# the future is now

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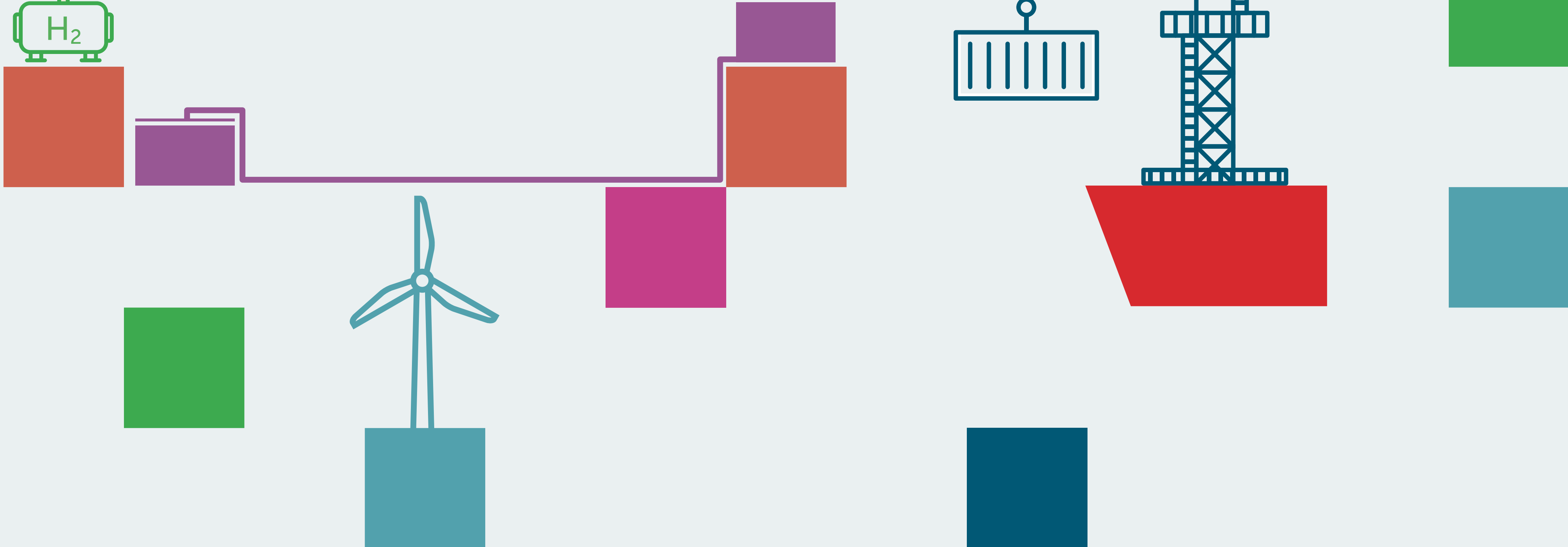
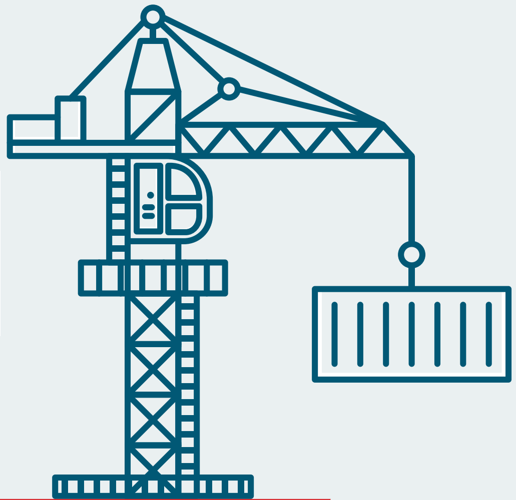
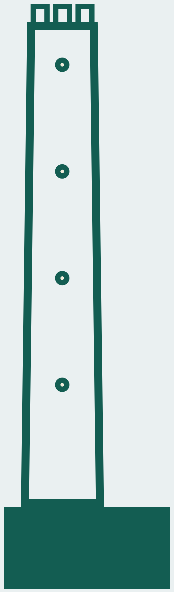
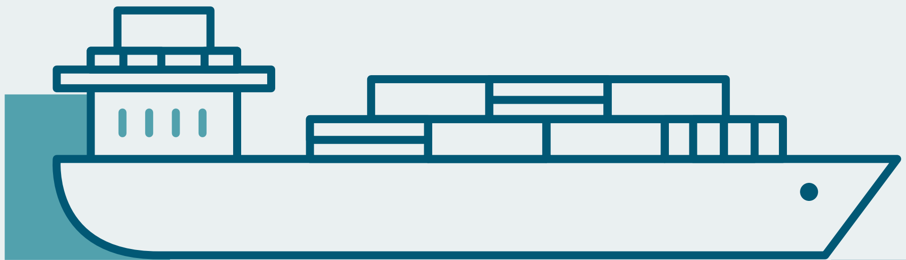
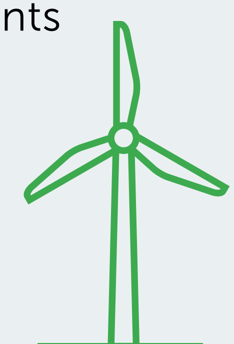










# About our Port

**100%**
Owned by the community

**$8 Million**
Dividend paid annually to Taranaki community

**4.7+ Million**
Tonnes of cargo handled annually

**3.36**
Hectares of covered storage

**140+**
Years of service to Taranaki

**6.72**
Hectares of uncovered storage

**119**
Port employees

**9**
Fully serviced berths

**5**
Tugs and launches

**10**
ShoreTension dynamic mooring units

**2**
Mobile harbour cranes

**1**
On-port handling machine

# Chair & CEO

## Report

In developing the theme for this year's Annual Report, we looked to capture, in the space of just a few words, where we are positioned as a port, region and country.

As we are all aware, the focus in recent years has been on the future, with climate change and emissions reduction dominating discussion, shaping Government policy, and impacting industry and business.

In the past year, as renewable energy developers have taken a firm interest in New Zealand and its resources, the need for urgency has increased, with an understanding that decision-making and action are required now to get New Zealand on the pathway to net-zero and to achieve our decarbonisation goals.

This, coupled with drilling activity offshore to extend oil and gas well life – thereby ensuring there is energy resilience and security during the transition away from fossil fuels – and the decommissioning of the Tui oil and gas field has led us to believe that for our port, our region and our country The Future is Now.

As New Zealand's premier energy port, we believe we have a central role to play. We are likely to provide key supporting services and infrastructure in the development and production of new energy solutions, in particular offshore wind, while also continuing to support traditional energy production, and the decommissioning of oil and gas fields.

We have been working with offshore wind developers to understand what upgrades and infrastructure changes to our port will be required to support an offshore wind industry.

With developers targeting the early 2030s for production to begin, and with port infrastructure development a 10-year process (see Offshore

Wind – the future is now), urgency is required across planning, the regulatory framework, and investment.

In other words, The Future is Now.

This annual report highlights our assets and infrastructure, our skills and knowledge, the experience and ability of our people, our relationships with the community, industry, customers, iwi and hapū, and local and central government, and the importance of the environment we work within and alongside.

These will all be vital in helping our region and country have a prosperous future as we transition to a low-emissions economy.

# Financial result

We are very pleased to announce an exceptional financial result for the 2022-23 year.

Net profit after tax was $13.87 million, up 40% on the $9.91 million recorded in 2021-22. This was a record NPAT for Port Taranaki, exceeding the $12.24 million in the 2019-20 year. Revenue rose 12% from $51.46 million to $57.43 million.

The result was boosted by several extraordinary items totalling $1.58 million – these included an insurance payout from damage caused by Cyclone Dovi, the termination of a pipeline lease, a visit to Port Taranaki by the HMNZS Aotearoa, and the visit of the Helix Q7000 well intervention vessel.

Aside from the extraordinary items, revenue rose on the back of increased vessel visits, improved liquid bulk trade, increased offshore activity, and a rise in log revenue.

Vessel visits for the year were 293, nine higher than the previous year. This was the highest number of visits in nine years.

The increase was in part due to the start of new coastal shipping services, with smaller coastal vessels calling regularly at port, and in part because of the closure of Marsden Point oil refinery, resulting in increased part loads of refined fuel oils and bitumen coming to port.

Liquid bulk trade increased 101,000 tonnes to 2.82 million tonnes, with methanol trade improving 116,000 tonnes to 1.71 million tonnes. Methanex continues to invest in its site, including a turnaround in July, which is encouraging and demonstrates the company has continued confidence in its New Zealand operations.

Overall trade was 4.69 million tonnes for the 2022-23 year.

At 711,000 tonnes, dry bulk trade was down 108,000 tonnes on the record trade of 819,000 tonnes the previous year. Several factors contributed to its decline, including rising input prices and finance costs, softening of farm returns and good grass growth.

Although down slightly – 29,000 JAS, to 1.08 million JAS – log trade through Port Taranaki was relatively strong given that, internationally, there have been difficulties for the log trade in the past year, with a global downturn in demand and prices.

A downturn in the Chinese construction industry impacted demand, weather impacted supply, and high interest rates impacted harvest crews in New Zealand. This has resulted in reduced log volumes nationally, but we're very pleased that log exporters sent volumes through Port Taranaki comparable with that seen in 2021-22.

We were disappointed the logs-on-rail service ceased in early 2023, as costs associated with transporting logs from outside Taranaki to port on rail became prohibitive for exporters. We are, however, optimistic the service will resume in the future, as the use of rail to transport logs reduces the impact of trucks on the region's roads and reduces emissions.

Our offshore support work has increased in the past year, in line with an increase in life-extending activity at oil and gas fields. The industry remains an important part of New Zealand's energy mix, and we have put a lot of focus on gaining more offshore support work, as well as providing regular offshore support.

Operating expenses for the 2022-23 year were $29.97 million, up $195,000, driven by personnel, energy and insurance costs. This was offset by repairs and maintenance costs, which were down $1.06 million to $4.29 million, due to consenting delays impacting roading maintenance.

Dividends paid through the year to sole shareholder Taranaki Regional Council totalled $8.00 million. These dividends help ease the rates burden on regional ratepayers.

Our Business Plan forecasts revenue growth and increased trade in full year 2023-24, with a further increase the following year. We forecast trade in both years to return to more than 5.00 million tonnes, largely driven by expected increased methanol volumes.

We are, however, mindful of the Ministry of Business, Innovation and Employment's recently released annual collation of oils, gas and LPG reserves data, which saw reported proved plus probable (2P) reserves fall 62 million barrels of oil equivalent (mmboe). This data was released post the completion of our Business Plan and the reserves downgrade may impact our liquid bulk trade projections.

We will continue to focus on controlling our cost base, improving our agility, supporting our customers and making trade as easy and efficient as possible by optimising our land use and implementing other efficiency measures.

## Health and safety

The health and safety of all who work on our port is our top priority. Our focus is on ensuring that everyone who enters our sites goes home safe each day.

We have strong health and safety governance, with the Board of Directors' Health, Safety and Environment Governance committee highly engaged with, and leading the direction of, health and safety at Port Taranaki.

As a result, we have high standards and expectations and, in the past year, our level of health and safety has not been where we want it to be. We are constantly working to make improvements to our processes and practices, and engaging with staff and port users to ensure health and safety is ingrained in all aspects of work at Port Taranaki.

The Government-initiated review into port safety and resultant action plan highlighted two areas where improvements were needed – traffic management within the operations area, and people on-site entering designated exclusive zones.

We have made significant changes to our port as a result of these improvement requirements, and we're pleased these have been approved and signed off by WorkSafe (see People).

With our focus on improvement, we are working with the Port Industry Association to shine a light on what the industry's critical risks are and the key controls.

## Our people, customers and relationships

Our people are the heart of our operation and their contribution is crucial to the ongoing success of Port Taranaki.

At times, the past year has been difficult with staff shortages putting pressure on the team. However, our people have often gone above and beyond, stepping up and helping each other to ensure trade continues to flow, and our customers are supported. They have continued to perform brilliantly, and we thank them for their ongoing commitment and dedication to their team and the business.

We thank our customers and port users for their ongoing support. Our mission is to make trade easy and building connections with all our stakeholders is central to achieving this.

Our new $16 million state-of-the-art freshwater firewater system, and substantial investment in stormwater infrastructure in the past two years, are examples of our commitment to protecting and supporting our customers and their assets and trade.

We'll continue to work closely with our customers to understand their needs, particularly as the nature of trade, markets, demand and trends change with the transition to a low-emissions economy.

Our relationship with iwi and hapū is incredibly important and growing stronger through increased engagement (see Relationships). We thank Julie Healey and Ngāti Te Whiti hapū for the relationship we have developed and the work achieved on items such as archaeological assessments, cultural monitoring of excavations, and resource consents.

Offshore wind development is an opportunity that iwi, hapū and Port Taranaki share, and we are keen to keep working together to ensure this opportunity is captured.

We operate in the best interests of the community and our vision is to be The Pride of Taranaki. We are not only proud of the important economic role we play in the region, but also our contribution to the social wellbeing of our community. In the past year, through sponsorships, support of organisations and events, and by advocating on behalf of our region, we believe we've continued to make a positive difference.

We have worked closely with our shareholder, the Taranaki Regional Council, and the New Plymouth District Council regarding consenting and planning processes, and within groups and at conferences and events where opportunities for our region are discussed. As The Future is Now, these connections are hugely important as we look to help Taranaki thrive in a low-emissions environment.

## Shaping our port

As our theme suggests, The Future is Now requires action, and we are developing a vision for our port that supports expected changes to trade and energy production.

In the past year, we have partnered with offshore wind developers in a study to understand what changes to our infrastructure and assets will be needed to support the development of an offshore wind industry in Taranaki. There are a range of options, with some large and requiring substantial investment. More investigation is required and Government support is necessary to ensure, as a nation, we remain on track to meet our decarbonisation goals (see Offshore Wind – the future is now).

Outside the port secure area, we are developing a vision for our non-core land. This includes a mix of heavy industry, light industry, and commercial – protecting the $2.6 billion of trade that moves through the port and being able to build a prosperous economic future for our region through development of port land and surrounds.

For this reason, we have opposed Seaport Land Company's proposal for a redevelopment of the nearby former Fonterra coolstore into a residential and hospitality hub. We submitted our opposition at a hearing into rezoning the land as part of the Proposed New Plymouth District Plan process. We were disappointed with the commissioners' decision to rezone the area and have appealed the decision.

While Port Taranaki supports the urban development of New Plymouth and acknowledges the hard work and vision of Seaport Land Company, the proposed location creates a conflict with the major economic opportunities for the region.

In the past year, we invested significantly – in time and resource – into the Proposed New Plymouth District Plan and the establishment of a Port Zone within the plan.

This was important work, as we believe establishing a Port Zone is essential to safeguarding the economic future of the region and providing the flexibility needed to accommodate significant industrial activity.

# Building on our strategies

Recently we reviewed our business, and the strategies and values that guide us.

In the 2021-22 year, we revised our company strategy, introducing the key themes of People, Customers, Efficiency, Assets, and Community. As trade and market conditions change, we have revisited these in the past 12 months, and have concluded that our strategy is still fit for purpose and continues to guide us in all that we do (see Creating Value).

We're very pleased with this outcome, as it confirms we are sailing the right course and are focusing our energy and resources on where they need to be.

Our Sustainability Strategy is developing alongside this, and we are making good progress on reporting on emissions, climate change, and environmental, social and governance (ESG) issues (see both ESG and Climate Change Disclosure). As we have seen in the past year, through cyclones Dovi and Gabrielle and other events, climate change-related extreme weather events seem to be more common.

We're extremely proud of the work of people from right across our company to develop our new set of values, which are: Our people come first; Integrity guides us; We embrace the future; We collaborate to succeed (see People).

These values, which represent the foundation of our organisational culture and guide how we relate to and engage with others, have been developed from the 'ground up' across a number of all-staff workshops.

We believe it's important those living our values are the ones who make them, so we're thrilled and thankful to all those who took part. The values really represent our people and our port.

# Governance and leadership changes

We have welcomed two new directors to the Port Taranaki Board of Directors, while farewelling two long-time members who have made a significant contribution to our port.

Experienced executives and directors Wendie Harvey and Steve Sanderson have replaced Richard Krogh and David MacLeod.

Richard, who retired at the company's June meeting, joined the Board of Directors in 2012 and had been chair since 2019. David, who retired earlier this year, had been a Board member since 2001 and was chair of the Taranaki Regional Council from 2007-2022.

Richard and David have been hugely influential in the success of Port Taranaki across the past two decades, helping steer Port Taranaki safely through changes in the strategic direction of the port. Their extensive experience and knowledge of the port sector will be missed.

We thank Richard and David for their much-valued expertise and commitment to Port Taranaki, and wish them well for the future.

Wendie has experience as a director, trustee, executive, and business consultant, across a range of industries, including ports, electricity, and roading.

Steve has executive and governance experience across aviation, technology, ports, energy, and resource management.

Wendie and Steve will add to the depth and breadth of knowledge on the Port Taranaki Board, and we look forward to them helping lead the strategic direction of Port Taranaki in the years to come.

With the retirement of Richard Krogh, current director Jeff Kendrew became Port Taranaki chair in June.

Earlier in the year, Alex Park, who has worked in the maritime, energy, recruitment, and security industries, was appointed to the Port Taranaki executive leadership team as general manager operations, replacing Ashley McDonald, who returned to Australia.

Alex has more than 20 years' experience across a range of industries internationally, and has experience at sea, as well as vessel management, port operations, ship and offshore construction, and supply chain.

# Board of Directors

**Wendie Harvey**
LLB

**Steve Sanderson**
MBA

**Jeff Kendrew**
BE (Elec), MBA (Engineering)

**Charlotte Littlewood**
MFin, BA (Hons)

**Jamie Tuuta**
BSc

**Kathy Meads**
BCom (Accountancy), FCA

# Executive Leadership Team



**Allan Melhuish**
Chief Financial Officer
BE (Hons) (Electrical and Electronic), PGDipBA, BCA (Hons)

**Catherine Lo-Giacco**
General Manager People & Safety
BSocSc

**Ross Dingle**
General Manager Commercial
BBS

**Simon Craddock**
Chief Executive Officer
BE (Hons) (Mech), BCom, CMInstD

**Alex Park**
General Manager Operations
BSc (Hons) (Maritime Operations Management (Nautical Science))

**John Maxwell**
General Manager Infrastructure
BSc, PGDip(Quality Management)

# Creating value

Port Taranaki is New Zealand's premier energy trading port. We are the only deep-water port on the west coast of New Zealand. Our port is a vital link in the national and international supply chain. For more than 140 years, Port Taranaki has developed and grown as the trade to and from the Taranaki region has changed. Our port assets, such as our wharves, buildings, land, and on-water fleet are key to this success and the longevity of our business.

Our strategy has five key focus areas:

- People
- Customers
- Efficiency
- Assets
- Community

## Strategic enablers

Our purpose is clear: to be The Pride of Taranaki and to make trade easy. We aim to build and leverage off:

1. **People** – through enhancing our productivity and utilising our capabilities.
2. **Connectivity** – by influencing trade by building connections with all our stakeholders.
3. **Land flexibility** – through our land footprint and port facilities which are well positioned to support a broad range of cargos.

## Looking to the future

Today we serve the bulk liquids (energy), dry bulk (fertiliser, stock feed and cement), and forestry (logs) sectors, and support general cargo. Commercial activities include the provision of: (i) marine and cargo services; (ii) logistics services (including offshore support); and (iii) property and storage services.

As global trade changes in line with the transition to a low-emissions future, we are focused on evolving our business model to diversify revenue streams. We are also focused on adapting and enhancing our assets to maximise their use and support customers and potential customers.

# Contributing to Taranaki

Port Taranaki's value to the Taranaki economy and its contribution to the wellbeing of the community was highlighted in the 2022 Business and Economic Research Limited (BERL) report, commissioned by the Taranaki Regional Council, the port's sole shareholder.

Produced every five years, the 2022 report was expanded to not only focus on the port's economic contribution, but also its contribution to wider regional cultural, social and environmental wellbeing.

The report said: "The port is a significant employer and driver of economic activity in the Taranaki region, as well as a provider of crucial and strategic infrastructure. It has a significant presence in the Taranaki community, and impacts the economic, social, cultural, and environmental wellbeing of the region."

BERL highlighted the value of the annual dividends paid to the Taranaki Regional Council, which totalled $8 million in 2021-22.

"By remaining profitable the port can further support the community, as the dividends it pays to the Taranaki Regional Council reduce the burden of rates on households in the region and support the council in providing public services and facilities," the report said.

# BERL economic wellbeing highlights

- Port Taranaki's total contribution to Taranaki's gross domestic product (GDP) was $31.7 million.
- Total expenditure from Port Taranaki supported a total of 346 direct fulltime equivalent employees in Taranaki.
- The wider impacts from employment generated in the region by the main businesses that use the port contributed $541 million in GDP, and supported 2263 fulltime equivalent employees.
- Port Taranaki is of "strategic importance for the oil and gas, forestry, agriculture, and tourism industries".
- In a survey of port users, 65% said Port Taranaki was "very important" in their decision to conduct business in Taranaki.
- Total value of trade through the port was $2.6 billion in 2020.

# BERL cultural, social and environmental wellbeing highlights

- Port Taranaki has a commitment to health, safety and wellbeing: "The port has a safety-first approach and takes comprehensive measures to ensure its operations are safe for everyone."
- Port Taranaki is committed to a diverse workforce – employees are diverse in terms of age and ethnicity.
- Port Taranaki supports a range of local cultural and community activities and groups.
- Stakeholders have recognised the port's willingness to listen and consider their ideas in forums and meetings.
- Stakeholders stated Port Taranaki has a good social licence to operate: "Various stakeholders commented that the fact the port has been there for a long time, since 1875, means that it is an integral part of the community. The facilities provided by the port are widely enjoyed by the public and support the community's social wellbeing."
- The port aims to be a sustainable and profitable business. "This, in combination with creating long-term value for shareholders, indicates that the port is committed to upholding environmental wellbeing, and actively working towards mitigating and adapting to climate change."
- The port actively supports environmental initiatives in the community. "Furthermore, the port is involved in initiatives, such as the revitalisation of coastal shipping, in an effort to cut down the burden of carbon emissions caused by road transport. It is positioning itself as an eager participant in a more resilient and more green-house gas efficient alternative."
- Active support for alternative energy projects has been shown by Port Taranaki, as well as an express interest in further alternative energies: "The port is uniquely located as the only west coast deep [water] port and thus has a unique advantage in the ease of access to Asian and Australian markets for energy exportation."
- Ensuring that the local community, local business, the council, and Government are aware and engaged in the environmental and energy related initiatives of the port is instrumental to ensuring that the port can be viewed as a leader and role model locally.

# Offshore wind – the future is now

More than five years ago, legislation was introduced that brought an end to the issuing of new permits for offshore fossil fuel exploration.

The decision put pressure on New Zealand's future energy resilience, and sent shockwaves through Taranaki – a region that has, for decades, been economically tied to the oil and gas industry.

However, through hard work, innovation, perseverance, the building of international relationships, and the championing of our region and its offshore skills, capabilities, assets and infrastructure, Taranaki is now not only New Zealand's premier energy province, but on the cusp of also becoming New Zealand's premier renewable energy province.

As it has been for the oil and gas industry, Port Taranaki is regarded as a key link in the renewable energy chain – in particular, as a marshalling hub for an offshore wind industry.

Offshore wind developers have pinpointed the South Taranaki Bight and the coast of Waikato as having some of the best wind resources in the world, and are actively looking to develop projects that will help New Zealand meet its emissions reduction targets.

As the only deep-water port on New Zealand's west coast, our proximity to the offshore wind farm sites, our decades of experience supporting the energy industry, and our adaptable infrastructure, Port Taranaki is best placed to provide vital support. Experience from around the world has shown that nothing happens in offshore wind without suitable ports.

While we continue to support our traditional energy partners to provide ongoing supply that will be crucial as we transition to a low-emissions environment, in the past year Port Taranaki has put increased focus on our potential role in the new energy future.

We believe that future is now and, as a key economic asset for our region, it's important we seize this opportunity to help provide economic stability for Taranaki for decades to come.

There has been much activity in this space.

In the past year we have:

- Signed an agreement with offshore wind developers Taranaki Offshore Partnership (a joint venture between Copenhagen Infrastruture Partners and NZ Super Fund) and the BlueFloat Energy and Elemental Group partnership to work together to progress investigations into our port's ability to support an offshore wind industry.
- Jointly, with these developers, undertaken a study into Port Taranaki's capability as a marshalling hub for offshore wind projects.
- Provided laydown area and wharf services for the assembly and deployment of a Floating Light Detecting and Ranging device (FLiDAR). The FLiDAR measures wind speeds, waves and currents – data critical for assessing the feasibility of a proposed project.
- Attended and participated in the 2023 Offshore Renewable Energy Forum and Energy Resources Taranaki Forum – both held in New Plymouth with a particular focus on the role of offshore wind production in New Zealand's energy future.

# Study into Port Taranaki's offshore wind capabilities

In March, in partnership with Taranaki Offshore Partnership and the BlueFloat Energy and Elemental Group partnership, we commissioned a study to assess how Port Taranaki can serve as a hub for offshore wind development in New Zealand.

The study focused on how the port's assets, infrastructure and land can support the growth of an offshore wind industry.

The study found that Port Taranaki has the ability to serve as a marshalling port – for the arrival of the componentry, laydown and storage, the assembly of the componentry, and loadout – although certain upgrades will be needed.

A range of options and configurations were suggested, including levelling and surfacing areas for storage, strengthening wharves to accommodate heavy turbine components, and reclaiming land to enable more area for berthside laydown, assembly and loadout of components. Preliminary costings estimate upgrades could range from $100 million to $300 million.

We're pleased the study found our port is well-positioned to become New Zealand's offshore wind industry hub, but recognise port upgrades are required to make this a reality.

Although we're a small port, we have the location, facilities, services and energy sector experience that will be extremely beneficial to the development of an offshore wind industry in Taranaki.

The various options will be the subject of further work and consultation to understand the potential impacts of each.

Key considerations will be cultural and environmental impacts of the various options, and early engagement with local iwi and hapū is a priority in this regard.

We need to take into account impacts on our business-as-usual operations and our customers, and how these impacts can be mitigated while upgrades are taking place. These matters will be studied further before any preferred configuration is chosen.

## Planning needs to start now

The findings of the Port Taranaki study confirm the need for a focus on enabling infrastructure now so that offshore wind development is not held back.

Offshore wind is likely to a be a necessary part of New Zealand's decarbonisation goals, being one of the few renewable power sources that can be delivered at gigawatt scale.

Developers are targeting projects being delivered in the 2030s, and major port infrastructure projects take, on average, 10 years to plan, consent, and construct, which means we are already on the critical path to deliver the necessary port infrastructure.

Delaying the planning three to five years means New Zealand may not be able to support offshore wind until the late 2030s, and risks developers looking elsewhere to establish their projects. This would seriously harm New Zealand's ability to provide the electricity needed in the pursuit of becoming net-zero.

We are pleased the Government is developing a New Zealand Energy Strategy, with offshore renewable energy being one of the focus work streams within the strategy. The aim is to develop regulatory settings by 2024 to enable investment in offshore renewable energy.

We're looking for timely and workable Government policy that is designed to ensure these opportunities are captured for the nation and our region.

We also need Government support now to get the early-stage planning under way.

While the offshore wind industry is ultimately expected to contribute to the cost of infrastructure upgrades, no single developer can be expected to fund the material costs prior to permits being awarded.

Port Taranaki is challenged by the full cost of planning and consenting, as our 100% shareholder, the Taranaki Regional Council, depends on dividends from our business for income and to help offset regional ratepayers' costs. In addition, significant investment also requires greater certainty that there will be a return.

Once the regulatory framework is in place and commercial permits are issued, developers and the port will be in a position to reach commercial agreements for development, but until then, and to ensure early-stage planning and work can get under way, assistance from the Government is required now.

By committing to early-stage planning for port upgrades and progressing potential development options, our Government will be sending a clear signal about its commitment to the offshore wind industry, which will likely encourage additional interest from international investors.


# Relationships

# Engaging with our customers

Our vision is to be The Pride of Taranaki, and making trade as easy as possible for our customers is central to this being achieved.

Aside from our day-to-day interactions, as part of our Customer Engagement Strategy we connect regularly with our customers to check in on how their on-port operations are proceeding, what's happening in their supply chains and market place, what their objectives are, and how we can help them further to achieve their goals both operationally and commercially. This includes working to ensure they have an efficient flow of product through the port in an effort to make trade easier.

This connection and open communication improves the relationship with our customers, and helps us understand what future demand on the port may look like, which assists us with port planning and ensures the facilities and services are on-hand when customers need them.

Each year we also undertake a customer survey, which we use to measure our customer engagement and satisfaction. This provides us with information we can use to implement changes, if needed, and improve the customer experience.

# Strong energy relationship continues

As New Zealand's premier energy port, energy products continue to dominate trade volumes through our port, and the industry is extremely important to the success of our port and the region.

We have strong relationships with the energy companies that utilise our port – relationships built over decades of involvement in the offshore energy sector.

There has been a lot of activity in the sector in the past year, and we've been pleased to work alongside our customers to enable their operations to run smoothly.

We have supported the infill production campaigns at Māui A and B, and the removal of the Valaris rig from the field (see Skills and Knowledge); we have provided berth space for customers' specialist offshore vessels; welcomed the Helix Q7000 rig to port ahead of its decommissioning work at the Tui oil field (see Skills and Knowledge); and completed the upgrade of our firewater system that services our energy products wharf, the Newton King Tanker Terminal (see Assets and Infrastructure).

We also look forward to supporting drilling work at the Kupe field, with two support vessels expected to utilise our port during the three-month campaign.

Gas production remains critical to the New Zealand energy market, and it will continue to play a key role as New Zealand transitions to a low-emissions future.


BERGEN

# Partnering with iwi and hapū

During the past year we have put further emphasis and importance on our relationship with Ngāti Te Whiti hapū and Te Kotahitanga O Te Atiawa.

The Port Taranaki rohe holds rich cultural significance to the iwi and hapū, and we are working to ensure we recognise that throughout all our port operations.

We have undertaken an archaeological assessment of our site to understand the areas of significance within our port, and we are working on a cultural induction video (see People), which will become part of our induction process for new employees.

Following Ngāti Te Whiti's development of a Cultural Values Statement for Port Taranaki, we have formed a list of actions that align with it. These include the development of a marine cultural health index, and renaming roads within the port operations area. These are actions we will work on together over time.

A key action coming out of the Cultural Values Statement was the establishment of a kaitake forum, where Port Taranaki and the hapū meet to discuss projects and upcoming work at the port. We have had five meetings, which have been productive and strengthened our relationship and understanding. The forum is a great way to further the objectives of both Port Taranaki and Ngāti Te Whiti.

We have also engaged with Ngāti Te Whiti, alongside other partners, on issues that stretch beyond the port gates. These include attending workshops on potential offshore wind projects in Taranaki, and the development of a cruise industry strategy for the region.

Keeping communication channels open and building relationships through trust and understanding are vital as we all look to help our region thrive in a changing economic and social environment.

We look forward to continuing to work with iwi and hapū.

# Supporting the community

Being 100% owned by the community through sole shareholder the Taranaki Regional Council, we work to have a close relationship with the community and give back when we're able.

Each year we provide $8 million in dividends to the Taranaki Regional Council to help lessen the regional rates burden on the community, and we also support our community through the sponsorship of a number of groups and organisations.

We're proud of our support of the community and hope our contribution makes a real difference.

Operating on and alongside the water, many of our sponsorships have a connection with maritime, water safety, and the marine environment.

We are the principal sponsor of the New Plymouth Yacht Club, and sponsor Mikotahi Sea Scouts group, Coastguard Taranaki, East End Surf Life Saving Club, the Ngā Motu Marine Reserve Society Seaweek, New Plymouth Sport Fishing and Underwater Club, Surf Life Saving Taranaki, and the Taranaki Outrigger Canoe Club (waka ama). We also sponsor water safety messages that are broadcast on Taranaki radio during summer.


We provide an area of land alongside Ngāmotu Beach, where charitable organisation Te Hapai Hoe, which uses waka ama to help at-risk youth, has a shipping container to hold its waka, paddles and life jackets. We also sponsor the organisation to purchase new equipment.

Port Taranaki supports water-related events, such as the Tri Taranaki Festival, the Weet-bix Kids' TRYathlon, the Taranaki Triathlon Club, and the Flannagan Cup open water swim.

We also sponsor the Special Children's Extravaganza, the health and safety excellence award at the Taranaki Chamber of Commerce Business Excellence Awards, the Taranaki Arts Festival, and Moturoa School's Trees for Survival programme.

The port continues to provide support for North Taranaki foodbanks by funding meat packs that are included in food parcels delivered by New Plymouth, Waitara and Inglewood foodbanks.

We again held our annual Harry Blyde golf tournament, which involves businesses and individuals who have a connection to Port Taranaki. Held at Kaitake Golf Club, it's a great opportunity to get together and have a bit of fun and camaraderie while raising money for a good cause. Hospice Taranaki is our chosen charity, and this year we were able to give them $3,800.

We are a Key Regional Partner of the Taranaki Chamber of Commerce and during the year held a Business Connections event at the port where members of the business community were able to learn about the port's operations and our plans for the future.

Members of our executive have also been out in the community, attending club and group meetings, and conferences, and telling the port's story to improve understanding of Port Taranaki's important contribution to the local and national economy and to community wellbeing.

# Students get taste of port life

It's important we provide the opportunity for the next generation to understand what options there are for work and career development in the port industry.

During the summer university holidays, two University of Canterbury engineering students spent a 10-week internship at Port Taranaki.

Former New Plymouth Boys' High School students Robbie White, 19, and Jack Stewart, 21, worked as part of the engineering team and maintenance team respectively. Robbie had completed his first year of a Bachelor of Engineering with Honours degree in mechanical engineering, while Jack had completed his third year of a Bachelor of Engineering with Honours degree in mechanical engineering.

The students were involved in a variety of port jobs while on-site, including carrying out an under-wharf assessment of Moturoa Wharf, designing and building dust deposition gauges for hoppers, working on the launch Mikotahi, helping with maintenance work on the kids' fishing jetty, and carrying out generator and vehicle monthly checks.

Both commented it was a great learning experience, with the opportunity to take part in a diverse range of work.

# Coastal shipping services under way

We are very pleased to have two coastal vessel services under way and visiting Port Taranaki. We've worked hard with the service providers to ensure they have the facilities and services they need to make these initiatives a success.

Coastal shipping provides opportunities for manufacturers, producers and customers to trade quickly and efficiently with other regions around New Zealand, while also helping to remove trucks from the regions' road networks, thereby reducing emissions.

Coastal Bulk Shipping vessel Rangitata made her first visit in October, carrying 2,000 tonnes of superphosphate from Dunedin for Ravensdown. The vessel then spent time on the east coast providing important supply chain needs following Cyclone Gabrielle. She is now back on regular service and we look forward to her being a regular visitor to Port Taranaki.

MOVe Logistics Group's trans-Tasman vessel Atlas Wind, which connects regional New Zealand ports with Tasmania and the east coast of Australia, made her maiden visit in the new year.

The aim is for Atlas Wind to become a regular 28-day service, transporting a variety of products. This is an exciting initiative that opens up fantastic new opportunities for our region's producers and manufacturers to connect and trade directly with one of New Zealand's largest trading partners, and to transport goods to and from other regions around the country.

We also look forward to the start of MOVe Logistics Group's quarter ramp roll on/roll off vessel service from New Plymouth to Nelson and return. Expected to get under way in late 2024, it will initially be a once-a-week service with the possibility of increasing to three times a week. This will bring significant increased activity to our port.

Coastal shipping is an important development, which will strengthen and add resilience to the supply chain while also reducing the transport impact on the environment.


EUROPA 2


# Cruise returns to Taranaki

Following the COVID-19 enforced hiatus, Port Taranaki was delighted to welcome back international tourists to the region's shores during the 2022-23 summer.

Four cruise ship visits were scheduled for the season – Seabourn Odyssey (two visits), Europa 2, and Island Princess. However, New Zealand's mixed summer weather, which included the destructive Cyclone Gabrielle, unfortunately resulted in the cancellation of one Seabourn Odyssey visit and the visit of Island Princess.

Despite these setbacks, it was fantastic to have cruise ships back in port and international visitors exploring the region, discovering the great natural and historical attractions that make Taranaki unique, and enjoying the region's fabulous arts, café, and retail scene.

In June, we hosted the first meeting of Taranaki stakeholders, including Te Puna Umanga/Venture Taranaki Ngāti Te Whiti, the Taranaki Chamber of Commerce, and regional tour operators, to develop a regional cruise strategy.

We hope this collaboration will result in the development of a cruise strategy that will help to sustainably grow the region's cruise business by showcasing our region, attracting more cruise lines to our region, and encouraging tourists to make return visits.

# HMNZS Aotearoa visits home port

Port Taranaki has a long and meaningful relationship with the Royal New Zealand Navy, and we're proud to be the ceremonial home port of the navy's newest vessel, HMNZS Aotearoa.

In April, HMNZS Aotearoa made her second visit to Port Taranaki for a six-day stay, which included Anzac Day commemorations.

As well as attending Anzac Day services around the region and making other official visits, while in port the ship's company visited New Plymouth Boys' High School and hosted New Zealand Defence Force recruitment visits.

We were pleased to facilitate this visit and look forward to welcoming HMNZS Aotearoa and her crew to port again in the future.

# Welcoming new customers

We actively look at options to diversify our customer base and the trade that comes across our berths. Establishing strong relationships with new and prospective customers is key to building that diversity.

In the past year we have welcomed new customer, forestry exporter Union Forestry, to the port. This brings to four the number of exporters operating out of Port Taranaki, and we have developed more log storage space (see Assets and Infrastructure) to accommodate the steady increase in the log export trade through the port.

We have worked closely with Union Forestry as they have built up their volume, and we're very pleased to have them operating from our port.

We have welcomed coastal shipping customers to port (see 'Coastal shipping services under way') which is an exciting development for our region, and we have also provided laydown facilities, mooring and wharf services for the second and third stages of the Tui decommissioning (see Skills and Knowledge).


FRESH ROASTED COFFEE
Baxter
Cluster Crisp
SoftPac
C395
GAMBRO
PURINA
ONE
NEW

# People

# Renewing our values

As a key asset for the Taranaki region, both economically and socially, and being owned by the community through the Taranaki Regional Council, we look to operate in the best interests of the region.

The way we do business, what drives our decision-making, and how we interact with each other, our customers, our environment, iwi, hāpu, and our community are central to maintaining and enhancing our social licence to operate and are at the core of our organisational values.

Our values reflect who we are and what we stand for. They guide us to do the right thing, bind us together across different backgrounds and cultures, and represent the foundation of our organisational culture.

Recently, we realigned our values to better reflect the business we are today and to help guide us as we adapt and develop as a business in response to changes in shipping, trade, and markets, and the impacts of climate change and the transition to a low-emissions environment.

All Port Taranaki staff were involved in the process of developing the values our organisation will live by.

From 12 all-staff workshops, more than 40 values were suggested, and a focus group from across the organisation was formed and distilled the values down to six.

Following refinement, four values were taken to all staff to review and vote on. With equal support for each, we have adopted all four values.

Our Port Taranaki values are:

- Our people come first – We take care of each other and our communities
- Integrity guides us – We trust each other and act with respect and honesty, even when it is challenging
- We embrace the future – We strive for improvement through innovation and learning
- We collaborate to succeed – We work as a team, helping each other succeed

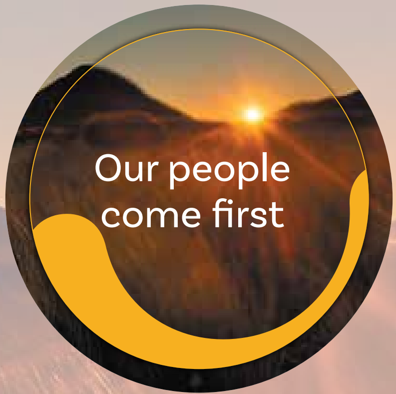
The imagery that accompanies our values is taken from our region, with an emphasis on our relationship with our community and environment.

The colours align with our natural environment – deep, rich and earthy, representing sunrise, forest, the horizon and the ocean.

The dynamic circle for each value represents the ever-changing environment at Port Taranaki – it reflects the changing view of our world and the changes that impact our customers, our organisation and our people.

Our values will form part of individual goal-setting and performance, help inform updated policies and procedures, be incorporated into our recruitment and induction processes, and provide the basis for our Employee Recognition Programme.

We believe these values, developed by our people, with our customers and our region in mind, will help us build a strong and more successful business.



## Our people come first

We take care of each other and our communities

## Integrity guides us

We trust each other and act with respect and honesty, even when it is challenging

## We embrace the future

We strive for improvement through innovation and learning

## We collaborate to succeed

We work as a team, helping each other succeed

# AHOY! 2023 survey

During June and July 2023, we carried out our regular staff survey AHOY!

The survey measures topics such as our company culture, leadership, health and safety, customer focus, internal communication, business processes, and performance development.

We are delighted that our team's participation in the voluntary survey continues to increase, with 84% taking part – our highest result yet, and considerably higher than the industry benchmark of 67.6%.

Having this level of participation is important to ensure we are considering feedback from the widest range of people in our team, and gaining a true reflection of how people are engaging at work.

The top five scoring questions included "I enjoy working for this organisation" and "Our organisation is a great place to work". The key to the success of any business is that people enjoy coming to work, so we are very pleased these questions continue to score well.

Ongoing effort has been made in the past year to increase the quality, frequency, and variety of communication methods with staff. This includes an increase in face-to-face all-staff meetings – where staff share what's happening in each area of the business and our overall performance. We have also recently launched an internal software platform to share news across departments and build business and personal connections across teams.

These improvements have resulted in positive responses to AHOY! survey questions about providing our team with meaningful updates relating to company performance.

The frequency and the way in which we communicate will continue to be a focus in the coming year.

# Cultural induction

Our relationship with mana whenua is very important and we are working with Ngāti Te Whiti hapū and Te Kotahitanga O Te Atiawa to further develop this connection.

The Port Taranaki rohe holds rich cultural significance to iwi and hapū, and last year we undertook an archaeological assessment of our site to understand the areas of significance within our port.

This helps guides us as to how we proceed when undertaking work on our site. We are also using this information to develop a cultural induction, working alongside Māori educator Damon Ritai (Ngāti Te Whiti, Te Atiawa), that raises awareness and recognition of the special land on which we all work, and its cultural significance.

As protectors of our port and marine environment, we believe this understanding is vital, as it gives recognition to the importance of the area, and connects with our value of 'Integrity guides us'.


Placeholder Screen

# Fatigue management

Being a 24/7 workplace, operating across rostered work hours, we recognise that fatigue is a critical health and safety issue – the safety of our people and others who work on the port is paramount and ensuring they are fit for work is crucial.

The port industry as a whole is working to tackle fatigue, and in November 2022, the Port Industry Association released its 'Building A Fatigue Risk Management System' guidelines.

Through the contribution of our Fatigue Safety Management Action Group, which includes people across all areas of our organisation, we have developed our own fatigue risk management system that is aligned with the guidelines.

Our system focuses on the specific fatigue-related issues for each area of our port operations. Each work area has completed a risk assessment to determine what the risks for fatigue are, what controls we have in place, and what further controls, if any, are required.

In addition, a number of tools have been developed to assist staff and management with the identification of fatigue risk, and how to manage these risks as they present.

This is a risk management system we will continue to develop and refine with the support and contributions of those who work on the port.

# My Everyday Wellbeing

With a workforce that operates across a wide range of roles – from office to wharfside – and across varying rosters, we recognise that each individual faces different challenges and pressures, whether they be professional or personal.

Therefore, we want our people to have the tools and information on-hand to support their mental, emotional and physical wellbeing, whatever time of the day or night.

We have been developing our wellbeing programme to complement the free mental health counselling we have offered to our people for a number of years. In the past year, we have extended our wellbeing programme to include access to the My Everyday Wellbeing website.

The website contains science-based advice and information on healthy eating, exercise and general wellbeing – everything from mental and physical health, nutrition and managing anxiety, to cooking programmes for gluten free and diabetes.

# New wellbeing logo

Work plays a significant role in our lives – mentally, financially, socially, emotionally and physically – so the wellbeing of our people is vital to having a productive and happy team.

We have an annual programme of initiatives that relate to the wellness of our staff, and we wanted our people to recognise we are concerned about their overall holistic wellness – how their wellbeing at home and in the community can impact their wellbeing at work and vice versa.

To illustrate this, we designed a wellbeing logo that brings together the three elements that drive our wellbeing programme – something tangible that our people can see, engage with and relate to as they take part in the various initiatives throughout the year.

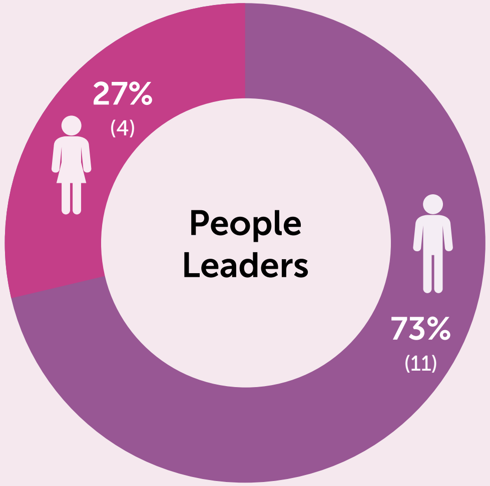
Through the design and meaning of the logo we hope to represent Port Taranaki as "Somewhere I feel valued, productive and connected".

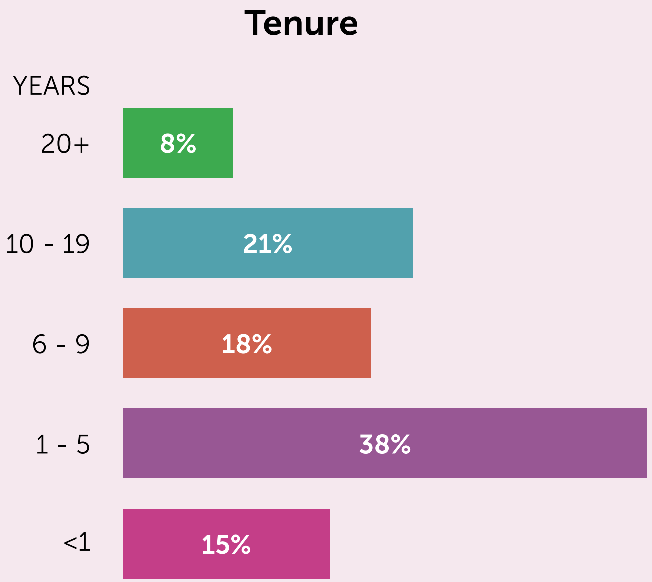
The three elements are:

- The person: When I'm 100% fit for work, I'm capable of 100% safe performance.
- Our place: Our workplace and physical environment: welcoming, safe, inclusive and productive.
- Connection and community: How we relate to each other: talk, listen, have fun, be there.

The logo and its elements integrate health and safety – a key component of wellbeing.

This logo is used wherever our wellbeing programmes are offered, promoted or in use, to help our people become more aware of what resources they have access to and the programmes they can utilise.




# Volunteer day

Aligned with our wellbeing element of 'Connection and community', we have introduced a volunteer day.

Each of our people has the opportunity to undertake one paid, volunteer day in the community each year with a registered charity. The volunteer day can either be carried out as an individual or as a team.

We believe it's important that our people have a connection with our community and are able to contribute and give back. It's also recognised that helping in the community is good for mental wellbeing.

We hope this makes a real difference to the charities our people will be supporting and also to the wellbeing of our people.

# Collaboration with unions

We are increasing our proactive engagement and relationships with the unions who represent staff at Port Taranaki to solve issues or concerns together, with a focus on interest-based problem solving.

In this approach, leadership from the port and unions come together to discuss new interests or concerns either may have and then develop solutions, outside of the bargaining table. The aim is to build solutions from the ground up rather than from the top down.

Leadership from the unions and Port Taranaki management have been trained in this problem-solving, proactive approach. Together, with a charter built by the collective team, we hope to strengthen relationships that are productive and beneficial for all.

# Port sector safety review

The Government-initiated review into port safety and resultant action plan have put increased focus on port health and safety, and we're pleased and proud to have made changes to help improve safety and ensure everyone working on our port goes home safe every day.

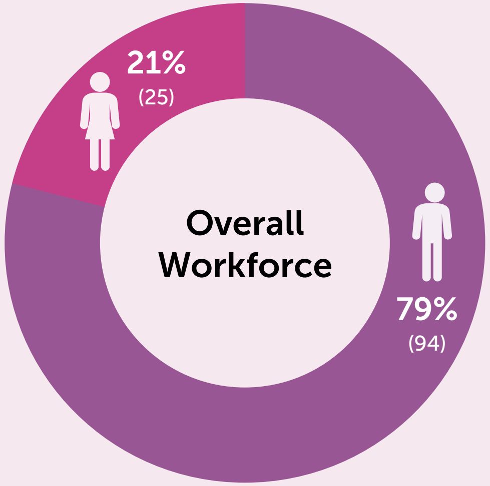
Following the review, which was conducted by Maritime New Zealand and WorkSafe, Port Taranaki was issued two 'improvement notices' relating to traffic management and people on-site entering designated exclusive zones, such as log storage yards, without authorisation.

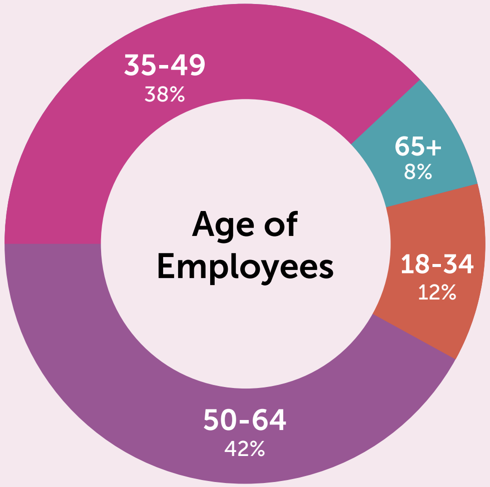
We have made significant changes to our port as a result of these notices, and these notices have now been signed off and closed by WorkSafe.

We have classified our high hazard areas, such as the wharves and log yards, as Restricted Areas. A Restricted Area means an individual must gain permission from the organisation (known as a PCBU in heath and safety legislation) in control of the area before they can enter. These areas are clearly marked with large signage, contact numbers and clear road markings. The changes apply to everyone operating on the port.

We have worked with our Port Safety Advisory Group, which includes PCBUs on and off-site, to develop these Restricted Areas, establish the procedures for entering the Restricted Areas, and roll out training to PCBU employees, Port Taranaki management and staff.

We worked with a traffic engineering consultant on improving our traffic management and wayfinding within the port. Following this work we have improved road markings, installed large wayfinder signage to help drivers easily find their destination within the port, developed more clearly defined pathways and zebra crossings for safety, and purchased a trailer-mounted digital sign, which will be used as mobile signage for the likes of security events, projects and civil works, safety messaging, emergency situations and traffic announcements and detours.




# Skills and knowledge

# All-female crew makes history

We were extremely proud in February when launch master Andrea Chadfield and marine deck crew Aleisha Pelham made Port Taranaki history by becoming the first all-female crew to operate a pilot launch or tug. It's also believed to be a landmark moment for all New Zealand ports.

The pair undertook their first shipping movement together when they motored out on pilot launch Mikotahi and safely removed the pilots from tanker Aliakmon as it left Port Taranaki.

Andrea joined Port Taranaki about 17 years ago after working at a family charter business, while Aleisha joined the port as a casual member of the communications and security team, before obtaining a Qualified Deck Crew Certificate.

Andrea and Aleisha hope their history-making moment will encourage other females to consider a career in the maritime industry.

"It's really exciting," says Aleisha. "It's been a hard and long journey for females to get into the marine industry, so it feels like we're setting a precedent."

"It's amazing, really," adds Andrea. "Hopefully we're paving the way for the new generation of women with a passion for life on the water and they see that there are opportunities for women to work in these roles."

At Port Taranaki we have women in positions across the entire operation – from on the water and wharfside to engineering and executive leadership, and hope that the work and success of Andrea and Aleisha will encourage more females to see the maritime industry as a potential career path.

# Arrival of Helix Q7000

The skill and ability of our marine pilots and marine team were on display when the specialist well intervention vessel Helix Q7000 arrived at port, ahead of the third stage of the Tui decommissioning.

Despite it being the first time Port Taranaki marine pilot Captain Adam Eager had been flown by helicopter to a vessel, and the first time he had piloted a self-propelled well intervention unit, Adam adeptly piloted the 96m long, 64m wide vessel smoothly into port.

Extensive planning by the pilots and marine team were critical to the arrival and mooring going to plan – the team knew what to expect and carried out the job safely and efficiently.

A great 'Team Taranaki' effort also enabled the Helix Q7000 to be crewed, stocked and fuelled for an early departure from port ahead of a significant weather event.

During a busy 48 hours, the vessel cleared customs and biosecurity checks, bunkered fuel, carried out a crew change, loaded food supplies and took on the gear required to get the Tui field abandonment under way.

# Tuakana crew help remove rig

The crew of Port Taranaki tug Tuakana displayed expert skills and navigation when assisting the removal of the 19,000-tonne Valaris 249 jack-up rig from the Māui B gas field off Taranaki, before helping load it onto a heavy lift vessel for transportation to its next job.

In April, Tuakana, along with offshore supply vessels Skandi Emerald and MMA Vision, safely towed the 94m long and 92m wide rig from Māui B to Admiralty Bay, in the Marlborough Sounds. Tuakana's primary role was to provide a safety connection to the rig in case of emergency, with Skandi Emerald carrying out the main towing.

Once at Admiralty Bay, and with the 224m long semi-submersible Blue Marlin arriving on site, Tuakana, on the starboard aft, steered the rig to about 50m from the vessel and carefully held it in position.

Ropes were connected from the Blue Marlin to the rig and it was winched into position over the submerged deck, with just 600mm clearance between the top of the vessel deck and the bottom of the rig.

Port Taranaki marine manager Ben Martin says the Tuakana crew did an exceptional job, with the job completed safely and expertly.

# Supporting the Tui decommissioning

Following our support of the first phase of the decommissioning of the Tui oil field, Port Taranaki again played a key role for phase two of the work.

Over four months, Australia-based specialist Shelf Subsea disconnected and removed about 360 tonnes of subsea steel structures and almost 40km of flexible lines from the oil field. Across 12 visits by vessel Southern Star, the infrastructure and lines were brought to Port Taranaki, unloaded and then removed.

Shelf Subsea project director David McCarthy commented that the support of Port Taranaki and its ability to be flexible regarding the vessel's changing schedule, particularly because of weather disruptions, was critical to the project being a success.

During the work the port's facilities, lifting equipment, laydown areas, and team's skills were utilised.


HELIX

# Environment

# Stormwater upgrades

Our vision is to be The Pride of Taranaki, and protecting and enhancing our environment is vital to achieving this.

Working within the marine environment, we have a responsibility to protect the harbour. To achieve this we continue to improve our stormwater systems and operational processes to prevent contaminants entering the water.

In the past two years, there has been approximately $2.5 million spent on upgrading infrastructure that assists in improving our stormwater environmental performance. This includes laydown area upgrades and stormwater treatment facilities.

In the past year, we have installed another vortex separator and new drainage associated with it to support the log yards on Blyde Wharf.

In addition, the development of a new storage yard on the former site of two covered storage areas has included upgrades to the stormwater system, and the installation of slot drains and a new vortex separator unit to capture and filter yard run-off.

# Undaria removal

Annually, we remove invasive kelp species undaria from wharves, breakwaters and other in-water assets at Port Taranaki. Although this is not mandatory, we carry out this work to help protect the environment from this marine pest and enable our native species of kelp to thrive.

In the past year, we experienced a large decrease in the amount of undaria removed from the Port Taranaki area – from 1,600 litres in 2021 to 260 litres in 2022. The reason for the large decrease is unclear, but a change to remove the undaria before spawning may have been a key contributing factor.

We will await next year's harvesting programme to ascertain whether this reduction signals the start of a trend.

# Decarbonisation initiatives

We have purchased two new Nissan Leaf full electric vehicles, bringing to three the number of electric vehicles we now have in our fleet. The two new vehicles are being used by our health and safety team and our marine pilots, and replace petrol/diesel vehicles that had come up for renewal.

As part of our Sustainability Strategy, we are looking across our business to understand where we can lessen our impact on the environment by reducing our own carbon emissions.

As vehicles come up for renewal, we intend to replace them with either full electric for in-port work, or hybrid, if a lot of travel outside the port is required.

In the future, we will also look to replace our trade vehicles, such as our utes and vans, with either full electric or hybrid alternatives, and investigate the use of alternative fuels, such as a methanol or a mix of methanol and diesel, for our vessels, in particular our tugs.

We are also investigating the provision of a wharfside power supply system, enabling vessels to run on electricity while in port, rather than burn fossil fuels.

# Supporting our environment

Protecting and enhancing our marine environment and the wildlife that lives and breeds in the coastal area where we operate is extremely important.

Within our Sustainability Strategy, our Environmental Enhancement stream has a theme of ‘creating value for future generations and our planet’.

We actively look to achieve this by supporting environmental initiatives and groups that work to enhance and protect the native flora and fauna in the Port Taranaki area.

One such group is the Ngā Motu Marine Reserve Society, which cares for and monitors the little blue penguin population that nests at the port.

During the year, a group of Port Taranaki staff and their families, joined with society members to plant native coastal flaxes and plants to help protect and shelter the breeding area. Nesting boxes were also surrounded with soil to help regulate the temperature. We were thrilled to be able to help out such a great conservation initiative.

We continue to support Moturoa School’s Trees for Survival programme, which includes the propagation of native species that are planted around the region, including at Port Taranaki.

The port also supports and works with the Department of Conservation, the Ministry for Primary Industries, the Taranaki Regional Council, the New Plymouth District Council, Ngāti Te Whiti hapū and other community and environmental organisations in support of environmental and wildlife initiatives and monitoring, including trapping of predators across the port.

# Keeping rubbish out of our harbour

Our Lee Breakwater area is a popular recreational spot for families, walkers, runners, cyclists, fishermen and boaties. We provide and maintain the area's facilities, including the boat ramp and kids' fishing jetty.

To help keep the area clean and prevent rubbish from entering the harbour, we have installed three big belly bins that are suited to our coastal environment. The bins are fully enclosed, meaning rubbish can't overflow and escape into the water.

Two of the bins are placed along the Lee Breakwater – one by the kids' fishing jetty and the other at the end of the breakwater – and the third is located beside the boat ramp.

The big belly bins include a solar powered compactor, meaning they can hold up to 600 litres of rubbish compared with the 60 litres capacity of the previous bins. A sensor in the bin is synced with a phone app, alerting us when the bins are 80% full, giving us plenty of warning they are due for emptying.

# Protecting New Zealand's biosecurity

As a port of first arrival for international vessels, Port Taranaki is a potential entry point for biosecurity threats – a risk we take very seriously.

We are a leading member of a joint Ministry for Primary Industries-Taranaki Regional Council biosecurity team that works to keep threats out and, as a group, we are currently working on an initiative aimed at:

- Raising awareness of the importance of biosecurity to Taranaki's future.
- Building capability so that people know how to identify a biosecurity incursion and report it.
- Establishing a network of people and organisations that are ready and able to support a response.

We look forward to sharing this initiative with the community as it develops further.

# Identifying contaminated sites

Our port has been operating for more than 140 years and has been utilised by numerous businesses and industries over that time – many of which have stored and traded materials that were hazardous.

As our port changes and adapts, with areas being used for new purposes, we want to have a clear and thorough understanding of what areas of land might have been contaminated through previous use.

This will enable us to know what requirements, such as resource consents for removal of spoil, are needed before undertaking excavation work, and to help protect those working on these areas.

Using Land Information Memorandum (LIM) reports and historical records, we are completing preliminary site investigation (PSI) reports, which identify land that has been, or is being used for activities or industries that feature on the Ministry for the Environment's Hazardous Activities and Industries List (HAIL).

When these areas are identified it does not mean that the soil is contaminated, it means there is a higher risk of contamination. Soil samples need to be taken to establish whether contaminants are present, and if so, whether they are above a defined risk threshold.

With pipelines, archaeological sites, and areas of contaminated land to consider, the excavation process is complex. By having a HAIL, we will more quickly and efficiently be able to plan, consent, and safely undertake work.


# Assets and infrastructure

# Reshaping our port

We continue to reshape and adapt our port to suit current and future trade needs, and ensure we have the necessary facilities available for our customers to trade efficiently.

The area that formerly housed the covered storage areas known as sheds 4 and 5 has been repurposed into a laydown area. The 2,700m$^2$ yard is being used by a log customer and provides space for approximately 64,500 JAS of logs per year.

The work on the new laydown area has included upgrades to the stormwater system, including the installation of slot drains and CDS units to capture and filter yard run-off.

Directly opposite this area, a second laydown area has been prepared, which provides 3,000m$^2$ of storage space to hold approximately 72,000 JAS per year.

We have also developed an area of land at the rear of the former power station site for storage or laydown. Work on the 3,700m$^2$ area has included new surfacing, drainage, curbing and roading in and out of the site.

# Upgrading our IT systems

Technology plays an increasingly important role in our business as we look to improve our service to customers and port users.

The digitalisation of our Newton King Tanker Terminal (NKTT) monitoring systems has enabled us to improve our operations and support health and safety. In the past year, our new firewater system has been added to this distributed control system and we plan to add other NKTT processes to it in the future.

We are also evolving our information technology (IT) infrastructure system to better serve our business.

The previous system had become outdated and inefficient for our needs. Furthermore, we needed to upgrade our backup and restore services to improve security.

The new solution involves transitioning to cloud computing model SharePoint. This move allows us to improve collaboration, increase productivity, streamline business processes, and enhance security. It also provides cost savings and scalability.

One of the great benefits is the ability to collaborate. Our teams can now work together on documents, projects and content in real time, and regardless of their location. This is particularly beneficial for our business as we have people working across several sites and working varying hours, depending on rosters.

# Protecting our energy wharf

A multimillion-dollar upgrade and replacement of the firewater system on our NKTT was completed at the end of 2022 and will help protect and future-proof the energy products wharf for decades to come.

The $16 million state-of-the-art freshwater firewater system, which replaced the existing saltwater system that was nearing the end of its life, included the installation of new pipelines, monitors (water cannons), valves, pumps, dual electronic controls, a new firefighting foam system, and a refurbished freshwater tank.

Fully operational on 30 December 2022, the upgrade means the firewater system continues to comply with the International Safety Guide for Oil Tankers and Terminals (ISGOTT) standards, and meets Environmental Protection Authority (EPA) firefighting foam regulations.

The system is an incredibly important and necessary asset for the safety of the port and the people who work here. It gives our company and our customers assurance that our wharf and their assets – their pipelines on the NKTT, loading arms and the tankers that come to port – will be protected as best as possible should a fire occur.

It also prepares our terminal for possible future changes in the energy products that will be moved across the wharf.

An unused water tank, which is on Port Taranaki land outside the operational area, was refurbished and upgraded, and holds 60 million litres, which equates to four times the four hours of firewater the port is required to have available at all times. Existing piping that takes the water from the tank to the port was able to be reused. Two new pumps and an electronic control centre were installed on the tank site.

The tank is connected to the town supply, but to date has been filled with stormwater, which is collected on the site and then pumped into the tank. The town supply will only be used as a back-up.

A key advantage of a freshwater system is that it requires less maintenance as it is less corrosive than salt water.


COSCO
SHIPPING

# Adding efficiency to our wharf repairs

We undertake a programme of work to ensure the longevity of our key assets – the wharves. This involves inspecting and repairing defects in the concrete wharf piles and under-wharf structures. If left unrepaired, these defects could compromise the integrity of the wharves.

Up until recently, this work was carried out by a contractor from outside Taranaki spending weeks at a time on-site. However, weather and sea conditions, and shipping schedules often hampered the amount of work able to be completed in the periods set aside.

To allow us to more quickly and efficiently carry out the work around weather and shipping, we have brought the repair work in-house, utilising the skills of our civil team.

The external contractor has trained our team in the tasks required and we have a project manager who establishes the procedures and leads the work. Our external contractor continues to provide quality assurance and quality control services.

# Albatros returns for maintenance dredging

The dredge Albatros returned to Port Taranaki in January for a biennial maintenance dredging campaign, removing sand and sediment build-up that is driven into the port by the predominant current and wave action that hits our Main Breakwater.

Being the only deep-water port on the west coast of New Zealand, and New Zealand's premier energy port, it's important our shipping channel remains clear and safe for trade.

The campaign was a success, with favourable weather and swell conditions enabling Albatros to complete the work on time. More than 275,000m$^3$ of material was removed during the campaign and dropped at our inshore and offshore consented areas.

Albatros also carried out a short dredging campaign last August, after a survey detected abnormal amounts of sand and sediment had been pushed into the harbour from severe storms and other weather events earlier in the year.

# Kīnaki turns five

Our purpose-built harbour tug Kīnaki is a key member of our port vessel fleet.

During the year, Kīnaki went to drydock in Lyttelton for her first five-yearly service – her first out-of-water special survey, where she was assessed and maintenance work was carried out.

A team of five sailed the tug to and from Lyttelton, where a large team from Lyttelton Engineering, assisted by two port engineers, spent 13 days carrying out maintenance.

The work included a full disassembly and survey of the propeller units, an overhaul of the sea water and fire pump, replacement of the hull anodes, repair of the hull valves, corrosion repairs on deck, full underwater recoatings and deck recoatings, and a new coat of orange on the topside.

Following inspection by a surveyor from Lloyd's Register – globally recognised for marine classification and compliance – Kīnaki's certification of class and certification of survey were renewed for another five years.

# Maintaining our public assets

Outside our operations area, we own and maintain the Lee Breakwater and the surrounding area, which includes the public boat ramp and car park, and the kids' fishing pontoon.

These are very popular public areas and we take pride in providing these facilities for the community.

In the past year, the kids' fishing pontoon and bridge leading to the jetty were removed from the water for extensive maintenance. This included sand-blasting, repairing rust, and repainting of the structure, replacing the anti-slip surface on the pontoon, and renewing the pontoon connections to the piles.

We have also carried out maintenance work on the bridge to the boat ramp pontoon, and annually remove sand build-up at the base of the boat ramp ahead of the busy summer boating season.

# Rawinia navigation upgrade

Our launch vessel Rawinia, which has an important job providing personnel transfer services to the Pohokura oil and gas platform, has received an upgrade to her navigation suite.

The upgrade to the latest technology includes the integration of all instruments into two multi-function touch-screen displays, and the installation of technology that allows the Rawinia to easily identify other vessels well before they are in visual range.

CCTV cameras can also now be accessed on the multi-function display, which improves safety as it allows the master to monitor activities on deck.

The technology upgrade is part of a number of improvements that will extend the service life of the Rawinia.

# Improving our response to oil spills

When an oil spill occurs within the Port Taranaki area, we are required to attend and execute a Tier 1 response plan.

To improve and speed up our response, we have purchased a purpose-built oil spill response trailer, which contains the equipment needed for an initial response to an event and can be quickly delivered to the site.

Previously, when an oil spill occurred, staff involved in the response had to stop work, report to the store where oil spill equipment was located, load a vehicle with the necessary equipment and head to the scene. This was time-consuming and resulted in delays of up to 45 minutes.

Having the trailer, with the basics already stored onboard, markedly reduces this time. The first person to the store need only hitch the trailer on and head to the site, while the spill coordinator assesses the spill and makes a plan for the response.

The quicker we can respond to the spill, the less chance there is of damage to the environment.

The trailer carries small amounts of absorbent pads, absorbent booms, absorbent granules, shovels, brooms, and PPE. In some instances, the equipment onboard the trailer will be enough for a full spill response.

The trailer was purchased through Spill Control NZ, which has supplied similar trailers to other organisations in Taranaki. The equipment stored in our trailer is specific for a marine port, the industries that use our port, and the types of products traded.


12x MB3125 Oil Absorbent Booms (inside tailgate)
Spill Control NZ
Spill Response Trailer
Oil and Fuel 1450ltr Cap


# ESG

# Delivering Environmental, Social and Governance outcomes

As a significant Taranaki company, owned by the community through the Taranaki Regional Council, we are committed to being a responsible company that maintains and enhances our social licence to operate. We do this by understanding our impact on the environment, our society and future generations.

We know that our stakeholders expect us to be a good corporate citizen, and that the assessment of a company's performance increasingly considers sustainability-based measures alongside the traditional financial measures.

Although Environmental, Social and Governance (ESG) factors are non-financial, they have measurable financial consequences in regards to the likes of access to capital, risk, and reputational management. As such, ESG is a strategic issue and we seek to incorporate ESG issues into our business in a meaningful way. Creation of long-term value comes from having a strong ESG foundation that is robust and balanced.

ESG at Port Taranaki is centred on four themes:

- Environmental enhancement – creating value for future generations and our planet.
- Supporting our people and community – creating value for our employees and our community.
- Enduring relationships – creating value through authentic partnerships with our community, port users, customers, iwi and hapū.
- Resilience – creating value for our business, shareholder, customers and port users.

The ESG actions and targets incorporated in our strategy and activities seek to drive value, with the aims of:

- Positively impacting the environment and society; and
- Supporting Port Taranaki's vision to be The Pride of Taranaki.

Simply put, embracing ESG means being a good neighbour, helping our community thrive, looking after the environment which we inhabit, partnering with iwi and hapū, valuing our customers and making trade easy. Finally for our people, it's about being a fair and equitable workplace where people are proud to work, and supporting the wellbeing of our people.

# ESG progress

During the year we completed the following ESG actions:

## Environmental enhancement

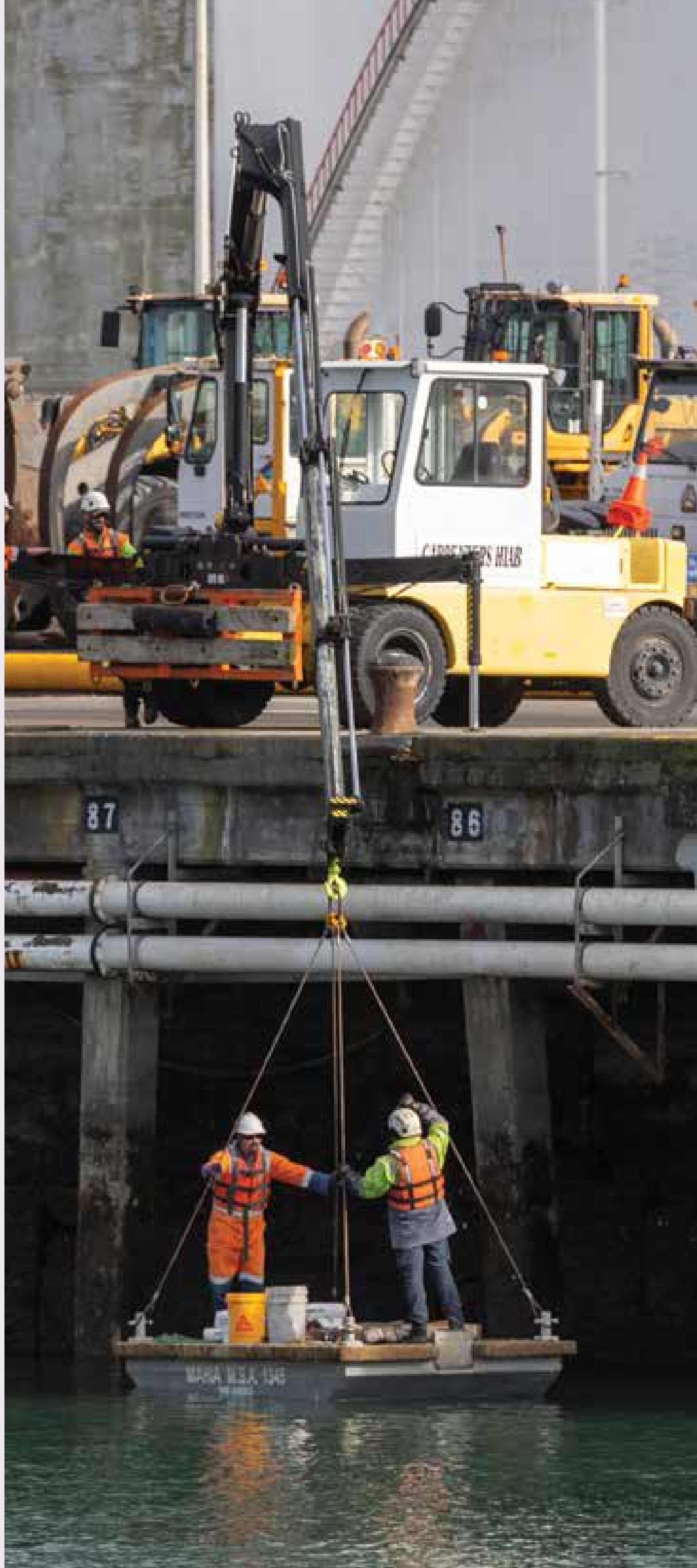
- Removed legacy PFOS firefighting foam from our firefighting system and tugs.
- Investigated the possibility of fuelling the fleet on biodiesel.
- Replaced two petrol/diesel vehicles with electric vehicles.
- Removed the invasive kelp species undaria from our harbour to help protect the environment and enable our native species of kelp to thrive.
- Commenced the development of a marine cultural health index.
- Installed additional slot drains and CDS units to improve our stormwater systems.
- Installed fully enclosed bins in the Lee Breakwater precinct. The bins include a solar powered compactor and can hold up to 600 litres of rubbish compared with the 60 litres capacity of the previous bins.

## Supporting our people and community

- Supported environmental initiatives and groups that work to enhance and protect the native flora and fauna in the Port Taranaki area, such as the Ngā Motu Marine Reserve Society, which cares for and monitors the little blue penguin population that nest at the port. In addition, Port Taranaki staff and their families, helped plant native coastal flaxes and plants to protect and shelter the penguins' breeding area.
- Provided and maintained facilities (including the boat ramp and kids' fishing jetty) at the Lee Breakwater, which is a popular recreational area.
- Extended our wellbeing programme to include access to the My Everyday Wellbeing website.
- Realigned our values to better reflect the business we are today and to help guide us.

## Enduring relationships

- Continued our support of community initiatives through sponsorship and grants.
- Our relationship with mana whenua is very important and we are working with Ngāti Te Whiti hapū and Te Kotahitanga O Te Atiawa to further develop this connection.
- Began the development of a cultural induction to raise awareness and recognise the cultural significance of the land that we occupy.
- Began proactively collaborating with unions to discuss new interests or concerns either party may have and then develop solutions, outside of the bargaining table. To implement this initiative, leadership from the unions and Port Taranaki have been trained in a problem-solving, proactive approach.



### Resilience

- Began investigations into providing shore power to enable vessels to run on electricity while in port, rather than burning fossil fuels.
- Investigated the feasibility of solar.
- Repurposed an area formerly housing covered storage into a laydown area.
- Redeveloped an area of land at the rear of the former power station site for storage or laydown.
- Upgraded and replaced the firewater system on the Newton King Tanker Terminal (NKTT) – this prepares the terminal for possible future changes in the energy products that will be moved across the wharf.
- Undertook a programme of work that involves inspecting and repairing defects in the concrete wharf piles and under-wharf structures to ensure the longevity of key assets.
- Completed our biennial maintenance dredging campaign that removed sand and sediment, ensuring our shipping channel remains clear and safe for trade.
- Digitalised our NKTT monitoring systems.

## Reducing greenhouse gas emissions

As New Zealand's premier energy trading port, Port Taranaki has both commercial and environmental interests to consider in relation to climate change. We recognise climate change has the potential to affect our business, both through physical impacts and in the transition to a low-carbon economy. This creates both risk and opportunity.

Our vision is to be The Pride of Taranaki and this drives our purpose to deliver our services in a sustainable way. Given our vision and purpose, we assess climate-related risks and opportunities in setting our company's long-term strategic direction.

We are committed to reducing our carbon footprint, improving our operational resilience, and adapting to the effects of a changing climate. We continue work to further understand how climate change will impact our infrastructure and the environment we work in.

We will have a key role to play as New Zealand moves towards a lower-carbon future, and we have already embarked on positioning the company as New Zealand looks towards increasing electrification and as the country's fuel and energy needs evolve. Initiatives that we have undertaken during the past year to deliver on this commitment have included:

- Investigated the possibility of fuelling the fleet on biodiesel
- Replaced two petrol/diesel vehicles with electric vehicles
- Began investigations into providing shore power to enable vessels to run on electricity while in port, rather than burning fossil fuels
- Investigated the feasibility of solar
- Undertook a study to understand Port Taranaki's exposure and vulnerability to the changing climate
- Completed a Methanol Powered Fleet Assessment
- Continued our programme to upgrade port lights to LEDs

Our commitment to reducing our carbon footprint is to enhance our carbon reporting. This year, we have made additional disclosures, to those made last year, and for the first time have reported our Scope 1 and Scope 2 emissions (see Climate change disclosure).

We recognise that this disclosure is still not complete, but it is a step forward on our journey.

Decarbonising is complex but the future is now, and we recognise that we must begin the journey towards playing our part in decarbonising our economy.

# Climate change disclosure

Port Taranaki is not a carbon reporting entity and is not required to disclose in accordance with the Financial Markets Conduct Act, 2013 and the" Aotearoa New Zealand Climate Standards. Notwithstanding this, we are committed to reporting transparently on climate issues and enhancing this reporting over time.

As we commence this journey we have been guided by:

- The External Reporting Board's (XRB's) three climate standards that comprise New Zealand's climate-related disclosure framework.
- XRB staff guidance.
- The guidelines of the Task Force on Climate-related Financial Disclosures (TCFD).

This is a further step on our journey. We recognise that this disclosure is not complete when referenced to the Climate Standards released by the XRB in December 2022. Over time, we are looking to report more fully in accordance with the Aotearoa New Zealand Climate Standards.

# Our business model

As the only deep-water port on the west coast of New Zealand Port Taranaki is a vital link in the national and international supply chain. For more than 140 years, Port Taranaki has developed and grown as the trade to and from the Taranaki region has changed. Our port assets, such as our wharves, buildings, land, and on-water fleet are key to this success and the longevity of our business.

Our purpose is clear: to be The Pride of Taranaki and to make trade easy.

Today we serve the bulk liquids (energy), dry bulk (fertiliser, stock feed and cement), and forestry (logs) sectors, and support general cargo. Commercial activities include the provision of: (i) marine and cargo services; (ii) logistics services (including offshore support); and (iii) property and storage services.

As global trade changes in line with the transition to a low-emissions future, we are focused on evolving our business model to diversify revenue streams and reduce the weighting to the bulk liquids sector. We have commenced this journey and have joined with the NZ Super Fund, Copenhagen Infrastructure Partners and the BlueFloat Energy and Elemental Group partnership to build an understanding of how the port's assets, infrastructure and land can support the growth of an offshore wind industry in New Zealand. Port Taranaki's vision is that the port will serve as a hub for offshore wind development in New Zealand, including offshore Taranaki.

# Our carbon governance

Port Taranaki's Board is accountable to its shareholder, the Taranaki Regional Council, for the long-term stewardship of the company. The Board is responsible for oversight and governance of its business objectives and strategies, including climate-related risks and opportunities.

As part of its governance function, the Board sets the company's overall strategic direction. When reviewing and guiding strategy and the operations of the company, the Board reviews all key risks and opportunities. These reviews comprise part of the company's risk management framework and include a review of all climate-related risks and opportunities and are undertaken during the strategic and business planning processes.

Climate-related risks and opportunities are additionally managed by the Audit and Risk Committee, to which the Board delegates responsibility to ensure the company manages its risks and compliance appropriately. The Audit and Risk Committee review the company's enterprise risks twice a year. The outcomes of Audit and Risk Committee meetings, including risk discussions, are reported to the Board.

To achieve and maintain the company's objectives, management is responsible for the active identification of risks and implementation of mitigation measures, including relating to climate change.

The Board Charter requires the composition of the Board to reflect the duties and responsibilities it is to perform and is aimed at ensuring the Board has the appropriate mix of skills, experience, and expertise, and has a proper understanding of, and competence to deal with, the current and emerging issues of the company. The Board recognises that today this necessitates a knowledge of climate change.

Directors are expected to undertake continuing professional education to keep themselves up to date on the changes and trends (including climate change) impacting the company's business.

# Our risk management

Climate issues relate to our entire business and are integral to our long-term value. Consequently, climate change is a strategic issue that is incorporated into the business and is managed through the company's risk management framework.

This framework is designed to promote a culture that ensures a proactive and consistent approach to identifying, mitigating, and managing risk.

In addition to the Board and Audit and Risk Committee, our risk management framework includes a Risk Management Committee, comprising the Chief Executive and the Chief Executive's direct reports. The Risk Management Committee meets every second month and, as part of its remit, considers the company's enterprise risks and emerging risks, both of which include climate-related risks.

These risks are considered prior to the strategic and business planning process and immediately following any nationally or globally significant event (e.g., earthquake, change in Government policy).

Under the company's risk management framework all risks, including climate-related risks, are assessed using a risk matrix that assesses the likelihood and consequence of each risk. The risk matrix displays risks according to their consequences and likelihood and combines these characteristics to determine a risk rating and the significance of the risk.



# Climate-related risks and opportunities

The following tables present an overview of the company's most material climate-related risks and opportunities over three time periods: the short, medium and long term.

These timeframes are aligned to the company's planning cycles. Annually, the Board approves the company's business plan and the Statement of Corporate Intent, both of which cover a three-year period. The company considers that the actions, plans (including capital plans) and goals set out in these documents cover the short term.

The company defines the medium term as the period aligned to its asset management and strategic plans. The Asset Management Plan (AMP) outlines how the company's objectives are translated into asset management objectives having considered the external, internal, customer and stakeholder contexts. The AMP outlines the company asset management approach, strategies, high level plans, and capital and repairs and maintenance expenditure for the next 20 years. Annually, the company refreshes (and at times resets) its strategy through the annual planning cycle. The Board-approved strategic plan covers a 20-year timeframe. The company considers the period from 3 to 20 years to cover the medium term.

The period beyond 20 years is considered in capital decisions involving assets with an expected life beyond 20 years and in seeking resource consents for a period greater than 20 years. The period 20 to 50 years is considered the long term.

Port Taranaki recognises that its business is exposed to climate-related risks outside the port in component parts of its value chain. These climate-related risks may impact access to the port, its customers and their operations, and the community. These risks are identified below. We note that more work is required to further explore these risks and opportunities and to ensure that all material climate-related risks and opportunities have been identified and that they have been assigned to the most applicable period.

The table below outlines the anticipated climate-related risks that may impact the company. These risks and opportunities have been identified through internal research and analysis. An initial list of risks and opportunities was identified by utilising various resources to inform thinking around how climate-related risks and opportunities could impact the company. Resources used included:

- Reports by the Intergovernmental Panel on Climate Change (IPCC) that outline the scientific, technical and socio-economic knowledge on climate change, its impacts and risks, and options for mitigation.
- New Zealand's National Climate Change Risk Assessment.
- The Climate Change Commission's analysis on a low-emissions future for Aotearoa.
- Analysis of Climate Predictions for Port Taranaki Infrastructure Design and Operations, Oceanum, December 2022.
- Climate change projections and impacts for Taranaki, April 2022.

Following compilation of the initial list, the Risk Management Committee reviewed the company's climate risks and opportunities.

| Risk | Impact | Risk type | Consequence & Likelihood (Estimate) | Mitigations |
|---|---|---|---|---|
| Government policy and/or regulations encourage/incentivise a shift to a low carbon economy which may result in increased fuel and carbon costs. | Rising fuel and carbon costs impact operational costs as Port Taranaki is currently reliant on diesel fuel to power tugs, mobile harbour cranes and forklifts.<br>Carbon pricing may impact the dry bulk trade if farm-level emissions pricing is implemented. | Transitional | Moderate risk in short term.<br>Almost certain in medium to long term. | Ensure fuel price escalation risk is considered in business planning and reflected in tariffs.<br>Investigate ways to increase tug efficiency.<br>Possible use of less carbon intensive fuels. |
| Government policy and/or regulations encourage/incentivise a switch away from petrol/diesel. | Higher fuel costs encourage a shift to alternative fuels. This may ultimately reduce the fuel imported through the port and reduce the revenue that this generates.<br>Assets may become obsolete. | Transitional | Low in short term.<br>Almost certain in medium to long term. | Diversify trade.<br>Growth in renewables provide Port Taranaki new revenue opportunities. |
| Government policy and/or regulations ban or limit the procurement of, and reduce the use of, diesel-powered machines. | Need to procure non-diesel tugs and machinery. | Transitional | Low in short to medium term.<br>Almost certain in long term. | Ensure fuel price escalation.<br>Risk is considered in forecasting and reflected in pricing port services.<br>Investigate ways to increase tug efficiency.<br>Possible use of less carbon intensive fuels. |
| Methanex withdraws from New Zealand –e.g., changes to the Crown Minerals Act that stifles the investment needed to maintain gas supplies for industrial use. | Reduces trade and revenue. | Transitional | Low in short to medium term.<br>Possible (but not certain) in long term. | Green methanol (e-methanol, bio-methanol) can be produced and has a low-carbon intensity. |
| Re-pricing of asset values. | Lower fuel imports into the region may impact the value of Port Taranaki assets (the NKTT Wharf and the Omata Tank Farm). | Transitional | Low in short to medium term.<br>Possible (but not certain) in long term. | |

| Risk | Impact | Risk type | Consequence & Likelihood (Estimate) | Mitigations |
|---|---|---|---|---|
| Fewer logs exported as forests are purchased for carbon credits. | Production forests that would have exported logs via the port are purchased for carbon credits and not exported. | Transitional | Low in short term. Probably in medium and long terms. | Expand log hinterland. |
| Increased temperatures. | The health, safety and wellbeing of our people (as many work outdoors) is impacted by working in warmer conditions and changing weather patterns.<br><br>Difficult to recruit personnel. | Physical | Low in short to medium term.<br><br>Possible (but not certain) in long term. | |
| Increase in sea level. | Inundation of certain areas of the port may cause damage or operational issues for the port and necessitate port development. | Physical | Low in short to medium term.<br><br>Possible (but not certain) in long term. | If required, re-development of the port to raise the level of quaysides/storage areas. |
| Fracking is banned. | Much of New Zealand's gas reserves and 2C resource is contained within "tight gas" reservoirs. Production of these reserves and resource requires the use of fracking (a well-stimulation technique in which the reservoir is fractured by a hydraulically pressurised liquid).<br><br>If fracking operations were banned in New Zealand then gas and oil production would diminish. | Transitional | Low in short to medium terms. Possible in the long term. | Green methanol (e-methanol, bio-methanol) can be produced and has a low-carbon intensity. |
| Increase in sea level. | Maintenance and dredging requirements change as sea levels rise and coastal morphology changes. | Physical | Possible (but not certain) in the medium to long term. | Increased hydrographic surveys / increased dredging. |
| Increased frequency of extreme wind events. | Increased frequency of extreme wind events could damage buildings, light towers and other elevated structures and may disrupt vessel loadings. | Physical | Low in short to medium term.<br><br>Possible (but not certain) in long term. | Proactive and regular maintenance to ensure safety and resilience. |
| Increased storm intensity. | The intensity of storms may impact stormwater design and capacity and could cause disruption to port operations and damage marine infrastructure. | Physical | Low in short to medium term.<br><br>Possible (but not certain) in long term. | Modelling of the stormwater system capacity under future scenarios.<br>Stormwater redesign |

| Risk | Impact | Risk type | Consequence & Likelihood (Estimate) | Mitigations |
|---|---|---|---|---|
| Increased storm and flood damage. | The intensity of storms may cause flood damage. Storm and flood damage may cause critical damage to critical equipment leading to disruption of port operations. In addition, storm and flood damage may result in hydrocarbon spills. | Physical | Low in short to medium term.<br><br>Possible (but not certain) in long term. | Purchase and installation of weather stations in the north to improve the weather models and improve forecasting the impact of weather from the north.<br><br>Proactive and regular maintenance to ensure safety and resilience. |
| Increase in sea level. | Insurance costs increase and insurance availability is diminished given sea level rise. | Physical | Low in short to medium term.<br><br>Possible (but not certain) in long term. | Proactive and regular maintenance to ensure safety and resilience:<br><br>Regular monitoring<br><br>Post-event inspections<br><br>Akmon replacement. |
| Increase in sea level. | A 200mm increase in sea level is expected over the next 100 years. This will likely worsen LPW effects. | Physical | Low in short to medium term.<br><br>Possible (but not certain) in long term. | Breakwater modifications and/or additional ShoreTension units. |

The table below outlines the anticipated climate-related opportunities that may impact the company.

| Opportunity | Impact | Risk type | Consequence & Likelihood (Estimate) |
|---|---|---|---|
| Electrification of the economy. | Opportunity to support renewable energy projects that may enable Port Taranaki to grow and diversify its revenue. | Transitional | Low in short term.<br><br>Possible in the medium to long term. |
| Drive to decarbonise and reduce emissions. | Opportunity to support the decarbonisation of the shipping industry by facilitating methanol bunkering. | Transitional | Low in short term.<br><br>Possible (but not certain) in the medium to long term. |
| Increase in sea level. | A 200mm increase in sea level is expected over the next 100 years. An increase in sea level, all other things being equal, will increase the commercial cargo opportunities given the extra 200mm under the keel at low tide. | Physical | Low in short to medium term.<br><br>Possible (but not certain) in long term. |
| Vessels prevented from running diesel generators when berthed at port. | Requirement for ships to use shore power while in port. Facilitates a new service – provision of shore power. | Transitional | Low in short term.<br><br>Possible (but not certain) in the medium to long term. |
| Importers and exporters change transport mode to coastal shipping to reduce emissions. | Potential to create additional trade and increased vessel visits, enabling Port Taranaki to grow and diversify revenue. | Transitional | Low in short term.<br><br>Possible in the medium to long term. |

# Capital deployment and funding

As part of its strategic and business planning process, the company translates its objectives into asset management objectives with consideration given to the company's strategic objectives, the risks and opportunities facing the company and the external context. The outcome of this process is the company's Asset Management Plan (AMP). This outlines the asset management approach for Port Taranaki's assets during the next 20 years to ensure assets are provisioned in a fit-for-purpose condition to support the company's strategy and business plan, enable it to achieve its objectives, and minimise risks (including climate-related risks).

The AMP sets out our view on the investments that will deliver safe and reliable assets, deliver long-term resilience, mitigate risk, and position the business for the long term.

The AMP, therefore, informs the company's capital expenditure and repairs and maintenance plans, which are ultimately determined by affordability, and screening capital expenditure proposals against growth opportunities (including those arising from climate change), risk (including climate-related risks) and resilience.

# Our emissions

Port Taranaki is a long-term, multi-generational business and consequently we take a long-term approach to stakeholder and environmental management. Outlined below is the greenhouse gas emissions inventory for Port Taranaki for the 12 months ending 30 June 2023.

As this is our first report of greenhouse gas emissions our greenhouse gas emissions inventory is a work in progress, and we continue to refine our organisational boundary and are looking to include Scope 3 emissions.

## Scope 1 – Direct emissions

Scope 1 includes emissions from sources that are owned or controlled by the company. This includes fuel used in our marine fleet, fuel owned in vehicles owned or leased by the company, LPG used in forklifts, any firefighting foam used on site and any refrigerants consumed.

## Scope 2 – Indirect emissions

Scope 2 emissions include those emissions from purchased electricity consumed within the Port operational area, at the company's corporate offices and buildings/workshops that are outside the Port operational area. It includes electricity consumed within the port operational area and in Port Taranaki's buildings/workshops consumed by its tenants where that electricity is supplied from the grid to a Port Taranaki electricity meter.

The company's Scope 2 emissions have been calculated using location-based emissions factors.

## Scope 3 – Other indirect emissions

Scope 3 emissions are a consequence of Port Taranaki's activities that occur from sources not owned or controlled by us. During the year the company commenced an assessment of its Scope 3 emissions in accordance with the Corporate Value Chain (Scope 3) Accounting and Reporting Standard. This is currently incomplete and consequently our Scope 3 emissions have not been disclosed.

## Table 1: Greenhouse Gas Emissions Inventory Summary

| Scope | Category | FY22 emissions $tCO_2e$ | FY23 emissions $tCO_2e$ |
|---|---|---|---|
| Direct emissions (Scope 1) | Diesel – marine fleet | 915 | 922 |
| | Diesel – transport | 67 | 69 |
| | Petrol – transport | 15 | 15 |
| | LPG – transport | 1 | - |
| | Diesel – stationary | 101 | 161 |
| | **Total scope 1** | **1,099** | 1,169 |
| Indirect emissions (Scope 2) | Purchased electricity | 366 | 345 |
| **Total emissions (Scope 1 and 2)** | | **1,465** | **1,514** |

All emissions, except where stated, have been calculated using the New Zealand Ministry for the Environment's Measuring Emissions: A Guide for Organisations (2020).

The table below presents the company's greenhouse gas emissions intensities. These are measured in terms of tonnes of CO2 emitted per tonne of trade. This is an industry-based metric used by other ports in their carbon emissions reporting. In addition, the company reports emissions per vessel visit as most of the company's emissions relate to its marine fleet whose activity is related to the number of vessel visits per annum and emissions per million dollars of revenue, as some of the company's logistics revenue generates emissions but is not trade related.

We are committed to reducing our carbon footprint, improving our operational resilience, and adapting to the effects of a changing climate (see ESG).

## Table 2: Greenhouse Gas Emissions Intensity

| Category | FY22 Value | FY23 Value |
|---|---|---|
| Scope 1 and 2 emissions intensity (tCO2e per kT of trade) | 0.31 | 0.32 |
| Scope 1 and 2 emissions intensity (tCO2e per vessel visit) | 5.16 | 5.13 |
| Scope 1 and 2 emissions intensity (tCO2e per $m revenue) | 28.49 | 26.44 |

# Greenhouse gas emissions source inclusions and exclusions

Port Taranaki includes Scope 1 and 2 emissions from all relevant Kyoto Protocol gases in our carbon inventory.

The emissions sources in Table 3 have been included in our GHG emissions inventory.

Table 3: Included Emission Sources, Data Source and Assumptions

| Scope | Emissions source | Data source | Uncertainty |
|---|---|---|---|
| Direct emissions (Scope 1) | Petrol and diesel | Supplier invoices for bulk diesel deliveries.<br>Fuel purchased through fuel cards. | Assumes no personal credit cards have been used to purchase fuel. |
| | LPG | Supplier invoices for LPG purchases. | Assumes LPG bottles weigh as stated. |
| Indirect emissions (Scope 2) | Electricity | Supplier invoices for monthly consumption. | Assumes that meter readings are correct. Electricity emission factor based on 2020 New Zealand grid mix. |

# Governance

# Disclosure

Port Taranaki's Board of Directors is accountable to its shareholder, the Taranaki Regional Council, in regard to how it runs the business, manages risks, reviews and improves performance and delivers on its promise as set out in the Statement of Corporate Intent.

In discharging its duties, the Board of Directors is committed to high standards of corporate governance and has adopted the following governance objectives:

- To lay solid foundations for management and oversight.
- To structure itself to add value through its composition, size and commitment.
- To promote ethical and responsible decision-making and act ethically and responsibly.
- To safeguard the integrity of its corporate reporting.
- To respect the rights of its shareholder.
- To recognise and manage risk.
- To remunerate fairly and responsibly.
- To ensure that Port Taranaki acts as a good corporate citizen.
- To promote a company culture that embraces diversity and inclusion.

The Board conduct, responsibilities and commitments are guided by its Board Charter (which can be found on our website) and key company policies.

Port Taranaki's Directors are appointed by the shareholder and the role of the Board is to effectively represent and promote the interests of the company considering the interests of all stakeholders with a view to adding long-term value to the company. Having regard to its role, the Board directs and supervises the management of the business and affairs of the company.

# Board structure

In accordance with its Board Charter, Board committees are formed when it is efficient or necessary to facilitate efficient decision-making. Each Board committee has written terms of reference approved by the Board. The members of each Board committee are appointed by the Board based upon the needs of the company, relevant legislative and other requirements and the skills and experience of the individual Directors. The role, function, charter, performance, and membership of each committee are reviewed by the Board on an annual basis.

The Board has two standing committees: The Audit and Risk Committee (ARC) and the Health, Safety and Environmental Governance Committee (HSEGC).

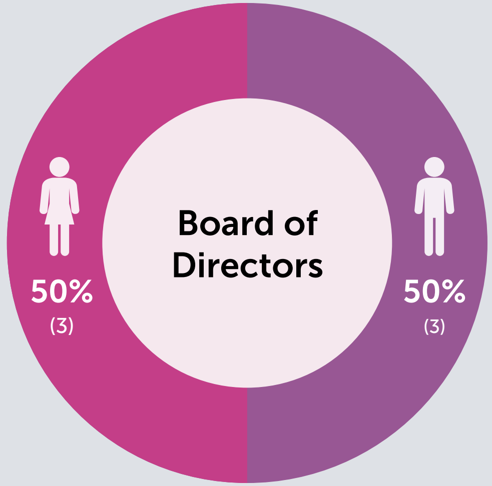
The primary objective of the ARC is to assist the Board in discharging its responsibility to exercise due care, diligence and skill in all matters related to overseeing the accounting, reporting, audit, compliance, and risks of the company.

The current members of the ARC are Kathy Meads (Chair), Steve Sanderson, Charlotte Littlewood and Jeff Kendrew (ex officio). Steve Sanderson was appointed to the ARC in April, upon joining the Board. During the year, Richard Krogh, who resigned from the Board on 1 July 2023, attended ARC meetings in his capacity as Board Chair. Peter Dryden was a member of the ARC until his retirement from the Board on 1 October 2022. Jeff Kendrew was appointed to the ARC in August 2022 and on 1 July 2023, upon becoming Board Chair, became an ex officio member of the ARC.

The primary objective of the HSEGC is to assist the Board in exercising its due diligence over health, safety, and environmental matters.

The current members of the HSEGC are Charlotte Littlewood (Chair), Wendie Harvey and Jamie Tuuta. Richard Krogh was a member of the HSEGC during the year until his resignation from the Board on 1 July 2023. Jamie Tuuta was appointed to the HSEGC in August 2022 and Wendie Harvey was appointed to the HSEGC in April, upon joining the Board.

The Board has determined that to operate effectively and to meet its responsibilities it requires a mix of skills, perspectives, knowledge and competencies. The current mix of skills and experience is considered appropriate for governing the company.



# Attendance at Board meetings

| Director | Full Board Meetings | Audit and Risk Committee | Health, Safety and Environmental Governance Committee |
|---|---|---|---|
| **Meetings held** | **7** | **4**[1] | **3** |
| Peter Dryden[2] | 2 | 1 | - |
| Jeffrey (Jeff) Kendrew[3] | 7 | 2 | - |
| Euan (Richard) Krogh[4] | 7 | 4 | 3 |
| Charlotte Littlewood | 7 | 4 | 3 |
| David MacLeod[5] | 3 | - | - |
| Katherine (Kathy) Meads | 7 | 4 | - |
| Jamie Tuuta[6] | 7 | - | 1 |
| Wendie Harvey[5] | 1[9] | - | - |
| Steven (Steve) Sanderson[5] | -[9] | 1 | - |

*[1] One Audit and Risk Committee meeting was a limited agenda meeting.*

*[2] Peter Dryden resigned from the Board on 1 October 2022.*

*[3] Jeff Kendrew was appointed to the ARC on 25 August 2022 and became Board Chair on 1 July 2023.*

*[4] Richard Krogh resigned from the Board on 1 July 2023.*

*[5] David MacLeod resigned from the Board on 21 April 2023.*

*[6] Jamie Tuuta was appointed to the HSEGC on 25 August 2022.*

*[7] Wendie Harvey was appointed to the Board on 18 April 2023 and upon joining the Board was appointed to the HSEGC.*

*[8] Steve Sanderson was appointed to the Board on 18 April 2023 and upon joining the Board was appointed to the ARC.*

*[9] Prior to their appointment to the Board, Steve Sanderson and Wendie Harvey attended the April Board meeting as observers. This was an additional attendance to that noted in the table above.*

# Director length of service

Directors' period of appointment are:

| | <1 Year | 1 – 2 Years | 2-5 Years | 5-10 Years |
|---|---|---|---|---|
| Number of Directors | 2 | 2 | 0 | 2 |

# Director remuneration

At the 2022 Annual Meeting the shareholder approved a total directors' fee pool of $394,000. In April 2023, the shareholder approved an increase in the directors' fee pool to $411,500, in recognition of the increase in directors for the final quarter of the financial year.

During the year ended 30 June 2023, the Board allocated the Directors' fee pool as follows:

| Annual Fee Structure | Financial Year 2023 | Financial Year 2022 |
|---|---|---|
| Chair | $98,500 | $95,500 |
| ARC Chair | $61,500 | $60,000 |
| HSEGC Chair | $61,500 | $57,000 |
| Director | $52,500 | $50,500 |

Directors' remuneration in respect of the years ended 30 June 2023 and 30 June 2022 paid by the company was as follows:

| Annual Fee Structure | Financial Year 2023 | Financial Year 2022 |
|---|---|---|
| Peter Dryden | $13,125 | $50,500 |
| Jeff Kendrew | $52,500 | - |
| Richard Krogh | $98,500 | $95,500 |
| Charlotte Littlewood | $61,500 | $57,000 |
| David MacLeod | $43,750 | $50,500 |

| Annual Fee Structure | Financial Year 2023 | Financial Year 2022 |
|---|---|---|
| Graeme Marshall | - | $50,500 |
| Kathy Meads | $61,500 | $60,000 |
| Jamie Tuuta | $52,500 | - |
| Wendie Harvey | $13,125 | - |
| Steve Sanderson | $13,125 | - |
| | **$409,625** | **$364,000** |

# Interests Register

The company maintains an Interests Register in which the Directors' declared interests are recorded. The directors of the company have declared interests in the following identified entities as at 30 June 2023.

| Director | Interest | Entity |
|---|---|---|
| **Jeff Kendrew** | Shareholder and Director | Sage Investments NZ Limited |
| | Director | Aveo Group Limited |
| **Richard Krogh** | Director and Consultant | Energia Limited |
| **Charlotte Littlewood** | Chair | Taranaki Regional Council |
| | Co-Chair | Taranaki Regional Skills Leadership Group |
| | Trustee | Taranaki Trails Trust |
| | Trustee | Pukeiti Trust Fund |
| | Member | TEC's Vocational Education & Training Operational Leadership Group |
| **Kathy Meads** | Chair | NZPM Group Limited |
| | Director/Chair ARC | Shipowners Mutual Protection and Indemnity Association (Luxembourg) |
| | Director/Chair ARC | Voyage Digital (NZ) Limited |
| | Shareholder and Director | Kathy Meads Limited |
| | Trustee | Christchurch Symphony Orchestra |

| Director | Interest | Entity |
|---|---|---|
| **Jamie Tuuta** | Chair | Sealord Group Limited |
| | Director | Ōtamarākau Ventures GP Limited |
| | Director | Taranaki Mounga Project Limited |
| | Director | Dairy Holdings Limited |
| | Director | Ruapehu Alpine Lifts Limited |
| | Director | Taranaki Iwi Claims Management Limited |
| | Director | Te Pakihi O Maru Management Limited |
| | Director | Pūainuku Vines General Partner Limited |
| | Director | Pūainuku Pastures General Partner Limited |
| | Director | Pūai Tangaroa General Partner Limited |
| | Director | Ngaa Rauru Entities |
| | Director | Te Atiawa o Te Waka a Maui Entities |
| | Director | Taranaki Whanui Entities |
| | Director | Ka Uruora Entities |
| | Shareholder and Director | Ngāti Mutunga Custodian Company Limited |
| | Shareholder and Director | Māui Toa GP Limited |
| | Shareholder and Director | Māui Toa Investment Manager Limited |
| | Shareholder and Director | Ka Uruora Aotearoa Trustee Limited |
| | Shareholder | Piermont Holdings Limited |
| | Shareholder | TWL Trust Limited |
| **Wendie Harvey** | Chair | Hawke's Bay Airport Limited |
| | Director | Aurora Energy Limited |
| | Director | Eastland Group Limited |
| | Director | TAB NZ Limited |
| | Director | Hawke's Bay Regional Recovery Agency |
| **Steve Sanderson** | Chair | Mitchell Daysh Limited |
| | Director | Top Energy Limited |

# Insurance

The company has arranged Directors' and Officers' liability insurance cover for $30 million to indemnify the Directors against the loss as a result of actions undertaken by them as Directors, provided they operate within the law.

The company has also arranged separate insurance cover for $5 million for Directors' defence costs in the event any claim against Directors as a result of actions undertaken by them as Directors, provided they operate within the law.

In addition, the company has indemnified Directors for claims made against them to the extent possible in accordance with the Companies Act and the Company's Constitution.

# Comparative review

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| **Operations** | | | | | |
| Trade (millions of freight tonnes) | | | | | |
| Imports | 0.93 | 1.11 | 1.18 | 1.13 | 0.94 |
| Exports | 3.76 | 3.63 | 3.92 | 4.33 | 4.10 |
| Total | 4.69 | 4.74 | 5.10 | 5.46 | 5.04 |
| Cargo vessel visits | 293 | 284 | 265 | 273 | 261 |
| Total gross tonnage (GT)(millions) | 5.86 | 6.67 | 6.08 | 6.17 | 5.56 |
| Permanent full-time employees | 119 | 115 | 111 | 107 | 110 |
| **Financial ($millions)** | | | | | |
| Revenue | 57.43 | 51.46 | 50.84 | 51.79 | 47.21 |
| Net finance expense | 1.03 | 0.60 | 0.93 | 1.96 | 1.94 |
| Earnings before interest, tax, depreciation, amortisation, maintenance dredging, changes in fair value of hedges, impairments, and gain/loss on assets (EBITDAF). | 27.46 | 21.69 | 21.13 | 25.05 | 20.61 |
| Earnings before interest, subvention payments and taxation (EBIT) | 20.26 | 14.62 | 13.71 | 17.54 | 13.04 |
| Taxation | 5.36 | 4.11 | 3.60 | 3.34 | 3.58 |
| Profit after taxation | 13.87 | 9.91 | 9.18 | 12.24 | 7.51 |
| Dividends | 8.00 | 8.00 | 8.00 | 8.00 | 9.00 |
| Capital expenditure | 17.02 | 8.11 | 5.89 | 5.77 | 11.56 |

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Continued | | | | | |
| Equity | 165.04 | 160.07 | 156.80 | 148.84 | 143.80 |
| Interest bearing debt | 37.99 | 32.33 | 36.90 | 39.07 | 45.98 |
| Total tangible assets | 213.14 | 201.41 | 202.03 | 196.84 | 199.52 |
| Earnings per share (¢) | 26.67 | 19.06 | 17.64 | 23.54 | 14.44 |
| Ordinary dividends per share (¢) | 15.38 | 15.38 | 15.38 | 15.38 | 17.31 |
| Net assets per share (¢) | 317.39 | 307.83 | 301.53 | 286.23 | 276.53 |
| Average equity (%) | 77.29 | 77.63 | 76.05 | 73.41 | 72.41 |
| Average return on equity (%) | 8.53 | 6.26 | 6.00 | 8.37 | 5.28 |
| Average return on assets (%) | 6.69 | 4.86 | 4.57 | 6.14 | 3.82 |
| Operating cashflow | 19.44 | 19.76 | 15.61 | 20.98 | 15.15 |
| Interest cover (times by profit after taxation) | 13.47 | 13.94 | 9.40 | 5.96 | 3.46 |

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# Statement of Corporate Intent

A comparison of the performance targets in the Statement of Corporate Intent for the period 1 July 2022 to 30 June 2023 against actuals for the period 1 July 2022 to 30 June 2023 as required by Section 164 (4) (a) of the Port Companies Act 1998 is shown opposite.

| 2022/2023 | Target | Actual | Achieved |
|---|---|---|---|
| Total trade volumes (MT) | ≥ 5.0 | 4.7 | ✗ |
| Non-liquid bulk (MT) | ≥ 1.0 | 2.0 | ✓ |
| EBITDAF[1] on average total assets (EBITDAF/ATA) | ≥ 10.5% | 13.1% | ✓ |
| Return (NPAT) on average total assets (NPAT/ATA) | ≥ 4.0% | 6.6% | ✓ |
| Return (NPAT) on average shareholder's funds (NPAT/ATA) | ≥ 5.5% | 8.5% | ✓ |
| Equity percentage (ASF/ATA) | ≥ 65.0% | 77.3% | ✓ |
| Interest coverage ratio (EBITDAF/Net finance expense) | ≥ 5.0x | 26.6 | ✓ |
| Dividends $m (minimum p.a) | ≥ 8.0 | 8.0 | ✓ |
| Environment incidents of harbour pollution | Nil | Nil | ✓ |
| Environment compliance with all resource consents | Yes | Yes | ✓ |

ATA - Average Total Assets
NPAT - Net Profit After Tax
ASF - Average Shareholder Funds

[1]EBITDAF is Earnings before interest, tax, depreciation, amortisation, maintenance dredging, changes in fair value of hedges, impairments, and gain/loss on assets. EBITDAF is a non-GAAP profit measure that provides a consistent measure of PTL's operating performance and is closely monitored by Management and the Board.

## These financial statements

These financial statements are presented in a style that attempts to make them less complex and more relevant to customers, owners, and other stakeholders. The financial statements are grouped into the following sections: 'Financial statements'; 'About this report'; 'Significant matters in the financial year'; 'Our performance'; 'Our assets'; 'Our funding'; 'Our financial risk management'; and 'Other disclosures'. Each section sets out the accounting policies applied in producing the relevant statements and notes, along with details of any key judgements and estimates used. The intent is to provide readers with a clear understanding of what drives the financial performance and financial position of Port Taranaki Limited (PTL, also referred to as the Company). The aim of the text in boxes is to provide commentary on each section, or note, in plain English.

# Financial statements

FOR THE YEAR ENDED 30 JUNE 2023

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**KEY**

Subsequent events

Key estimates and judgements

Key risks

## Financial statements



## Notes to the financial statements

# Financial statements

FOR THE YEAR ENDED 30 JUNE 2023

## Statement of profit or loss

| | Note | 2023 $000 | 2022 $000 |
|---|---|---|---|
| Total operating revenue | A1 | 57,429 | 51,463 |
| Total operating expenses | A2 | 29,969 | 29,774 |
| **Earnings before interest, tax, depreciation, amortisation, maintenance dredging, changes in fair value of hedges, impairments, and gains or losses on sale of assets (EBITDAF)** | **A3** | **27,460** | **21,689** |
| Depreciation, amortisation, and maintenance dredging | A3 | 7,222 | 7,464 |
| Impairment of property, plant and equipment | A3 | - | - |
| Net (gain) / loss on sale of property, plant and equipment | A3 | (19) | (392) |
| **Earnings before interest and tax** | | **20,257** | **14,617** |
| Net finance expense | | 1,032 | 596 |
| **Profit before tax** | | **19,225** | **14,021** |
| Tax expense | A4 | 5,357 | 4,108 |
| **Profit after tax** | | **13,868** | **9,913** |

## Statement of profit or loss continued

| | Note | 2023 $000 | 2022 $000 |
|---|---|---|---|
| **Earnings per share from operations attributable to the shareholder** | | | |
| Profit after tax | | 13,868 | 9,913 |
| Number of ordinary shares ('000's) | | 52,000 | 52,000 |
| **Basic and diluted earnings per share (cents)** | | 26.67 | 19.06 |

## Statement of comprehensive income

| | Note | 2023 $000 | 2022 $000 |
|---|---|---|---|
| **Profit after tax** | | **13,868** | **9,913** |
| **Other comprehensive income** | | | |
| Items that will not be reclassified to profit or loss | | | |
| Revaluation of property, plant and equipment (net of tax) | C4 | (1,002) | 182 |
| Change in cash flow hedge reserve (net of tax) | C4 | 104 | 1,181 |
| **Total other comprehensive income** | | **(898)** | **1,363** |
| **Total comprehensive income** | | **12,970** | **11,276** |

The notes to the financial statements form an integral part of these financial statements

# Financial statements

AS AT 30 JUNE 2023



### Statement of financial position

| | Note | 2023 $000 | 2022 $000 |
|---|---|---|---|
| Cash and cash equivalents | | 678 | 372 |
| Trade and other receivables | B9 | 8,537 | 5,768 |
| Inventories | B10 | 970 | 915 |
| **Total current assets** | | **10,185** | **7,055** |
| Property, plant and equipment | B1 | 202,950 | 194,353 |
| Right of use assets | | 551 | 618 |
| Intangible assets | B2 | 277 | 409 |
| Derivative financial instruments | D2 | 2,197 | 2,052 |
| **Total non-current assets** | | **205,975** | **197,432** |
| **Total assets** | | **216,160** | **204,487** |

| | Note | 2023 $000 | 2022 $000 |
|---|---|---|---|
| Trade and other payables | C7 | 6,019 | 6,098 |
| Employee benefit provisions | | 1,668 | 1,443 |
| Lease liability | | 41 | 60 |
| Borrowings | C5 | 163 | 64 |
| Taxation payable | | 3,097 | 2,344 |
| **Total current liabilities** | | **10,988** | **10,009** |
| Borrowings | C5 | 37,824 | 32,268 |
| Employee benefit provisions | | 405 | 473 |
| Lease liability | | 575 | 616 |
| Deferred tax liability | A5 | 1,327 | 1,050 |
| **Total non-current liabilities** | | **40,131** | **34,407** |
| **Total liabilities** | | **51,119** | **44,416** |
| | | | |
| Share capital | C2 | 26,000 | 26,000 |
| Reserves | C4 | 69,091 | 69,989 |
| Retained earnings | | 69,950 | 64,082 |
| **Shareholder's equity** | | **165,041** | **160,071** |
| **Total liabilities and shareholder's equity** | | **216,160** | **204,487** |

For and on behalf of the Board of Directors who authorised the issue of these financial statements on 17 August 2023.

Jeff Kendrew
CHAIR

Kathy Meads
CHAIR OF THE AUDIT AND RISK COMMITTEE

The notes to the financial statements form an integral part of these financial statements

# Financial statements

FOR THE YEAR ENDED 30 JUNE 2023

## Statement of changes in equity

| | Note | Issued capital $000 | Retained earnings $000 | Revaluation reserve $000 | Cash flow hedge reserve $000 | Total equity $000 |
|---|---|---|---|---|---|---|
| **As at 1 July 2021** | | **26,000** | **61,699** | **68,800** | **296** | **156,795** |
| Changes in shareholder's equity for 2022 | | | | | | |
| Comprehensive income | | - | 9,913 | - | - | 9,913 |
| Other comprehensive income | | - | - | 182 | 1,181 | 1,363 |
| Transfer of revaluation reserve on asset disposal | | | 470 | (470) | | |
| Dividends | C3 | - | (8,000) | - | - | (8,000) |
| **As at 30 June 2022** | | **26,000** | **64,082** | **68,512** | **1,477** | **160,071** |
| Changes in shareholder's equity for 2023 | | | | | | |
| Comprehensive income | | - | 13,868 | - | - | 13,868 |
| Other comprehensive income | | - | - | (1,002) | 104 | (898) |
| Transfer of revaluation reserve on asset disposal | | - | - | - | - | - |
| Dividends | C3 | - | (8,000) | - | - | (8,000) |
| **As at 30 June 2023** | | **26,000** | **69,950** | **67,510** | **1,581** | **165,041** |

The notes to the financial statements form an integral part of these financial statements

# Financial statements

FOR THE YEAR ENDED 30 JUNE 2023

## Statement of cash flows

| | 2023 $000 | 2022 $000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Receipts from customers | 65,802 | 58,155 |
| Gross interest received | 663 | 53 |
| Payments to suppliers and employees | (41,809) | (34,592) |
| Gross interest paid | (1,565) | (1,160) |
| Income tax paid | (4,367) | (2,698) |
| Net cash flows from operating activities | 19,444 | 19,758 |
| **Cash flows from investing activities** | | |
| Sale of property, plant and equipment (net of disposal costs) | 419 | 1,113 |
| Purchase of property, plant and equipment, and software | (16,441) | (7,940) |
| Capitalised interest on purchase of property, plant and equipment | (581) | (174) |
| Net cash flows from investing activities | (16,603) | (7,001) |
| **Cash flows from financing activities** | | |
| Borrowings drawn | 32,370 | 19,730 |
| Borrowings repaid | (26,845) | (24,320) |
| Dividends paid | (8,000) | (8,000) |
| Lease payments | (60) | (57) |
| Net cash flows from financing activities | (2,535) | (12,647) |
| Net increase/(decrease) in cash and cash equivalents | 306 | 110 |
| Cash and cash equivalents at the beginning of the year | 372 | 262 |
| Cash and cash equivalents at the end of the year | 678 | 372 |

| | 2023 $000 | 2022 $000 |
|---|---|---|
| **Reconciliation of net profit after tax to net cash flows from operating activities** | | |
| Profit after tax | 13,868 | 9,913 |
| **Plus: Movements in non-cash items** | | |
| Depreciation, amortisation, and maintenance dredging | 7,222 | 7,464 |
| Deferred tax balances | 277 | 107 |
| **Plus: Movements in operating assets and liabilities** | | |
| Trade and other receivables | (1,868) | 406 |
| Inventories | (55) | (190) |
| Provisions | 157 | 963 |
| Trade and other payables | (980) | 694 |
| Interest payable | 89 | (511) |
| Tax payable | 753 | 1,304 |
| **Less: Movements related to investing activities** | | |
| Movement in property, plant and equipment creditors | (19) | (392) |
| Net cash flows from operating activities | 19,444 | 19,758 |

The notes to the financial statements form an integral part of these financial statements

# About this report

FOR THE YEAR ENDED 30 JUNE 2023

## In this section

The notes to the financial statements include information which is considered relevant and material to assist the reader in understanding changes in PTL's financial position or performance. Information is considered relevant and material if:

- the amount is significant because of its size and nature;
- it is important in the application of PTL's accounting policies;
- it is important for understanding the results of PTL;
- it helps explain changes in PTL's business; or
- it relates to an aspect of PTL's operations that is important to future performance.

## The port

Port Taranaki Limited (PTL, also referred to as the Company) is the only deep water port on the west coast of New Zealand and services bulk liquids (serving the nation's energy sector), dry bulk (fertiliser, stock feed and cement), logs and general cargo. Commercial activities include the provision of: (i) marine and cargo services; (ii) logistics services (including offshore support); and (iii) property and storage services. These are considered under three integrated performance obligations: (i) marine and cargo services revenue; (ii) logistic services revenue; and (iii) property revenue.

PTL is a sea port company incorporated under the Companies Act 1993.

The Company's parent and sole shareholder is the Taranaki Regional Council (TRC) and was, at all times, during the financial year.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 2-8 Bayly Road, Moturoa, New Plymouth 4310.

## Key accounting judgements and estimates

In applying PTL's accounting policies and in the application of NZ IFRS, PTL makes a number of judgements, estimates and assumptions. The estimates of underlying assumptions are based on historical experience and various other factors that are considered to be appropriate and reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates.

Judgements and estimates which are considered material to understanding the performance of PTL are found in the following notes: A2 Operating expenses; A4 Tax; A5 Deferred tax liability; B3 Impairment of non-financial assets; B4 Recognition and measurement; B7 Depreciation; and B8 Provisions.

## Basis of preparation

These financial statements have been prepared:

- In accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for a for-profit entity. These financial statements also comply with IFRS. PTL is a for-profit entity for the purpose of complying with NZ GAAP.
- In accordance with the requirements of the Port Companies Act 1988 and the Financial Reporting Act 2013.
- On the basis that the Company is a going concern.
- On a historical cost basis, except for land, and derivatives held at fair value, as identified in the accompanying notes.
- Using the same accounting policies for all reporting periods presented, unless otherwise stated.
- On a Goods and Services Tax (GST) exclusive basis except receivables and payables, which include GST where GST has been invoiced.
- In New Zealand dollars, rounded to the nearest thousand ($000), unless otherwise stated.

# Significant matters in the financial year

FOR THE YEAR ENDED 30 JUNE 2023

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## In this section

Significant matters which have impacted PTL's financial performance.

## Climate risk

PTL is exposed to future changes in climate, which may impact our business and our customers. Future impacts may be physical, such as changes in frequency and intensity of storm events, or rising temperatures, or increased sea levels, or they may be more transitional in nature, such as amendments to government policy and regulation. PTL actively assesses the operating environment in New Zealand, in respect of how changes in climate may impact PTL. As part of preparing this report, PTL considers climate risk and whether it may have any impact on our financial statements and associated disclosures. Refer to Notes B3 and B7.

Land was revalued at 30 June 2023 by Telfer Young from CBRE. The valuer made no explicit adjustments in respect of climate change matters (for more information refer to Note B4).

## Revenue disaggregation

This year the disaggregation of the Company's revenue from contracts with customers was recognised using different categories to that used in previous financial statements.

Management considers that the new disaggregation better depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Direct comparison of revenue by category with past statements will be impaired at some levels of detail due to this change.

## Land valuation

At 30 June 2023, a valuation of PTL's land was undertaken to determine the fair value of the assets. The valuation resulted in a decrease in PTL's land value by $1.00 million from 30 June 2022 to $97.41 million. PTL uses an independent valuer to determine the value of its land. Land assets are valued using a combination of: (1) the direct sales comparison approach which analyses direct sales of comparable properties on the basis of the sale price per square metre which are then adjusted to reflect differences between the subject properties; and (2) the rental earning capacity of the land.

For more information refer to Note B4.

## Provisions

PTL has an obligation to dispose of PFOS/PFOA contaminated firefighting foam inventory. PFOS/PFOA containing firefighting foam has been widely used globally and throughout New Zealand. In 2022 the Company provided for the expected disposal costs to be completed once the port-wide firewater system came online. This disposal was not completed as the chosen vendor had ceased to accept such waste and has not provided any indication of when they can recommence accepting the waste for disposal.

PTL has recently been advised of a company in Germany that has the capability to dispose of the foam, and is currently awaiting on quotes to do so. As the cost remains uncertain, PTL has not made further provision for the cost of disposal and the original quotes from the old supplier remain the best estimate available.

For more information refer to note B8.

# A
# Our performance

## In this section

This section explains the financial performance of PTL, providing additional information about individual items from the statement of profit or loss, including:

- accounting policies, judgements and estimates that are relevant for understanding items recognised in the statement of profit or loss; and
- analysis of PTL's performance for the year by reference to key areas including: operating revenue, operating expenses and tax.

### A1 Operating Revenue

| | 2023 | 2022 |
|---|---|---|
| Marine and cargo services revenue | 43,697 | 40,001 |
| Logistics services revenue | 3,296 | 2,569 |
| Property revenue | 9,377 | 8,580 |
| Other income | 1,059 | 313 |
| **Total operating revenue** | **57,429** | **51,463** |

## Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Payment terms for all revenue from contracts with customers are typically the 20th of the month following invoice. Where sales are eligible for a sales volume discount, revenue is recognised using the most likely amount method - estimates are based on the single, most likely amount in a range of possible consideration amounts. For financial reporting purposes rebates are treated as a reduction in profit or loss. Revenue is shown, net of GST, rebates and discounts. Revenue is recognised as follows:

- Marine and cargo services revenue relates to integrated performance obligations for the provision of channel navigation, towage, mooring, transfer, processing and storage of cargo. Marine and cargo services revenue is recognised over time when the services are rendered. The transaction price for marine and cargo services is determined by the relevant tariff or specific customer contract. As PTL has the right to payment corresponding to PTL's completed performance, PTL recognises revenue for the amount to which it has a right to invoice.
- Logistics services revenue relates to the provision of logistics services including equipment hire. The identified performance obligations are satisfied when the services are rendered. The transaction price for logistic services is determined by the relevant tariff or specific customer contract. As PTL has the right to payment corresponding to PTL's completed performance, PTL recognises revenue for the amount to which it has a right to invoice.
- Property revenue is from property leased under operating leases and is recognised in the statement of profit or loss on a straight line basis over the term of the lease.
- Other income is recognised when the right to received payment is established.

## A2 Operating Expenses

| | 2023 | 2022 |
|---|---|---|
| Employee expenses | 16,169 | 15,100 |
| Repairs and maintenance | 4,212 | 5,349 |
| Other expenses | 9,588 | 9,325 |
| | | |
| **Total operating expenses** | **29,969** | **29,774** |
| | | |
| **Included within other expenses are:** | | |
| Auditor's remuneration | | |
| Audit fees | 151 | 90 |

### Employee expenses

Provisions are made for benefits owing to employees in respect of wages and salaries, annual leave, long service leave and retirement allowances. Provisions are recognised when it is probable that they will be settled and can be measured reliably. They are carried at the remuneration rate expected to apply at the time of settlement.

Contributions to defined contribution plans were $557 thousand in 2023 (30 June 2022: $496 thousand).

## A3 EBITDAF Reconciliation

| | Note | 2023 | 2022 |
|---|---|---|---|
| EBITDAF | | 27,460 | 21,689 |
| Maintenance dredging | B1, B7 | 1,103 | 1,452 |
| Depreciation | B1, B7 | 5,988 | 5,856 |
| Amortisation | | 131 | 156 |
| Net (gain) / loss on sale of property, plant and equipment | | (19) | (392) |
| | | | |
| Interest revenue | | (34) | (53) |
| Interest expense | | 1,066 | 649 |
| | | | |
| **Profit before tax** | | **19,225** | **14,021** |
| **Tax expense** | **A4** | **5,357** | **4,108** |
| **Profit after tax** | | **13,868** | **9,913** |

### EBITDAF definition

EBITDAF is earnings before interest, tax, depreciation, amortisation, maintenance dredging, change in fair value of hedges, impairments, and gains or losses on sale of property, plant and equipment. EBITDAF is a non-GAAP profit measure that is used internally by Management and the Board to provide insight into PTL's operating performance as it allows the evaluation of PTL's operating performance without the non-cash impacts of depreciation, amortisation, fair value movements of hedging instruments and other one-off or infrequently occurring events and the effects of PTL's capital structure and tax position.

EBITDAF does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities.

## A4 Tax

| | 2023 | 2022 |
|---|---|---|
| Profit before tax | 19,225 | 14,021 |
| Tax expense calculated at 28% | 5,383 | 3,926 |
| Tax effect of non-deductible expenses in profit before tax | 151 | 156 |
| Timing differences current period | 7 | 26 |
| Prior year under/(over) provision of income tax expense | (184) | - |
| | **5,357** | **4,108** |
| | | |
| Current tax expense | 5,120 | 4,461 |
| Deferred tax expense | 237 | (353) |
| **Total tax expense** | **5,357** | **4,108** |

### Tax

Tax expense comprises current tax expense and deferred tax expense, calculated using the tax rate enacted or substantially enacted at balance date and any adjustments to tax payable in respect of prior years. Tax expense is recognised in the statement of profit or loss except when it relates to items recognised directly in other comprehensive income.

## A5 Deferred Tax Liability

| | Property, plant and equipment | Derivative financial | Other | Total |
|---|---|---|---|---|
| Balance at 1 July 2021 | 1,968 | 115 | (1,140) | 943 |
| Recognised in the statement of profit or loss | (263) | - | (90) | (353) |
| Recognised in other comprehensive income | - | 460 | - | 460 |
| **Balance at 30 June 2022** | **1,705** | **575** | **(1,230)** | **1,050** |
| Recognised in the statement of profit or loss | 334 | - | (97) | 237 |
| Recognised in other comprehensive income | - | 40 | - | 40 |
| **Balance at 30 June 2023** | **2,039** | **615** | **(1,327)** | **1,327** |

### Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amounts used for taxation purposes.

A deferred tax asset and/or liability is calculated using the tax rates expected to apply when the asset is expected to be recovered or the liability settled, based on those tax rates enacted at balance date.

A deferred tax asset is recognised when it is probable that future taxable profit will be available to use the asset. This is reviewed at each balance date and adjustments are made to the extent that it is no longer probable that future taxable profit will be available.

# B
# Our assets

## In this section

This section explains the assets that PTL uses in its business to generate operating revenue. In this section there is information about:
- property, plant and equipment; intangible assets; trade receivables; and inventory; and
- impairment of non-financial assets; provisions; capital comitments; and capitalised interest.

### B1 Property, Plant and Equipment

| | Land | Wharves and breakwaters | Buildings | Port services and equipment | Dredging | Asset held for sale | Capital works in progress | Total |
|---|---|---|---|---|---|---|---|---|
| Cost | | | | | | | | |
| Balance at 1 July 2021 | 98,226 | 30,318 | 32,776 | 102,681 | 25,213 | 803 | 4,766 | 294,783 |
| Additions | - | 69 | 281 | 1,971 | - | 46 | 8,113 | 10,480 |
| Disposals | - | - | - | (832) | - | (849) | - | (1,681) |
| Revaluation | 182 | - | - | - | - | - | - | 182 |
| Capitalisation | - | - | - | - | - | - | (2,117) | (2,117) |
| **Balance at 30 June 2022** | **98,408** | **30,387** | **33,057** | **103,820** | **25,213** | **-** | **10,762** | **301,647** |
| Additions | - | 136 | 401 | 15,545 | 2,820 | - | 17,030 | 35,932 |
| Disposals | - | (158) | - | (1,537) | (2,413) | - | - | (4,108) |
| Revaluation | (1,002) | - | - | - | - | - | - | (1,002) |
| Capitalisation | - | - | - | - | - | - | (18,910) | (18,910) |
| **Balance at 30 June 2023** | **97,406** | **30,365** | **33,458** | **117,828** | **25,620** | **-** | **8,882** | **313,559** |

## **B1 Property, Plant and Equipment** continued

| | Land | Wharves and breakwaters | Buildings | Port services and equipment | Dredging | Asset held for sale | Capital works in progress | Total |
|---|---|---|---|---|---|---|---|---|
| **Accumulated depreciation** | | | | | | | | |
| Balance at 1 July 2021 | - | (19,619) | (16,535) | (59,433) | (5,036) | (138) | - | (100,761) |
| Depreciation reversal from disposals | - | - | - | 791 | - | 140 | - | 931 |
| Depreciation expense | - | (416) | (1,282) | (4,344) | (1,420) | (2) | - | (7,464) |
| **Balance at 30 June 2022** | **-** | **(20,035)** | **(17,817)** | **(62,986)** | **(6,456)** | **-** | **-** | **(107,294)** |
| Depreciation reversal from disposals | - | 158 | - | 1,537 | 2,099 | - | - | 3,794 |
| Depreciation expense | - | (401) | (1,002) | (4,518) | (1,188) | - | - | (7,109) |
| **Balance at 30 June 2023** | **-** | **(20,278)** | **(18,819)** | **(65,967)** | **(5,545)** | **-** | **-** | **(110,609)** |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Carrying value** | | | | | | | | |
| At 30 June 2022 | 98,408 | 10,352 | 15,240 | 40,834 | 18,757 | - | 10,762 | 194,353 |
| At 30 June 2023 | 97,406 | 10,087 | 14,639 | 51,861 | 20,075 | - | 8,882 | 202,950 |

## B2 Intangible Assets

| | Software |
|---|---|
| **Cost** | |
| Balance at 1 July 2021 | 4,814 |
| Additions | - |
| Disposals | - |
| **Balance at 30 June 2022** | **4,814** |
| Additions | - |
| Disposals | (141) |
| **Balance at 30 June 2023** | **4,673** |
| **Accumulated depreciation** | |
| Balance at 1 July 2021 | (4,249) |
| Depreciation reversal from disposals | - |
| Depreciation expense | (156) |
| **Balance at 30 June 2022** | **(4,405)** |
| Depreciation reversal from disposals | 141 |
| Depreciation expense | (132) |
| **Balance at 30 June 2023** | **(4,396)** |
| **Carrying value** | |
| At 30 June 2022 | 409 |
| At 30 June 2023 | 277 |

### Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring the specific software into use. Costs directly associated with the production of identifiable and unique software products that will generate economic benefits beyond one year are also recognised as intangible assets. These costs are amortised over their useful lives on a straight line basis. Costs associated with maintaining computer software programs and Software as a Service costs are recognised as an expense as incurred.

## B3 Impairment Non-Financial Assets

PTL reviews the recoverable amount of its tangible and intangible assets at each balance date. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of future cash flows expected to be generated by the assets (also known as value in use). If the carrying value of an asset exceeds the recoverable amount, an impairment expense is recognised in the statement of profit or loss. However, if the assets are carried at a revalued amount, the impairment is treated as a revaluation decrease in equity to the extent they reverse. Any reversal of previous losses is recognised immediately in the statement of profit or loss, unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase in equity. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identified cash flows.

Capital dredging has an indefinite useful life and is not depreciated as the channel is maintained via maintenance dredging to its original depth and contours. Dredging is reviewed for impairment when it is considered that events may have diminished the depth of any previous dredging. Carrying value in 2023 is $17.9m (2022 $17.9m).

### Climate risk

Climate risk is a risk for the Company. A significant proportion of the Company's trade is bulk liquids which is exposed to New Zealand's oil and gas industry.

The impacts of climate change have the potential to impact this trade given the possible actions that may be taken to decarbonise the economy. This risk is considered for in PTL's review of the recoverable amount of its tangible and intangible assets at each balance date. As at balance date we are forecasting that this risk will not materially impact the Company for at least 10 years.

Another climate related risk to port operations is through an increasing frequency of adverse weather events. Such risks are not new to port operations and PTL addresses, and will continue to address, such risks as they arise.

In addition to risk, climate change provides opportunity. PTL has the opportunity to support renewable energy projects using its existing asset base. This may enable the Company to grow and diversify its revenue.

## B4 Recognition and Measurement

All property, plant and equipment is initially measured at cost and subsequently stated at either fair value or cost less accumulated depreciation and any impairment losses. Borrowing costs are capitalised as part of a qualifying asset.

### Fair value and revaluation of land

Land is measured at fair value, based upon periodic valuations by external, independent valuers. PTL undertakes revaluation reviews with sufficient regularity to ensure the carrying value does not differ significantly from fair value. Inputs used in the valuation are comparable sales evidence for the Company's land, and if required, rental earning capacity of the land, which are observable inputs.

Land was revalued at 30 June 2023 by Telfer Young from CBRE, New Plymouth. Telfer Young is an independent valuer. The revalued amount of land used in this report amounts to $97.41 million using a combination of the direct sales comparison approach and the rental returns approach methodology. In regards to fair value hierarchy, this is considered level 2 as defined by NZ IFRS 13. No explicit adjustments in respect of climate change matters were made.

Land assets have been valued on their highest and best use taking into account the existing zoning, potential for utilisation and localised port market. All land holdings are used or held for port operational requirements and as such are valued under the requirements of NZ IAS 16 using fair value (market value).

| | 2023 | 2022 | 2023 | 2022 |
|---|---|---|---|---|
| | Cost | Cost | Fair value | Fair value |
| Land | 30,049 | 30,049 | 97,406 | 98,408 |

The land valuation approach requires the determination of a price per square metre for different land parcels. This requires judgement. Further judgement is required in determining the quantum of usable land, which determines land value. The accompanying table sets out a sensitivity analysis for the carrying value of land.

## B4 Recognition and Measurement continued

| Key input to measure fair value | Significant assumption | Sensitivity | Impact on valuation ($000) |
|---|---|---|---|
| Prime quayside | $330/m² | +/- 5% | +/- $853 |
| Port operational | $285/m² | +/- 5% | +/- $1,047 |
| Eastern reclamation* | $269/m² | +/- 5% | +/- $1,291 |
| Ex power station* | $200/m² | +/- 5% | +/- $1,163 |
| Road allocation | 228,218/m² | +/- 10% | -/+ $5,212 |

* weighted average

## B5 Commitments

| | 2023 | 2022 |
|---|---|---|
| Capital commitments | 4,070 | 6,776 |

Estimated capital expenditure contracted for at balance date but not provided for includes maintenance dredging.

## B6 Capitalised Interest

| | 2023 | 2022 |
|---|---|---|
| Capitalised borrowing costs | 537 | 62 |
| Average capitalisation rate | 4.50% | 2.55% |

Borrowing costs incurred during construction/assembly of major capital projects are capitalised as part of the initial cost of the respective assets.

## B7 Depreciation

Property, plant and equipment, and intangible assets other than land and capital dredging are depreciated on a straight line basis over their estimated useful lives.

Determining the remaining useful lives requires judgement and estimates. These are reviewed on an ongoing basis and take into account physical, economic and environmental factors, including but not limited to asset condition and obsolescence, technology changes and climate change. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

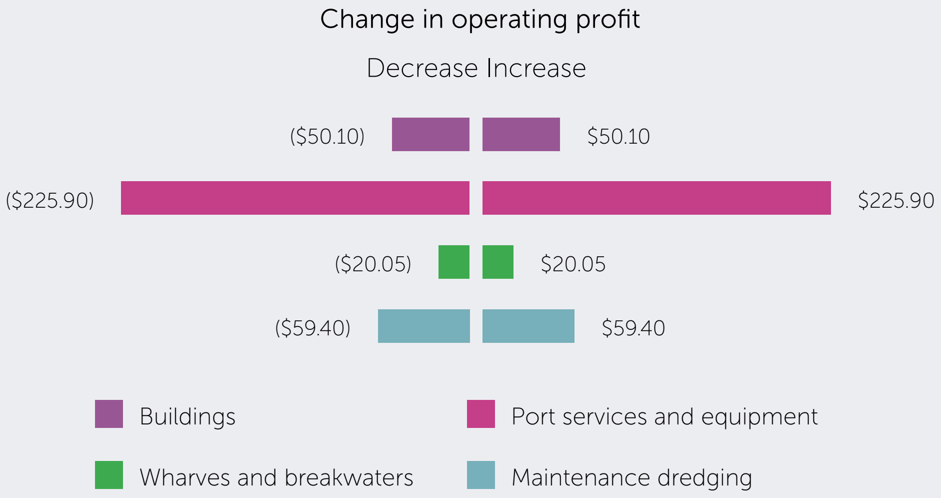
We have considered the impact of climate change on sea level rise and the impact that this may have on our wharves, breakwaters and other assets. Based on current assessment we are not currently anticipating any reduction in the useful lives of those assets.

| Asset class | Depreciation method | Useful lives (years) |
|---|---|---|
| Land | Nil | Nil |
| Wharves and breakwaters | Straight line | 4 to 66 |
| Buildings | Straight line | 5 to 45 |
| Port services and equipment | Straight line | 2 to 50 |
| | | |
| Dredging: | | |
| Maintenance dredging | Straight line | 2 |
| Capital dredging | Nil | Nil |

Following a hydrographic survey in 2022 PTL brought forward a component of the planned 2023 maintenance dredging campaign. The 2023 maintenance dredging campaign was therefore undertaken in two sub-campaigns. These campaigns are expected to be effective until the scheduled 2025 maintenance dredging campaign. The first sub-campaign (undertaken in August 2022) is being depreciated over 32 months, as opposed to two years.

### Depreciation sensitivity

The sensitivity below shows the effect of changing the estimated useful life of depreciable assets by 5% on the operating profit for the year.



## B8 Provisions

PTL is required by the Environmental Protection Authority under their Fire Fighting Chemicals Group Standard 2021 HSR002573 to dispose of non-compliant firefighting foam. In 2022 the cost of disposal had been estimated to be $0.99 million and has not been revised for escalation of cost, as this is uncertain. The foam is to be disposed of when a suitable method of disposal becomes available. Until that time the foam will be in secure storage on site.

## B9 Trade and other receivables

Trade and other receivables are recognised initially at the value of the invoice sent to the customer (fair value) and are subsequently carried at amounts considered recoverable (amortised cost). The collectability of trade and other receivables is reviewed on an on-going basis.

PTL's historical credit loss experience is minimal and therefore no allowance for credit losses is recognised for trade and other receivables. Receivables are written off at the point where PTL believes there is no reasonable expectation of recovery, which is typically a combination of an overdue amount, no communication or response from the debtor, and no payments received.

## B10 Inventories

Raw materials and stores, work in progress and finished components are stated at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price upon recognition of obsolescence, degradation or damage to inventory. All inventory is consumed in PTL's operational and capital expenditure programmes.

MENU

C

# Our funding

## In this section

This section outlines how PTL manages its capital structure, its funding sources and how dividends are returned to the shareholder. In this section there is information about:

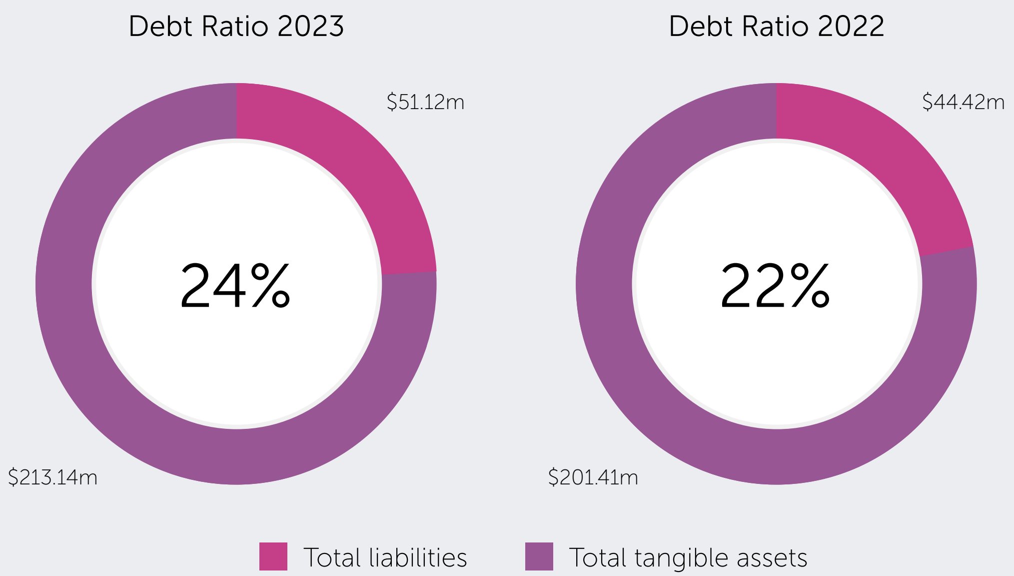
- capital structure;
- shareholder's equity and dividends;
- borrowings and banking covenants; and
- reserves; and trade payables.

### C1 Capital Structure

The Company's policy is to maintain a stable and strong capital base, so as to maintain investor and creditor confidence and sustain the business development of the Company and safeguard its ability to remain a going concern.

The Company regularly monitors its capital requirements and its compliance with its financial covenants.

To manage its capital base and to comply with its financial covenants, PTL uses various means including: (i) adjusting the amount of dividends paid to shareholder; (ii) amending its capital programme; (iii) selling assets; and/or (iv) raising or repaying debt. PTL is subject to the capital requirements imposed by the Company's Revolving Cash Advances Facility with the ASB Bank Limited. This requires the Company to maintain its debt ratio, one of its funding covenants, at less than 50%. The Company actively manages its debt to its internal treasury policy, which sets a target gearing ratio of less than 35%.



## C2 Share Capital

| | Shares (000) 2023 | Shares (000) 2022 | Issued capital 2023 | Issued capital 2022 |
|---|---|---|---|---|
| Share capital (issued and fully paid) | 52,000 | 52,000 | 26,000 | 26,000 |

## C3 Dividends

| | Cents per share | 2023 | Cents per share | 2022 |
|---|---|---|---|---|
| Final ordinary dividend | 7.69 | 4,000 | 7.69 | 4,000 |
| Interim ordinary dividend | 7.69 | 4,000 | 7.69 | 4,000 |
| **Total dividends** | | **8,000** | | **8,000** |

### Subsequent event - dividend declared

On 17 August 2023, the Board resolved to pay a fully imputed final dividend of $4.50 million at 8.65 cents per share on 10 October 2023. On 17 August 2023, PTL held $30.57 million imputation credits.

### Imputation credit account

| | 2023 | 2022 |
|---|---|---|
| Imputation credits available for future use | 28,240 | 27,837 |

MENU

## C4 Reserves

| | 2023 | 2023 | 2023 | 2022 | 2022 | 2022 |
|---|---|---|---|---|---|---|
| | Revaluation reserve | Cash flow hedge reserve | Reserves | Revaluation reserve | Cash flow hedge reserve | Reserves |
| Balance 1 July | 68,512 | 1,477 | 69,989 | 68,800 | 296 | 69,096 |
| Movements in other comprehensive income | (1,002) | 104 | (898) | 182 | 1,181 | 1,363 |
| Transfer from revaluation reserve on asset disposal | - | - | - | (470) | - | (470) |
| **Balance 30 June** | **67,510** | **1,581** | **69,091** | **68,512** | **1,477** | **69,989** |

### Nature of revaluation reserve

The asset revaluation reserve arises from the revaluation of land. Where revalued land is sold, that portion of the asset revaluation reserve which relates to that asset and is effectively realised is transferred directly to retained earnings.

### Nature of cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments, related to hedged transactions that have not yet occurred.

## C5 Borrowings

| | Facility 2023 | Drawn 2023 | Un-drawn 2023 | Facility 2022 | Drawn 2022 | Un-drawn 2022 |
|---|---|---|---|---|---|---|
| Current secured loans | - | 163 | - | - | 64 | - |
| Non-current secured loans | - | 37,824 | - | - | 32,268 | - |
| **Total** | **65,000** | **37,987** | **27,013** | **65,000** | **32,332** | **32,668** |

The borrowings in the statement of financial position include accrued interest.

PTL's borrowings with ASB Bank Limited are secured by way of a general security deed granting a security interest over its personal property, a fixed charge over its other property and a mortgage over its land and buildings.

The Company recognises as an expense within the statement of profit or loss all borrowing costs incurred, with the exception of interest costs associated with capital projects (refer to B6).

## C6 Banking Covenants

PTL has complied with all banking covenants in the year.

## C7 Trade and other payables

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost. The directors consider that the carrying amount of trade and other payables approximates to their fair value due to their short-term nature.

# D

# Our financial risk management

## In this section

In its ordinary course of business, the Company is exposed to financial risk. This section explains the financial risks that PTL faces, how these risks can affect PTL's financial performance and position, and how PTL manages these risks.

PTL is exposed to the following financial risks:
- interest rate risk;
- credit risk; and
- liquidity risk.

## D1 Risk Management

The Board has overall responsibility for establishing, monitoring and overseeing PTL's risk management framework. The Board has established an Audit and Risk Committee whose responsibilities include risk management, statutory compliance and financial management and control.

The Company does not enter into, or trade financial instruments, including derivative financial instruments for speculative purposes.

## D2 Interest Rate Risk

### Nature of the risk

Interest rate risk is the risk that movements in interest rates impact PTL's financial performance or the fair value of its financial hedging instruments.

### Exposure

The interest rate on PTL's bank debt is floating and therefore PTL is exposed to movements in interest rates and these may impact the Company's financial performance.

### Risk management

PTL has managed cash flow interest rate risk through interest rate swaps. At balance date, active hedges covered 71% (2022: 99%) of the Company's borrowings.

PTL can also apply surplus funds against the Company's borrowings or by investing these funds on a short-term basis until they are required.

### Derivative financial instruments

PTL uses derivative financial instruments to hedge its exposure to interest rate risks arising in its activities. Derivative financial instruments are not held for trading purposes. Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the statement of comprehensive income. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging relationship.

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in the cash flow hedge reserve to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the statement of comprehensive income. The effective portion of changes in fair value of hedging instruments is accumulated in the cash flow hedge reserve as a separate component of equity.

## D2 Interest Rate Risk continued

PTL determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. PTL assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method. The notional amount of the hedging instrument must match the designated amount of the hedged item for the hedge to be effective.

Sources of hedge ineffectiveness are:

- Material changes in credit risk that affect the hedging instrument but do not affect the hedged item.
- Drawn liabilities that fall below the hedging amount, causing the hedge ratio to exceed 100%.

If the hedging instrument no longer meets the criteria for hedge accounting, expires, or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in the hedging reserve remains there until the highly probable forecast transaction, upon which the hedging was based, occurs.

| Fair value | 2023 Notional amount | 2022 Notional amount | 2023 Fair value | 2022 Fair value |
|---|---|---|---|---|
| Interest rate swap asset | 39,000 | 44,000 | 41,197 | 46,052 |
| Interest rate swap liability | (39,000) | (44,000) | (39,000) | (44,000) |
| Forward contract asset | - | - | - | - |
| Forward contract liability | - | - | - | - |
| Facility fees | - | - | - | - |
| **Netted derivative instruments** | **-** | **-** | **2,197** | **2,052** |

## Borrowings - measurement and recognition

Borrowings are recognised initially at the fair value of the drawn facility amount, net of transaction costs paid. Borrowings are subsequently stated at amortised cost using the effective interest method. Any borrowings which have been designated as hedged items are carried at amortised cost plus a fair value adjustment under hedge accounting requirements. The fair value of the current loans and term loans are estimated based upon the market prices available for similar debt securities obtained from the lender at balance sheet date.

| Fair value | 2023 Carrying amount | 2022 Carrying amount | 2023 Fair value | 2022 Fair value |
|---|---|---|---|---|
| Interest bearing loans | 37,800 | 32,275 | 37,799 | 32,274 |
| Weighted average interest rate | | | 6.35% | 1.50% |

## D2 Interest Rate Risk continued

Within term borrowings there are fixed interest rate instruments which are not in hedge accounting relationships. The carrying values and estimated fair values of these instruments are noted in the previous table.

In determining the fair value of financial instruments, PTL uses quoted prices and/or a discounted cash flows approach. Fair value measurements are grouped within a three-level fair value hierarchy based on the observability of inputs to the valuation process:

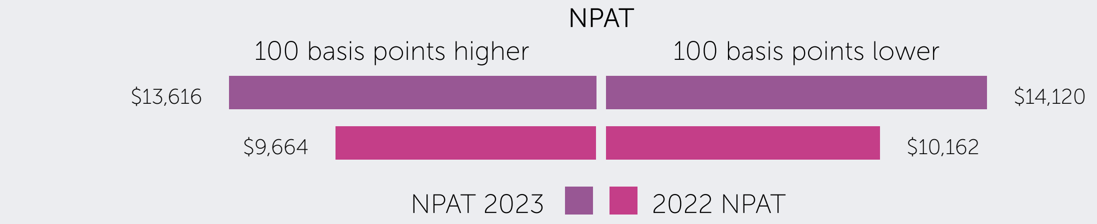
- Level 1 Inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at reporting date;
- Level 2 Inputs: either directly (i.e. as prices) or indirectly (i.e. derived from prices) observable inputs other than quoted prices included in Level 1; or
- Level 3 Inputs: inputs that are not based on observable market data (i.e. unobservable inputs).

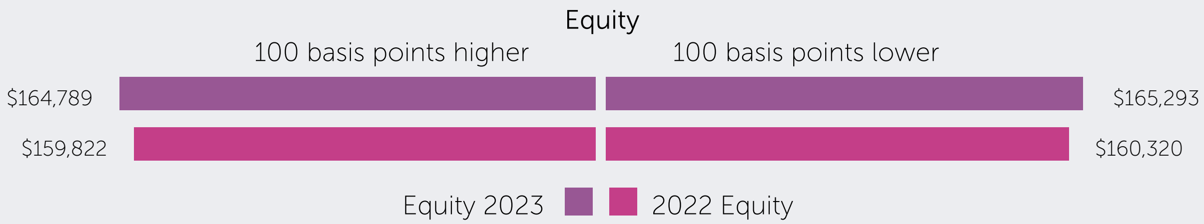
In regards to fair value hierarchy, PTL's calculation of fair value for its fixed rate instruments is considered Level 2 as defined by NZ IFRS 13. The fair value is determined by using mark to market valuation.

At year end, the Company had four interest rate swaps in place (2022: five financial instruments in place).

### Interest rate sensitivity

The following sensitivity analysis shows the effect on profit after tax and equity if market interest rates at balance date had been 100 basis points higher or lower with all other variables held constant.



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## D3 Credit Risk

### Nature of the risk

Credit risk is the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. The Company is exposed to the risk of default in the normal course of business from its customers, hedging instruments and deposits held at the bank.

### Risk management

PTL monitors credit risk on an ongoing basis. The carrying amount of financial assets recognised in the statement of financial position best represents the Company's maximum likely exposure to credit risk at the date of these financial statements. Refer to Note B9 for a description of how PTL provides for any credit losses.

### Exposure

PTL monitors credit risk on an ongoing basis. The carrying amount of financial assets recognised in the statement of financial position, net of any allowances for losses, best represents the Company's maximum exposure to credit risk and are recognised. The ongoing uncertainty of COVID-19 and its potential impacts has not increased credit risk from trade and other receivables.

## D4 Liquidity Risk

### Nature of the risk

Liquidity risk is the risk that PTL will not be able to meet its financial obligations as they fall due.

### Exposure

The following table analyses the Company's financial liabilities into relevant maturity groupings based on the earliest contractual maturity date at balance date. The amounts shown are contractual undiscounted cash flows.

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| **Funding maturity** | **0-1 Year** | **1-2 Years** | **2-3 Years** | **0-1 Year** | **1-2 Years** | **2-3 Years** |
| Trade and other payables | 6,019 | - | - | 6,098 | - | - |
| Borrowings | - | - | 37,800 | - | - | 32,275 |
| Undrawn | - | - | 27,200 | - | - | 32,725 |

### Risk management

PTL evaluates its liquidity requirements on an ongoing basis by regularly forecasting cash flows and debt levels for the next 12 months under various adverse scenarios. The Company maintains a buffer of undrawn bank facilities of at least 15% over its forecast funding requirements to enable it to meet any unforeseen cash flows. The Company seeks to avoid a concentration of debt maturity by spreading maturities in accordance with its treasury policy.

## D5 Financial Instrument

The following tables show the classification, fair value and the carrying amount of financial instruments held by the company at balance date.

| | 2023 Carried at amortised cost | 2023 Carried at fair value | 2023 Total | 2022 Carried at amortised cost | 2022 Carried at fair value | 2022 Total |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Cash and cash equivalents | 678 | - | 678 | 372 | - | 372 |
| Trade and other receivables | 8,537 | - | 8,537 | 5,768 | - | 5,768 |
| Interest rate swaps | - | 2,197 | 2,197 | - | 2,052 | 2,052 |
| **Total financial assets** | **9,215** | **2,197** | **11,412** | **6,140** | **2,052** | **8,192** |
| | | | | | | |
| **Financial liabilities** | | | | | | |
| Trade and other payables | 5,180 | - | 5,180 | 5,108 | - | 5,108 |
| Borrowings | 37,987 | - | 37,987 | 32,333 | - | 32,333 |
| Lease liabilities | 616 | - | 616 | 676 | - | 676 |
| **Total financial liabilities** | **43,783** | **-** | **43,783** | **38,117** | **-** | **38,117** |

# E
# Other disclosures

## In this section

This section includes the remaining information which is required to comply with statutory disclosures.

## E1 Related Party Transactions

The Company has a related party relationship with its parent, directors and executive officers.

| a) Transactions with parent | 2023 | 2022 |
|---|---|---|
| Sale of goods and services to parent | 2 | 2 |
| Purchase of goods and services from parent | 97 | 79 |

These transactions exclude dividends

| b) Transactions with key management | 2023 | 2022 |
|---|---|---|
| Key management short-term expenses | 1,654 | 1,753 |

| c) Transactions with directors | 2023 | 2022 |
|---|---|---|
| Directors' short-term employee expenses | 410 | 364 |
| Sale of goods and services to directors | 7 | - |
| Purchase of goods and services from directors | 1 | 3 |

## E2 Operating Leases as Lessor

| Lease commitments due as follows | 2023 | 2022 |
|---|---|---|
| Within 1 year | 5,763 | 5,928 |
| Between 1-5 years | 10,660 | 13,499 |
| Greater than 5 years | 9,739 | 5,402 |
| **Total lease commitments as lessor** | **26,162** | **24,829** |

Where PTL is the Lessor, assets leased under operating leases are included in property, plant and equipment, in the statements of financial position, as appropriate.

Payments and receivables made under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

The main property under leases are NPPS Turbine Hall, Omata Tank Farm and Norgate Store. The carrying amount of these properties, as at 30 June 2023, is $17.6 million (2022: $18.6 million), which is included as part of property, plant and equipment in Note B1.

## E3 Other Annual Report Disclosures

The shareholder has resolved not to require disclosure of the matters listed in section 211 (1)(g) and (h) of the Companies Act 1993.

## E4 Subsequent Events

There are no other subsequent events other than dividends declared on 17 August 2023 (refer to Note C3 Dividends for more information).

Deloitte.

# INDEPENDENT AUDITOR'S REPORT

## TO THE READERS OF PORT TARANAKI LIMITED'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Port Taranaki Limited (the company). The Auditor-General has appointed me, Matt Laing, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements of the company on his behalf.

### Opinion

We have audited the financial statements of the company on pages 82 to 105, that comprise the statement of financial position as at 30 June 2023, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the company:

- present fairly, in all material respects:
  - its financial position as at 30 June 2023; and
  - 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 17 August 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements, we comment on other information 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 company 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 company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Port Companies Act 1988 and the Companies Act 1993.

### 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 and 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 company'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 company'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 company 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 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 included on pages 1 to 81 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 company in accordance with the independence requirements of the Auditor-zGeneral's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out engagements in the areas of greenhouse gas emissions inventory report assurance readiness review and qualitative climate risk assessment & scenario analysis, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Company.

M. Laing

Matt Laing, Partner
For Deloitte Limited
On behalf of the Auditor-General
Hamilton, New Zealand

# Glossary

| | |
|---|---|
| 2P | 2P reserves are the total of proven and probable reserves |
| AMP | Asset Management Plan |
| ARC | Audit and Risk Committee |
| ASF | Average Shareholder Funds |
| ATA | Average Total Assets |
| BERL | Business and Economic Research Limited |
| CCTV | Closed-circuit television |
| CDS | Continuous deflection separation – a component of a storm water system |
| Dry bulk | PTL's dry bulk trade consists of fertiliser, grain, stock feed and cement |
| EBIT | Earnings before interest and tax |
| EBITDAF | Earnings before interest, tax, depreciation, amortisation, and changes in fair value of financial instruments. EBITDAF is a non-GAAP (generally accepted accounting practice) measure |
| EPA | Environmental Protection Authority |
| ESG | Environmental, Social and Governance factors/issues |
| FLiDAR | Floating Light Detecting and Ranging – wind resource assessment buoy that uses LiDAR (Light Detection and Ranging) to accurately measure wind speed |
| FY22 | The financial year ended 30 June 2022 |
| FY23 | The financial year ended 30 June 2023 |
| GDP | Gross Domestic Product - measures the monetary value of final goods and services produced in a country/region in a given period of time |
| GT | Gross tonnage – measure of a ship's overall internal volume |
| HAIL | Hazardous Activities and Industries List |
| HMNZS | His Majesty's New Zealand Ship |
| HSEGC | Health, Safety and Environmental Governance Committee |
| ISGOTT | International Safety Guide for Oil Tankers and Terminals |
| IT | Information Technology |
| JAS | Japanese Agricultural Standard cubic metre is a global industry standard measurement of log volume |

| | |
|---|---|
| LED | Light-emitting diode |
| LIM | Land Information Memorandum |
| Liquid bulk | PTL's liquid bulk trade consists of methanol, condensate/crude, fuel oil, LPG, bitumen, molasses and nitric acid |
| LPG | Liquefied petroleum gas (a versatile fuel commonly used in homes and businesses) |
| m | metre |
| $m^2$ | metre squared |
| mm | millimetre |
| mmboe | million barrels of oil equivalent |
| MT | million tonnes |
| NKTT | Newton King Tanker Terminal |
| NPAT | Net profit after tax |
| PCBU | Person conducting a business or undertaking – defined in the Health and Safety at Work Act 2015 |
| PFOS | Perfluorooctane Sulfonate - a synthetic chemical previously used in fire foam, part of a class of chemicals called polyfluoroalkyl substances (PFASs) |
| PSI | Preliminary site investigation |
| PTL | Port Taranaki Limited |
| TCFD | Task Force on Climate-related Financial Disclosures |
| $tCO_2e$ | Tonnes carbon dioxide equivalents (a measure of total greenhouse gases) |
| XRB | External Reporting Board |

## Board of Directors

Jeffrey (Jeff) Kendrew, Chair
Wendie Harvey
Charlotte Littlewood
Katherine (Kathy) Meads
Steven (Steve) Sanderson
Jamie Tuuta

## Leadership Team

Simon Craddock, Chief Executive
Ross Dingle, GM Commercial
Catherine Lo-Giacco, GM People and Safety
John Maxwell, GM Infrastructure
Allan Melhuish, Chief Financial Officer
Alex Park, GM Operations

## Auditors

Matt Laing for Deloitte Limited on behalf of the Auditor General

## Bankers

ASB Bank Limited

## Solicitors

Govett Quilliam The Lawyers

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14M
13M
12M

Port Taranaki Limited Annual Report 2023