividend this year of \$4.5m going directly to our shareholder the Marlborough District Council for the benefit of all Marlburians.

Looking ahead, our focus remains on building long-term resilience, supporting regional growth, and continuing to deliver strong returns to our shareholder while driving success for Marlborough.

Partnerships Taukaea (Tāngata)

STRATEGIC COMMITMENTS

We are a trusted community partner

We are a trusted iwi partner

We have strong commercial and regulatory partnerships

MATERIAL TOPICS

Community Amenity

Customer Focus



Partnerships form the final pillar of our strategy, representing the importance of the relationships that allow Port Marlborough’s long-term success. By building and maintaining trusted connections with community, iwi, commercial, and regulatory partners, we ensure our direction remains in line with the values and needs of those we serve. This pillar reinforces our commitment to delivering mutual benefits, enhancing community amenity of our operations, and supporting regional growth. These partnerships are essential to fulfilling our strategic goals and sustaining our operations.



We are a trusted community partner

STAKEHOLDER ENGAGEMENT

Our partnerships are integral to our success and form a core part of Port Marlborough’s strategy. Purposeful, high-quality engagement with partners and stakeholders is key to developing these relationships and ensuring shared success.

Throughout the year, we have maintained a consistent programme of community engagement, regularly updating key groups on projects and developments. Senior leaders and project managers provided presentations to the Picton Regional Forum, Picton Business Group,

Marlborough Cruise Think Tank, Climate Action Marlborough, and the NZ Marina Operators Association, as well as other stakeholder interest groups. This outreach ensures our stakeholders are well-informed and can provide valuable input into the ongoing development of our operations and initiatives.

The PMNZ Stakeholder Engagement Framework aligns to internationally recognised standards, ensuring our engagement is comprehensive and meaningful. By aligning with these best practices, we ensure that our partnerships are inclusive, strong and collaborative.

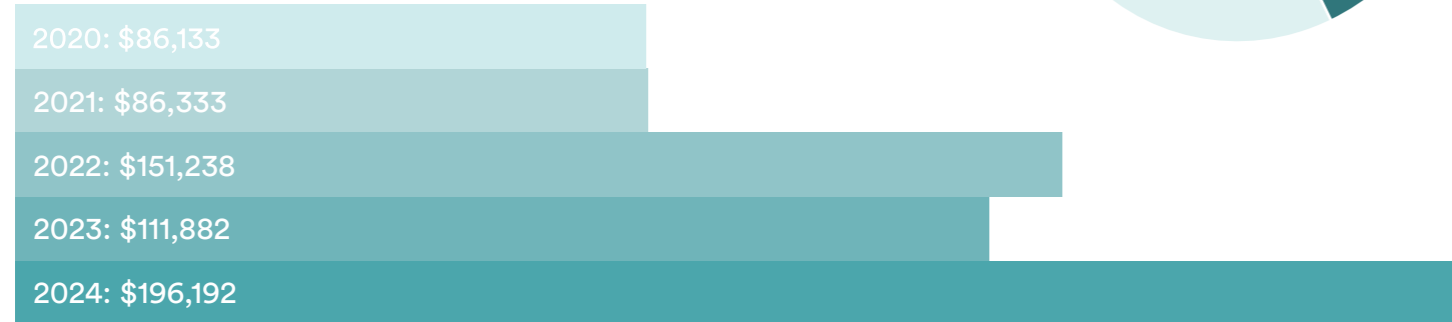
SPONSORSHIPS

Over the reporting period, we provided \$196,000 in sponsorships, donations, and in-kind community support, to meet our commitment to being a trusted community partner, and to share our success in the communities where we operate.

Our sponsorship programme contributes to a number of initiatives and worthy causes and organisations including community projects, regional events, education, environmental initiatives, and industry support. These contributions are carefully selected to align with our sustainability commitments and objectives.

A new Sponsorship Policy was introduced over the period to ensure this alignment, and to provide clear guidelines for evaluating and managing these contributions. With this framework in place, we have been able to better assess the impact of our sponsorships and ensure they support projects and initiatives that promote community wellbeing and sustainability, and those which support our partners and customers in the industries the port supports and facilitates.

SPONSORSHIPS: FY24



Community

- > Port Marlborough Pavilion at Endeavour Park
- > Mistletoe Bay Trust
- > Waikawa Marae Matariki Festival
- > Havelock Mussel Festival
- > Picton Mens' Shed
- > Havelock Mens' Shed
- > Picton Food Bank
- > Marlborough Sounds Community Vehicle Trust
- > Life Education Trust
- > Blenheim Lions Club
- > Envirohub Marlborough Family Seaweek Cruise
- > Havelock Museum Society
- > Marlborough Youth Trust
- > Picton Clinker Boat Society

Events

- > Marina 2 Marina
- > Picton Christmas Parade
- > Picton Spring Clean
- > Picton Maritime Festival
- > Seaweek Kaupapa Moana

Education

- > Marlborough Girls' College Academic prizes
- > Marlborough Boys' College Academic prizes
- > QCC 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

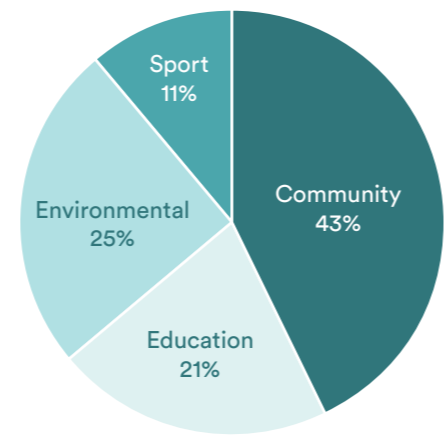
- > Marina2Marina Event
- > Picton Football Club
- > Picton Rowing Club
- > Marlborough Colleges' Sailing Team
- > Waikawa Boating Club
- > Queen Charlotte Yacht Club
- > Waikawa Boating Club Support Vessel
- > Pelorus Rugby Club
- > Marlborough Football Girls U16
- > Queen Charlotte College Wahine Rugby Team

Environment

- > Picton Environment Centre
- > Kaipupu Sanctuary
- > Picton Dawn Chorus
- > Envirohub Marlborough
- > Tōtaranui Kelp Beds Restoration Project

Industry Support

- > MFA Conference
- > Top of the South Forestry Awards
- > Marlborough Environment Awards
- > MFA Environment Award
- > NZ Cruise Association Conference
- > Coastguard Marlborough
- > Marlborough Nelson Marine Radio



HAVELOCK MUSSEL & SEAFOOD FESTIVAL: CELEBRATING MARLBOROUGH'S AQUACULTURE INDUSTRY

Port Marlborough is proud to continue its long-standing support of the Havelock Mussel & Seafood Festival, a festive annual event held next to Havelock Marina that celebrates the region's kaimoana and thriving aquaculture industry. Havelock Marina is home to the many vessels that service this industry, and the port has many land and property holdings around the marina that host these businesses.

Our sponsorship of this event aligns with our commitment to supporting regional growth and community engagement. The Havelock Mussel Festival promotes Havelock's world-renowned seafood and brings together thousands of visitors, offering them a taste of Marlborough's unique kaimoana.

By supporting events like the Havelock Mussel & Seafood Festival, Marina 2 Marina, and the Picton Maritime Festival, Port Marlborough reinforces its role as a key partner in driving success for the region and enhancing the connection between Marlborough's communities, industries, and environment.



SPONSORSHIP HIGHLIGHTS



SOUNDS DISCOVERY FUND

Now in its sixth year, the Port Marlborough Sounds Discovery Fund has continued to support Marlborough primary school students in their exploration and learning about the Marlborough Sounds. Over the reporting period, we have facilitated a variety of educational experiences, tailored by schools to align with their learning objectives. These include biodiversity education trips to Kaipupu Sanctuary, where students learn about local ecosystems, and water safety activities such as the Queen Charlotte Yacht Club's "Kokokaha" sailing programme. Additionally, students have had the opportunity to participate in trips to Bluemine Island, further enhancing their understanding of the marine and ecological environment of the Marlborough Sounds.



SEAWEEK – KAUPAPA MOANA

Port Marlborough is proud to sponsor Seaweeek events as part of our ongoing commitment to kaitiakitanga and community engagement.

We partnered with Envirohub and Waikawa Dive Centre to support a variety of activities that promote awareness and education about marine ecosystems, encouraging the community to appreciate and take an active role in protecting our unique coastal environments. The highlight for Seaweeek 2024 was the Momorangi Bay Day – where Tamariki and their whānau from across Marlborough came to try snorkelling and exploring the awa and coastal habitats with marine scientists and dive instructors.



MARLBOROUGH COLLEGES SAILING CLUB

This year, we proudly sponsored Marlborough College's Sailing Club with a 420-sailing dinghy, a versatile boat perfect for developing competitive sailing skills. This sponsorship has provided support to our region's next generation of sailors.

By providing this essential equipment, the club is able to give students hands-on experience in sailing, and through the club they gain technical skills, teamwork, discipline, and water safety expertise. We are proud to support the club which operates from the Queen Charlotte Yacht club and ensures that more young people have the opportunity to connect with Marlborough's marine environment, and provides a strong learning foundation for the region's future sailors.



YOUTH CAREERS ENGAGEMENT

Engagement with Marlborough school leavers continued 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's careers day.

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 region and industry, and to encourage them as they begin their transition to the workforce from school.

We are a trusted iwi partner

NGĀTI KUIA – TANGATA WHENUA O MOTUWEKA

We are working closely with Motuweka Havelock tangata whenua iwi Ngāti Kuia around future planning for Havelock Marina and look forward to building on the relationship and progressing tangata whenua interpretation signage around the Motuweka pathway surrounding Havelock Marina.



KAWENATA – TE ATIWA O TE WAKA A MAUI

A key milestone was achieved over the period in our relationship with Te Ātiawa o te Waka a Māui, when we signed our Kawenata at Waikawa Marae. This agreement formalises our ongoing partnership, and is framed by four shared values: whanaungatanga (relationships), kotahitanga (unity), manaakitanga (hospitality), and kaitiakitanga (guardianship and protecting the future).

The signing ceremony was a significant occasion, reflecting the deep respect we hold for Te Ātiawa’s

cultural and historical connection to the region. The Kawenata shows the port’s commitment to working closely with iwi in a way that is meaningful, inclusive, and future-focused.

Through this agreement, we are dedicated to an active partnership and engaging with Te Ātiawa as we work together on projects that enhance the well-being of our communities and the environment. The Kawenata provides a strong foundation for future collaboration, ensuring that our partnership is guided by the principles both the port and Te Ātiawa value and respect.



Geoff Blake (PMNZ Director), Justin Carter (CEO, Te Ātiawa), Rhys Welbourn, Rachael Hāte (Chair, Te Ātiawa)

We have strong commercial and regulatory partnerships

EMERGENCY RESPONSE PLAN

Port Marlborough’s emergency response plan is aligned with the Coordinated Incident Management System (CIMS) and was developed in close consultation with key emergency response partners, including Fire and Emergency New Zealand, major port users, and Cook Strait ferry operators. This reporting period saw a strong focus on emergency response exercises across our three marinas—Picton, Waikawa, and Havelock—ensuring readiness in these areas.

Aratere Grounding

A major test of our emergency preparedness came towards the end of the reporting period with the grounding of the Interislander ferry Aratere. This incident demonstrated our capability to respond effectively under pressure, with a focus on clear communication and collaboration. The operation was conducted in partnership with KiwiRail, Maritime New Zealand (MNZ), the Marlborough District Council Harbour Master, and local and central government authorities.

Our harbour tugs, and Port Marlborough marine team played a crucial role in refloating the Aratere. Following the refloating, the vessel was safely anchored in Picton Harbour for re-ballasting and stabilisation before returning to the wharf. This event showcased the strength of our response capability, emergency response plan and highlighted the value of close partnerships in ensuring the resilience and safety of our port operations.

KiwiRail Chief Executive Peter Reidy commended the joint effort, stating, “I am delighted with the successful operation, and we’re extremely grateful for the help and support of MNZ, PMNZ, the Harbour Master, our people, experts and customers, and authorities on the ground in Picton.”

Mayor Nadine Taylor also praised the swift response, saying, “The speed of the response on site was to be commended and many stayed throughout the night to help. Council has particularly appreciated the close working relationship with Port Marlborough as part of the response effort and the use of the two tugs that proved they really could – the Maungatea and Monowai.”

She added, “This response was a team effort of professional and capable mariners and emergency responders who achieved a wonderful outcome. I'd like to thank every single person involved – you are a credit to Picton, Marlborough, and New Zealand.”



Scan the QR code to watch video footage



MARITIME NZ AND WORKSAFE

At the end of the reporting period from 1 July 2024, Maritime NZ’s (MNZ) designation under the HSWA was extended to include landside operations for New Zealand’s 13 major ports. Our teams have worked closely with MNZ since the change, and have taken part in increased collaborative opportunities, and hosted regular visits from the MNZ team.

Port employees also helped with the communication efforts around the designation change, through sharing messages and collateral with our teams and PCBU network. This included sharing key messages, distributing posters, infographics, images for our noticeboards, and tea rooms, and participating in online and in-person PCBU sessions in the last quarter of 2023, and in April-May 2024.

PORT & HARBOUR SAFETY CODE

Port Marlborough remains dedicated to the NZ Port & Harbour Safety Code (The Code) and to continuously improving health and safety in the region’s harbours. Our Marine Safety Management System is aligned with The Code. In January, Port Marlborough and MDC successfully passed the four-yearly panel review, confirming Code consistency. Since then, we have worked throughout the year to further align with MDC Harbours’ approach to risk management and have collaborated closely with Maritime New Zealand to ensure a similar approach.

MEMBERSHIP ASSOCIATIONS

Port Marlborough is a member of and contributes to various membership associations and industry groups, including the NZ Port Industries Association, The Sustainable Business Council of NZ, the NZ Marina Operators Association, and the NZ Cruise Association.

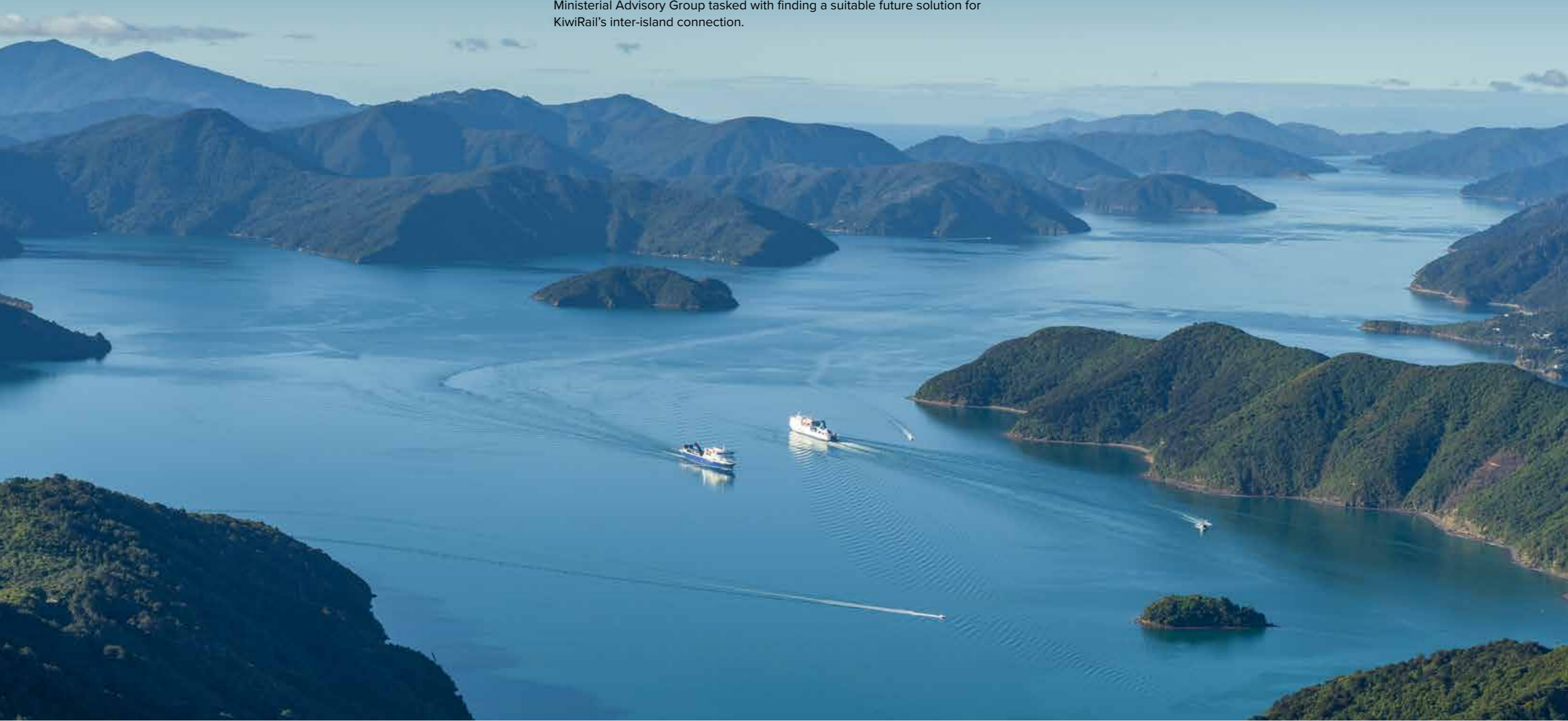
Future Ferry Project

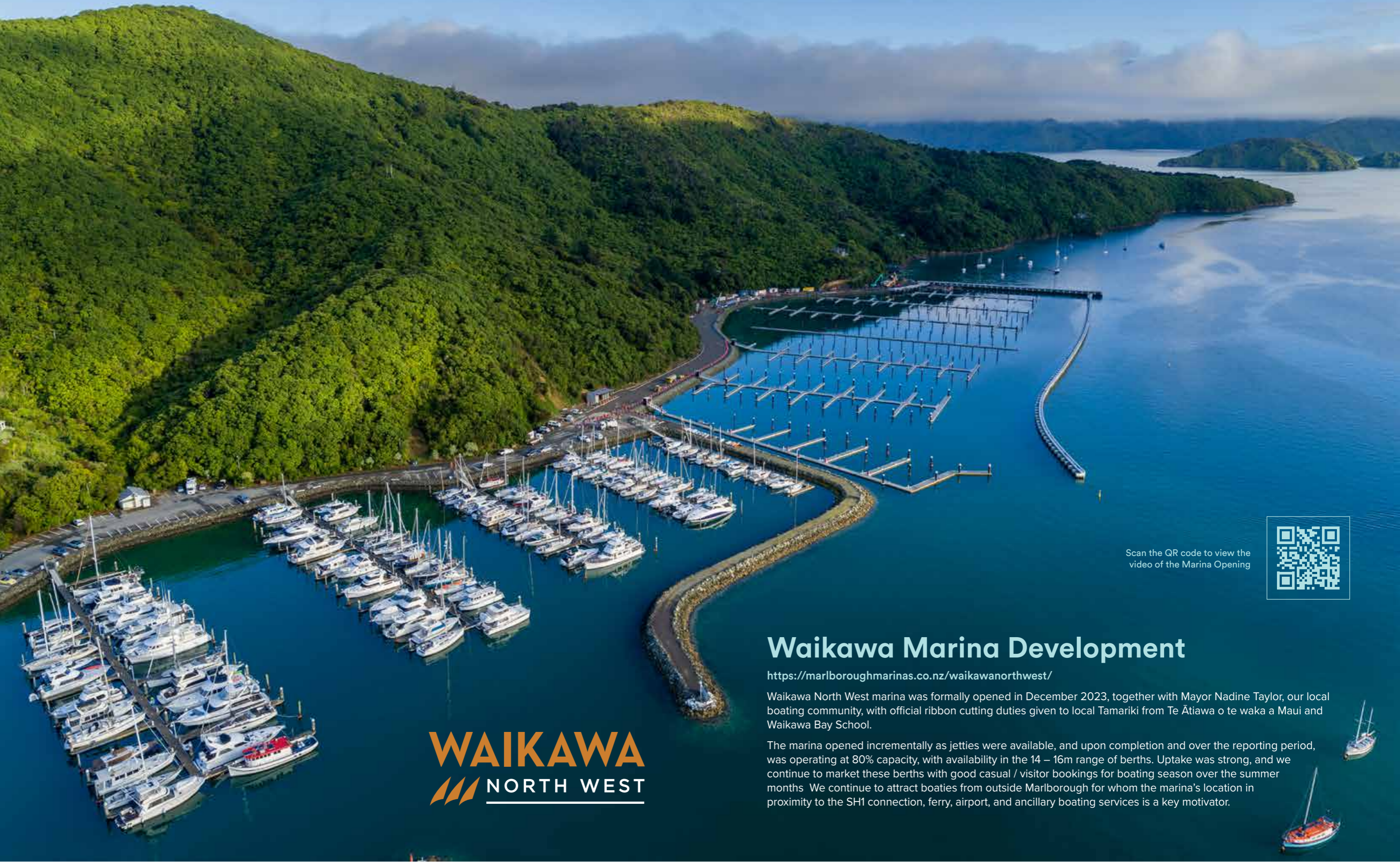
The iReX project, a long-term collaboration between Port Marlborough and KiwiRail, has now officially concluded following the government's decision in December 2023.

Over the reporting period, Port Marlborough worked closely with project partners to oversee and successfully conclude the “wind-up” works required to end the project. This included work on the Waitohi Culvert area, the reopening of Dublin Street intersection, and the demolition of the Ferry Terminal building, a port asset.

Port Marlborough remains actively engaged with the government, KiwiRail, and other stakeholders to ensure the future continuity of the inter-island ferry connection through Waitohi Picton. Our teams have provided advice to the Ministerial Advisory Group tasked with finding a suitable future solution for KiwiRail's inter-island connection.

Demolition of the old ferry terminal building is now complete, with Port Marlborough overseeing the reconfiguration of the site for future operations. The maintenance programme of the Number One Wharf to support ferry services has resumed until a clearer understanding of future requirements emerges. At the time of publication, the announcement on the future of the project is expected to be imminent.





Scan the QR code to view the video of the Marina Opening

Waikawa Marina Development

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

Waikawa North West marina was formally opened in December 2023, together with Mayor Nadine Taylor, our local boating community, with official ribbon cutting duties given to local Tamariki from Te Ātiawa o te waka a Maui and Waikawa Bay School.

The marina opened incrementally as jetties were available, and upon completion and over the reporting period, was operating at 80% capacity, with availability in the 14 – 16m range of berths. Uptake was strong, and we continue to market these berths with good casual / visitor bookings for boating season over the summer months. We continue to attract boaties from outside Marlborough for whom the marina's location in proximity to the SH1 connection, ferry, airport, and ancillary boating services is a key motivator.



Marlborough Inland Hub



Progress continues on master planning for the Marlborough Inland Hub at Riverlands, with developing site access being the main priority. We are working to ensure the site will deliver long-term benefits for our region, providing a resilient, environmentally efficient and cost-efficient route to market for Marlborough exporters. The Riverlands vineyard delivered a successful 2024 harvest. At the Picton container facility, the 16 months of operations so far have been steady, with volumes increasing.



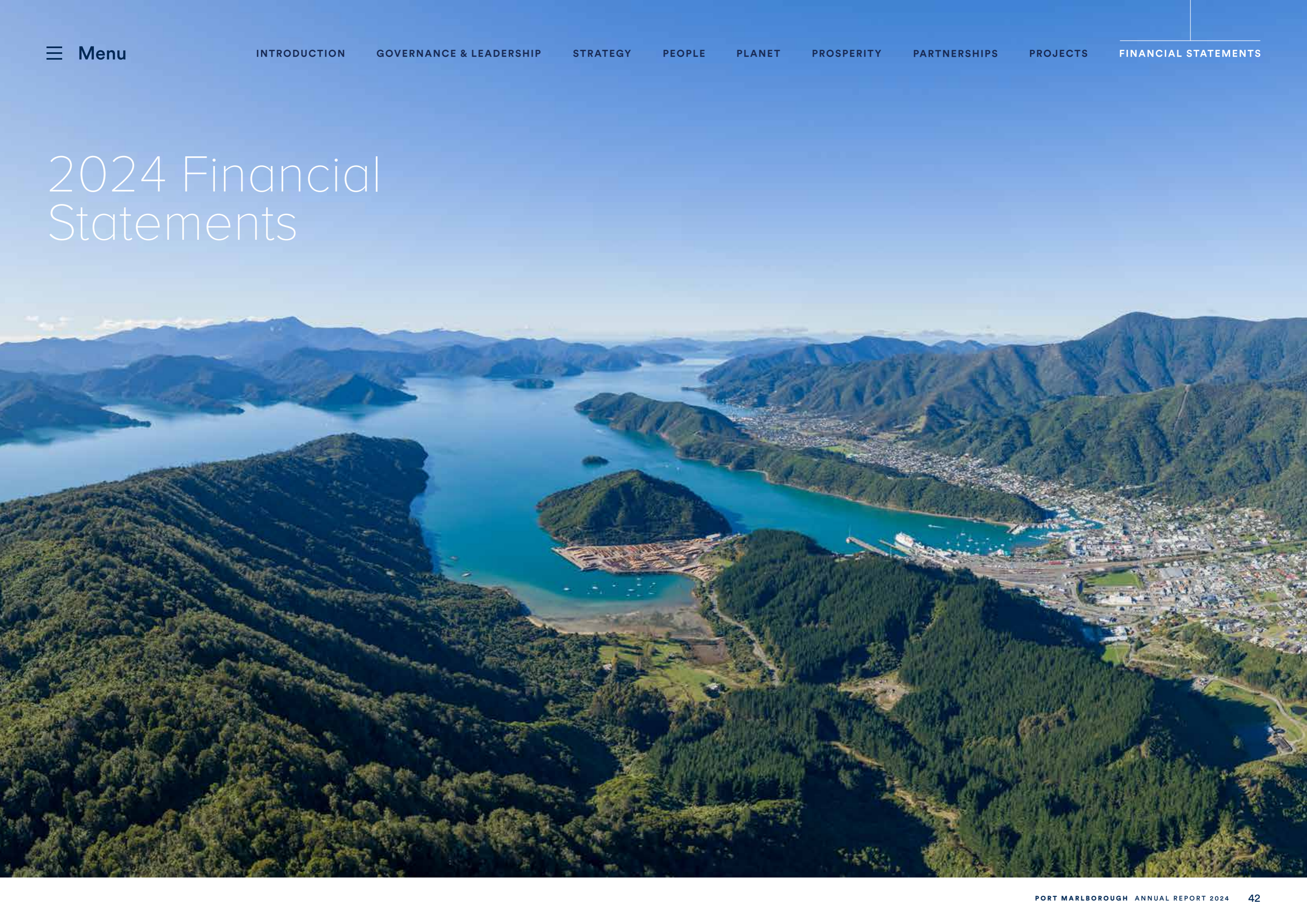
Boundary lines are indicative only

Glossary & Key Terms

TERM / ACRONYM	DEFINITION
Azimuth Thrusters	Rotatable propellers that improve the manoeuvrability of ships and vessels.
Biodiversity	The variety of life in a particular habitat or ecosystem, crucial for environmental health.
Carbon Footprint	The total amount of greenhouse gases, including carbon dioxide, emitted directly and indirectly by activities.
CRMP	Critical Risk Management Programme.
Debarking Facility	A facility used to remove the bark from logs, often as part of the forestry export process.
eDNA	Environmental DNA – Genetic material obtained from environmental samples to identify species present in an ecosystem.
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortisation; a measure of a company's operational profitability.
Fatigue Risk	The potential for harm caused by tiredness, particularly relevant in 24/7 operations.
FRMP	Fatigue Risk Management Programme.
FTE	Full-time Equivalent.
Gross Registered Tonnage (GRT)	A ship's total internal volume, often used as a measure of its overall size and cargo-carrying capacity.
Hauora	A Māori concept focusing on overall well-being, including physical, mental, social, and spiritual health.
HSMS	Health & Safety Management System.
HSW	Health, Safety, and Wellbeing.
IMO Tier-III Compliant	Compliance with the International Maritime Organisation's (IMO) standards for reduced emissions in marine engines.
Kaimahi	Workers (Māori term).

TERM / ACRONYM	DEFINITION
Kaitiakitanga	A Māori concept referring to guardianship and the protection of the environment for future generations.
Kawenata	A formal agreement or covenant, often used to describe a partnership agreement with iwi (Māori).
MDC (Marlborough District Council)	The local governing body responsible for the Marlborough region, also the port's shareholder.
NOPAT	Net Operating Profit After Tax, excluding non-cash revaluations, a measure of core profitability.
PPE	Personal Protective Equipment.
PSC	Port Services Centre.
POH	Port Operations Hub in Lagoon Road.
SBO (Safe Behaviour Observation)	A proactive safety process in which employees and teams observe and communicate about safe behaviours, aiming to reinforce good practices and identify potential risks.
Scope 1 Emissions	Direct greenhouse gas emissions from owned or controlled sources (e.g., fuel combustion in vehicles).
Scope 2 Emissions	Indirect greenhouse gas emissions from the generation of purchased electricity, steam, heating, and cooling.
Scope 3 Emissions	Indirect emissions not included in Scope 1 and 2, occurring in the value chain of the reporting company (e.g., transportation, waste).
Toka Manatu	A remembrance stone, often used to signify a cultural and historical connection in Māori traditions.
Te Kura	The Learning Management System used by Port Marlborough for staff training and inductions.
UWE	Unplanned Water Entry.
Whanaungatanga	A Māori value emphasising relationships and connections between people and communities.

2024 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 2024.

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 2024 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 2024.

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	
	2024	2023
\$100,000 - \$110,000	13	8
\$110,000 - \$120,000	4	2
\$120,000 - \$130,000	3	4
\$130,000 - \$140,000	1	3
\$140,000 - \$150,000	3	4
\$150,000 - \$160,000	3	-
\$160,000 - \$170,000	3	1
\$170,000 - \$180,000	1	1
\$180,000 - \$190,000	1	2
\$190,000 - \$200,000	2	-
\$200,000 - \$210,000	-	3
\$210,000 - \$220,000	1	1
\$220,000 - \$230,000	1	1
\$230,000 - \$240,000	1	-
\$240,000 - \$250,000	3	-
\$350,000 - \$360,000	-	1
\$450,000 - \$460,000	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	2024
W B McNabb (Chair)	\$75,000
C J Crampton	\$42,216
J C Moxon	\$42,216
R W Olliver	\$42,216
H J Roy	\$38,500
M F Fletcher (retired) (paid to Marlborough District Council)	\$18,000
G K Blake (paid to Marlborough District Council)	\$20,500

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

Boyce Investments Limited, Shareholder / Director
Energy 3 Limited, Shareholder / Director
Lancewood Forest 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

Geoff Blake

Marlborough District Council, Chief Financial Officer

Colin Crampton

None

Jennifer Moxon

Fisher Funds Management Limited, Director
Fisher Funds Wealth Limited, Board Member
Fisher Funds Wealth Investment General Partner Limited, Director
Kiwi Wealth Investment Limited, Board Member
Kiwi Wealth Limited, Board Member
St Marks Foundation, Board Member

Richard Olliver

Toi Downs Limited, Director
Ridgeback Trustees Limited, Director
Kenepuru Forests Limited, Director
Lancewood Forest Limited, Director
The Bottling Company Limited, Director
St Andrews Property Group Limited, Director
Good Conscience Limited, Director
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
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 2024, 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 58 of this report and their interests are listed on page 43. 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), Geoff Blake 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 2024 and comprises Chair Colin Crampton, and Directors Warren McNabb and Jennifer Moxon. 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 2024

Approval by Directors

The Directors are pleased to present the Financial Statements of Port Marlborough New Zealand Limited for the year ended 30 June 2024 on pages 45 to 58.

Authorisation for issue

The Board of Directors authorised the issue of these Financial Statements on 27 September 2024.



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 2024

The Auditor-General is the auditor of Port Marlborough New Zealand Limited group (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 45 to 58, that comprise the consolidated statement of financial position as at 30 June 2024, 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 material accounting policy information 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 2024; 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.

Our audit was completed on 27 September 2024. 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 the Board of Directors intends to liquidate the Group or to cease operations, or has 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 (including International Independence Standards) (New Zealand) (PES 1) 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
Deloitte Limited
On behalf of the Auditor-General
Christchurch, New Zealand

Consolidated Income Statement

	Notes ¹	Group	
		2024 \$'000	2023 \$'000
Revenue	3.1	57,691	41,260
Other income/(loss)	3.1	(5)	97
Investment property revaluation	10	(4,272)	(25,863)
Operations and maintenance	3.3	(12,030)	(9,250)
Employee benefits expense	23.7	(11,946)	(11,061)
Depreciation, impairment & amortisation expense	3.2	(4,011)	(4,139)
Finance (costs) gain	3.2	(3,153)	(1,747)
Subvention payments		(298)	(258)
(Loss)/Profit before income tax		21,976	(10,961)
Income tax	4.1	(4,761)	2,102
(Loss)/Profit after income tax		17,215	(8,859)

Consolidated Statement of Comprehensive Income

	Notes	Group	
		2024 \$'000	2023 \$'000
Profit for the year		17,215	(8,859)
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	3,532	-
(Loss)/gain on Investment in Joint Venture	8	-	813
Income tax relating to revaluation of property, plant and equipment	4.3	-	-
Total comprehensive Income for the year net of tax		20,747	(8,046)
Comprehensive income attributable to equity holders of the parent		20,747	(8,046)

Consolidated Statement of Changes in Equity

	Notes	Group	
		2024 \$'000	2023 \$'000
Equity at beginning of the year		167,060	178,788
Total Comprehensive income for the year, net of tax		20,747	(8,046)
Dividends	18	(4,416)	(3,682)
Balance at end of the year		183,391	167,060

¹ Notes to the Financial Statements are included on pages 47 to 58

Consolidated Statement of Financial Position

As at 30 June 2024	Group		
	Notes ¹	2024 \$'000	2023 *Restated \$'000
CURRENT ASSETS			
Cash and cash equivalents	22.3	9,374	1,595
Trade and other receivables	5	4,803	5,978
Inventories	6	343	320
Other current assets	14.2	103	126
Total current assets		14,623	8,019
NON-CURRENT ASSETS			
Property, plant and equipment	9	138,295	115,189
Investment property	10	100,668	101,948
Investments	8, 23.4	8,074	8,091
Trade and other receivables	5	-	35
Other non-current assets	14.2	332	495
Other intangible assets	11	260	424
Total non-current assets		247,629	226,182
Total assets		262,252	234,201
CURRENT LIABILITIES			
Trade and other payables	12	6,320	4,582
Current tax liabilities	4.2	1,750	1,258
Borrowings from MDC Holdings Limited	13	14,329	17,620
Other current liabilities	14	5	5
Total current liabilities		22,404	23,465
NON-CURRENT LIABILITIES			
Borrowings from MDC Holdings Limited	13	42,338	30,380
Deferred tax liabilities	4.3	13,831	13,003
Other non-current liabilities	14	288	293
Total non-current liabilities		56,457	43,676
Total liabilities		78,861	67,141
Net Assets		183,391	167,060
EQUITY			
Capital and other equity instruments	15	13,588	13,588
Revaluation reserve	16	71,493	69,344
Retained earnings	17	98,310	84,128
Total Equity		183,391	167,060

¹ Notes to the Financial Statements are included on pages 47 to 58



W B McNabb Chair

For and on behalf of the Board of Directors



R W Olliver Director

Consolidated Cash Flow Statement

For the Financial Year Ended 30 June 2024	Group		
	Notes ¹	2024 \$'000	2023 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		58,853	38,727
Interest received		285	126
Payments to suppliers and employees		(24,747)	(21,640)
Interest and other costs of finance paid		(2,908)	(1,974)
Subvention Payment		(258)	(203)
Income tax paid (net of refunds)	4.2	(3,441)	(3,103)
Net cash provided by/(used in) operating activities	22.1	27,784	11,933
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		115	105
Payment for property, plant and equipment		(20,623)	(2,154)
Payment for investment property		(3,727)	(13,730)
Payment for intangible assets		(6)	(724)
Net cash provided by/(used in) investing activities		(24,241)	(16,503)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings		8,775	6,630
Repayment of borrowings		(108)	(2,305)
Dividends paid		(4,416)	(3,682)
Net cash used in financing activities	22.3	4,251	643
Net increase in cash and cash equivalents		7,794	(3,927)
Cash and cash equivalents at the beginning of the financial year		1,595	5,522
Effects of exchange rate changes on cash and cash equivalents		(15)	-
Cash and cash equivalents at the end of the financial year	22.3	9,374	1,595

¹ Notes to the Financial Statements are included on pages 47 to 58

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2024

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 2024.

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 material accounting policies

The following material accounting policies have been adopted in the preparation and presentation of the Financial Statement for the year ended 30 June 2024, and the comparative information presented in these Financial Statements for the year ended 30 June 2023.

2.1. Statement of compliance

The Financial Statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") - Tier 1 for profit accounting standards, and other applicable financial reporting standards as appropriate for profit-oriented entities.

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.

Tier 2 'Simplified Disclosures' no longer applies to these accounts. The General Purpose Financial Statements are prepared under Tier 1 framework. There was no distinguishing errors from changes in accounting policies or requirement to restate comparatives values from these changes. Where additional disclosures may be required, these have been published for both the current and prior year.

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 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. Adoption of New Revised Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2024 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.

NZIFRS 18 was issued by the IASB in April 2024 and its impact has not yet been assessed. It is not mandatory until Periods beginning on or after 1 Jan 2027 (the 2028 annual accounts).

2.6. 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.
- **One off revenue** – In the current year a one off amount of revenue was recognised for the ferry terminal redevelopment which has been included in note 3.1

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 2024		Group	
	Notes	2024 \$'000	2023 \$'000
Revenue from continuing operations:			
Revenue from the rendering of services		18,850	18,318
Ferry terminal redevelopment		13,536	-
Lease rental investment property (includes marinas)		12,706	11,295
Lease rental other property (includes ferry operations)		12,313	11,526
Interest revenue: Bank deposits/IRD use of money		286	121
		57,691	41,260
Revenue from the rendering of services:			
Pilotage and towage		4,409	4,374
Log ships and storage		6,925	9,312
Marina services		1,865	1,653
Port and marine farm services		5,651	2,979
		18,850	18,318
Timing of revenue recognition			
At a point in time		14,689	14,573
Over time		4,161	3,745
		18,850	18,318
Other Income			
Other (expense) / revenue		10	97
Net foreign exchange gain/(loss)		(15)	-
		(5)	97

3.2 Expenses

Profit before income tax has been arrived at after charging the following expenses		Group	
	Notes	2024 \$'000	2023 \$'000
Interest costs			
Interest on borrowings and swaps		2,941	2,168
Interest expense on lease liabilities		26	26
Loss/(Gain) on derivative financial instruments		186	(447)
Total finance costs		3,153	1,747
Depreciation, impairment & amortisation			
Depreciation of non-current assets	9	3,841	3,976
Impairment	9	-	-
Amortisation of non-current assets	11	170	163
		4,011	4,139

3.3 Operations and Maintenance

		Group	
	Notes	2024 \$'000	2023 \$'000
Other expenditure disclosures			
Audit Fees		138	97
Donations and Sponsorship		196	102
Employer contribution to superannuation		477	427
Operating lease rental properties		31	41
Expenses of investment properties generating income		5,624	4,507
(Gain)/Loss on disposal of property, plant & equipment		(27)	(68)

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 I from operations reconciles to the income tax expense in the Financial Statements as follows:

Notes	Group	
	2024 \$'000	2023 \$'000
Profit/(loss) before income tax expense	21,976	(10,960)
Tax at current rate 28%	6,153	(3,069)
Plus/(less) tax adjustments:		
Prior year tax	-	(24)
Prior year deferred tax	(124)	(54)
Non-deductible expenses	1,230	1,557
Non-taxable income	(2,926)	(326)
Group loss available for offset	(219)	(186)
Effect on deferred tax balance due to building depreciation	642	-
Income tax expense on the Income Statement, comprising	4,761	(2,102)
Current tax expense	3,934	3,796
Deferred tax expense/(credit)	827	(5,898)
	4,761	(2,102)

4.2 Current tax asset / (liability)

Notes	Group	
	2024 \$'000	2023 \$'000
Balance at beginning of the year	(1,258)	(565)
Current tax expense	(3,933)	(3,796)
Income tax paid (net of refunds)	3,441	3,103
Balance at end of the year	(1,750)	(1,258)

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	Property, plant and equipment	Investment property	Intangible assets	Indemnity	Provisions	Totals
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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
Recognised in:							
Profit or loss	(52)	343	(983)	(2)	1,569	(47)	828
Balance at 30 June 2024	122	14,953	(2,422)	52	1,569	(443)	13,831

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	
	2024 \$'000	2023 \$'000
Available directly and indirectly to shareholders of the Parent Company, through the Parent Company	23,788	19,146

5. Trade and other receivables

	Group	
	2024 \$'000	2023 \$'000
Current	2,514	4,211
Past due 1-30 days	518	108
Past due 31-60 days	58	157
Past due greater than 60 days	294	484
	3,384	4,960
Loss allowance	(325)	(365)
Trade receivables	3,059	4,595
Other receivables	343	402
Rent concession provision	-	40
Prepayments	1,401	941
Total trade and other receivables	4,803	5,978
Rent concession provision	-	75
Total provision	-	(40)
Less current provision	-	(40)
Non-current rent concession provision	-	35

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	
	2024 \$'000	2023 \$'000
Goods held for maintenance: at cost	343	320

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	2024	2023
Waikawa Marina Trustee Limited	New Zealand	Trustee	100%	100%
PMNZ Marina Holdings Limited	New Zealand	Non Trading	100%	100%

From a financial perspective, both the level of investment (\$200) and trading activity of subsidiaries is negligible.

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.

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.

Port Marlborough has in prior years provided a secured and interest bearing long-term shareholder loan to Marlborough Inland Hub Limited of \$500k. 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 2024 was \$53k. 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	2024	2023
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 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
Additions	-	-	-	-	-	23,504	23,504
Disposals	-	-	(274)	(19)	(230)	-	(523)
Revaluation movement to Reserve	3,532	-	-	-	-	-	3,532
Transfers from capital WIP	-	1,132	318	119	1,383	(2,952)	-
Balance at 30 June 2024	29,896	31,064	8,086	48,125	13,037	22,660	152,868

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 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
Disposals	-	-	(274)	-	(161)	-	(435)
Depreciation expense	-	814	368	1,779	881	-	3,842
Balance at 30 June 2024	-	1,505	859	3,603	8,606	-	14,573
Net book value							
Balance at 30 June 2023	26,364	29,241	7,277	46,201	3,998	2,108	115,189
Balance at 30 June 2024	29,896	29,559	7,227	44,522	4,431	22,660	138,295

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.

Management assesses whether there have been material movements in value in each twelve month period. It was in managements opinion that the operational land value had now moved by a material amount to require revaluation since last valuation at 30 June 2022. Except for the operational land value, carrying amounts continue to approximate fair value.

The current year report reflects the land underlying operational property has been valued outside the three yearly revaluation cycle given a material change in land values. The operational land values have increased in value in line with the greater market change in industrial and commercial land values.

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).

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	
	2024 \$'000	2023 \$'000
Freehold land	5,730	5,706
Buildings	5,215	5,604
Improvements	10,544	10,028
Wharf infrastructure	15,209	15,684

10. Investment property

Notes	Group	
	2024 \$'000	2023 \$'000
Balance at beginning of financial year	101,948	117,172
Additions	2,992	10,639
Net (loss) from fair value adjustments	(4,272)	(25,863)
Balance at end of financial year	100,668	101,948

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 2024 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%. The Reserve Bank has recently applied their first cut to the OCR, with forecasted decreases at each OCR announcement into mid-2025. Whilst global debt levels are at historic highs, the majority of defaults and liquidations appear to have peaked, with some relief in interest rates supporting an improvement in economic conditions predicted. There does however remain fundamental risks to global economic recovery, with global geopolitical challenges a key aspect and recession risks still present.

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 2023 and early 2024. The rapid reversal in rhetoric from the RBNZ should however help support more positive conditions moving forward, notwithstanding rising unemployment and a potential 'hard landing' in the economy with significant recessionary pressures still present.

At the date of valuation, there remains a shortage of recent sales transactions from which to accurately determine current market values, which increases the uncertainty around our valuation conclusions. We also consider that there is the possibility of further value changes over the remainder of 2024.

In light of these prevailing marketing conditions, we strongly recommend that you keep the valuation of all property under frequent review as valuation advice could become outdated significantly more quickly than is normally the case. We reiterate, in accordance with the accepted definition, that 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 CFO 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 still 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	
	2024 \$'000	2023 \$'000
Picton Marina	7.59%	7.35%
Waikawa Marina	7.30% - 8.20%	7.25% - 7.50%
Havelock Marina	8.45% - 8.60%	8.25%

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 5.5% and 10.80% (2023: 7.00% and 8.75%).

11. Other intangible assets

	Group	
	2024 \$'000	2023 \$'000
<i>Software gross carrying amount</i>		
Balance at beginning of financial year	1,506	1,282
Additions	6	224
Disposals	(1,063)	-
Balance at end of financial year	449	1,506
<i>Software accumulated amortisation and impairment</i>		
Balance at beginning of financial year	1,082	919
Amortisation ⁽ⁱ⁾	170	163
Disposals	(1,063)	-
Balance at end of financial year	189	1,082
Software Net book value at end of financial year	260	424

(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	
	2024 \$'000	2023 \$'000
Trade Creditors	230	842
Creditors - Property, plant and equipment	3,808	1,041
Creditors - Investment Property	183	918
Employee expenses	1,386	1,167
Related parties		
- Subvention Payments	298	258
- Interest	415	356
	6,320	4,582

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	
	2024 \$'000	*Restated 2023 \$'000
Borrowings at amortised cost	56,667	48,000
<i>Classified as:</i>		
Current	14,329	17,620
Non-current	42,338	30,380
Total Facility	56,667	48,000
Amount used	56,667	48,000
Amount unused	-	-

A portion of borrowings have been reclassified from non-current to current to comply with accounting standards, this includes a reclassification of \$17.62m in the prior year audited financials. Marlborough District Council Holdings Ltd (the Shareholder) has no intention to call upon any debt in the 2024/25 financial year as signalled in the Statement of Intent.

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. Loan maturities have been determined based of contractual maturity date as there is a matched funding agreement between Port and MDC Holdings Limited to ensure that the terms of the borrowings are matched to the LGFA held by MDC.

Borrowings policies

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.

Interest and security

Term loans incurred an interest expense of \$2,940,317 (2023: \$2,169,411). Interest rates ranged between 3.33% and 6.39% (2023: 2.27% and 6.10%). A Negative Pledge Deed has been entered into with MDC Holdings Limited.

14. Other financial instruments

14.1 Lease Liability

Lease liability	Group	
	2024 \$'000	2023 \$'000
<i>Classified as:</i>		
Current	(5)	(5)
Non-current	(288)	(293)
	(293)	(298)

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

The group is exposed to interest rate risk because entities in the group borrow funds at both fixed and floating interest rates. The risk is managed by the group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts. Activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring the most cost effective strategies are applied. The groups exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

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 interest rate swaps will either incur an interest expense or interest revenue from the banks, depending on whether the fixed rate is favourable or unfavourable to the variable interest rate at the time. The financial assets and liabilities of the Group that are measured at fair value subsequent to initial recognition are included in Level 2 as the fair value of these instruments is not quoted on an active market and is determined by using valuation techniques. These valuation techniques rely on observable market data and are provided by Hedgebook. There have not been any transfers into or out of the fair value hierarchy. Any gain or loss resulting from fair value measurement is recognised in the Income Statement.

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	
		2024 \$'000	2023 \$'000
Classified as:	Fair Value Category		
Current	Level 2	103	126
Non-current	Level 2	332	495
Interest rate swap asset at FVTPL		435	621

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 2024 – 24 February 2025	5,000	56	3.73%
1 July 2024 – 15 November 2029	5,000	47	3.98%
15 February 2025 – 15 November 2028	5,000	336	2.99%
15 November 2026 – 15 November 2030	3,000	(4)	4.18%
Balance as at 30 June 2024	18,000	435	
Balance as at 30 June 2023	27,000	621	

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

The Company recognises the fair value of swaps on a gross basis. The fair value of interest rate swaps is supplied by an independent third party. Valuations are reflective of market rates at reporting date and are 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).

The Board consider that the carrying amount of financial assets and financial liabilities recorded in the Financial Statements approximates their fair values.

The net interest rate swap position of \$435,000 (2023: \$621,000) represents the valuation of the group swaps. The group movement ((gain)/loss) between the two years of (\$186,000) (2023: -\$447,000) is recorded under 'Expenses' in the Income Statement (see note 3.2).

The fair values of financial assets and liabilities are determined as follows:

- the fair value of financial assets and liabilities with standard terms and conditions and traded on active markets is determined with reference to the quoted market prices; and
- the fair value of derivative instruments is calculated based on discounted cash flows using market inputs.

14.3 Categories of financial instruments

Investments in subsidiaries and equity accounted investments have not been fair valued as there is no observable market price.

	Notes	Financial assets at Amortised cost \$'000	Financial liabilities at Amortised cost \$'000	Financial assets/ (liabilities) at FVTPL* \$'000	Totals \$'000
Cash and cash equivalents	22.3	1,595			1,595
Trade and other receivables	5	6,013			6,013
Trade and other payables	12		(4,582)		(4,582)
Borrowings	13		(48,000)		(48,000)
Lease liabilities	14.1		(298)		(298)
Derivative financial instruments	14.2			621	621
Balance at 30 June 2023		7,608	(52,880)	621	(44,651)
Cash and cash equivalents	22.3	9,374			9,374
Trade and other receivables	5	4,803			4,803
Trade and other payables	12		(6,320)		(6,320)
Borrowings	13		(56,667)		(56,667)
Lease liabilities	14.1		(293)		(293)
Derivative financial instruments	14.2			435	435
Balance at 30 June 2024		14,177	(63,280)	435	(48,668)

*FVTPL – Fair Value through Profit or Loss

Fair value measurement policies

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, regardless of whether that price is directly observable or estimated using another valuation technique.

Valuation techniques

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- Financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- Other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- Derivative financial instruments (interest rate swaps) are calculated based on the present value of future cash flows based on observable yield curves taking into account the effect of credit risk (CVA/DVA). CVA/DVA is calculated using the "current exposure" methodology.

The carrying amount of cash and cash equivalents, trade receivables, trade payables and non-current borrowings and other financial assets and liabilities reflect their fair values.

14.4 Interest rate sensitivity analysis

Investments in subsidiaries and equity accounted investments have not been fair valued as there is no observable market price.

	Group			
	2024 +50bps \$'000	2024 +50bps \$'000	2023 +50bps \$'000	2023 +50bps \$'000
Financial Liabilities				
Borrowings	(199)	199	(170)	170
Derivative financial instruments	276	(218)	268	(236)
How profit or loss and equity would have been affected	77	(19)	98	(66)

This note covers material items only and there is an assumption the company will endeavour to keep cash and cash equivalents to a minimum. The Group's exposure to market risk from changes in interest rates relates primarily to loans issued at variable rates and expose the Group to interest rate changes. A change of 50 basis points in NZ interest rates for the year to the reporting date would have increased/(decreased) profit or loss or equity by the amounts shown above.

14.5 Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for management of the groups short, medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following table analyses the exposure of the group's financial assets and liabilities to liquidity risk as at 30 June 2024:

	Notes	Group						Totals
		Carrying Amount \$'000	Contractual cash flows \$'000	Less than 1 year \$'001	1-2 Years \$'002	2-5 Years \$'003	5+ Years \$'000	
Cash and cash equivalents	22.3	9,374	9,374	9,374	0	0	0	9,374
Trade and other receivables	5	4,803	4,803	4,803	0	0	0	4,803
		14,177	14,177	14,177	0	0	0	14,177
Trade and other payables	12	6,320	6,320	6,320	0	0	0	6,320
Borrowings	13	56,667	56,667	14,329	4,495	34,919	2,925	56,667
Derivative financial instruments	14.2	(435)	(435)	(56)	0	(336)	(43)	(435)
		62,552	62,552	20,593	4,495	34,583	2,882	62,552

15. Capital and other equity instruments

	Group	
	2024 \$'000	2023 \$'000
13,587,650 fully paid ordinary shares (2023: 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	
		2024 \$'000	2023 \$'000
Balance at the beginning of financial year		69,344	69,344
Revaluation increments/(decrements)	9	3,532	-
Deferred Tax	4.3	-	-
Transfer to retained earnings	17	(1,383)	-
Balance at end of financial year		71,493	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	
		2024 \$'000	2023 \$'000
Balance at the beginning of financial year		84,128	95,856
Profit/(loss) attributable to members of the parent entity		17,215	(8,046)
Dividends paid	18	(4,416)	(3,682)
Transfer from revaluation reserve	16	1,383	-
Balance at end of financial year		98,310	84,128

18. Dividends

	2024	2024	2023	2023
	Cents per share	Total \$'000	Cents per share	Total \$'000
Recognised amounts Fully paid ordinary shares	0.33	4,416	0.27	3,682

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	
	2024 \$'000	2023 \$'000
Property Plant and Equipment	3,750	972
Investment property	616	5,427

20. Leases

20.1 Maturity analysis (operating leases as lessee)

	Group	
	2024 \$'000	2023 \$'000
Year 1	33	33
Year 2	33	33
Year 3	33	33
Year 4	33	33
Year 5	33	33
Year 6 onwards	502	536
	667	700

20.2 Maturity analysis (operating leases as lessor)

	Group	
	2024 \$'000	2023 \$'000
Year 1	7,025	10,743
Year 2	4,284	6,249
Year 3	4,009	3,871
Year 4	3,455	3,661
Year 5	1,166	3,138
Year 6 onwards	4,055	4,596
	23,995	32,258

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

2024 Group and Parent contingent assets

There are no contingent assets (2023: Nil)

2024 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	
		2024 \$'000	2023 \$'000
(Loss)/Profit for the year		17,215	(8,859)
Loss/(gain) on sale or disposal of non-current assets		(88)	(68)
Loss/(gain) on revaluation of investment property	10	4,272	25,863
Loss/(gain) share of profit from investment	23.4	17	(28)
Gain/(loss) on revaluation of derivative instruments	3.2	163	(447)
Depreciation, impairment and amortisation of non-current assets	3.2	4,011	4,139
Increase/(decrease) in deferred tax balances	4.3	828	(5,898)
Increase/(decrease) in non-current rent concession		(35)	(12)
Lease interest on lease liabilities		5	16
Net exchange differences		15	-
Changes in net assets:			
(Increase)/decrease in assets:			
Current receivables		887	(2,878)
Less investment activities included in receivables		-	(332)
Current inventories		(23)	73
Increase/(decrease) in liabilities:			
Current payables		2,057	(2,078)
Less investment activities included in payables		(2,032)	1,749
Current tax		492	693
Net cash from operating activities		27,784	11,933

22.2 Reconciliation of changes in liabilities arising from financing activities

	30 June 2024 \$'000	Cashflows \$'000	Non-Cash movement \$'000	30 June 2023 \$'000
Borrowings	56,667	8,667	-	48,000
Total	56,667	8,667	-	48,000
	30 June 2023 \$'000	Cashflows \$'000	Non-Cash movement \$'000	30 June 2022 \$'000
Borrowings	48,000	4,325	-	43,675
Total	48,000	4,325	-	43,675

22.3 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	
	2024 \$'000	2023 \$'000
Cash and cash equivalents	9,374	1,595

Included in this balance are \$406,637 (2023: \$400,595) 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.

22.4 Cash balances not available for use

Cash balances not available for use nil (2023: 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	
	2024 \$'000	2023 \$'000
<i>MDC Holdings Limited</i>		
Loan finance costs *	(2,940)	(56,667)
Loan finance drawdown	8,667	4,325
Subvention payments **	(298)	(258)
Derivative gain/(losses)	434	447
Dividends paid	(4,416)	(3,682)
Other Services	(1)	(1)
<i>Marlborough District Council</i>		
Services Provided	101	124
Harbour and navigational levies	(600)	(430)
Rates and other services	(889)	(835)
<i>Marlborough Airport Limited</i>		
Other Services	-	-

*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	
	2024 \$'000	2023 \$'000
<i>MDC Holdings Limited</i>		
Loan advance	(56,667)	(48,000)
Derivative	435	621
Interest payable	(415)	(356)
Subvention payment	(298)	(258)
<i>Marlborough District Council</i>		
Receivables/Revenue Accrual	(45)	-

23.3 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 (2023: Nil).

23.4 Marlborough Inland Hub Limited

	Group	
	2024 \$'000	2023 \$'000
<i>6,750,000 shares</i>		
Carrying amount at beginning of year	7,591	6,750
Equity acquisitions	-	-
Share of profit/(loss) of joint venture	(17)	28
Gain/(loss) on revaluation of property, plant and equipment	-	813
Balance at end of the year	7,574	7,591
<i>Loan</i>		
Carrying amount at beginning of year	500	-
Advance	-	500
Balance at end of the year	500	500
Total	8,074	8,091

23.5 Guarantees provided or received

Nil (2023:Nil)

23.6 Directors

Mr RW Olliver is a Director/Shareholder of:

- Fulton Hogan Limited who undertook construction work for the year totalling \$2,775,874 (2023: \$2,316,346). As at 30 June, \$607,183 (2023: \$0) was owing to Fulton Hogan Limited.

23.7 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	
	2024 \$'000	2023 \$'000
Employee Benefits	1,762	1,626
Directors Fees	279	272

23.8 Marina facilities

A number of related parties, including Directors and employees of Port Marlborough New Zealand Limited utilise the Company's marina facilities. All transactions 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.

(2023: Nil)

25. Prior period error

During the preparation of the 2023/24 financial statements, an error has been discovered regarding the classification of liabilities. The loans from Marlborough District Council Holdings Ltd were incorrectly classified as a non-current liability rather than a current liability (Note 13). This error resulted in an understatement of current liabilities for the 2022/23 year and a corresponding overstatement of non-current liabilities. The error has been corrected by restating each of the affected financial statements line items for the prior period.

	30 June 2023 \$'000	Classification Change \$'000	30 June 2023 *Restated \$'000
Current liabilities			
Borrowings from MDC Holdings Limited	0	17,620	17,620
Non-current liabilities			
Borrowings from MDC Holdings Limited	48,000	(17,620)	30,380

Company Directory

BOARD OF DIRECTORS

Warren McNabb	BCom, LLB(Hons), MBA	Chair
Colin Crampton	BE Civil (Hons), FEngNZ, Dip BusAdmin	
Geoff Blake	CA	
Jennifer Moxon	BA Economics and Psychology, MInstD	
Richard Olliver	LLB, BCom	
Hon Heather Roy	Dip Phty, MInstD	

EXECUTIVE

Rhys Welbourn	MBA, BA (Hons), PG Dip. GIS, Dip Eng (Civil), CMinstd	Chief Executive
Gavin Beattie	BE Mech (Hons) MIPENZ CPEng, MInstD	
Anthony Burgess	Dip Eng (Civil)	
Dean Craighead	BCom, CA	
Nicky Dowling	BBS, PG Cert (HRM)	
Anouk Euzeby	MBA, BA (Hons), IUT (eqv Dip)	
Ryan Lock	BCom (IBus)	
Connie Smith	APR, GIAP2	

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

