

PORT  NELSON



INTERIM FINANCIAL REPORT

For the six months ended 31 December 2020



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Performance Commentary

For the six months ended 31 December 2020

Our Shareholders

Port Nelson Limited has reported an interim Net Profit after Tax for the six months to 31 December 2020 of \$4.3M compared to \$3.7M for the same period last year.

Revenue for the six months to 31 December 2020 was \$35.7M, up to \$2.1M compared to the same period last year driven by increased QuayConnect revenue, Port Nelson's fourth-party logistics and supply-chain solution services provider.

Port Nelson continues to invest in critical infrastructure for the sustainability of regional port services. Geotechnical findings are currently being considered regarding widening of the port entry channel. The new replacement crane was commissioned during December. Work on replacing and strengthening 100m of Main Wharf North continues and is anticipated to be completed later this financial year.

Property investment is a critical part of the Port's business. Several opportunities to grow its property development portfolio are being considered, including the development of a Science and Technology Hub. Other broader efforts are continuing including the development of a long-term port master plan for the purpose of future investment decisions.

Our Customers

Cargo volumes (revenue tonnes) and container throughput (twenty-foot equivalent units) to 31 December 2020 were 1.59M and 53.17k respectively compared to 1.61M and 52.25k for the same period last year.

Log export volumes, representing 34% of total cargo volumes, have recovered from the COVID-19 shutdown to be on budget for the six months to 31 December 2020. The log market remains strong, driven by low stock levels in China and export prices. Fuel volumes are yet to return to pre-COVID-19 levels, being well down on the same period last year, while all other commodities have performed to expectations.

Significant disruptions to vessel scheduling, impacting containers and cargo movements, are expected to continue and influence the final year-end results. Further, the region experienced a severe hailstorm on Boxing Day, causing an estimated \$100M damage to the apple and kiwifruit crops. Consequently, we are

forecasting year-end container volumes to be down on expectations.

QuayConnect continues to focus on growing the Port's supply chain service offering.

Our People

Health, safety, and wellbeing continue to be a high priority for Port Nelson. Many initiatives in this area are underway including fatigue risk management education and monitoring and critical risk analysis and mitigation. Port Nelson has also started the process of creating a 'Wellbeing' brand to communicate the Port's wellbeing initiatives.

The Port has been facilitating COVID-19 testing on-site with Port employees, specifically frontline border employees, requiring testing each week. Employees have had an overwhelmingly positive attitude towards required testing and the Port continues to safeguard the community with rigorous procedures.

Our Environment

The stormwater upgrade of the log yard area to improve filtration is underway. Other initiatives include the purchase of replacement plant that is 40% more fuel-efficient and has 50% less tyre burn, the commencement of a project to reduce dust from the log yard area, and the engagement of a consultant to develop carbon targets using science-based methodologies.

The management of noise stemming from Port operations continues to be a priority for Port Nelson and investment is being made in infrastructure and equipment to lessen these issues. There have been no significant noise events >85dBA which meets the Port's target. There have also been no serious environmental incidents at the Port. The Port is looking to refresh its environmental plan in the second half of the financial year.

Our Community

Port Nelson continues to be active in facilitating regional prosperity through community sponsorships. So far this year, the Port has sponsored; Hearing Nelson's School Dangerous Decibel Workshops, Nelson Tasman Chamber of Commerce: Port Nelson Export Hub, Maitahi Outrigger Canoe Club's radio equipment, Navy Cadet's new rescue boat as well as roll-over sponsorships such as the Haulashore Trapping programme, Port Nelson's Charity Golf Tournament in aid of LifeLine and QuayConnect's key sponsorship of the Marlborough Wine Show.

Port Nelson signed on to sponsor the Tasman Mako, including sponsoring the Rippa Rugby Tournament for an additional 3 years under the Port Nelson brand. This sponsorship initiative also includes additional benefits for our employees with 50 tickets to each home game.

Positive dialogue is being opened up with local iwi towards establishing an open and proactive communication path.

Opportunities to operate the slipway to further support the Nelson marine services industry's competitiveness continue to be explored.



Statement of Corporate Intent

For the six months ended 31 December 2020

Purpose

To facilitate regional prosperity.

Objectives

The Company's purpose of facilitating regional prosperity is underpinned by five pillars; customers, environment, people, community, and stakeholders.

Our Customers Ō tātou kiritaki				Our Environment Tō tātou taiao				Our People Ō tātou whānau				Our Community Tō tātou hapori				Our Shareholders Ō tātou kaiwhaipānga			
Provide leading port and logistics operations and drive supply chain innovation				Improve our environment				Build and keep safe a high-performing team				Improve our community				Deliver strong returns to our shareholders			
Annual Targets	Mid-Year Actuals		21FY Expected Outcomes	Annual Targets	Mid-Year Actuals		21FY Expected Outcomes	Annual Targets	Mid-Year Actuals		21FY Expected Outcomes	Annual Targets	Mid-Year Actuals		21FY Expected Outcomes	Annual Targets	Mid-Year Actuals		21FY Expected Outcomes
	Dec-20	Dec-19			Dec-20	Dec-19			Dec-20	Dec-19			Dec-20	Dec-19			Dec-20	Dec-19	
Cargo Volumes of 3.36mil Revenue Tonnes	1.6m	1.6m	✗	Fuel reduction of >1% on 2020 litres per Revenue Tonne	0.29L/RT Cargo	0.31L/RT Cargo	✓	Critical Risk Verification Reviews >40 per year	14	N/A	✓	Dividends paid to shareholder of \$4 million	-	\$800k	✓	Revenue of \$75mil	\$36m	\$34m	✗
Container Throughput of 119,000 TEU	53,000	52,000	✗	Maintaining Port Nelson's ISO 14001 Certification	Yes	Yes	✓	Lost Time Injury Frequency Rate reduced by 20% on FY20 (2.9)	1.91	3.72	✓	Sponsorship spend of \$110k	\$71k	N/A	✓	EBIT of \$13.4mil	\$7.6m	\$6.8m	✓
Vessel Visits of 742	376	388	✓	No significant noise events >89 dbA LMAX	0	1	✓	High risk events reduced by 20% on FY20 (6)	2	8	✓	Operate the Slipway in support of the Nelson Marine Engineering and fishing clusters	Yes	N/A	✓	NPAT of \$7.4mil	\$4m	\$4m	✓
Gross Registered Tonnes of 9.77mil	4.90m	4.49m	✗	A Port Nelson sponsored initiative to halt the loss of biodiversity/ prevent the extinction of threatened species	Yes	Yes	✓	New Zealand Certificate in Port Operations - Heavy Plant. 38 employees completed	On Track	N/A	✓	Port Nelson will hold a public open day	N/A	N/A	✗	Return on Equity of 3.5%	3.9%	7.2%	✗
				No pollution incidents to the coastal marine area	1	0	✗					Port Nelson will provide port tours to community groups and schools	Yes	Yes	✓	Net Debt to Equity of < 45%	31.4%	29.8%	✓
				Commence the Port Nelson Log Yard redevelopment	No	N/A	✓									Return on Assets of 4.5%	4.2%	7.6%	✗
				Compliance with all resource consent conditions	Yes	Yes	✓												
				Compliance with NZ Maritime safety standards	Yes	Yes	✓												
				Compliance with noise variation	Yes	Yes	✓												

✓ Expected To Be Achieved
✗ Expected Not To Be Achieved

Statement of Comprehensive Income

For the six months ended 31 December 2020

	Dec 2020	Dec 2019
	\$000	\$000
Revenue		
Port Operations	32,782	30,897
Property	2,962	2,794
Total revenue	35,744	33,691
Expenses		
Employee Benefit Expenses	10,418	10,226
Other Operational and Property Expenses	13,144	12,720
Earnings before Interest, Tax, Depreciation and Amortisation	12,182	10,745
Depreciation and Amortisation	4,572	4,112
Earnings before Interest and Tax	7,610	6,633
Net Financing Costs	1,508	1,528
Net profit before income tax	6,102	5,105
Income Tax	1,764	1,431
Net profit after income tax	4,338	3,674
Other comprehensive income		
Movements in Hedging Reserve	880	293
Total comprehensive income	5,218	3,967

Statement of Changes in Equity

For the six months ended 31 December 2020

	Dec 2020	Dec 2019
	\$000	\$000
Balance at 1 July 2020	250,360	190,371
Total Comprehensive Income	5,218	3,967
Dividends	-	800
Balance at 31 December 2020	255,578	195,538

Statement of Financial Position

As at 31 December 2020

	Dec 2020	Dec 2019
	\$000	\$000
Current assets		
Cash and Cash Equivalents	322	287
Trade and Other Receivables	11,089	10,925
Inventories	594	748
Prepayments and Accruals	1,786	1,395
Assets Intended for Sale	15	15
Total Current Assets	13,806	13,370
Less current liabilities		
Trade and Other Payables	3,584	3,706
Employee Benefit Entitlements	2,375	1,907
Tax Payable	304	(116)
Derivatives - Cash Flow Hedges	262	262
Noise Mitigation	169	16
Calwell Basin Dredging and Stabilisation Provision	-	13
Total Current Liabilities	6,694	5,788
Working capital	7,112	7,582
Non-current assets		
Property, Plant and Equipment	326,953	241,914
Intangible Assets	953	1,060
Investment Properties	25,484	25,135
Derivatives - cash flow hedges	13	-
Total Non-Current Assets	353,403	268,109
Less non-current liabilities		
Employee Benefit Entitlements	246	227
Deferred Tax Liability	18,720	8,855
Term Loan	80,670	68,550
Derivatives - Cash Flow Hedges	4,644	3,996
Noise Mitigation	196	525
Lease Liabilities	461	-
Total Non-Current Liabilities	104,937	82,153
Net assets	255,578	193,538
Shareholders' funds		
Issued Capital	6,046	6,046
Retained Earnings	78,683	73,864
Asset Revaluation Reserve	174,276	116,664
Hedging Reserve	(3,427)	(3,036)
Total shareholders' funds	255,578	193,538

Statement of Cash Flows

For the six months ended 31 December 2020

	Dec 2020	Dec 2019
	\$000	\$000
Cash flows from operating activities		
Cash was provided from:		
Receipts from customers	32,949	29,870
Rent received	2,986	2,729
Interest received	-	1
	35,935	32,600
Cash was applied to:		
Payments to suppliers and employees	26,031	25,009
Interest paid	1,505	1,561
Taxes paid	1,536	3,942
Net GST paid/(received)	48	(973)
	29,120	29,539
Net operating cash inflows	6,815	3,061
Cash flows from investing activities		
Cash was provided from:		
Sale of property, plant and equipment	4	36
	4	36
Cash was applied to:		
Purchase of property, plant and equipment	13,580	5,109
Purchase of intangibles	693	24
	14,273	5,133
Net investing cash (outflows)	(14,269)	(5,097)
Cash flows from financing activities		
Cash was provided from:		
Loans borrowed	10,170	6,700
	10,170	6,700
Cash was applied to:		
Dividend paid	2,500	4,800
Payment of lease liabilities	114	25
	2,614	4,825
Net financing cash inflows	7,556	1,875
Net increase/(decrease) in cash held	102	(161)
Cash and cash equivalents at 1 July	220	448
Cash at 31 December 2020	322	287

Summary of Significant Accounting Policies

About this report

Reporting Entity

Port Nelson Limited (Port Nelson) is a for-profit company incorporated under the Companies Act 1993 and created pursuant to the Port Companies Act 1988.

Port Nelson operates in one industry and one geographical segment providing marine services including pilotage, towage, navigation aids, berths and wharves; container terminal and cargo handling services; slipway services, cargo logistics including warehousing and distribution, investment properties and supply chain and 4PL solution services at the port of Nelson and within the wider Nelson/Marlborough region.

Basis of Preparation

These interim unaudited 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 reporting standards as appropriate for profit-orientated entities.

The financial statements are presented in New Zealand dollars rounded to the nearest thousand.

To assist the reader further, these interim financial statements should be read in conjunction with the financial statements and related notes as presented in the Port Nelson Limited Annual Report for the year ended 30 June 2020.

Basis of Measurement

Those accounting principles considered appropriate for the measurement and reporting of results and financial position under the historical cost method, modified by the revaluation of land, buildings, wharves, investment property and financial instruments have been followed.

Judgements and Estimates

In preparing these financial statements Port Nelson has made estimates and assumptions concerning the future.

These estimates and assumptions may differ from the subsequent actual results and are continually being evaluated based on historical experience and other factors, including expectations or future events that are expected to be reasonable under the circumstances.

There are no estimates and assumptions in the view of the Directors that have a risk of causing a significant adjustment to the carrying amounts of assets and liabilities within the next financial year.

Foreign Currency

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction. Capital items are converted at the exchange rate ruling at balance date or the forward exchange contract rate where derivatives have been used to hedge the exposure.

Standards and Interpretations Issued and Not Yet Adopted

Port Nelson has applied all new and revised accounting standards and interpretations that are effective in the year. This did not result in a material impact on the financial statements.

Accounting Policies

There have been no changes in accounting policies during the financial year disclosed in the Financial Statements.

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided below.

Revenue

Revenue is recognised over-time as Port Nelson performs the service and the client simultaneously benefits from that service. Progress towards complete satisfaction of each service is estimated based on the service portion performed to the customer, determined using the percentage completion method.

Revenue is measured based on the service price specified in the specific customer contract. Due to the way our contracts are negotiated and structured, the stated contract price for each service performed reflects the value transferred to the customer. There are no material variable consideration, financing or non-cash components to consider in determining the transaction price.

Revenue derived from customers that do not have contracts with Port Nelson is not considered significant and therefore has not been separately disclosed.

Property lease revenue is accounted for on a straight line basis. Rentals are payable in advance.

Non-cancellable operating leases represent undiscounted future expected lease receipts arising from the leasing of Port Nelson property.

Expenses

Administration and other expenses are recognised as an expense when they are incurred.

Impairment of Assets

At each reporting date Port Nelson reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where the carrying amount of the asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that asset. Where the impairment loss is greater than the balance in the revaluation reserve, the excess impairment is expensed through the profit or loss. For assets not carried at a revalued amount the impairment loss is recognised in the profit or loss.

Net Financing Costs

Finance revenue represents interest revenue received. This is recognised on a time proportion basis using the effective interest method.

Finance costs are recognised as an expense when incurred. Financing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use, applying a capitalisation rate of 3.95%, are added to the cost of those assets until such a time as the assets are substantially ready for their intended use.

Taxation

The income tax expense for the financial year is the tax payable on the current financial year's taxable income based on the income tax rate and adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and for unused tax losses (if any).

Deferred tax assets and liabilities are recognised for temporary differences at the rate expected to apply when the assets are recovered or liabilities are settled. The tax rate is applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences.

Deferred tax is charged or credited to the profit or loss, except where it relates to items charged or credited directly to equity, in which case the tax is dealt with in other comprehensive income.

Property, Plant and Equipment

Property, Plant and Equipment, except land, buildings, wharves and infrastructural assets are stated at valuation taken over from the Nelson Harbour Board on 1 October 1988 and subsequent additions at cost. Land, buildings and wharves are stated at fair value. Cost incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefit or service potential associated with the item will flow to Port Nelson and the cost of the item can be reliably measured.

Dredging is not amortised. The cost of maintaining the dredged depth is expensed.

Depreciation is written off depreciable assets on a straight-line basis over the estimated economic lives of the assets, ranging as follows:

Plant, Furniture and Equipment	4 to 51 years
Infrastructural Assets	10 to 51 years
Wharves and Berths	3 to 76 years
Buildings	8 to 56 years
Intangible Assets	3 to 14 years

Valuation Basis

The asset classes that are subject to revaluation are assessed at each balance date to ensure that the values are not materially different from fair value. Where the carrying value is materially different from fair value a revaluation is undertaken. Gains and losses on

disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses are included in the profit or loss. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Land and Buildings are valued at least every three to five years respectively. Land and Buildings are stated at fair value. Fair value was determined as at 30 June 2020 using a market based approach, where evidence can be reliably analysed or income based approach where evidence cannot be reliably analysed, validated by a depreciated replacement cost valuation. The Land and Buildings valuation was completed by Ian McKeage, Registered Valuer, FNZIV, FPINZ of Telfer Young. Telfer Young have recent experience in the location and category of the items being valued.

Wharves are valued at least every five years. Wharves are stated at fair value. Fair value was determined as at 30 June 2020 using a market based approach, where evidence can be reliably analysed or income based approach where evidence cannot be reliably analysed, validated by a depreciated replacement cost valuation. The valuation was prepared by Fraser Clarke, Infrastructure Analyst of WSP.

Intangible Assets

Intangible assets, comprised of software and licences, have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by Port Nelson are recognised as intangible assets only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and if Port Nelson intends to and has sufficient resources to complete development and to use or sell the asset.

Directly attributable costs that are capitalised as part of the software include employee costs.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. Subsequent to initial recognition, development costs are measured at cost less accumulated amortisation and any accumulated impairment losses.

The amortisation expense of intangible assets is included in the Depreciation and amortisation expense total disclosed in the Statement of Comprehensive Income.

There are no material contractual commitments for the acquisition of intangible assets at balance date.

Investment Properties

Investment Property which is property held to earn rentals and capital appreciation is measured at its fair value at the reporting date. Gains or losses from changes in the fair value of investment property are included in the profit or loss in the period in which they arise. Investment Properties are not depreciated.

Valuation Basis

Investment properties are revalued every year. Investment properties were valued on 30 June 2020 by Ian McKeage, Registered Valuer, FNZIV, FPINZ of Telfer Young. The valuer's have recent experience in the location and category of the item being valued.

Fair Value Measurements

The valuation of Land, Buildings, Wharves and Investment Property requires estimation and judgement. At each reporting date, the independent valuation reports are subject to internal review by the management team. The review focuses on checking material movements and ensuring all additions and disposals are captured. A summary report on valuation movements is provided to the Board and full copies of the 'valuer's reports are available to Directors. Valuations are categorised within a three tier fair value hierarchy table based upon the observability of valuation inputs.

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

Financial Risk Management

Port Nelson's operations expose it to a variety of financial risks which it seeks to manage through the application of its Treasury Policy. This policy provides guidance to management on carrying out appropriate financial risk management activities including the use of derivative financial instruments to manage this risk. Port Nelson does not enter into speculative trades.

Interest rate risk

Port Nelson is exposed to interest rate risk on the cash flows arising from its variable rate borrowings. The Board does not consider there is any significant exposure to interest rate risk on its investments.

Port Nelson's interest rate exposures are managed in accordance with specific borrowing parameters outlined in the Treasury Policy which requires the fixing of interest rates for specified portions of borrowings based upon the term remaining and outlines the approved derivative instruments that can be used to do this. Port Nelson currently manages this risk by using Interest Rate Swaps (IRS) which swap the floating rate exposure on a notional amount of borrowings for a fixed rate.

Financial Derivatives

Port Nelson designates certain derivatives as hedging instruments in respect of interest rate risk in cash flow hedges. Such derivatives are held at fair value.

At the inception of the hedge relationship, Port Nelson documents the nature of the risk being hedged, the economic relationship between the hedged item, the instrument for effectiveness testing along with its risk management objectives for undertaking various hedge transactions.

The hedged item creates an exposure to pay interest on the notional value, settled at intervals prescribed by the hedge agreement. The interest rate swap on the same notional value creates an equal and opposite interest receipt and a fixed interest payment, therefore creating an exact offset for this transaction resulting in a net fixed interest payable.

Assessment of hedge effectiveness is done at inception of the hedge, at each subsequent reporting date (30 June and 31 December) and upon a significant change in the circumstances affecting the hedge effectiveness requirements.

The effective portion of changes in the fair value of the derivative financial instruments that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to any ineffective element is recognised immediately in the profit or loss.

Credit Risk

Port Nelson is exposed to credit risk on its cash and cash equivalents from the possibility of counter-parties failing to perform their obligations. This risk is represented by the carrying value in the Statement of Financial Position. We consider this risk to be immaterial.

Trade and Other Receivables

Trade and Other Receivables arise in the ordinary course of Port Nelson's business and are initially valued at fair value and subsequently measured at amortised cost using the effective interest method less any provision for impairment. Port Nelson invoices for services as they are performed, generally on a monthly basis. They are non-interest bearing and have payment terms of generally the 20th of the month of receipt of invoice but vary on a case-by-case basis between 7 to 45 days.

Port Nelson always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The allowance is estimated by reference to past default experience of the debtor, an analysis of the debtor's current financial position as well as forward looking information. Port Nelson writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. None of the trade receivables that have been written off are subject to enforcement activities.

Currency Risk

Port Nelson is exposed to currency risk on purchases of plant and equipment from overseas which it undertakes from time to time. Management actively monitor the currency risk exposure and will enter into forward foreign exchange contracts to hedge this risk where required by the Treasury Policy.

Liquidity Risk

Liquidity risk is the risk that Port Nelson will encounter 'difficulty' raising funds to meet commitments as they fall due. Liquidity risk is managed by maintaining sufficient cash. This is achieved by ensuring the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Multi-Option Credit Facility

Port Nelson has financing arrangements with Westpac Banking Corporation totalling \$100,000,000 for a multi-option credit facility made up of a three facility agreement. The first is for a funding facility of \$40,000,000 commencing April 2018 expiring July 2021. The second is for a funding facility of \$30,000,000 commencing November 2017, expiring July 2022. The third is for a funding facility of \$30,000,000 commencing July 2020, expiring July 2023.

Security for the multi-option credit facility is by a first and exclusive debenture charge over the assets and undertakings of Port Nelson. Port Nelson classifies its borrowings as non-current liabilities.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method where this differs from face value.

Trade and other payables are recognised at fair value on receipt of goods and services. Payment normally occurs within 30 days. These are non-interest bearing.

Fair Value of Financial Instruments

Port Nelson considers that the carrying values of financial assets and financial liabilities recorded in these financial statements approximate their fair values.

The financial instruments carried at fair value are the Interest Rate Swaps which are fair valued at a total liability of \$4.395m (2019: liability of \$3.734m) at balance date.

Provisions

Provisions are recognised when a present obligation exists as a result of a past event, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Employee Entitlements

Provision is made in respect of Port Nelson's liability for annual leave, long service leave and retirement gratuities. Annual leave and long service leave have been calculated on an actual entitlement basis at current rates of pay and retirement gratuities calculated at current rates of pay assuming the payment will be made upon retirement.

Noise Mitigation

Port Nelson reviews its Noise Mitigation provision each year as the mitigation work is undertaken. The provision relates to Stages One, Two and Three. The Noise Variation within the Nelson City Resource Management Plan became operative on the 23 February 2012. Port Nelson has quantified the costs of its obligation as at 30 June 2020.

Port Nelson recognises it has an obligation to assist with noise mitigation works for noise-affected properties adjacent to the port. Noise mitigation costs may include building work, professional fees, building consents, preparation of drawings and project management.

Noise-affected properties are separated into three stages based on the level of port noise received. For properties in Stage One, those properties that are exposed to night time Ldn (day/night average sound level) from port generated noise of 65 dBa or more, Port Nelson is required to make offers to either fully fund noise mitigation work or to purchase the properties.

There were 14 properties designated Stage One properties, and at 30 June 2020, seven properties have had this obligation met (2019 - nine properties). During the prior financial year, the contour lines were redesignated by the Council, which saw an additional three properties move into Stage One, and two properties moved from Stage One to Stage Two. For properties in Stage Two, those properties that are exposed to night time Ldn from port generated noise of between 60 to 64.9 dBa area, Port Nelson has offered to contribute up to 50% of noise mitigation costs. For properties in Stage Three, those properties that are exposed to night time Ldn from port generated noise of between 55 to 59.9 dBa, property owners can request Port Nelson to provide technical advice and a contribution of up to 50% of noise mitigation costs. There is no obligation on Port Nelson to make offers for the purchase of either Stage Two or Stage Three properties.



