

REFLECTING ON TIMES PAST

2022 Annual Report





LOOKING TO THE FUTURE

2022 *Annual Report*



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The original Bluff Harbour Board building, circa 1910.

01

HIGHLIGHTS

The following provides readers with a snapshot of the most significant events for the year ended 30 June 2022.

This includes larger capital projects, financial performance, and company milestones.

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FINANCIAL CALENDAR

A page out of *The Southland Daily Times* on Saturday, December 3, 1960.

2022

1 NOVEMBER 2022

Annual Meeting – 11:00am
Venue: South Port Board Room
Island Harbour, Bluff

8 NOVEMBER 2022

Final Dividend Payment

2023

9 FEBRUARY 2023

2023 Interim Profit
Announcement

MARCH 2023

2023 Interim Dividend Payment
2023 Interim Report Published

30 JUNE 2023

2023 Financial Year End

AUGUST 2023

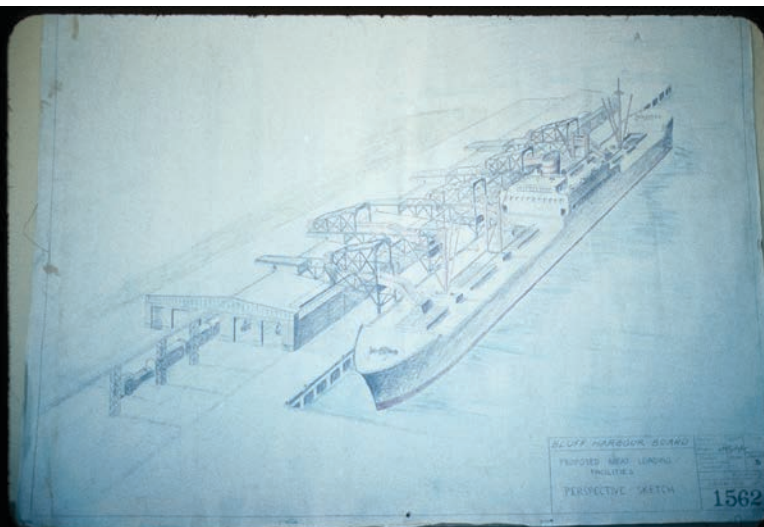
2023 Annual Results
Announcement



2021/2022

NOTEWORTHY EVENTS

1. NPAT of \$12.83 million (2021 - \$10.71 million), a 19.7% increase on last year.
2. Total cargo of 3.55 million tonnes (2021 - 3.45 million tonnes), a 2.8% increase on last year, and a record trade result for the Port.
3. Staff continued to perform exceptionally well during significant disruption caused by the COVID-19 pandemic.
4. A new \$10 million, 65-tonne bollard pull ATD Tug vessel, named 'Rakiwai' ordered from Damen shipyards in Vietnam, arrived at the Port on 17 September 2021.
5. A resource consent hearing was held with Environment Southland for the Kia Whakaū Channel Improvement Project.
6. A 24% reduction in container vessel calls at the Port due to supply chain disruption.
7. Total container volumes were down 18% on the previous year, another direct result of the worldwide disruption in the container supply chain.
8. The average twenty-foot equivalent unit (TEU) exchange per MSC call increased by 8.4% on the previous period.
9. Rio Tinto announced that they see a positive pathway for New Zealand's Aluminium Smelter (NZAS) to continue operating and contributing to the local and national economies beyond 2024.
10. Total log and timber volumes exported through the Port were down 9.6% and 82.7%, respectively, on the previous year.
11. Total stock food imports were up 62% on the previous period, a record throughput for the Port.
12. The demolition of Shed 6 has been completed, creating additional space in the container terminal for container storage and repairs.
13. A full-year dividend of 27.00 cents maintained (2021 - 27.00 cents).
14. A second new empty container handler forklift was received during the year, leading to improved productivity in the depot operation.
15. The construction of an \$11 million accessway, pipeline corridor, and discharge platform for the Town Wharf fuel berth has been completed during this period.
16. The installation of impressed cathodic current protection systems on the Island Harbour access bridge is almost complete, with 13 out of 14 bays now finished.
17. Meridian and Contact Energy announce Fortescue Future Industries and Woodside Energy have entered the final stages of negotiations to become the lead developer of the world's largest green hydrogen production facility in Southland.
18. Significant upgrades to the cold store engine room, switchboard, and buildings were completed.
19. Construction of the hardstand for the South Rail log storage yard has begun after significant consultation with the region's log exporters.



20. The Port's Island Harbour infrastructure maintenance expenditure has reduced this year under the 20-year Asset Management Plan as forecasted after peaking in the previous financial year.
21. With the construction of a 12,000m² log storage area at the west end of the Port, much of the Island Harbour land has now been developed for cargo operations.
22. A ceremony was held at Te Rau Aroha Marae to gift the new South Port logo and name developed by the Awarua Rūnaka better reflect the history of the area and its people.
23. A concerted effort to build closer ties to the Bluff Community Board and the Awarua Rūnaka continued during the past year.
24. Docking of tug Te Matua was postponed to the next financial year due to the delayed arrival of parts into the country.
25. Just Transitions continue work in the region investigating how the local economy can transition from the potential NZAS closure in December 2024 to a new industry.
26. A mandatory vaccination policy was implemented to meet the challenge of the COVID-19 pandemic from the maritime border.
27. Another full 12 months recorded no container losses due to severe weather conditions. This is a result of a completed BowTie health and safety exercise.
28. With the closure of the Marsden Point Refinery, Coastal Oil Logistics announced they would cease calling at New Zealand ports and that all fuel would be imported into the country in the future.
29. The Murihiku Aquaculture Group is working with Ngāi Tahu Fisheries and Sanford to establish Open Ocean Aquaculture in the southern region.
30. A backhoe dredge is arriving in August, to execute a deemed consent from the 1980s. This is to clear fragmented rock from a previous drill and blast exercise, carried out in the entrance channel.

On 3 December 1960, the official opening of the Island Harbour took place. In attendance was HMNZS Lachlan at berth 1, and New Zealand Star at berth 3.



STRATEGY



Company Profile

South Port New Zealand Limited (South Port) is the southernmost commercial Port in New Zealand, located in Bluff and operating on a year-round, 24-hour basis. It is situated in the rich productive province of Southland, which is responsible for generating a sizeable proportion of New Zealand's total exports by value. The region's major cargo producing sites are situated within 30 to 80 kms of the Port.

The Port of Bluff has been operating since 1877, while the Company was formed in 1988 having taken over the assets and liabilities of the former Southland Harbour Board.

South Port was listed on the New Zealand Stock Exchange (NZX) in 1994 and has Environment Southland, the region's local government environmental agency, as its 66% majority shareholder.

South Port established its off-port Intermodal Freight Centre (IFC) in July 2016. Strategically located adjacent to the KiwiRail railhead in Invercargill, the IFC allows importers and exporters in the Southland and Otago regions to distribute their products in a timely and efficient manner.

Strategic Focus



In all activities the Company will ensure a safe workplace is provided, employee wellbeing is enhanced, the physical environment is respected and cultural impacts are assessed. This aspect of the strategy requires the Company to deliver continuous improvement and active engagement in these areas.



Protect existing trade and develop growth opportunities.



Strengthen and extend existing New Zealand port relationships/alliances and position the business for potential future sector rationalisation.



Develop and/or influence optimal logistic solutions with Port linkages.



Optimise shareholder value and reinvest in our business.



Evaluate and acquire appropriate technology to enhance, protect and expand our core business.

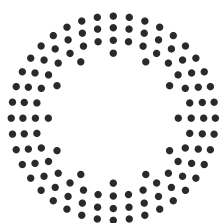


Infrastructure, fit for purpose, whole of life. Available, flexible, and resilient, with acceptable returns.

FACTS

Owens and manages assets which have a book value of **\$88 million**

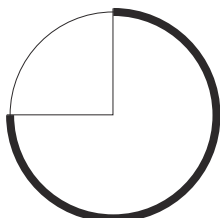
1. Directly employs **120 permanent staff** and utilises additional fixed term and casual staff to support our marine activities and seasonal operations.



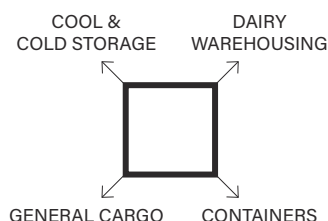
2. Undertakes its primary Port operation on a **40-hectare man-made Island Harbour** situated in Bluff.



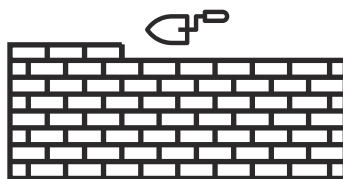
3. **Services vessels** carrying approximately 1.1 million tonnes of cargo destined for movement across the Tiwai Wharf each year, of which three quarters are raw material imports and one quarter is finished aluminium product.



4. Has split its land-based operating resource into four main divisions:



5. Has approximately **1 hectare** of on-port land **available for further port development** or industry establishment.



6. **Operates a separate dedicated fuel berth** at Bluff Town Wharf, plus provides the Tiwai Wharf facility to the New Zealand Aluminium Smelter (NZAS) under a long-term licence.



7. Is the only Southland based company listed on NZX – market capitalisation as at 30 June 2022 equated to **\$222 million**.

8. **Owens and operates an off-port container packing/unpacking facility** adjacent to the KiwiRail railhead at Mersey Street, Invercargill. The 8,000 m² site houses a 4,000 m² customs controlled and MPI transitional facility.

9. Offers full container, break bulk and bulk cargo capability and services the following main cargoes:

- **IMPORT** – alumina, petroleum products, fertiliser, acid, stock food and cement.
- **EXPORT** – aluminium, timber, logs, dairy, meat, meat by-products, fish and woodchips.

10. Handles in excess of **3.5 million tonnes** of cargo in a normal trading year.

02

THE YEAR IN REVIEW

Welcome to South Port's Annual Report for the financial year ended 30 June 2022.

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REVIEW OF OPERATIONS



*Nigel Gear, Chief Executive
and Rex Chapman, Chair.*

Overview and Cargo

The Company recorded an after-tax profit of \$12.83 million (2021 - \$10.71 million), a 19.7% increase on last year's result and ahead of the guidance provided in our 2022 Interim Report.

This result includes two one-off adjustments, which have impacted our profitability. Firstly, we have recorded an after-tax \$0.98 million interest rate derivative gain, realised due to recent increases to the floating interest rate, and also a \$0.68 million adjustment to our deferred tax calculation due to historical legislative changes related to depreciation on buildings.

To provide some comparative numbers for shareholders, when removing all one-off items, the normalised after-tax profit for the 2022 financial year is \$11.16 million (2021 - \$10.45 million), representing a 6.8% increase on the previous year's result.

This result has been positively influenced by a 2.9% increase in cargoes being handled through the Port at 3,554,000 tonnes (2021 - 3,454,000 tonnes).

This is a very pleasing result, considering both the disruption in the worldwide container supply chain and the fluctuating log market conditions encountered over the past 12 months.

Bulk cargo volumes were up by 6.1% at 3,123,000 tonnes (2021 - 2,942,000 tonnes), led by a 148,000-tonne increase in stock food volumes imported into the region.

Log and timber volumes collectively were down 13.9% at 667,000 tonnes (2021 - 775,000 tonnes) and container volumes were down 18.5% at 44,000 TEU (2021 - 54,000 TEU).

Vessel activity at the Port was similarly down on the previous period recording 305 calls (2021 - 331 calls). The major impact to this activity was a 24% reduction in container vessel calls to the Port.



▶ Scan the QR code to watch the video.

Or use the link:

<https://southport.co.nz/annual-report/videos/2022/review-of-operations>

The pleasing aspect of an increase in bulk cargo and a reduction in the number of ship calls, was that greater volumes were handled on fewer vessels loading/discharged at Bluff, which translates to better environmental outcomes.

Log activity has similarly been impacted by the COVID-19 lockdowns in the China market, the foremost destination for New Zealand Radiata Pine. This, coupled with a downturn in the construction market in this region, has led to a decrease in demand for logs shipped from New Zealand which is expected to last until the end of the 2022 calendar year.

All other bulk cargoes were either in line with expectations or slightly up on the previous period.

The disruption in the container supply chain appears to be no closer to resolution than when this topic was discussed in the last annual report. COVID-19 continues to disrupt the China market where lockdowns are continuing in an effort to eradicate the disease, creating major bottlenecks at container ports in this region.

The significant increase in demand for goods during the initial peak of the COVID-19 pandemic led to a shortage of container vessels, containers, and labour resources in the supply chain to handle these volumes. This resulted in containers being stranded worldwide, with no foreseeable resolution to this.

South Port continues to service the container industry to the best of our ability working with the Mediterranean Shipping Company (MSC) to assist our customers and increase the resources on Port to handle the variable demand requirements.

The benefits of the reefer tower constructed last financial year have been fully realised this past 12 months. This asset has seldom been empty, either providing power to fully loaded refrigerated containers waiting to be exported or alternatively for testing the electrical systems on empty containers before being delivered to customers for loading.

The decision by the Company to demolish Shed 6 and expand the container terminal will similarly provide excellent support for this operation. Many times during this past year,

the Port has struggled with sufficient capacity to store containers and to provide clear areas to safely repair containers in the depot operation. This expansion will provide breathing space for the coming 12 months and allow a safer container repair location for our maintenance contractors to operate in.

The Warehousing Operation continues to play a significant role in supporting the MSC Capricorn Service calling at the Port. The Company provides 10,000 m² of dry storage area and a container packing operation for the Open Country Dairy Factory located at Awarua, 15km from the Port.

The cold store also provides refrigerated storage for meat and fish processing companies in Bluff and the surrounding region. This operation underwent a significant upgrade during the past 12 months to the engine room, a new switchboard, and building. These changes will provide much-needed additional resilience to this operation going forward.

Safety, Health and Wellbeing

Safety First is our most important core value and is still very much front of mind in everything we do at the Port. We work in a hazardous environment, where there is frequently more than 1,000 vehicle movements through our security gate each day in addition to the heavy machinery operating on the Port to handle both containers and bulk cargoes.

Due to the amount of activity, traffic management plans are an essential part of the process to ensure that we operate effectively and safely together on the Port, especially where we have overlapping duties of care.

The Port industry has come under scrutiny in recent times due to two tragic fatalities, most notably in the stevedoring sector. South Port currently does not operate a stevedoring company; however, we do contract local stevedores for the MSC container service calling at the Port. As a result, we are reviewing our operation to determine whether any additional changes need to be made to this activity in light of these tragic events.

Due to operating in a COVID-19 environment recently, it has been difficult to undertake BowTie analysis, an essential Health and Safety risk management tool. With a recent relaxing of the COVID-19 requirements, these sessions have recommenced, focusing primarily on our critical risks of mobile plant vs person, working at heights, falling objects, working on or near water, uncontrolled energy release, and hazardous substances.

We have seen that these BowTie workshops can provide robust solutions to either remove, engineer, or mitigate critical risks driven by the very staff operating in the environment directly impacted.

COVID-19

We have been fortunate at the Port that we have not experienced any largescale absenteeism from work due to COVID-19. The systems that have been put in place to date have worked extremely well to protect our staff from contracting and spreading the disease at work.

To handle refrigerated meat for the China market, additional procedures have been established in the cold store to maintain market access for this critical export destination. All cargo operators must take daily RAT/temperature tests and wear masks while operating at the cold stores. Although requirements are easing in most of our business activities, this operation still has strict controls.

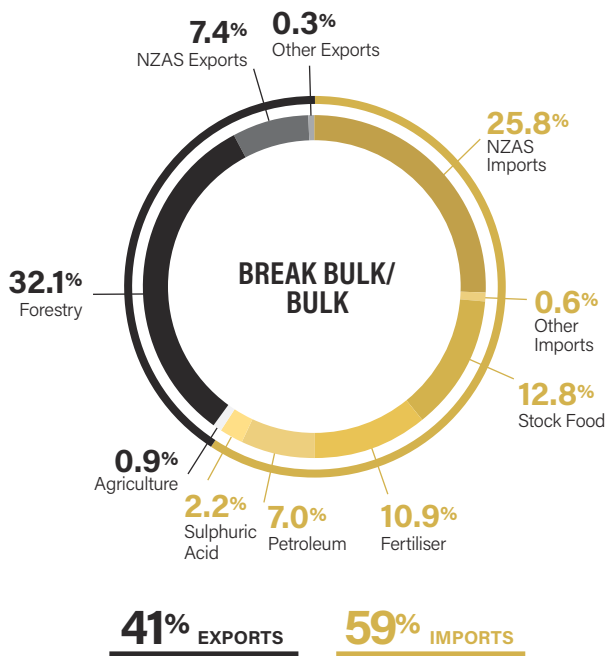
Marine Operations

The Rakiwai, our new \$10 million, 65-tonne bollard pull ATD Tug vessel, has been in operation for several months now. The tug is proving to be an excellent addition to our marine fleet, providing the extra capacity to handle the larger vessels and loads being carried through the Port.

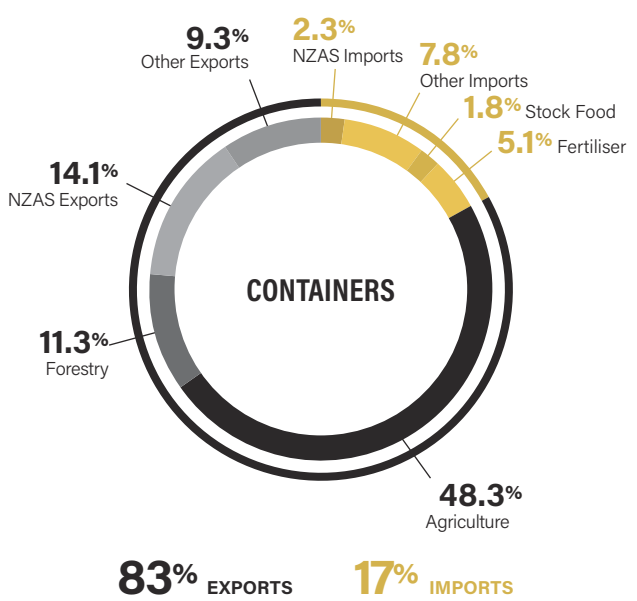
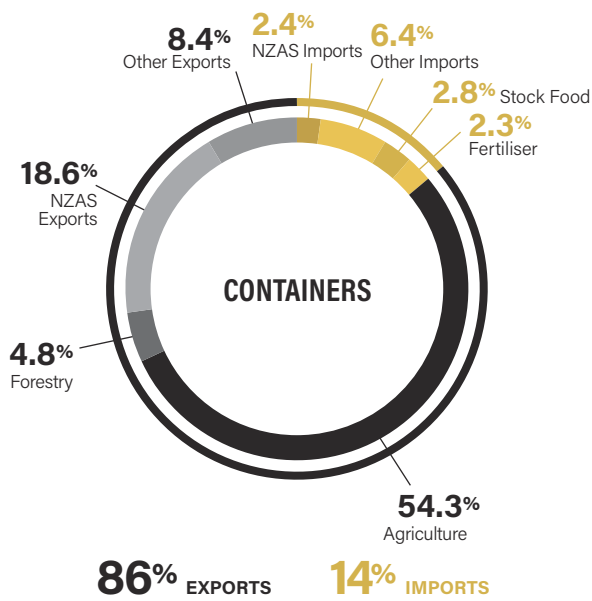
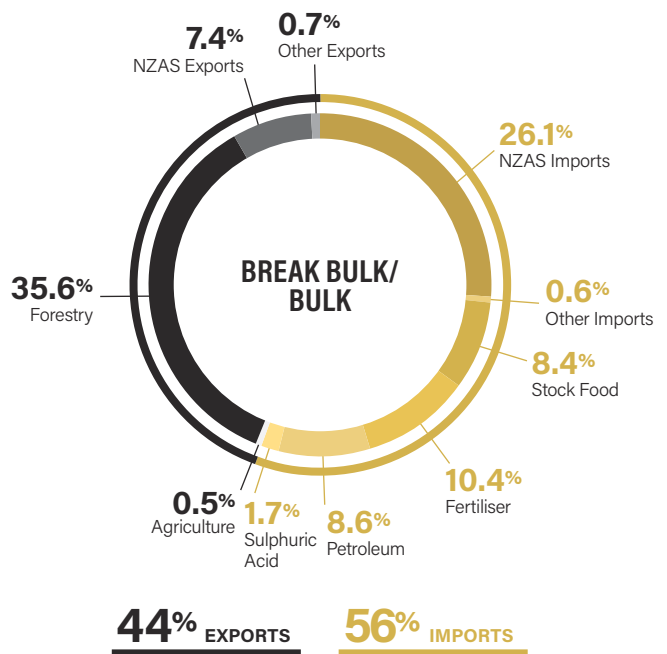
It is pleasing to say that we now have four fully qualified, unrestricted pilots working at the Port, for the first time in six years. We also have a fifth pilot in training, who is also expected to reach this standard in the coming 12 months.

COMPARATIVE CARGO BREAKDOWN

2022



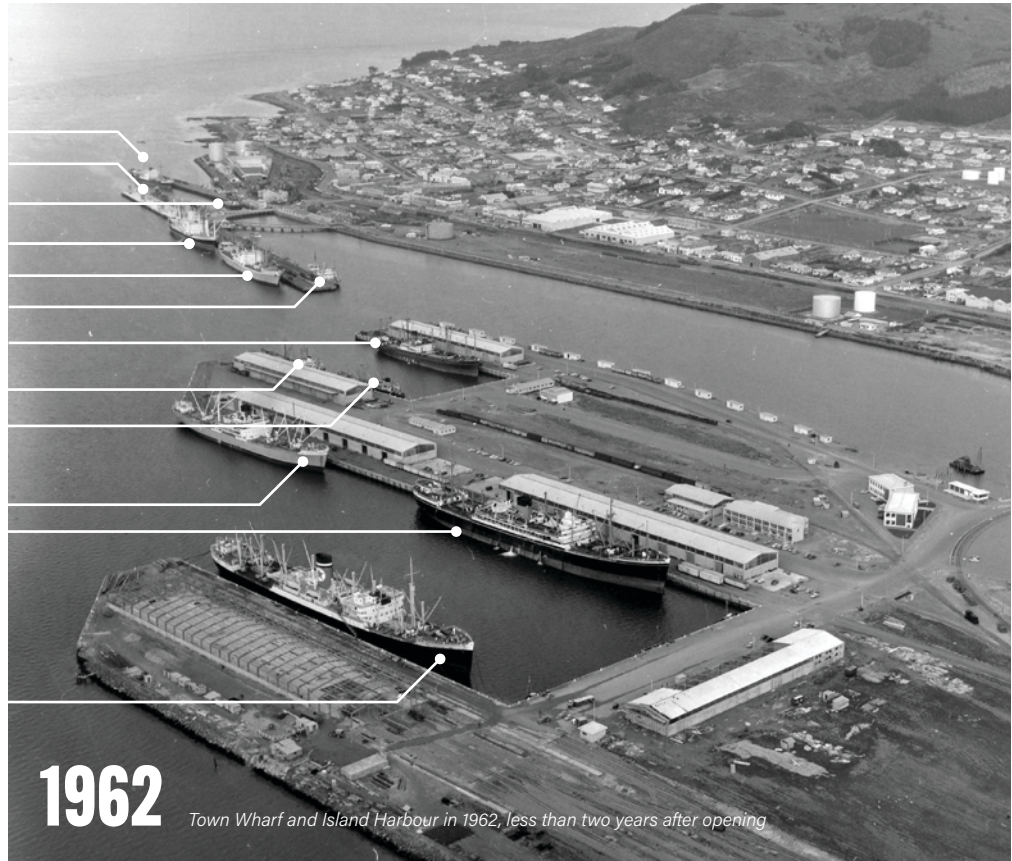
2021



Comparing the Gross Registered Tonnage (GRT) with times past

Van Neck 2,844 GRT
Murihiku Dredge
Awarua Tug
Turakina 7,707 GRT
Port Denison 8,956 GRT
Matai 1,050 GRT
Waimea 3,363 GRT
Maunganui 860 GRT
Calm 787 GRT

Donegal 6,327 GRT
Wairangi 13,748 GRT



MSC Express III 28,050 GRT

Berge Taranaki 22,683 GRT

< Out of sight –
Weaver Arrow,
 berthed at
 Tiwai Wharf
 36,008 GRT

Milau Bulker 23,950 GRT



Pilotage Operations Safety Management System (POSMS)

The modernisation of our pilotage systems through the development of the POSMS has now been completed. The system is now a living document and is being used for all pilotage operations, with the exception of the training module, which is to be reviewed by Maritime New Zealand once their pilotage training assessment criteria has been finalised.

Intermodal Freight Centre (IFC)

The IFC provides a vital container handling alternative for our Southern Region importers and exporters. It also plays a significant role in meeting the Company's purpose to "facilitate the best logistic solutions for the region".

These past 12 months have seen the container supply disruption impact volumes processed through the IFC. This disruption has been a factor in both the high cost of importing containers from Asia and the irregularity of container vessels calling at the Port.

New Zealand Aluminium Smelter (NZAS)

On 8 February 2022, Rio Tinto announced they could "see a positive pathway for NZAS to continue operating and contributing to the local and national economies beyond 2024".

This announcement was a clear signal for both Southland businesses and employees working at NZAS that Rio Tinto intends to engage with the electricity producers to negotiate an energy contract and extend the life of the smelter past December 2024.

South Port has enjoyed a close and valued working relationship with NZAS for 51 years, and represents approximately 32% of our cargo volume and 20% of our NPAT. The consensus appears to be that there is room for NZAS to continue operating longer term and for a hydrogen plant to be established in the region.

We believe that the government should be looking to facilitate the growth of the local economy and additional energy resources, rather than looking to substitute one industry for another.

Just Transitions (JT)

Just Transitions (JT), a division of the Ministry of Business, Innovation and Employment (MBIE) is working closely with the Southland Community on how the province should transition from NZAS to a new industry after December 2024 (should the smelter close).

A number of workstreams are currently operating in the community focusing on the three key themes of new industries and employment, transitioning business and skills, long-term planning, and capability.

Two of the most notable work streams are the current investigations into open ocean aquaculture and clean energy production.

Open Ocean Aquaculture (OOA)

The Murihiku Aquaculture Group, chaired by Rick Christie, a previous South Port director, is working with industry participants Ngāi Tahu Seafood Limited and Sanford Limited to help develop the OOA opportunity for the region.

A recirculating aquaculture system (RAS) hatchery for growing Chinook (King) salmon smolt, initially planned for construction at Ocean Beach in Bluff, has now been relocated to a Makarewa site due to Geotechnical issues with the previous location.

Ngāi Tahu Seafood application under the COVID-19 Recovery (Fast-track Consenting) Act 2020 has been approved for lodgement. The scope of the project is to construct and operate an OOA salmon farm within a 2,500-hectare area of the coastal marine area, approximately 2 to 6 km off the north-eastern coast of Stewart Island/Rakiura.

Sanford has also lodged a consent application with Environment Southland to create an open ocean salmon farm, 28km from Bluff and 10 km from the nearest Island, at the south end of Foveaux Strait. This consent is currently on hold while extensive stakeholder engagement is undertaken.

Green Hydrogen

The international demand for green hydrogen continues to grow at a fast pace, gaining even more traction recently due to energy supply issues in Europe created by the Russian invasion of Ukraine.

Locally, Meridian Energy Ltd and Contact Energy Ltd continue to work on the potential development of large-scale renewable hydrogen production in the Lower South Island.

Through their request for proposal (RFP) process, they have now reduced the number of counterparties vying for this opportunity from four down to two, being Fortescue Future Industries, a subsidiary of Fortescue Metals Group Ltd, and Woodside Energy Ltd.

It is expected that these parties have submitted further detailed proposals to the energy companies towards the end of August, with the lead developer to be selected in the following months.

The Company will continue to monitor these developments closely and work with these parties to ensure that the Port is positioned to take advantage of these opportunities should they arise.

Environment

One of our strategic focuses states that in all activities the Company will ensure the physical environment is respected and deliver continuous improvement in this area.

This is very much considered in our day-to-day activities and decision-making, especially when maintaining, developing, and modifying infrastructure, or purchasing new mobile plant. We always consider the environmental impact of these decisions.

The Company is also methodically working towards developing an environmental strategy and pathway to becoming carbon neutral.

As South Port is listed on the NZX, part of this pathway will also involve developing a framework for climate-related financial disclosures. This will be aligned with the requirements under the new Aotearoa New Zealand Climate Standards being introduced later this year. South Port will be developing and implementing the framework for the 2024 reporting cycle, in line with the external reporting board (XRB) guidelines.

The United Nations developed 17 sustainable development goals (SDG) in 2015, many of which have been adopted by companies and reported on. Although South Port currently aligns with many of these SDG's, as part of our pathway, we will look to adopt one or two initially and ensure that we can fully integrate these into our business moving forward.

There is a lot of work in this area; however, the Company and staff are excited about the opportunities moving forward to measure our progress against identified targets.



Project Cargo then and now, exactly 50 years between images (1961 and 2021) with cargo on consignment, bound for Tiwai.



Entrance Channel

The Company is currently working through the consent process to deepen our channel, swinging basin, and berth pockets from 9.7m to 10.7m. A two-day consent hearing was held in April at Environment Southland. While the hearing went well, the process identified some areas where further information was required to ensure that all parties were satisfied that the consent conditions met all the necessary requirements.

This information was submitted in July, and the Company is now waiting for a decision to be given by the hearing commissioners, which is expected by the fourth quarter of 2022.

Channel Dredging – 1980s Consent

In August this year, a backhoe dredge arrived at the Port to carry out dredging in the entrance channel to the Port.

In the early 1980s, a drill and blast campaign was carried out to deepen the channel to 10.24m. Unfortunately, due to the dredging equipment in use, there was not enough capacity to lift all of the fractured rock; therefore, some of this material was left in the channel.

The dredging operation to be carried out in the coming months will endeavour to finish the work started in 1980. Once completed, this operation will also provide some excellent information to assist with the planning of the next drill and blast campaign, which is the subject of the current resource consent application.



Infrastructure

South Port has a detailed wharf Asset Management Plan (AMP) that was developed in 2016 for a 20-year period. As signalled previously, we reached peak expenditure under this plan during the 2021 financial year. During the past 12 months, planned expenditure has decreased by 35% to \$2.8 million (2021 - \$4.3 million). Although this plan was established in 2016, it is constantly reviewed to ensure that the programme is still appropriate for the current state of the infrastructure at the Port.

After a successful trial in 2019, a project began in 2020 to install impressed current cathodic protection (ICCP) on the Island Harbour access bridge, which was expected to take four years to complete. To date, we have installed ICCP for 13 out of 14 bays on the access bridge. Due to close monitoring and the Company driving further efficiencies into the process it is pleasing to say that this project will now be finished early into FY2023, well in advance of our initial expectations.

The construction of the Town Wharf fuel berth accessway, pipeline corridor, and discharge platform has now been completed, providing resilience for the fuel import sector and the berth for a minimum of the next 50 years. The fuel importers are currently installing

the necessary pipeline infrastructure to allow the safe transfer of cargo to the tank storage farms located on the foreshore.

In the past 24 months, significant work has been carried out in the container terminal to service this industry, including a new reefer tower, expansion of the storage footprint, and the construction of a new container wash area. Over the last year, this work has continued with the demolition of Shed 6, creating additional space for more container storage and the provision of a dedicated container repair area, significantly improving the risk profile of this operation.

Community Engagement

Community Engagement is an essential part of our daily business activities at the Port. The Company is building closer ties with both the Bluff Community Board and the Awarua Rūnaka, meeting with these entities as required to consult and inform on the current Port activities and development plans. In addition to these meetings, we now publish a biannual community newsletter named Mai I Te Wāpu, (From the Wharf) that is delivered to all residents in Bluff.

Awarua Runaka

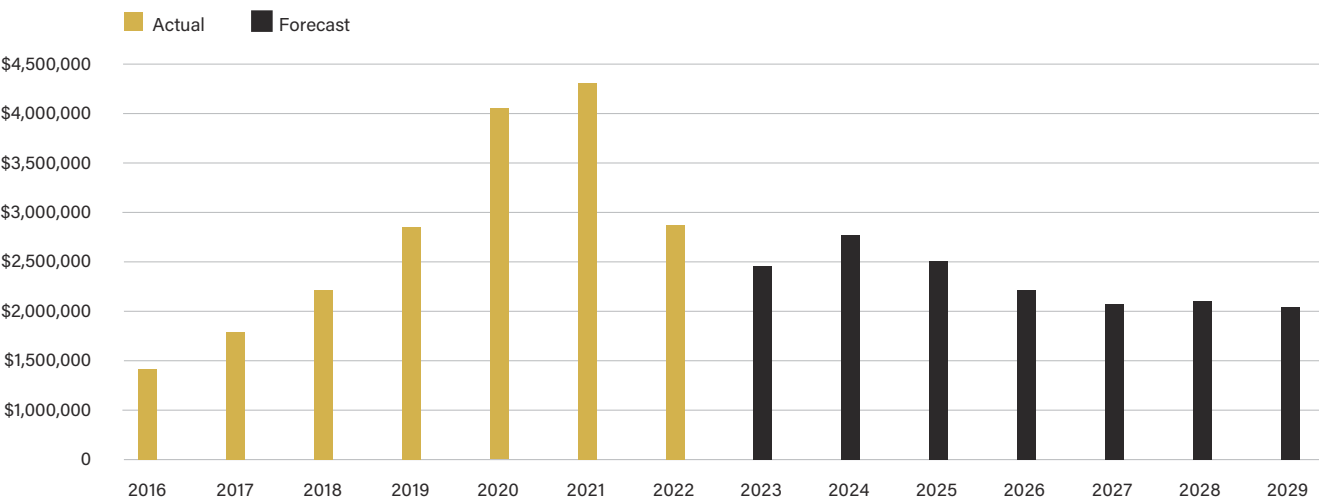
There have been several areas where we have consulted with the Awarua Rūnaka in the past 12 months. This included the infrastructure developments, work being carried out in and around the harbour, and consenting processes.

During the year, we attended a gifting ceremony for South Port's new logo and new motto Te Pūkorokoro o Murihiku at the Te Rau Aroha Marae in Bluff. This was an important occasion in the Port's history. Through this rebranding, we recognise the heritage of the area in which we are located, its people and the importance of the Bluff Harbour to past and future generations.

Staff

The Company would like to thank our staff for their hard work and tolerance they have shown over the past 12 months in uncertain times. Our people are the most important part of our business. It is a pleasure to work with motivated employees engaged in improving the business and implementing the company values in everyday practice.

Wharves Asset Management Plan Expenditure



Dividend

The Board has an ongoing policy of assessing South Port's dividend flow after considering its Free Cash Flows (FCF) and its reported profits. For the purposes of this policy, FCF is interpreted as being annual operating cash flow less net maintenance capital expenditure in the same period. In establishing the dividend payment level, Directors considered the Company's annual profit movement plus future maintenance requirements that are expected to impact profitability.

Accordingly, the Board elected to pay a consistent final dividend of 19.50 cents. This translates to a full-year dividend of 27.00 cents (2021 – 27.00 cents). Full imputation credits will be attached to all distributions. The dividend payment represents a gross return of 4.4% (net 3.2%), based on a share price of \$8.48 as at 30 June 2022. A dividend pay out ratio of 55% results for 2022 (using reported NPAT) and equates to 73% of FCF.

Board Composition

Mr Philip Cory-Wright and Mrs Clare Kearney retire this year by rotation and, being eligible, offer themselves for re-election. At the AGM in 2020, Mr Jeremy McClean offered his services for a final 24-month term and therefore, also retires this year. Jeremy was appointed to the Board in 2011 and has been an important contributor to the Company's success over this time, chairing the audit and risk committee for several years. His knowledge, especially in the farming and agriculture sector, has been valuable and will be missed by the Board.

Director Nominations

At the time of writing this report, Mr John Schol has been nominated by Environment Southland. The Company has received no other valid Director nominations.

Outlook

A prolonged period of worldwide disruption due to COVID-19 has impacted all areas of the globe, including Bluff. During this time, it has been especially pleasing to see the high levels of resilience that the port community has shown in the face of many operational challenges.

Bulk cargoes supporting NZAS and the agricultural sector have maintained consistency during this period and have shown growth.

The log export market, however, continues to fluctuate depending on the current demand profile from China, with the recent downturn expected to continue through to at least the 4th quarter of 2022. The container supply chain also remains congested, and there is no foreseeable correction to this sector in the coming 12 months.

Despite all the uncertainty in these two sectors, the Company is still excited about the future.

A consent to drill and blast the entrance channel to the Bluff Harbour is awaited upon and, when issued, will allow the Port to deepen from 9.7m to 10.7m. This slight modification of the channel will allow the Port to handle more cargo on fewer vessels, improving the efficiency of the operation, reducing the environmental footprint, and providing a safer transit for ships calling at South Port. The timing of this activity will depend on the consent being issued and the availability of contractors to carry out the work.

Enquiries are being received for the movement of wind farm equipment through the Port in the coming 12 months. Two recent announcements will provide confidence to the electricity sector for increasing generation capacity in the south. The first is that NZAS and Meridian Energy have entered into discussions about a potential future energy contract post the current December 2024 closure date. The second factor is the review and adoption of a new transmission pricing methodology, due to take effect from 1 April 2023. These two developments could lead to a change in the generation landscape in the south.

The Company continues to invest in our Port, upgrading and modernising our infrastructure and mobile plant, and is consistently looking at ways to improve the efficiency and safety of cargo moving through the Port.

There are also exciting opportunities developing in the Southland region. We are especially taking a keen interest in emerging new industries such as open ocean aquaculture and green hydrogen, both of which the Port could have a significant role to play in the future.

At the date of compiling this report, South Port estimates that earnings in the next financial year will likely be down by 12.9% on the FY2022 result. However, after removing the one-off \$0.98 million gain on the interest rate derivative and the \$0.68 million adjustment to our deferred tax calculation, the company's underlying profit will be consistent with FY2022 at approximately \$11.2 million.

Based on this consistent earnings profile and in the absence of unforeseen circumstances, the Directors will be endeavouring to maintain the current level of dividend payment.

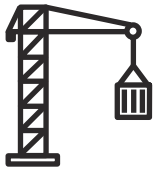


R T CHAPMAN
Chair



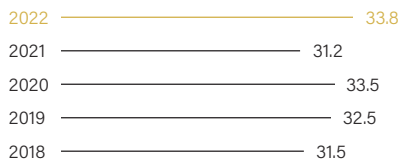
N G GEAR
Chief Executive

CRANE PRODUCTIVITY



33.8

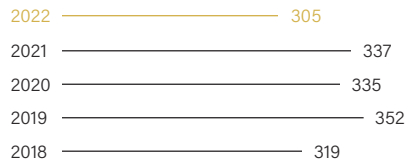
(Gross container moves per hour)



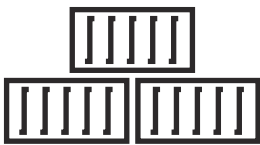
SHIP CALLS



305

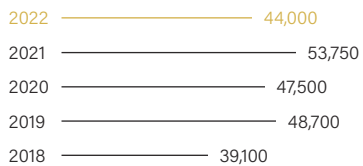


NUMBER OF CONTAINERS

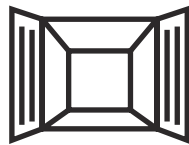


44,000

(20 foot container equivalents)



CONTAINERS



10,700

(Packed/Unpacked - on port)



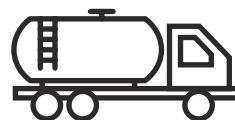
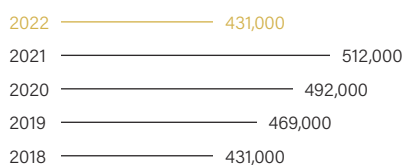
BREAKDOWN OF CARGO



CONTAINERS

431,000

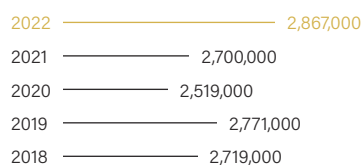
(Tonnage)



BULK

2,867,000

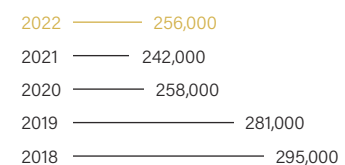
(Tonnage)



BREAK BULK

256,000

(Tonnage)

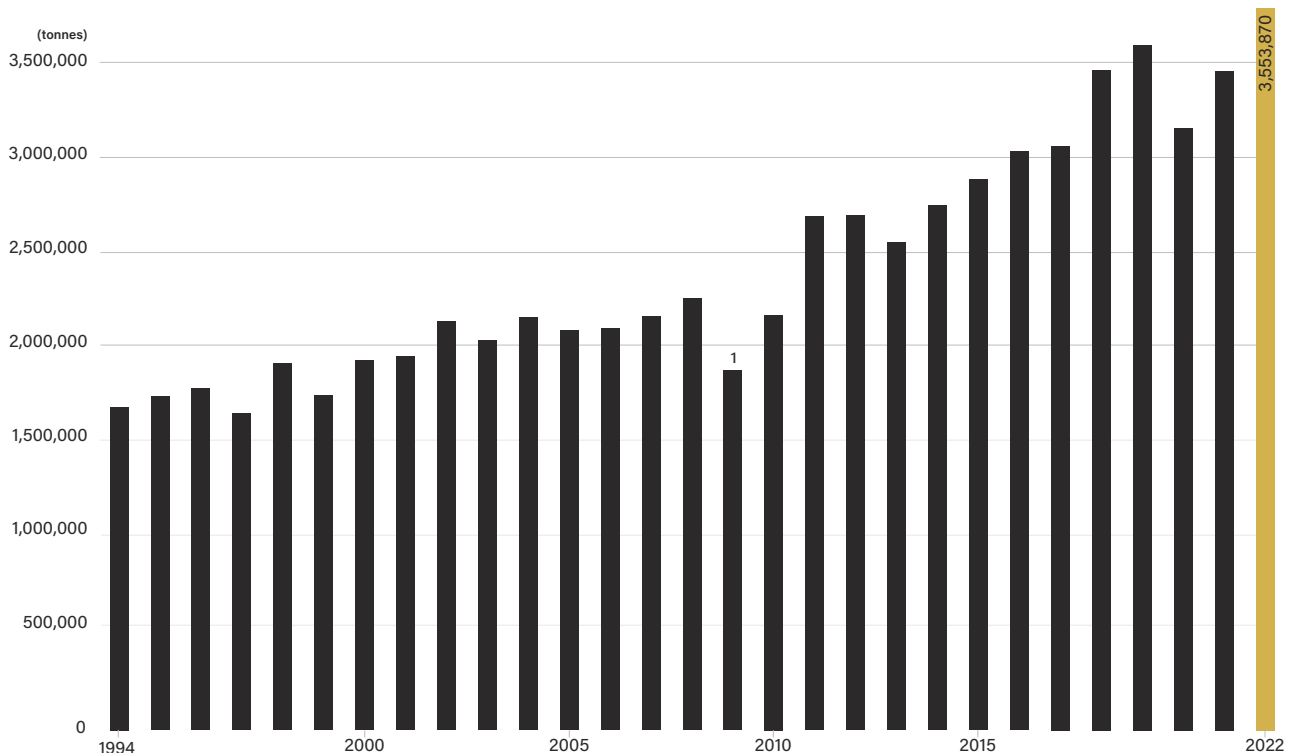


Share Price

From 1 July 2018 to 30 June 2022



Historical Trade Figures 1994-2022



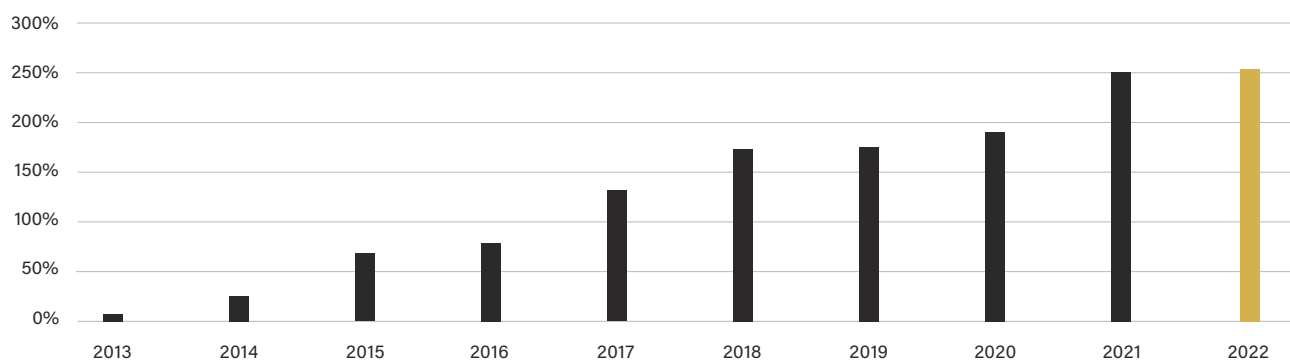
1 – 2009 drop in tonnage due to 30% decrease in NZAS throughput attributable to a pot-line outage

Domicile of Shareholdings

New Zealand Breakdown	Holders	%	Issued Capital	%
Northland	25	2.43	82,695	0.32
Auckland (incl. North Shore, Waitakere & Rodney)	197	19.14	1,751,628	6.68
Greater Auckland Region (incl. Manukau)	50	4.86	121,896	0.46
Waikato & Bay of Plenty	140	13.61	699,395	2.67
Taranaki, Whanganui, Hawkes Bay & Gisborne	72	7.0	212,214	0.81
Wellington Region	51	4.96	146,871	0.56
Wellington City	45	4.37	367,444	1.4
Upper South Island	65	6.32	450,810	1.72
Christchurch	52	5.05	1,711,558	6.52
Lower South Island	298	28.96	18,250,887	69.57
	995	96.7	23,795,398	90.71

International	Holders	%	Issued Capital	%
Australia	18	1.75	225,944	0.86
Canada	1	0.10	43,978	0.17
Germany, Federal Republic Of	1	0.10	1,000	0.00
Hong Kong	1	0.10	4,000	0.02
New Zealand (<i>Breakdown above</i>)	995	96.70	23,795,398	90.70
Philippines	1	0.10	1,000	0.00
Singapore	1	0.10	4,125	0.02
South Africa	1	0.10	125	0
Switzerland	1	0.10	5,365	0.02
Taiwan	1	0.10	5,000	0.02
Thailand	1	0.10	1,000	0.00
United Kingdom	4	0.39	3,300	0.01
United States	3	0.29	2,144,663	8.17
	1,029	100	26,234,898	100.00

10 Year Cumulative Total Shareholder Return



03

CORPORATE SOCIAL RESPONSIBILITY

South Port continually looks for opportunities to improve on its corporate social responsibilities.

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Our Community	42
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HEALTH, SAFETY & WELLBEING

Safety on the job, along with the wellbeing and personal safety of each and every person is of primary importance in all aspects of our Port operation.



SAFETY FIRST

By providing a safe and healthy workplace, we uphold our moral responsibility to protect all employees and PCBU (person conducting a business or undertaking work) on the Island Harbour.

Safety on the job, wellbeing, and personal safety of each and every person at South Port is of primary importance in all phases of our Port operation.

By providing a safe and healthy workplace, we uphold our moral responsibility to protect all employees and PCBU.

Our responsibility to our people encompasses:

- Safety is our #1 priority
- Committing to supporting and guiding our people to success
- Making safety everyone's responsibility
- Promoting a positive work environment where our people feel valued
- Ensuring everyone has the authority and responsibility to STOP unsafe work
- Establishing our 5s (lean management) programme as an essential tool for maintaining a safe place of work
- Understanding safety requires continuous improvement
- Promoting an independent workplace culture through respect, empowerment, and trust

OPPOSITE PAGE

Completing their Heights Recertification training is, from left, Trainer, Nick Edwards, and South Port team members Robert Goodman, Nigel Stephens, Mana Puki, and Tyson Irwin.



Fast Facts:



273

Safety and engagement interactions



328 people

Undertook health monitoring*



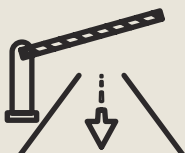
2,135

Site inductions completed



256 people

Completed training



260,336

Inward traffic movements through gate

* Drug and alcohol surveillance testing, occupational health checks

COVID-19 Recovery



2022 saw the COVID-19 virus mutate into the Omicron strain and enter the community. By February, the virus was in most New Zealand cities and South Port commenced the COVID-19 response plan to ensure precautions were in place for the health and protection of our people.

One precaution was the implementation of the internal departmental Trigger Action Response Plan (TARP). TARP was designed as a first response approach to provide information as promptly as possible to South Port workers, including individual departmental requirements, in conjunction with the New Zealand Government Alert Levels. The information was broken down into four categories, each with specific information to add layers of protection for our people, giving them confidence.

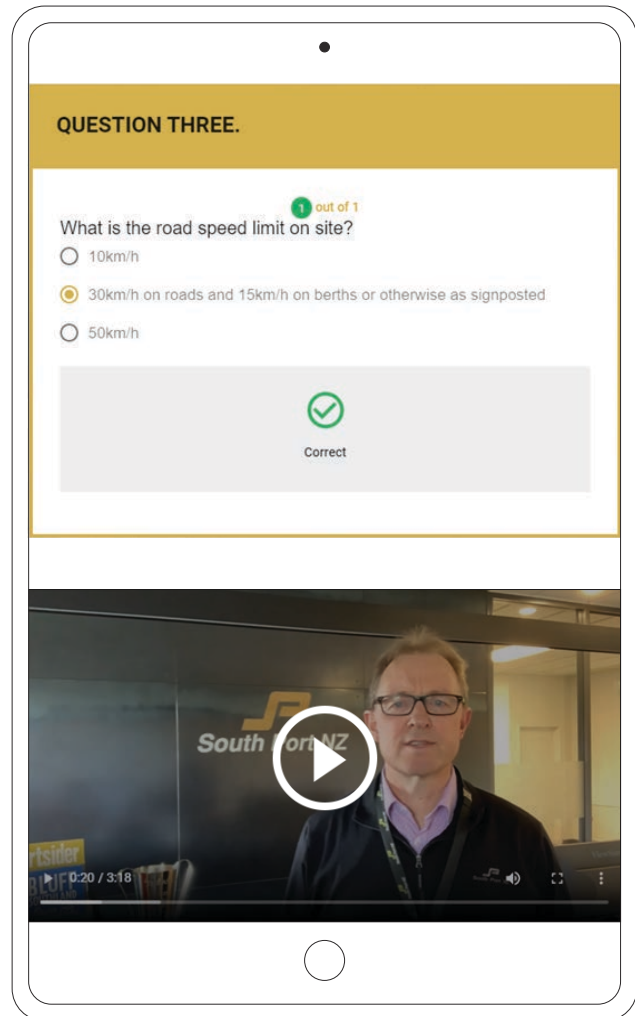
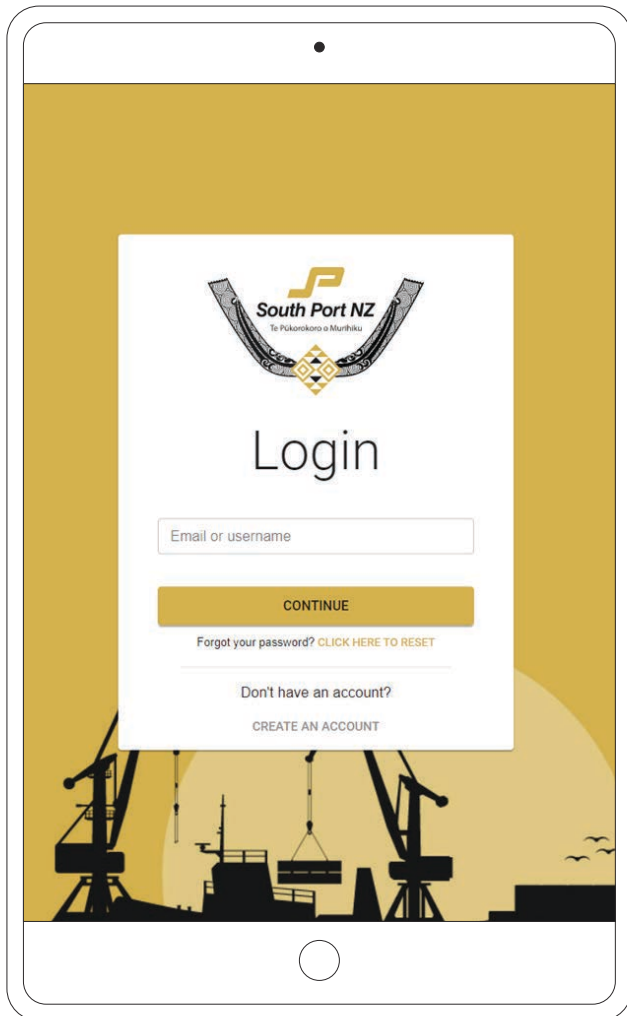
The TARP also had the ability to work backwards, assisting us when restrictions were eased, allowing us to open and return to normal operations.

On top of the government guidelines, other layers of protection we actioned were:

- Departmental risk assessments
- COVID-19 vaccination policy
- Registered Essential Business
- Accepted into the Critical Services Scheme
- COVID-19 vaccination and booster doses offered on-site
- Rapid antigen surveillance testing
- Working teams established to reduce any onsite transmission

Communications continued from February through to May, informing everyone of changes to government requirements, contact descriptions, case numbers and other relevant information.

Health and Safety Initiatives



ONLINE INDUCTION SYSTEM

A primary control for South Port's Health, Safety and Wellbeing programme is to ensure all Port users go through an induction process. This ensures awareness of our critical risks and general site rules. In FY2021/22 the induction process was overhauled, and a digital induction system was implemented and delivered online.

Collaborating with our digital partner, the previous paper-based induction was reformatted, videos added, and knowledge-based questions embedded throughout the process. This ensured understanding of the risks and controls. The information gathered throughout the process was then shared across our access control

and health and safety systems. The timely implementation of the online induction system in the COVID-19 environment allowed for contactless processing of new inductees. The quick adoption of the digital induction process highlighted the benefits of moving to a digital system.

HEALTH AND SAFETY PANEL NIGHT VISIT

Every year, South Port's Health and Safety panel schedule a night visit to oversee Port operational safety. This includes reviewing safe working environments, potential lighting improvements, and after-hours traffic management. The panel consists of all South Port Directors, two Senior Leadership team members, CEO Nigel Gear, and Port General Manager Geoff Finnerty. Staff representation consists of South Port's specialist Health, Safety and Wellbeing team members along with Scott Faithfull and Tyson Irwin.



COMMITTEE VISIT

With COVID-19 restrictions in place, our Health and Safety Committee did not have an opportunity to visit another industry to get an understanding of their business processes and safety systems. Instead, the Committee went on a tour of the Town Wharf redevelopment project, which was mid-way through construction. South Port's Project Engineer led the tour, covering all aspects of the project from start to finish.



Wellbeing

GUMBOOT FRIDAY

South Port supported Gumboot Friday by holding a BBQ on-site to help raise funds for young people. The charity helps connect young people with counsellors and therapists.

Everyone who took part contributed by donating an amount of their choice by way of cash in a gumboot, raising \$345 for our young people to seek help when they need it.



TEN PIN BOWLING

Our annual mid-winter wellbeing activity for all employees and staff was held in August 2021. The initiative was developed to ensure our people lose the winter blues by getting out and enjoying a night of fun. Ten Pin Bowling kindly opened their doors for South Port to hold a private function.



INFLUENZA VACCINATION DRIVE

On 6 April 2022 South Port held its annual Influenza Vaccination Drive, available to anyone wanting to be vaccinated, which had an uptake of 45 people. Staff that were affected by, or recovering from, COVID-19 on this date were captured through utilising the Bluff Medical Centre or Awarua Whānau Services free vaccination programme.





Rakiwai Tug Training

One of the biggest challenges when introducing the Rakiwai to service was training, so South Port engaged SeaWays, an internationally recognised Azimuth Tug training organisation. Tug training is normally simulator-based and can be undertaken both in New Zealand and Australia. It consists of two modules, each lasting a full week.

Prior to Rakiwai's arrival, three separate attempts were made to arrange simulator training, but each time this was thwarted by COVID-19. Upon COVID-19 restrictions easing, an agreement was made to bring a New Zealand-based instructor to South Port to undertake real-life Module One training in the first week of January 2022. While the content

was identical to the simulator course, performing the tasks with a real vessel and environment presented unique challenges, which meant the training took longer than the prescribed week. However, all involved agreed the experiences and outcomes were more superior than what would have been experienced otherwise.

After the completion of Module One, South Port engaged Napier Port, which owns an identical sister ship. Napier Port kindly provided their Senior Tug Master during January 2022 to undertake further training, specifically focusing on the Azimuth Tractor Drive setup of Rakiwai.

By the time the team completed their training with Napier Port's Senior Tug Master, COVID-19 restrictions had eased enough to permit the NZ Maritime School to hold SeaWays Module Two courses in the simulator. This training was completed in the second week of February 2022 and built on what had already been practiced in live situations, meaning those in training could try some of the challenging manoeuvres in the safety of the the simulator.

Upon graduating from the SeaWays course in February, South Port once again engaged with Napier Port, who aided with the first live shipping. The Rakiwai is now in full service, with the team still learning as they go.



Warren Topi, Tugmaster, learning the ropes on the Rakiwai.

OUR PEOPLE

It has not been easy navigating the pandemic over the past couple of years, but our staff rose to the challenge and showed how, with careful planning and sound management, great people and great teamwork will win the day.

We are now navigating the new normal and re-focusing on succession planning and a range of initiatives designed to build a skilled workforce for the future.

Labour Market Pressures

The effects of the tight labour market are certainly being felt in Southland.

As of 30 June 2022, we had only two unfilled vacancies, and while we are not grappling with labour shortages to the same extent as other ports, we are bracing ourselves for the impact on our recruitment and retention because of increased competition amongst employers.

We must look at various initiatives and incentives to attract and retain talented people and fend off poachers.

OPPOSITE PAGE

1.
Leadership Development team from December 2021, with ProgressPeople Director and Facilitator, Robin Rawson (top right).

2.
CEO, Nigel Gear (left) and workshop facilitator, Pip Hakopa (right).

3.
Marine Services, Karl Fraham (left), and Cargo Depot Operator, Willie Isiah (right), stand alongside dozens of brainstorming post-it notes, which were an important part of the workshop.

Workforce Development

In the latter half of the financial year, we resumed several workforce capability building and professional development projects that had been temporarily parked last year.

LEADERSHIP DEVELOPMENT

Our in-house Leadership Programme, facilitated by Robin Rawson, continued with a new intake in December 2021 and refresher training for previous intakes. We also offered leadership training and coaching for our Extended Leadership team comprising managers, supervisors, and senior personnel holding positions of responsibility.



CULTURAL COMPETENCY

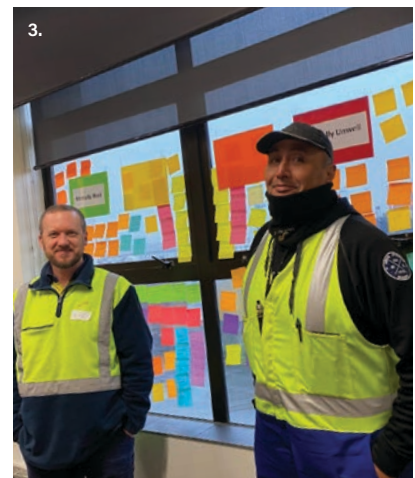
As a precursor to the official hui/gifting ceremony for our modified logo and new motto, our Leadership Team trialled a Cultural Competency programme which provided an introduction and basic understanding of te reo me ona Tikanga (Māori language and protocols) and Te Ao Māori (Māori way of life). We appreciated the efforts of our Kaiako, Pip Hakopa, who expertly guided, prompted, and challenged us in a safe, fun, and explorative way.

We plan to roll out training to our staff over the next year, starting with our wider Leadership team.



EXECUTIVE LEADERSHIP HEALTH & SAFETY FORUM

People are the most critical asset in any business; ensuring their health and safety at work is paramount. The responsibility for health and safety lies with everyone, regardless of title, role, or seniority. Our Leadership team recognises the vital role we play in promoting a positive health and safety culture in the workplace. Every manager has undertaken (or will undertake) executive health and safety leadership professional development through the Business Leaders Forum. This ensures we keep abreast of developments and have the mindset and understanding to lead from the front.



ST JOHN'S MENTAL HEALTH FIRST AID

Good mental health and wellbeing are critical aspects of a healthy life; mental illness is common and can severely impact people's lives. In August 2021, South Port hosted a St John's Mental Health First Aid workshop for South Port and SSA Southland staff. Participants had the chance to learn through in-depth discussions and scenario-based activities and gain tools to build their mental fitness, recognise mental distress, and develop the confidence to provide initial help and guide a person towards professional help.

Values In Action

South Port's values guide the way we do business. They sum up what our company stands for, influence our culture, and drive how and why we do things. They help us build a positive, trusting, and high-performing environment and make our business a success.

When we originally introduced our Values, we wanted to avoid overreaching or getting caught up in marketing speak.

Instead, we encouraged our people to 'own' the Values. We tried to make sure that everyone could understand, connect with, and relate to our Values and ensure our senior leaders were upholding and modelling behaviours that are consistent with them.

In late 2021, we launched 'Values in Action', a staff recognition initiative designed to identify, acknowledge, and thank the staff that are performing above and beyond and living our Values day-to-day.

We kicked off 'Values in Action' with Manaakitanga, which tied in with the Christmas and holiday season. We had a great response and received several recommendations about staff that had acted in a way that demonstrates Manaakitanga, including:

- Staff that provided leadership beyond their core duties
- Staff that contributed in a positive way to major events and incidents
- Staff that made tough (and at times unpopular) calls for the greater good

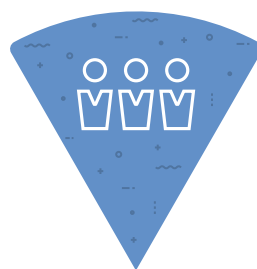
As the focus has moved on from one Value to the next, we have continued to acknowledge and showcase staff that stand out and act as role models for others to emulate.

What is particularly encouraging is the fact that nominations are coming from peer to peer as well as from manager or supervisor to team members.

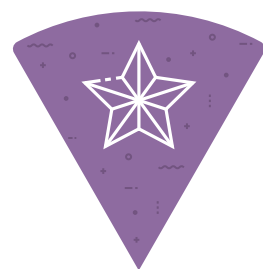
This has been a great way of 'keeping it real' – proof that our Values are not just empty words or catch-phrases, but genuinely woven into the culture of our organisation.



MANAAKITANGA



ONE TEAM



GO THE EXTRA MILE



SAFETY FIRST



ACT WITH INTEGRITY



WORK SMARTER

Diversity And Inclusion

At South Port, we want to create an environment that recognises and values different skills, abilities, genders, ethnicities, backgrounds, and experiences.

However, we are early on in our journey towards a more diverse and inclusive workforce. Our focus to date has been on gender, ethnic and cultural diversity.

The port industry is historically male-dominated, and the same applies at South Port. As of 30 June 2022, women made up 18% of our permanent workforce spread across the various business units, with a higher concentration in administrative roles. The Container Terminal Division now has three female operators, and we are working hard to ensure that their experiences are meaningful and satisfying and pave the way for others to follow. In the Warehousing Division, our fixed termers (all female) have been offered forklift training to better position themselves for permanent employment opportunities in the future. In the Health and Safety team, we now have a female Team Leader, which was also an internal promotion.

We have an increasingly ethnically diverse workforce, comprising European 63% (NZ 2018 census comparison 70.2%), Māori 28% (17.5%), Pacific Peoples 8% (8.1%), Asian 6% (15.1%), Middle Eastern, Latin American, and African (MELAA) 6% (1.5%) and Undisclosed 2%. Of note is our MELAA group which includes seven Colombians with refugee backgrounds who started with us as fixed termers via the Red Cross 'Pathways to Employment'. Over the past year, several of our staff were granted residency visas and we have been able to share their excitement (and relief) as they finally get the chance to settle into their new lives in Aotearoa.

1.

Alecia Coulter, Lee McDermott and Michelle Lawson, our female forklift operators.

2.

Elgreene Leviste, Arlene Delgado, Desre Breet, Nicolette Bottger, and Yohan Baek, all who recently gained permanent residency or citizenship.



1.



2.



A throwback to the 90's, featuring Pete Cade, working hard with an old-fashioned corded phone.



Pete Cade, contemplating his time with South Port in August 2022.

PETE CADE

GENERAL CARGO SUPERVISOR, RETIRING AUGUST 2022

Retirement is a milestone in anyone's life, and even more so after more than 40 years at the Port.

Pete's career with South Port started back in July 1981, when he joined the (then) Southland Harbour Board as an electrician. Near a decade later, he transferred to the Cold Stores, which "was far too cold for [his] liking". This prompted a transfer and promotion to Forest Products Foreman before landing the General Cargo Operations role, which he held right up until his retirement. Over the years, Pete has turned his hand to most jobs, including labour allocator, lines handler, and deckhand - he's even relieved at the syncrolift!

Pete has seen major changes in the port industry and has played a big part in shaping and influencing our Cargo Operations. He's witnessed huge growth in cargo volumes, revenues, staff numbers, and cites our introduction into the container game and the move to a 24-hour operation as one of the biggest changes he experienced in his time. Nowadays health and safety are the absolute top priority and you would have to say we are better for it.

Pete has a reputation as an honest, hard-working, straight-up type of guy – a mentor, friend, and workmate to many.

"I always saw South Port as a family, it's a good place to work, everyone's happy to help get the job done, we all look out for each other and it's not unusual for us to have a whip around if someone needs a helping hand".

Upon retirement, Pete has made it clear that he is available if we need to pick his brains or call on him for short term relief – another example of his loyalty and dedication to South Port.

"South Port's served me well over the years, we had a lot of fun times and had a great time going away on sports trips. I guess I've enjoyed my time here – I wouldn't have stuck it out this long otherwise!"

Thanks for your hard work and dedication all these years, and enjoy your well-deserved retirement, Pete!



Jazz at work in the Cold Store.

JAZZ WALTERS

Jazz was appointed to a permanent position in the Cold Stores in early 2022, marking a major milestone in his recovery after a long and debilitating fight against cancer.

When Jazz was first diagnosed and in the early stages of his treatment in 2019, we encouraged him to focus on his health and his family and reassured him that he was part of our South Port whānau and that we would make a place for him when his health allowed him to return to work.

Jazz had a stem cell transplant in Christchurch during Level 4 lockdown in 2020 and then spent the next 18 months in recovery and rehab. He started back with South Port in December 2021, initially on reduced hours and light duties. Jazz is now scanning on our night shift and is playing an important role in providing stability in a team heavily reliant on casuals and labour hire.

"It's great to get back to work after 2½ years and do normal things again."

Great to have you back with us, Jazz!

FLEET MAINTENANCE - A SUCCESSFUL MIX OF THE OLD AND THE NEW

Our Fleet Maintenance team plays a vital role in maintaining our fleet of mobile land-based machinery and equipment. The team is a great example of how to retain the best of the old while bringing through the new.

The team, often simply referred to as “the crane boys”, has evolved over the past year:

- Tyson Irwin started with South Port in 2009 and is a proactive and respected operator who has been identified by our Leadership team as a future leader
- Rob Goodman has been employed by South Port for almost 20 years; like Tyson, he is a safe pair of hands, someone we know we can trust who consistently goes the extra mile
- Mana Puki is one of our most skilled and reliable crane operators and has nearly five years’ experience working at South Port, the past year based full-time in fleet maintenance
- Max Beer joined the team as Supervisor in March 2022, bringing with him over 30 years of mechanical and engineering experience
- As part of our longer-term training, upskilling, and succession planning, operators from the Depot and General Cargo also rotate week-about

The team has been instrumental in driving safety and efficiency gains through:

- A more structured and sophisticated approach to maintenance planning
- Improved training and progression opportunities for less experienced operators



- Steady increase in cycle rates for loading/discharge
- Reduction in damages to machinery and containers
- Developing a larger pool of crane operators available to cover staff on leave
- Investing in new plant and machinery to help with day-to-day fleet maintenance

Great work from a high performing team, a successful mix of the old and the new!

The team in action! Top row: Mana Puki, Rob Goodman, Tyson Irwin. Bottom row: Max Beer, Zyon Otene, Houston Te Tai, and Zaul Pirangi.



The Infrastructure and Sustainability team, from left to right: Eduardo Queluz, Jason Paul, Andrew Hill, and Frank O'Boyle.

INFRASTRUCTURE AND SUSTAINABILITY TEAM - "INTO THE FUTURE"

Throughout this Annual Report, you will read about a myriad of infrastructure and sustainability projects that will take us into the future.

But what of the team that is charged with responsibility for maintaining, upgrading, and monitoring our aging physical structures and services?

It is not an easy gig. Daily the team co-ordinates and manages projects ranging from complex and legacy-building such as Kia Whakaū (Channel Deepening Project), to routine and invisible such as electrical upgrades – and everything in-between!

The team, led by Infrastructure and Environmental Manager Frank O'Boyle, has doubled in size over the past three years to cope with the increasing workload that comes with the demands on our infrastructure.

At Frank's right hand we have Project Manager, Jason Paul. Jason has coordinated several major projects including the Town Wharf and fuel berth upgrades.

Site Engineer, Andrew Hill, joined the team in January 2019 after completing his tertiary studies and has quickly made his mark in his first career position. He has confidently led the demolition of Shed 6 and the Container Terminal expansion and has provided oversight on the multi-year access bridge regeneration project.

Environmental Engineer, Eduardo Queluz, joined them in January 2022, after completing a Graduate Diploma in Engineering Technology from SIT. This rounds off over 20 years' experience in Brazil as a Cartographic Engineer and as a Forestry Manager.



Pictured from left to right are our three Tug Engineers, Jeff Mead, Ed Allison, and Murray Conner, aboard the Rakiwai.

TUG ENGINEERING TEAM

People are the heart of South Port, and the engine room is the heart of a tug. So, it is only right that we showcase the tug engineers, that keep our tugs running smoothly!

Just as our new tug Rakiwai vastly increased our towing capacity and capability, our new-look engineering team has increased our people capacity and capability.

This did not happen by chance.

First off, we introduced another permanent engineer to the team. This prompted a complete revamp of the roster to ensure that it was workable and met the needs of all concerned. We then worked on getting the right mix of engineers with the skillset to operate across our combination Voith/ATD fleet.

Ed Allison, our Tug Engineer Team Leader, relishes the opportunities offered by South Port. Before relocating to Southland, he operated and maintained multi-million-dollar cruise liners, including Cunard's Queen Elizabeth.

Murray Conner joined our permanent staff only recently, but he has been a member of our relief engineering pool for years and is an expert with Voith propulsion systems, so he has well and truly hit the ground running.

Jeff Mead is another recent recruit, he brings extensive experience, most recently as a dredge engineer at Port Otago. Jeff is no stranger to South Port, having previously worked for Bluff Engineering and helping out as a member of our Relief Engineer team. It is fair to say that Jeff already has a good idea of how our tug fleet operates and will be quickly brought up to speed.

Supporting our permanents is a dedicated and hardworking pool of relief engineers, Murray Kelman, Wayne Williams, and Paul Potter – thanks guys, we could not do it without you!

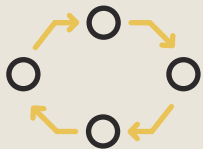
Key Information



120 PERMANENT STAFF
AS AT 30 JUNE 2022



19 PROMOTIONS



1 INTERNAL TRANSFER



5 FIXED TERM
AS AT 30 JUNE 2022

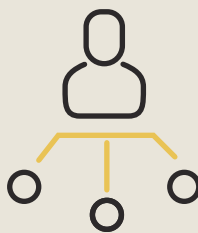


18% FEMALE

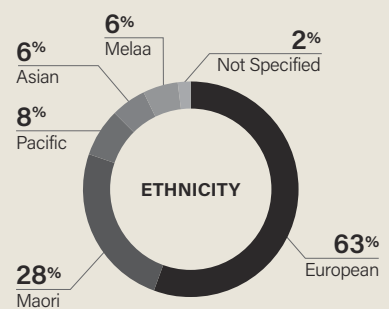
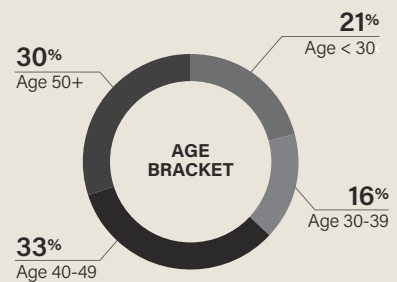
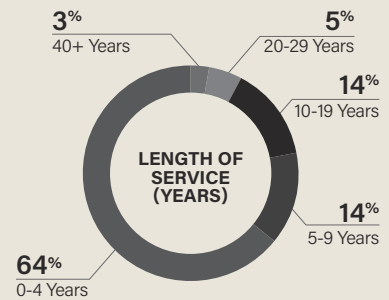
GENDER



82% MALE



4 NEW ROLES



Note: Total response ethnic groups have been used (where everyone is included in every ethnic group they identify with) so percentages will add to more than 100%.

Category	TARGET	ACTUAL			
	2025 % FEMALE	2022 % FEMALE	2021 % FEMALE	2020 % FEMALE	2019 % FEMALE
Board	25	50	33	33	17
Executive	25	25	25	25	25
Supervisors	20	13	14	17	14
Operational	10	4	3	2	3
All Permanent Staff	25	18	20	19	20

OUR COMMUNITY

As a part of our long-term commitment to support the local community, along with the wider region in which South Port operates, we offer sponsorship to sporting, cultural and community groups.

South Port's community engagement includes:

- Community group interaction
- Port tours
- Sponsorship
- Written communication
- Not-for-profit and charity support
- Event support
- Working with young people
- Expert advice
- Staff volunteering in and around the community

Community and Regional Assistance

Organisations that received sponsorship assistance over recent financial years include:

- Badminton Southland
- Bluff Bowling Club
- Bluff Hill/Motupōhue Environment Trust
- Bluff Kindergarten
- Bluff Netball Club
- Bluff Promotions
- Bluff Rugby Club
- Bluff Schools
- Bluff Volunteer Fire Brigade
- Burt Munro Challenge (Bluff Stage)
- Coastguard Bluff
- Export Southland
- Graeme Dingle Foundation
- Hospice Southland
- Matariki Festival – Tūturu Charitable Trust
- Port Softball Club
- Rakiura Community Workshop – Stewart Island
- Rugby Southland
- Southern Steel Netball
- Southern Wood Council
- Southland Cancer Society
- Southland Chamber of Commerce
- Southland Cricket Association
- Southland Football
- Southland Mountain Bike Club – Bluff Bike Trails
- Southland Sharks
- St John Ambulance Service, Bluff
- Te Ara o Kiwa Sea Scouts, Bluff
- The Hawthorndale Care Village
- Tour of Southland (Bluff Stage)

An investment of over \$80,000 into the local community was made during the past 12 months.

South Port Scholarship Recipients 2022

We would like to congratulate this year's successful scholarship recipients:

COMMUNITY SCHOLARSHIP

Avthokea (Kea) Fowler

Local Bluff resident Kea Fowler has commenced full-time study in the Medical Imaging and Applied Science pathway course at the Ara Institute of Canterbury, which will continue onto a Bachelor of Medical Imaging. At the age of 14 Kea had an injury that needed an x-ray and ultrasound. Kea was fascinated by the details in the imaging, which sparked her interest in becoming a radiographer. Kea has been actively pursuing her goal of becoming a radiographer, and in July 2021 she spent a day at Southland Hospital's medical imaging department shadowing staff. Kea thoroughly enjoyed the opportunity to attend multiple x-rays and gain a deeper insight into the medical imaging profession. Kea has worked very hard to achieve excellent academic results at Verdon College and has also been actively involved in several clubs/ organisations, such as first XI hockey, Kapa Haka, choir, and Te Ara o Kiwa Sea Scouts. She has also been a peer support person for year seven students, where she helped support and encourage new students as they started their journey at Verdon College. Being able to help patients is an important aspect of being a radiographer, and this is something Kea is looking forward to. Kea has a great attitude and has been working hard towards her goals. We wish Kea well on her journey towards gaining her Bachelor of Medical Imaging.



STAFF SCHOLARSHIP

Hayley Van Beek

Hayley has excelled academically as well as in the sporting domain at James Hargest College and will be commencing her academic journey with the College of Education to study teaching. Hayley is the daughter of Rochelle Van Beek, South Port's Health and Safety Advisor. A competent and determined sportswoman who has represented Southland in netball and basketball, she has successfully managed to juggle her passion for sport in conjunction with her study. Hayley has enjoyed working with younger players and sharing her knowledge to help them develop their skills. This helped spark her passion for teaching as she is passionate about making a difference in the world and using her skills to help shape our future leaders. Hayley has met some amazing role models who have given her an extraordinary set of skills to aspire to. During the holidays, she is currently working at Alliance Freezing Company to save money for her studies this year. Hayley was described by her teacher as being a great role model who is resilient, committed, selfless, mature, honest, and friendly. These attributes will serve her well in the future. Hayley is also very determined to take her sports career further and we wish her well in all aspects of her life.



STAFF SCHOLARSHIP

Joshua Solomon

Josh was born and raised in the Waikato and moved to Dunedin to study medicine at the University of Otago. Josh is the son of Justine Solomon, who is CEO Nigel Gear's Executive Assistant. This is Josh's ninth year of study, and he is married with two little tamariki Belle who is six, and Charlie who is five. After completing high school, he worked on the night shift at the Warehouse to save money for a two-year voluntary service mission for the Church of Jesus Christ of Latter-day Saints in French Polynesia. He learned to speak both French and Tahitian, which enabled him to relate effectively in difficult situations, teach and help train others to be more effective in resolving personal and social challenges with a focus on strengthening and stabilising families. Since returning from Tahiti, Josh has been a volunteer leader in a youth programme and has been a positive role model for the youth he has worked with. Josh has achieved a Bachelor of Science majoring in Physiology and is now in his last year of a Bachelor of Medicine and Bachelor of Surgery degree. Now in the final year of his degree and with his wife recently completing her Bachelor of Nursing degree, he can finally see the light at the end of the tunnel.

FROM LEFT TO RIGHT South Port Chair, Rex Chapman, Hayley Van Beek, Joshua Solomon and Director, Michelle Henderson.

Manaakitanga

CHRISTMAS HAMPERS

South Port enjoys sharing the love at Christmas time, and as such, the team kindly donated presents and hampers for local families of Te Rourou Early Learning Centre, Bluff School, St Teresa's School, and Bluff Kindergarten. The hampers consisted of food, gifts, and money, which were donated by South Port team members and Directors.

1. South Port CEO, Nigel Gear (left) and Finance Manager, Lara Stevens (right) delivering Christmas gifts and a food hamper to Te Rourou Early Learning Centre, Manager Andria Cross (centre), to be distributed to families in the community.



2. Business Development Manager, Jamie May and Communications Advisor, Kirsten Hoyle, presenting Bluff School Principal, Geoff Folster (centre) with presents and hampers to be shared with school community families.



3. South Port Infrastructure and Environmental Manager, Frank O'Boyle (left) and Warehousing Manager, Murray Wood (right) present Christmas hampers and gifts to staff Emily Wilson (left), Sarahlee Bragg (right) from Bluff Kindergarten.



4. St Teresa's School principal Dianne Gilroy (centre) accepted a hamper of gifts and food from South Port's General Manager, Geoff Finnerty, and Human Resources Manager, Helen Young.



Community Engagement and Sponsorship

BLUFF INFORMATION KIOSK

Bluff's new Information Kiosk, located on Gore Street, was completed late June 2022. To reuse materials and maintain the history of the area, South Port gifted 1800-era Australian hardwood from the Town Wharf, which was removed during the recent wharf redevelopment, along with several steel bollards. This was used throughout the design.



MATARIKI FESTIVAL - TŪTURU CHARITABLE TRUST

South Port was proud to support the award-winning Murihiku Matariki Festival in Queens Park, which was back for its fourth year. The event supported over 100 local artists who had work on display, with thousands of members of the public attending over several days.



RAKIURA COMMUNITY WORKSHOP - STEWART ISLAND

In May 2022, Jane Severn, a Psychotherapist, Menstrual Educator, and Pascha Therapist from Luna House in Christchurch, visited Stewart Island to hold a two-day workshop on women's health. South Port provided financial assistance to make this workshop readily available to the community. 18 women of varying age groups attended. The workshop was held at The Snuggery and was organised by Cherie Hemsley (left).



SHANNON STREET FENCE PAINTING

In line with South Port's Community Engagement Policy, we provide staff the opportunity to spend time assisting with community-driven projects. Pictured here is the Container Terminal team tidying up the fence line on the Shannon Street approach to the Island Harbour access bridge, in August 2021.



STIRLING POINT WALKWAY PAINTING

Stirling Point Pilot Station, the "most southern pilot station in the world," was originally built back in 1877, however, the building you see today was built in 1912. The Station was originally manned by two people until the early 1930s when it increased to four people. Houses for the Harbourmaster and Pilots were also situated on the reserve. Tupu Lavea (left) and Ken Shoemark (right) from the Marine team put in some serious mahi in March 2022 by giving the walkway a makeover with a fresh coat of paint.



MORRISON'S BEACH TIDY UP

In July 2021, the Container Terminal team installed some rope in place of where chains had come down at Morrison's Beach.



MAI I TE WĀPU | FROM THE WHARF - COMMUNITY NEWSLETTER

As part of South Port's community engagement policy, we want to share news and topics that might be of interest to the community. Therefore, we introduced a six-monthly newsletter called Mai i te Wāpu. Our second edition was distributed in May 2022. Feedback from the community has been positive. The newsletter is hand-delivered by members of the South Port team, pictured here is Communications Advisor, Charlotte Scoles, and Business Development Support, Sam Withey.



BLUFF SCHOOL

Bluff School approached South Port about the children needing new sun hats to protect against the hot summer days. In May 2022 we purchased 150 wide-brimmed hats and had them embroidered with the Bluff School logo, which was delivered with the assistance of South Port Accountant, Sarah Smith (left), Finance Assistant, Donna Goodman (second from the right), and Management Accountant, Nicolette Bottger (far right). Donna is also a former pupil of the school. Representing the school is Board Member, Vanessa Underwood (second from left), and Bluff School Principal, Whaea Dee (middle).



TE RAU AROHA MARAE COVID-19 SUPPORT

Te Rau Aroha Marae has been preparing kai boxes to give whānau around Bluff a boost while in isolation. In April 2022, two out of three of the marae team were put into isolation, with hui still booked, people to feed, and kai boxes to prepare. The Dairy Warehousing crew from South Port were able to send Sha'trece Woods (left), Chantinee Kelland-Gallie (right), and Ellie Roberts along to help with this important mahi supporting the community.



YOUNG ENTERPRISE - SPEED COACHING AND JUDGING

Young Enterprise Scheme (YES), where business professionals and entrepreneurs provide support and advice to students that are starting their new business ventures. Communications Advisor, Charlotte Scoles (far left), was invited to a Speed Coaching session on Zoom, where several different groups of students were given the opportunity to discuss their idea or concept. This also provided the opportunity to be involved with the final judging of the pitches. It was a busy day providing feedback, but it was refreshing to see some unique concepts brought to fruition by some creative teams.



FRONT-LINE YOUTH SUPPORT

Front-Line Youth Support set young people on a pathway to success by smoothing the transition from school to study or work. In June 2022, South Port hosted a group of 16 to 17-year-olds that were learning about health and safety while exploring potential employment opportunities.



GRAHAM DINGLE FOUNDATION

Throughout the financial year, South Port contributed to the Graham Dingle Foundation, giving them the ability to continue working with students in their Career Navigator programme. Over 70 Career Navigator sessions were held across two schools, which involved a tour of South Port as well as a rubbish collection community project.



OPPOSITE PAGE

Graham Dingle Foundation students that participated in collecting rubbish out in the community were gifted a South Port beanie.



Supporting Community Activations

WESTPAC RESCUE CHOPPER RIDE

Scott Faithfull (Bulk Cargo Coordinator) participated in the Westpac Chopper Appeal bike ride from Queenstown to Invercargill. He raised in excess of \$2,000 toward the collective 2022 target of \$40,000 which is a brilliant effort!



BLUFF RUGBY CLUB

Bluff Rugby Club has had a longstanding relationship with South Port, which kicked off back in 1989 when the premier team was aptly named "South Port Bluff." In 1996, this sponsorship was transferred to naming rights on the jerseys, which continues annually to this day.



SOUTH PORT FOOTBALL

South Port had two teams participating in the 2021-22 Invercargill Summer Football Competition which is a social competition playing a series of seven-a-side matches from November 2021 through to March 2022. Team Red & Team Gold were made up of staff from a number of areas of the business, and also included the odd son of some staff players as well. Both teams were very competitive, and everyone enjoyed the comradery, with the level of football skills displayed being of a high standard. At seasons end, there was almost no difference between the results, with both teams recording five wins, one draw, and four losses.



Regional Sponsorship

SOUTHLAND SHARKS

South Port is a proud, longstanding supporter of the Southland Sharks basketball team. Our staff enjoy the tickets we receive for every home game, along with utilising the games to host customers courtside. Pictured with some of the South Port staff and customers is player Tom Cowie.



SOUTHERN STEEL

In a new partnership, South Port teamed up with Southern Steel and provided sponsorship for the 2022 season. Player Kate Heffernan, pictured, has the South Port logo featuring on the back of her uniform.



SOUTHLAND STAGS

After several years of sponsorship, the relationship between the Southland Stags and South Port is still very strong. South Port utilise one key home game each season, hosting upwards of 60 customers and team members at the event. South Port's logo is also featured on the team jerseys.



ENVIRONMENT

Refrigeration energy audit

In late 2020, South Port conducted a refrigeration energy audit to identify energy management opportunities to reduce operating costs and associated carbon emissions.

The final report identified a series of opportunities representing energy savings in the order of 1.27 GWh per year. The reduction of carbon emissions added up to 132 tCO₂e per year.

The opportunities became a project with a series of actions focused on realising the potential for energy savings and emissions reduction. The works carried out in FY22 represent a potential of 115 tCO₂e per year, in reducing emissions, with energy savings of approximately 1.1 GWh per year.

South Port adopted the following energy-saving improvements for the 2022 Financial Year:

- The condenser control system has been reprogrammed to operate at a pressure of 700 kPag, instead of a pressure of 900 kPag, allowing them to run at a reduced speed when the pressure drops below 900 kPag
- Warning lights and audible alarms were installed in Environmental Loadout Area (ELA) to prevent the Cold Store doors from being left open for extended periods of time
- Installation of Variable Speed Drives (VSDs) on fans in Cold Stores and in the blast freezer, reducing energy consumption and heat load
- Double air hanging strip curtains between Cold Store and ELA, significantly increasing the barrier against the infiltration of the warmer and humid air from one into the other
- Automatic light switch on the door in Cold Store 3, ensuring the lights are only on when the door is open, reducing the energy consumption



New compressors that were installed as a part of the Cold Store upgrade.



Sustainability Strategy

In 2022 South Port started the development of its Sustainability Strategy. In its first steps, the Company adopted the United Nations' Sustainable Development Goals (SDGs) as the backbone of its strategy. The 17 SDGs are the core of the 2030 Agenda for Sustainable Development that "provides a shared blueprint for peace and prosperity for people and the planet, now and into the future," according to the UN.

The SDGs are not just a tool for the governments of the member countries of the United Nations, they are also a call for all companies to be part of this movement, adding their creativity in searching for sustainable global development solutions.

South Port will set up its Sustainability Committee to develop and implement the sustainability strategy, covering all company areas. This Committee will primarily focus on the Company's priorities related to SDGs and sustainability, filling gaps, and identifying opportunities. Then, it will define the targets and goals to integrate sustainability into the Company's core business.

Marine life in Bluff Harbour

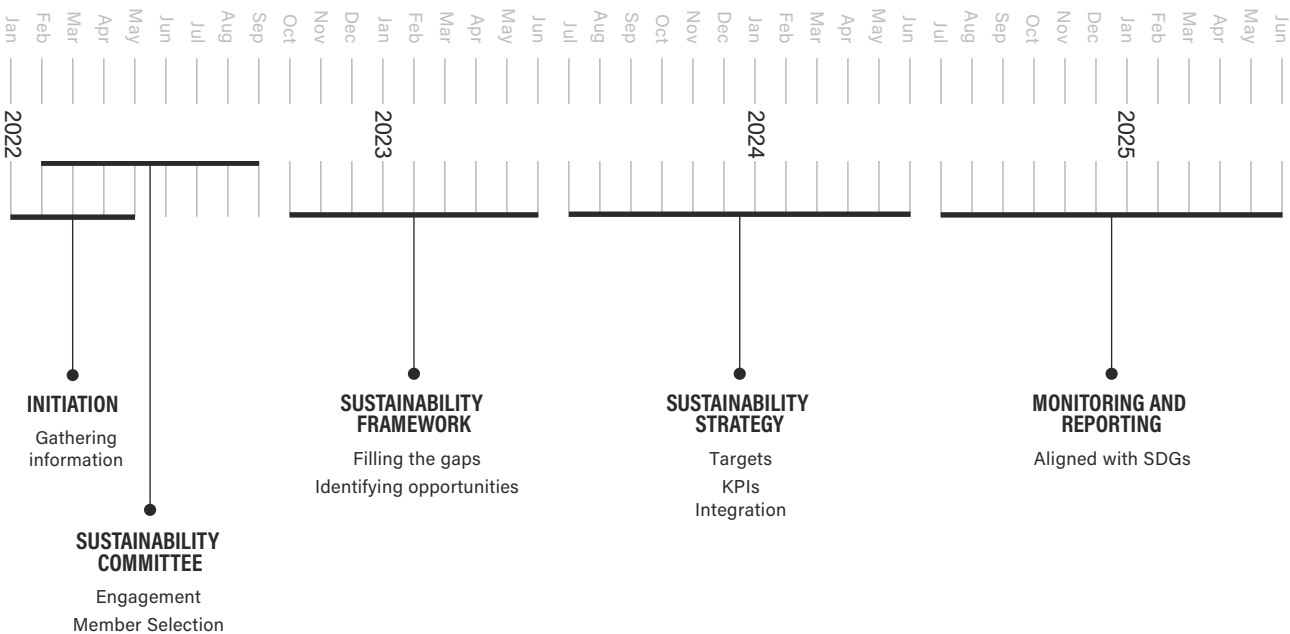
In December 2021, South Port applied to Environment Southland for Resource Consent for the harbour channel dredging work. South Port carried out several studies to compose the necessary documentation for the consent, involving a team of researchers and specialists that drew a detailed diagnosis of the environmental conditions of Bluff Harbour and Tiwai Peninsula areas.

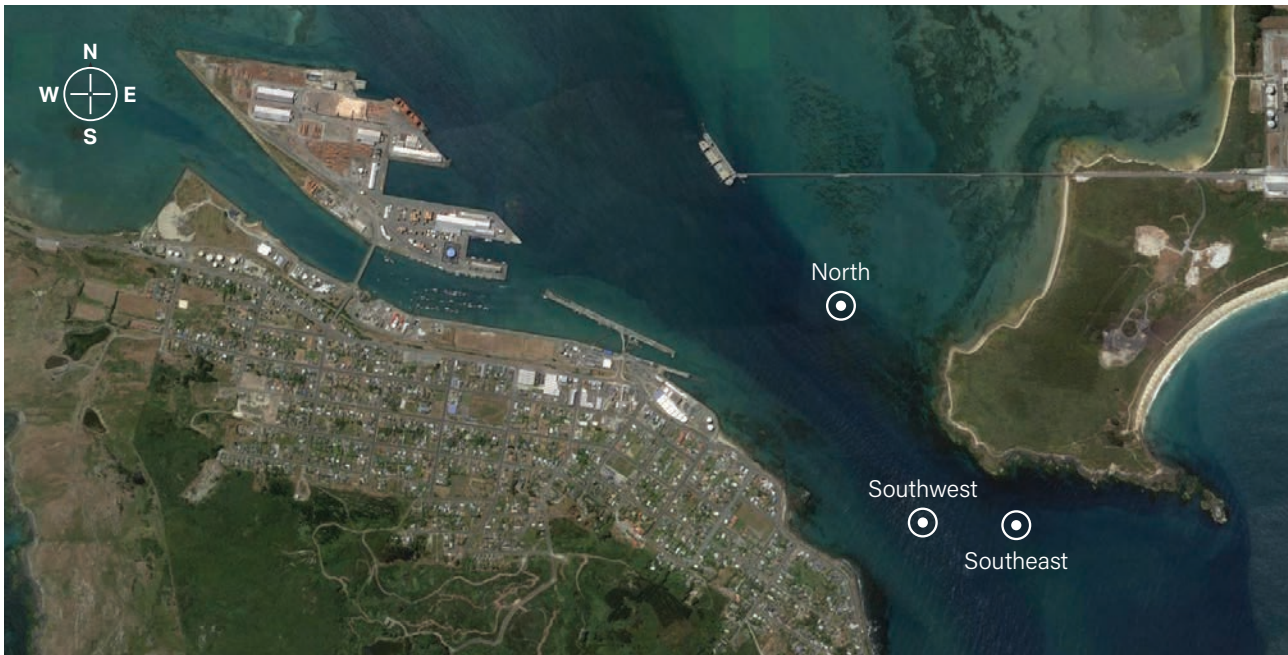
The research revealed an environment rich in marine life, with diverse species in the aquatic environment and on land. According to the report prepared by the team of consultants hired to conduct the research, e3 Scientific, the rocky reef within Bluff Harbour, Tiwai Point, and the Motupohue Mātaimai, contributes to the complexity of the habitat, providing a habitat ideal for fish. This condition creates productive seabird feeding grounds, evident from the diversity and quantity of birds identified in the research.

The researchers recorded 155 different species in the Bluff Harbour surroundings, including the presence of the Little Blue Penguin, which makes Motupohue a breeding ground, and Bluff Harbour part of the feeding area.

Along with the Little Blue Penguin, many marine species use the Bluff Harbour and Tiwai Peninsula areas for breeding and feeding during the summer and early autumn before migrating offshore. The survey recorded the presence of some species of sharks, blue cod, flounder, kingfish, and German seabirds. Octopus and seahorses are also residents of this region.

SUSTAINABILITY STRATEGY TIMEFRAME





Location points of the three acoustic monitoring probes, which were in place from January 2021 to January 2022.

Acoustic monitoring of marine mammals

South Port conducted an acoustic monitoring programme, which took place from January 2021 until January 2022. This included installing three probes along the entrance to Bluff Harbour to record which species use the area as a residence or visitation site. Species identification occurs by recording the animal's vocalisation, of which each obeys a specific pattern. The survey revealed that a variety of whales and dolphins visited Bluff Harbour during the survey period, including the record of the presence of Hector's dolphin and southern right whales.

Based on this robust scientific data, it is evident that the abundant marine life in and around the Bluff Harbour are both thriving and living in harmony alongside Port activities.

Diesel Boiler Replacement

In February 2022, Great South launched the Government Waihōpai/ Invercargill Decarbonisation Contestable Fund to accelerate the decarbonisation of water and building heating systems. South Port participated in the selection process with the project to replace the Administration Building's diesel-based heating system with an electric heating system. The South Port application was successful and we have entered into a partnership with Great South for the project execution, promoting a reduction of 1,400 tCO₂e during the lifetime of the new system.

Greenhouse Gas (GHG) Emissions Profile

South Port records and reports its GHG emissions profile for the fourth consecutive year, considering Scopes 1, 2 and 3.

Following the policy of continually improving its emissions inventory, the company, in addition to keeping the conversion factors updated, expanded the items in Scope 3, including non-municipal solid waste and Transmissions and Losses (T&L).

69% SCOPE 1

Direct GHG emissions occurring from sources that are owned or controlled by the Company (eg, fuel).

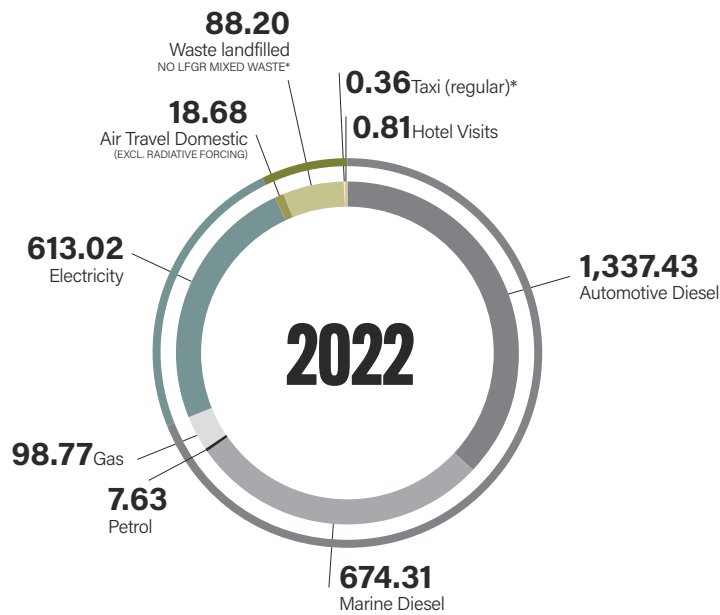
24% SCOPE 2

Indirect GHG emissions occurring from the generation of purchased electricity consumed by the Company.

7% SCOPE 3

Other indirect GHG emissions occurring as a consequence of the activities of the Company, but generated from sources not owned or controlled by the Company (eg, air travel).

GHG EMISSIONS BY SOURCE (TCO₂E)

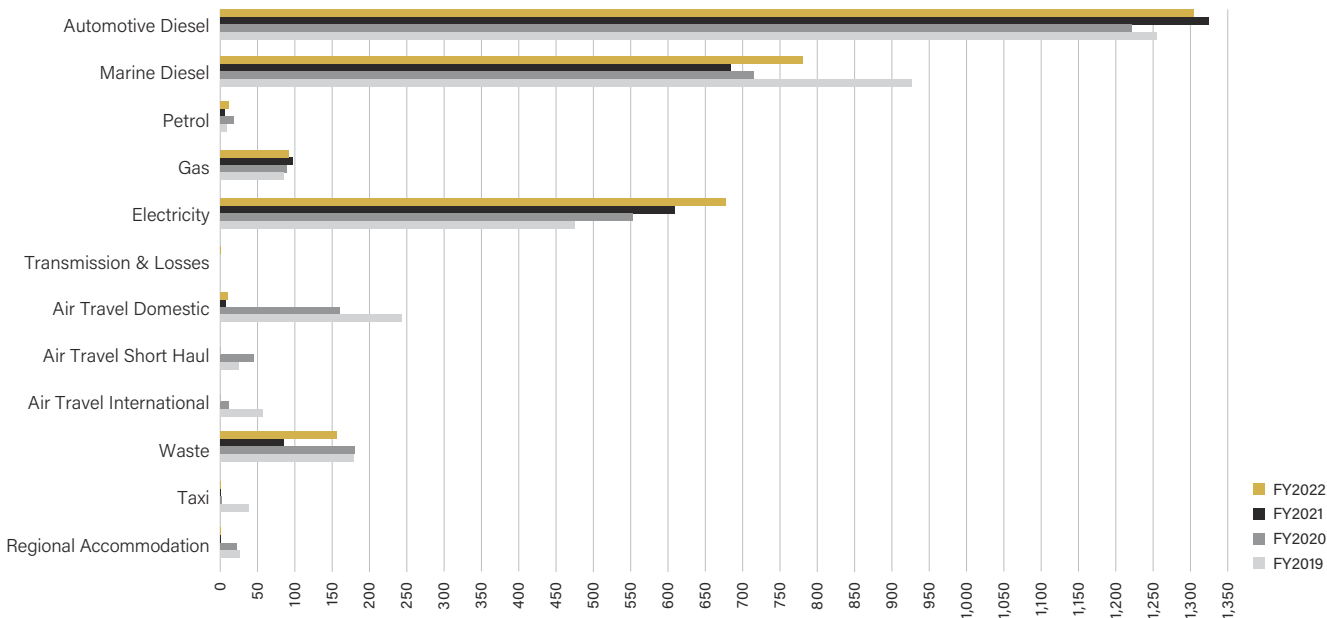


TOTAL GROSS EMISSIONS COMPARISON

2019	2020	2021	2022
3,340.00	3,066.11	2,843.00	2,773.16

* Data is partly based on estimates, assumptions, and projections.

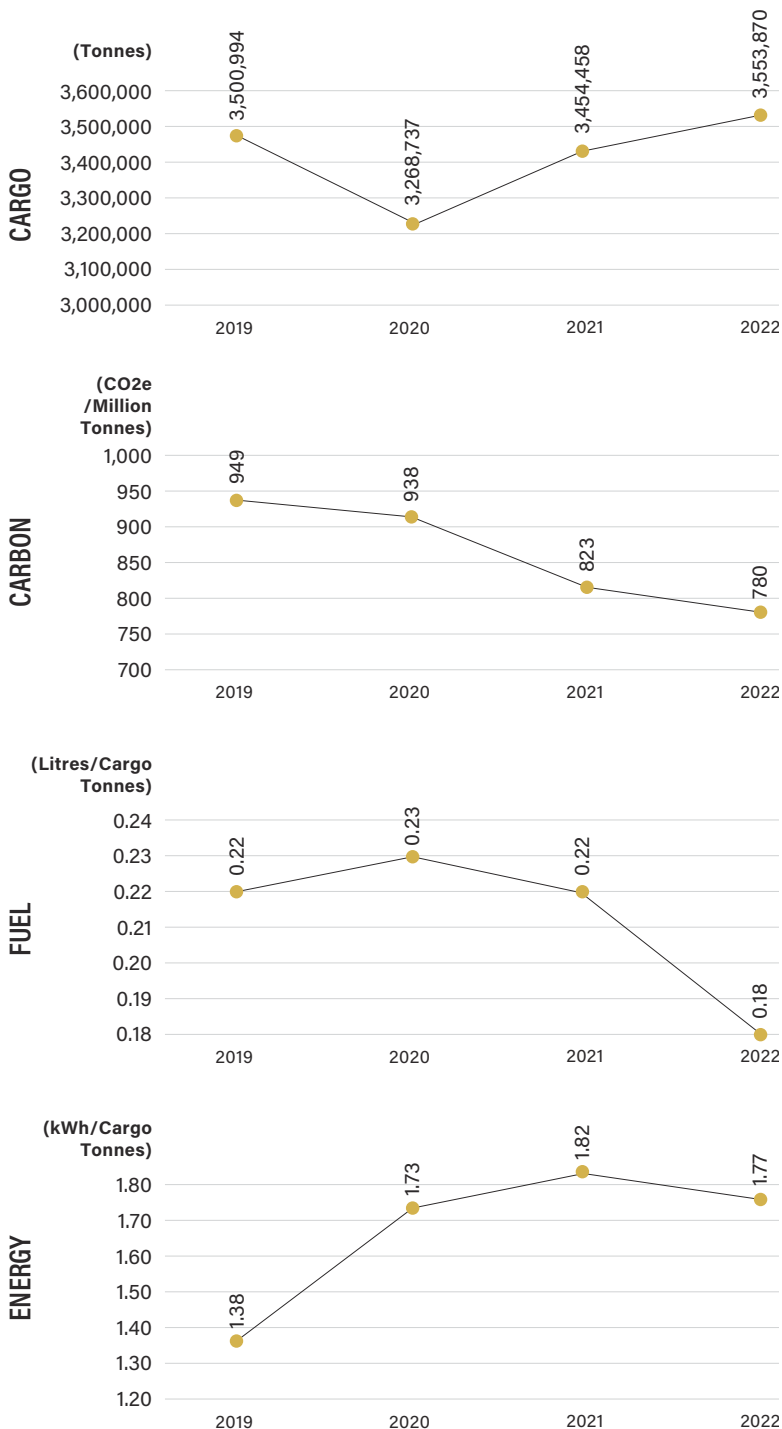
GHG EMISSIONS - FOUR YEAR COMPARISON (TCO₂E)



Carbon Intensity

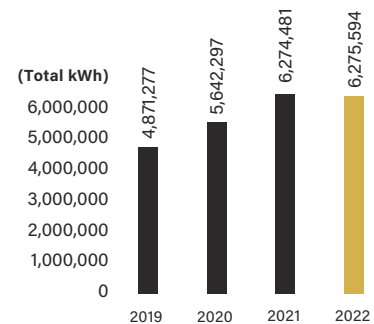
Carbon Intensity is a performance indicator that relates GHG emissions (tons of CO₂ equivalent) to cargo movement (tonnes). The chart below shows the evolution of this indicator between 2019 and 2022.

CARBON INTENSITY BREAKDOWN FY 2019 - FY 2022



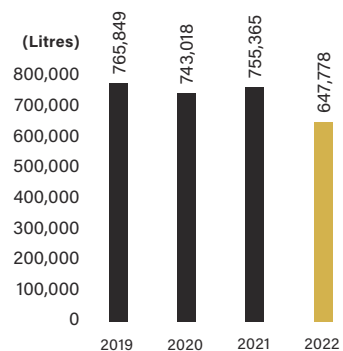
South Port Power Consumption

The following graph details South Port's net energy consumption. For the purposes of this report, volumes used by our suppliers and contractors are excluded.

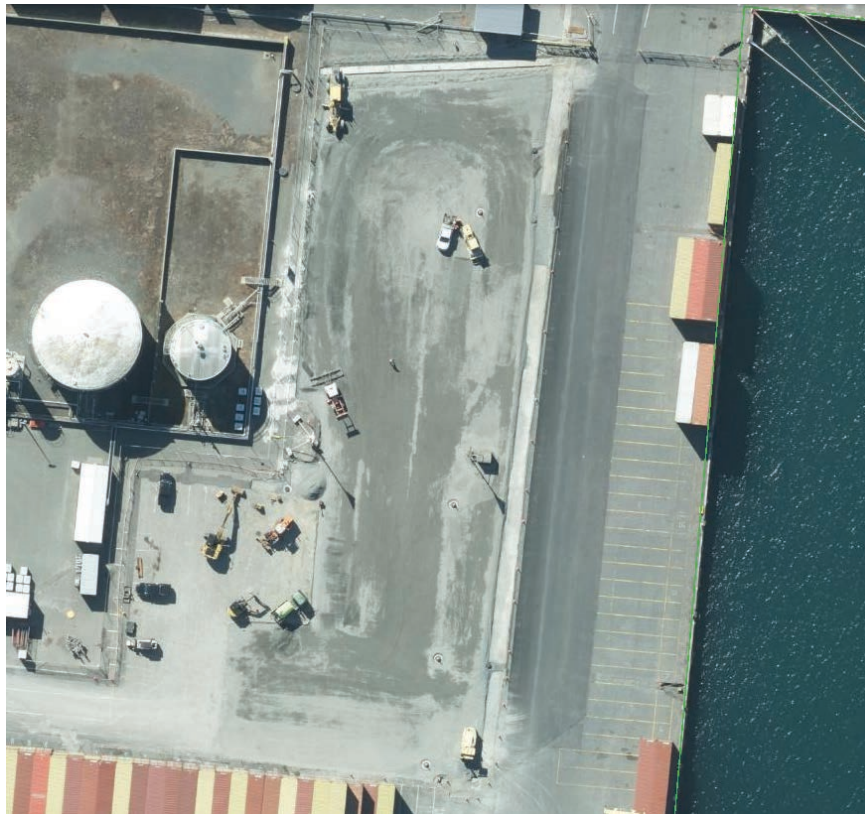


South Port Fuel Consumption

The graph below details the diesel consumed by South Port, including our customers and contractors. The main factors that led to the 14% reduction in fuel consumption are the reduction in the movement of TEU containers (-22%), the addition of two empty container handlers to South Port's fleet (50% less fuel usage than full container handlers), and the decrease in the use of generators (-65%).



INFRASTRUCTURE



Berth 6 Container Expansion

The primary purpose of the Berth 6 Container Expansion Project was to improve safety and increase capacity. The expansion provided sufficient space to separate the container repairs from normal container operations. The project involved the demolition of Shed 6, new pavement construction, and the introduction of a 30m light tower to meet container terminal lighting standards.

We also took the opportunity to replace aging underground utilities on Berth 6, such as water main pipelines, valves, hydrants, and high voltage electrical cables.

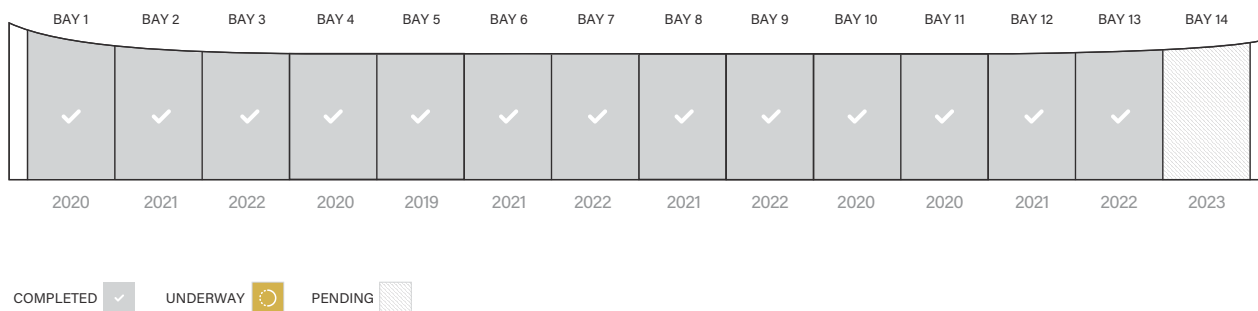


Access Bridge

We began the refurbishment of the access bridge back in 2019 with a particular focus on the underdeck, where corrosion of the steel reinforcing had taken hold. We are pleased to report that only 7% of the underdeck remains untreated. We expect this to be completed by December 2022. From there, we will turn our attention to the reinforced concrete piles. We will monitor these piles regularly and undertake the necessary maintenance when required.



Site Engineer, Andrew Hill, under the access bridge.



Substation B

This year, as part of our electrical network asset management plan, we completed a Substation B overhaul. The scope of work included removing the aging switchboard, ring main unit, transformer, and redundant cables, replacing them with brand new modern equipment. The new equipment has been designed with future demand in mind.

This was a complex project because it required Substation B to shut down entirely for two months. To maintain the power supply to essential Port services, we redirected the power from Substation E and used a portable generator.




Substation B before the work was completed.






Substation B after the work was completed.

High Wind Alarms

Closing the container terminal due to high winds occurs from time to time, and we are always looking to improve our alert procedures in a high wind event. An improvement we have initiated this year is a visual and electronic high wind alarm. We have placed wind alarm lights at each entrance to the container terminal. The trigger levels and required actions are outlined to the left.

 *The alert system also sends texts and emails to the terminal manager and supervisors.*

WIND LIMIT	LIGHT		ACTION
30 Knots		Flashing amber	Reduce to one empty container
43 Knots		Static amber	Stop handling empty containers
50 Knots		Red	Close Container Terminal



Solar Panels – Navigational Beacons

The Port navigational infrastructure includes four beacons on Tiwai Peninsula to assist pilotage into South Port. Currently, these beacons are powered via an overhead power line taken from an NZAS transformer. Recently this power supply has been unreliable and required us to look at alternative power sources to ensure uninterrupted marine operations. As such, we are installing solar panels, which will provide backup when the power supply coming from NZAS fails (the panels are also designed to run independently 24/7 removing the reliance on power supply from NZAS).



South Rail – Log Yard Upgrade

Construction began in April on the 17,000m² South Rail log yard upgrade. This area has been a log yard for many years, but this project transforms the existing gravel yard into a nice smooth asphalt surface. This project involved extensive consultation with our log export customer base to ensure sufficient space was available to make the upgrade possible. The site was split into two equal sections to allow log exporters to continue to operate on one half. At the same time, the pavement construction took place on the other half, swapping over to enable the upgrade of the second half.

With the North Rail log yard upgrade completed in 2017/18, there is now a 32,000m² asphalt log yard in the centre of the Island Harbour. Several benefits are derived from these developments, including improvements to safe working conditions for mobile plant operators, the separation of log truck discharge activity from general traffic on the Island Harbour, a cleaner work surface, and an improved environmental outcome from the introduction of a filter system in the drainage network.

Granular material excavated from the old log yard surface has been stockpiled on our Foreshore Road property to be used in future maintenance projects.

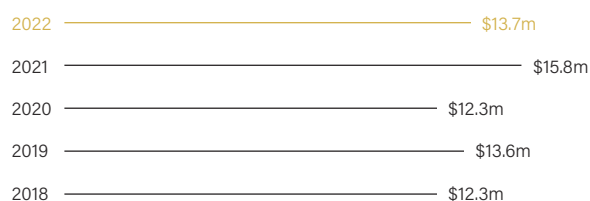
We also took the opportunity to install a new water main to provide better service to the western end of the Island Harbour, along with empty ducting for future fibre and electrical connectivity.

FINANCIAL HIGHLIGHTS

Surplus After Tax



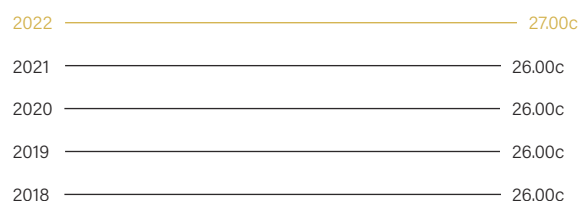
Operating Cash Flow



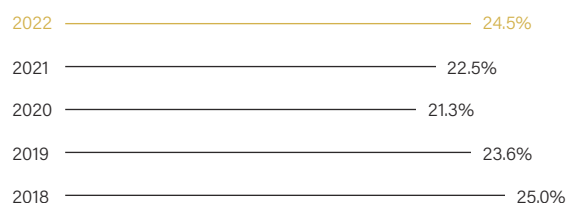
Equity Ratio



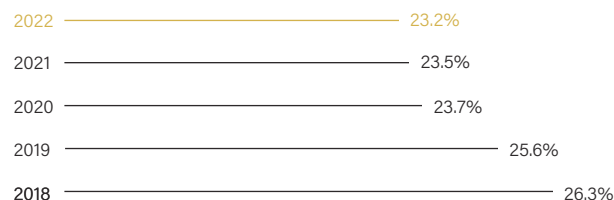
Dividends Paid Per Share



Return on Equity



Return on Assets



In Thousands of New Zealand Dollars	2022	2021
Operating revenue	\$48,584	\$47,291
Total revenue	\$49,968	\$47,667
Reported surplus after tax	\$12,829	\$10,714
Normalised surplus after tax	\$11,162	\$10,452
EBITDA	\$21,152	\$18,850
Cashflow from operating activities	\$13,695	\$15,827
Total assets	\$88,136	\$68,673
Total equity	\$55,274	\$49,528
Shareholders' equity ratio	62.7%	72.1%
Earnings per share	48.9c	40.8c
Dividends declared per share	27.0c	27.0c
Net asset backing per share	\$2.11	\$1.89
Return on equity/shareholders' funds	24.5%	22.5%
Cargo throughput (000's tonnes)	3,554	3,454

NET PROFIT AFTER TAX

\$12.83m

^ 19.8% on previous year \$10.71M

EBITDA

\$21.15m

^ 12.2% on previous year \$18.85M

EARNINGS PER SHARE

48.9c

^ 19.7% on previous year 40.8c

OPERATING REVENUE

\$48.58m

^ 2.7% on previous year \$47.29M

DIVIDENDS DECLARED PER SHARE

27.00c

Same as previous year 27.00c

RETURN ON SHAREHOLDERS' FUNDS

24.5%

Previous year 22.5%

One of South Port's Liebherr
mobile container cranes.



04

GOVERNANCE

The Board and Leadership Team of South Port is committed to maintaining the highest standards of governance by implementing the best practice principles and policies, as set out in this section.

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DIRECTORS' PROFILES



REX CHAPMAN

LLB, CMinstD, Chair
Appointed October 2002,
Chair from 2011

Mr Chapman is a Senior Partner in Southland/Queenstown Law Firm Cruickshank Pryde based in Invercargill. He has been in legal practice in Invercargill for 41 years. Mr Chapman's practice covers a wide range of legal services including commercial and company law, litigation, dispute resolution and resource management. He is also a past member of the Southland Aquaculture Working Group established to promote and support the development of sustainable aquaculture in Southland.



PHILIP CORY-WRIGHT

BCA, LLB (Hons), CFInstD
Appointed September 2010

Mr Cory-Wright is a Company Director and a Strategic Adviser based in Auckland. He is the inaugural Chairman of Papa Rererangi i Puketapu (New Plymouth Airport) a Director of Matariki Forests, Te Pūtea Kāwanatanga ā-rohe (the Local Government Funding Agency), Powerco, and New Zealand Windfarms. Mr Cory Wright was previously a member of the Local Government Infrastructure Expert Advisory Group.



NICOLA GREER

MCom(Hons)
Appointed November 2019

Ms Greer is a Company Director based in Queenstown. She is currently a Director of Airways Corporation, Fidelity Life Assurance Ltd, Precinct Properties Ltd, New Zealand Railways Corporation, and a member of the NZ Markets Disciplinary Tribunal. She is also a shareholder and Director in a privately owned commercial property investment and development company.

Prior to her governance career, Nicola had extensive experience in NZ, Australia, and the UK in the banking and finance sectors. This encompassed a range of roles within the financial markets and asset and liability management at ANZ, Citibank, and Goldman Sachs.



MICHELLE HENDERSON

BE (Hons), CMInstD
Appointed October 2021

Mrs Henderson is a full-time Independent Director. She brings engineering expertise and broad business understanding to the board room. Michelle brings a passion for process innovation, sustainable business outcomes, and safety. As a digital native, Michelle brings a thought-provoking generational perspective to the board room. Michelle is on the Board of Meridian Energy and Fulton Hogan. She is also a Board Member of Cycling New Zealand Incorporated and a Trustee of Youthline Southland.

Her last executive role was as Chief Operating Officer of PowerNet, leading the operational division. Michelle was recognised as the NZ Safeguard Business Leaders' Health and Safety Forum Leader of the Year in 2019. Based in Invercargill, Michelle is a former executive of Rio Tinto, both in New Zealand and Australia.

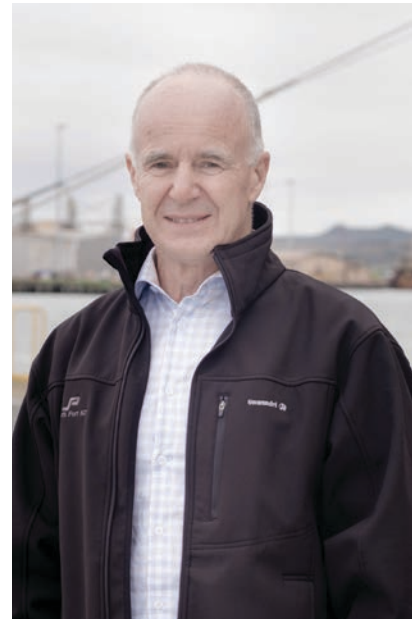


CLARE KEARNEY

*BAGSci, MProfStuds,
GradDipArts(Phil), CFInstD*
Appointed October 2016

Mrs Kearney's background is in Agriculture and Farm Business Management Consulting. She is a Judicial Justice of the Peace.

Mrs Kearney is President of the New Zealand Alpine Club, a trustee of the Waitaki Safer Community Trust, and a director on the Observatory Village Lifecare and Care Boards. Formerly, the Chair of Sport Otago and Chair of Network Waitaki Ltd. Mrs Kearney was the 2014 winner of the Institute of Directors Otago Branch Aspiring Director Award. Mrs Kearney acted as an observer director to the Dunedin City Holdings subsidiary company Taieri Gorge Railway Ltd during 2015.



JEREMY McCLEAN

BCom, CA, MInstD
Appointed September 2011

Mr McClean is a Fellow Chartered Accountant with 40 years of public practice experience in the southern region. He is a Principal in Invercargill accounting firm Malloch McClean, holds a Public Practice Certificate with Chartered Accountants Australia New Zealand and is a Justice of the Peace.

Mr McClean provides strategic, succession, tax advisory and governance services to a significant portfolio of local agriculture and commercial businesses. He also enjoys mentoring young business leaders to grow smarter better businesses that balance the needs of work, family, and the community.

STATUTORY REPORT OF DIRECTORS

The Directors have pleasure in submitting their 2022 Report and Financial Statements.

Principal Activities

The Company is primarily engaged in the commercial operation of the Port of Bluff. There has been no significant change in the nature of the Company's business during the year.

Accounting Period

The financial statements are for the 12 month period from 1 July 2021 to 30 June 2022.

Results

The company recorded a Net Surplus After Tax for the period of \$12,829,000.

Disclosure of Share Dealing by Directors

The following Directors traded the below equity securities in the Company during the 12 months ended 30 June 2022:

South Port Directors	Opening Shareholding 1 July 2021	Number of Shares acquired	Number of Shares sold	Balance of shares held 30 June 2022
R T Chapman	—	2,015	—	2,015
P W Cory-Wright	—	3,421	—	3,421
J J McClean	—	3,000	—	3,000
M A Henderson	—	566	—	566

Dividend

The Directors have declared an ordinary dividend of \$7,083,000 (27.00 cps) for the period ended 30 June 2022 including the final dividend amount of \$5,116,000 (19.50 cps) payable in November 2022.

Directors' and Officers' Liability Insurance

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

Accounting Policies

There were no changes in accounting policies during the period. All policies are consistent with those applied in the previous year.

Remuneration of Directors

Directors' remuneration for the 12 month period ended 30 June 2022 was as follows:

Remuneration of Directors 01/07/2021 to 30/06/2022

Name	Gross Taxable
R T Chapman	\$85,000
P W Cory-Wright	\$49,600
N J Greer	\$49,600
J J McClean	\$49,600
T M Foggo	\$16,533
C M Kearney	\$49,600
M A Henderson	\$37,200
Total	\$337,133*

* Directors' fees total pool is \$333,000 but there was a crossover of the incoming and outgoing directors at one meeting (AGM).

No other benefits have been provided by the Company to a Director or in any other capacity. No loans have been made by the Company to a Director nor has the Company guaranteed any debts incurred by a Director.

Remuneration of Employees

Section 211(1)(g) of the New Zealand Companies Act 1993 requires disclosure of remuneration and other benefits, including redundancy and other payments made on termination of employment, in excess of \$100,000 per year, paid in respect of the current year by the Company to any employees who are not Directors of the Company.

The Chief Executive Officer's Employment Contract is reviewed annually by the Board. It is not a fixed-term contract.

The remuneration of senior management is reviewed annually and is determined in a transparent, deliberate, and objective manner.

Remuneration	Number of Employees
\$100,001-\$110,000	6
\$110,001-\$120,000	1
\$120,001-\$130,000	2
\$140,001-\$150,000	1
\$150,001-\$160,000	1
\$170,001-\$180,000	2
\$180,001-\$190,000	1
\$190,001-\$200,000	1
\$200,001-\$210,000	2
\$220,001-\$230,000	3
\$260,001-\$270,000	2
\$280,001-\$290,000	2
\$480,001-\$490,000	1

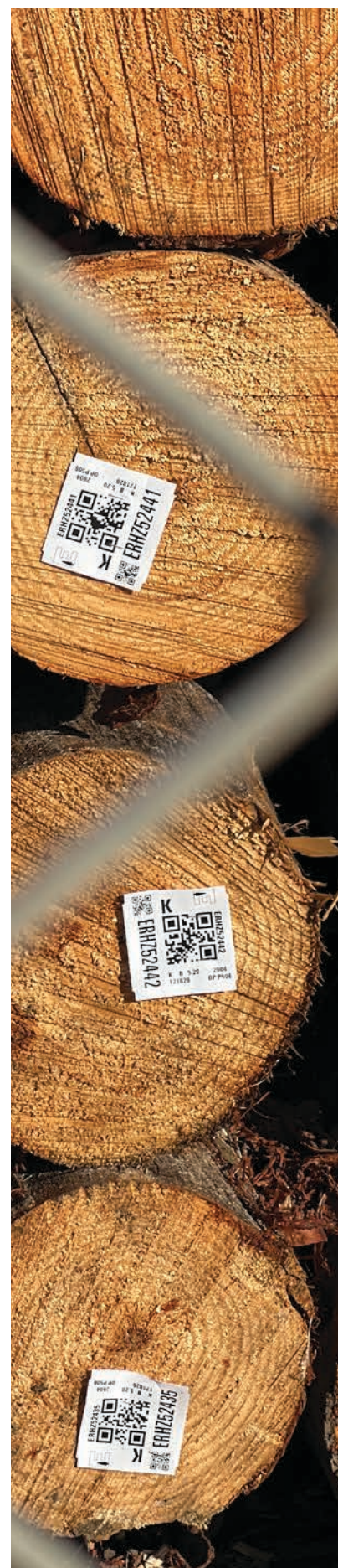
Notice and Pause Provisions

The Company has adopted "notice and pause" provisions in its Constitution.

Audit & Risk Committee

The Company has a formally constituted Audit & Risk Committee comprising Messrs J J McClean (Chair), R T Chapman and P W Cory-Wright.

It is the role of the Audit & Risk Committee to review the Company's financial statements and announcements, liaise directly with the Company's Auditors and review the Company's accounting policies, practices and related matters.



Auditor's Remuneration

During the year \$51,276 was paid to the Company's previous Auditors, Crowe, for audit services carried out as agent for the Controller and Auditor General for the year ended 30 June 2021. \$21,690 was paid to the Company's new Auditors, Deloitte, for audit services carried out as agent for the Controller and Auditor General for the year ended 30 June 2022. The Company did not pay the Auditors for any advice or guidance on other matters.

Interest Register

The Company maintains an Interest Register in which particulars of certain transactions and matters involving the Directors are recorded. Entries in the Interest Register must in turn be disclosed in the Annual Report. No material transaction entries were recorded in the Interests Register for the period 1 July 2021 to 30 June 2022.

Disclosure of Interest

It is a requirement for the Company to maintain an Interests Register in which particulars of certain transactions and matters involving the Directors must be recorded. The Directors of the Company have declared interests in the following entities for the year ended 30 June 2022:

	Position
Mr R T Chapman Cruickshank Pryde Forklifts NZ Ltd IFS Growth Makarewa Cool Stores Ltd Niagara Sawmilling Company Ltd Prime Range Meats Ltd Pyper's Produce Ltd Winton Stock Feed Ltd	Partner Solicitor Solicitor Solicitor Solicitor Solicitor Solicitor Solicitor
Mr P W Cory-Wright Te Pūtea Kāwanatanga ā-rohe - NZ Local Government Funding Agency Matariki Forests Papa Rerangi i Puketapu - New Plymouth Airport Powerco NZ Windfarms	Director Director Chair Director Director (as from 1 April 2022)
Ms N J Greer 26 Belfast Rd Ltd Airways Corporation of New Zealand Airways International Ltd Fidelity Life Assurance Company Ltd Longhurst Commercial Ltd Mike Greer Homes Pegasus Town Ltd New Zealand Railways Corporation Ltd Pegasus Preschools Ltd Progressive Commercial Ltd Progressive Preschools Ltd Precinct Properties NZ Ltd Fidelity Insurance Limited	Director Director Director Director Director Director Director Director Director Director Director Director
Mrs C M Kearney New Zealand Alpine Club Observatory Village Care Ltd Observatory Village Lifecare Ltd	President and Board Chair Director Director
Mr J J McClean Malloch McClean Ltd	Director
Mrs M A Henderson Meridian Energy Limited Fulton Hogan Limited Fulton Hogan Land Development Limited Fulton Hogan Transport Pty Ltd Fulton Hogan Utilities Pty Ltd Fulton Hogan Quarries Pty Ltd Fulton Hogan Industries Pty Ltd Fulton Hogan Construction Pty Ltd Fulton Hogan Australia Pty Ltd Fulton Hogan Australia (Management) Pty Ltd Cycling New Zealand Incorporated Youthline Southland Charitable Trust Red Rabbit & Co Ltd	Director Director Director Director Director Director Director Director Director Director Director Board Member Trustee Director and Shareholder



R T CHAPMAN
Chair of Directors



J J MCCLEAN
Director

Dated 25 August 2022



STATUTORY DISCLOSURE IN RELATION TO SHAREHOLDERS

AS AT 30 JUNE 2022



*Bulk bags of pebbles in storage,
awaiting export primarily to America.*

Size of Holding

Size of Holding	Number of Shareholders	Ordinary Shareholding	Percent Holders
1 - 1,000	452	229,40	0.87%
1,001 - 5,000	411	1,086,293	4.14%
5,001 - 10,000	96	74727,698	2.77%
10,001 - 50,000	53	1,058,250	4.03%
50,001 - 100,000	8	552,764	2.11%
100,001 and over	98	22,580,353	86.07%
Total Number of Shareholders:	1,029	26,234,898	100.00

Prices For Shares Traded During This Year

AS AT 30 JUNE 2022	High	Low
\$8.48	\$9.50	\$7.97

Top Twenty Ordinary Shareholdings

Shareholder	Holding	Percent
Southland Regional Council (Environment Southland)	17,441,573	66.48
J I Urquhart Family	1,370,000	5.22
K & M Douglas	1,071,684	4.08
Douglas Family	541,787	2.07
Douglas Irrevocable	531,192	2.02
HSBC Nominees (New Zealand) Limited	458,043	1.75
BNP Paribas Nominees NZ Limited	234,230	0.89
Michael Robert Mayger & Eleanor Margaret Mayger	198,440	0.76
Daniel Martin Noonan	175,364	0.67
Custodial Services Limited	160,658	0.61
National Nominees New Zealand Limited	159,061	0.61
Citibank Nominees (NZ) Ltd	124,195	0.47
New Zealand Depository Nominee	88,790	0.34
Howard Cedric Zingel	78,804	0.30
Kenneth Ritchie Anderson & Fern Annette Anderson	77,184	0.29
P A Stapel	70,881	0.27
John James O`Brien	67,022	0.26
Owen John Bennett	61,185	0.23
Private Nominees Limited	58,885	0.22
David Grindell	54,500	0.21

Substantial Security Holders

According to notices given to the Company under the Financial Markets Conduct Act 2013, as at 30 June 2022, the substantial product holders in the Company and their relevant interests are noted below:

Holder	No. of Shares	% of Issued Capital	Date of Notice
Southland Regional Council	17,441,573	66.48	20 October 2000
K & M Douglas Trust, Douglas Family Trust, Douglas Irrevocable			
Descendants Trust	2,119,663	8.08	24 December 2009
J I Urquhart Family Trust	1,334,731	5.09	28 October 2010

CORPORATE GOVERNANCE STATEMENT

The Board and Leadership team of South Port New Zealand Limited (South Port) are committed to maintaining the highest standards of governance by implementing best practice principles and policies.

This Corporate Governance Statement sets out the corporate governance policies, practices and processes adopted and followed by South Port as at 30 June 2022 and has been approved by the Board.

The best practice principles and underlying recommendations used in determining the governance approach of South Port are the principles set out in the NZX Corporate Governance Code (NZX Code). The Board's view is that South Port's corporate governance policies, practices and processes generally follow the recommendations set by the NZX Code. This Corporate Governance Statement includes disclosure to the extent to which South Port has followed each of the recommendations of the NZX Code or, if applicable, an explanation of why a recommendation was not followed and any alternative practices followed in lieu of the recommendation.

The Company's Constitution, the Board and Committee charters, codes and policies referred to in this statement are available to view on the Company's website, www.southport.co.nz. These documents should be read in conjunction with this statement:

- Constitution
- Board Charter
- Audit & Risk Committee Charter
- Code of Ethics
- Protected Disclosures / Whistleblowing Policy
- Continuous Disclosure Policy
- Sensitive Expenditure Policy
- Diversity and Inclusion Policy
- Director and Executive Remuneration Policy
- Health and Safety Policies
- Securities Trading Policy and Guidelines
- External Auditor Relationship Framework

PRINCIPLE 1

Code of Ethical Behaviour

"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation."



Code of Ethics

Recommendation 1.1: *The board should document minimum standards of ethical behaviour to which the issuer's directors and employees are expected to adhere (a code of ethics) and comply with the other requirements of Recommendation 1.1 of the NZX Code.*

South Port expects its directors, senior management and employees to maintain the highest standards of honesty, integrity and ethical conduct in day-to-day behaviour and decision making. The Company's Code of Ethics sets out the standard of conduct expected of everyone working at South Port including directors, management, staff and contractors. The Code of Ethics provides a guide to the conduct that is consistent with the Company's values and behaviours, business goals and legal obligations. It also outlines internal reporting procedures for any breaches and incorporates the other requirements of Recommendation 1.1 of the NZX Code. An introduction to the Code of Ethics forms part of the induction and training process of new employees. This key corporate governance document is available on the Company's website and staff are reminded to refamiliarise themselves with it on a regular basis.

Sensitive Expenditure Policy

This policy sets out the Company's expectations on sensitive or discretionary expenditure incurred by directors or employees and is available on the Company's website.

Securities Trading Policy and Guidelines

Recommendation 1.2: *An issuer should have a financial product dealing policy which applies to employees and directors.*

The Company is committed to transparency and fairness in dealing with all of its stakeholders and to ensure adherence to all applicable laws and regulations. The Securities Trading Policy and Guidelines governs trading in the Company's securities by directors, employees and other associated persons. This policy can be found on the Company's website.

PRINCIPLE 2

Board Composition and Performance

"To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives."

Board Charter

Recommendation 2.1: *The board of an issuer should operate under a written charter which sets out the roles and responsibilities of the board. The board charter should clearly distinguish and disclose the respective roles and responsibilities of the board and management.*

The Board has adopted a formal Board Charter to ensure compliance with the NZX Code. The Charter sets out the roles, responsibilities and structure of the Board and provides guidance for the effective oversight of the Company by the Board. The Board is responsible for setting the Company's strategic direction, overseeing the management of the Company and directing performance by optimising the short-term and long-term best interests of the Company and its shareholders. The Board delegates management of the day-to-day affairs and management responsibilities of the Company to achieve the strategic direction and goals determined by the Board.

Nomination and Appointment of Directors

Recommendation 2.2 and 2.3: *Every issuer should have a procedure for the nomination and appointment of directors to the board. An issuer should enter into written agreements with each newly appointed director establishing the terms of their appointment.*

The Board's procedure for the nomination and appointment of directors to the Board is set out in the Board Charter. Careful consideration is given to the composition of the Board in relation to the Company's needs and operating environment. The Board should at all times comprise members whose skills, experience and attributes together reflect diversity, balance, and cohesion and match the demands facing the Company. This also applies to the consideration of additional or replacement directors. Priority is given to ensuring the skills, experience and diversity necessary for the Board to fulfil its governance role and to contribute to the long-term strategic direction of the Company. The Board may engage consultants to assist in the identification, recruitment and appointment of suitable candidates.

Director Particulars

Recommendation 2.4: *Every issuer should disclose information about each director in its annual report or on its website, including a profile of experience, length of service, independence and ownership interests and director attendance at board meetings.*

The Board currently comprises of six independent non-executive directors including a non-executive Chair. The biography of each Board member is set out in the "Directors' Profiles" section of this Annual Report and is also available on the Company's website.

The size and composition of the Board is subject to the limits imposed by South Port's Constitution and in accordance with the provisions of the Port Companies Act 1988. The Constitution requires the Board to comprise of a minimum number of six directors. Under the NZX Listing Rules the Board is required to maintain at least two independent directors. The criteria for director independence are outlined in the Board Charter. Pursuant to the Company's Constitution, one third of the directors retire by rotation at each annual meeting but are eligible for reappointment by shareholders.



Diversity

Recommendation 2.5: *An issuer should have a written diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity's progress in achieving them. The issuer should disclose the policy or a summary of it.*

The Company and its Board recognise and believe that building a diverse and inclusive workforce provides significant opportunity to leverage engagement, innovation, productivity and improved service to our customers.

South Port is committed to providing a work environment that recognises and values different skills, ability and experiences and where people are treated fairly in order to attract and retain talented people who will contribute to the achievement of South Port's commercial success.

Diversity and inclusion is a commitment to recognising and appreciating the variety of characteristics that make individuals unique; for example, gender, age, race, ethnicity, culture, disability, education and background.

The South Port Diversity and Inclusion Policy is disclosed on the Company's website and includes the following specific measurable objectives set by the Board:

- At least 25% gender diversity across all SPNZ Staff by 2025
- At least 20% gender diversity across SPNZ Supervisors by 2025
- At least 25% gender diversity across SPNZ Executive by 2025
- At least 25% gender diversity across SPNZ Board by 2025
- At least 10% gender diversity across operational areas by 2025

The following table compares the above measurable objectives against the actual data at balance date:

Category	TARGET	ACTUAL		ACHIEVED
	2025 % FEMALE	2022 % FEMALE	2021 % FEMALE	
Board	25	50	33	✓
Executive	25	25	25	✓
Supervisors	20	13	14	×
Operational	10	4	3	×
All Permanent Staff	25	18	20	×

The following table sets out the gender composition of South Port's directors and officers at balance date:

2022	MALE	FEMALE	TOTAL	2021	MALE	FEMALE	TOTAL
Directors	3	3	6	Directors	4	2	6
Senior Management	6	2	8	Senior Management	6	2	8
	9 (64%)	5 (36%)	14		10 (71%)	4 (29%)	14



Director Training

Recommendation 2.6: *Directors should undertake appropriate training to remain current on how to best perform their duties as directors of an issuer.*

South Port's directors are expected to undertake continuous education to remain current on how best to perform their responsibilities and keep abreast of changes and trends in governance practices around economic, political, social, financial and legal climates. The Board also ensures that new directors are appropriately introduced to management and the business, that all directors are updated on relevant industry and Company issues and receive copies of appropriate Company documents to enable them to perform their duties.

Evaluation of Performance of Directors

Recommendation 2.7: *The board should have a procedure to regularly assess director, board and committee performance.*

The Chair of the Board leads an annual performance review and evaluation of the Board as a whole and of the Board committees against the Board and Committee Charters including seeking directors' views relating to board and committee processes, efficiency and effectiveness, for discussion by the full Board. The Chair of the Board also engages with individual directors to evaluate and discuss performance and professional development. It is proposed to undertake an independent external evaluation of the Board before the end of the 2022 calendar year.

Director Independence

Recommendation 2.8: *A majority of the board should be independent directors.*

South Port acknowledges that having a majority of independent directors makes it harder for any individual or small group of individuals to dominate the Board's decision-making and maximises the likelihood that the decisions being made by the Board will reflect the best interests of the entity and its shareholders.

South Port's Board Charter specifies that the Board shall maintain at least a minimum number of two independent directors or where the Board comprises eight or more directors, the number of independent directors shall be at least three or one-third of all directors. The Chair of the Board must be a non-executive director.

Every current member of the South Port Board is an independent director.

Separation of The Board Chair and Chief Executive Officer (CEO)

Recommendation 2.9: *An issuer should have an independent chair of the Board. If the Chair is not independent, the Chair and the Chief Executive Officer should be different people.*

The current Chair of the South Port Board, Rex Chapman is an independent Chair. The positions of the Chair and the Chief Executive Officer of South Port are also held by different people.

PRINCIPLE 3

Board Committees

“The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.”

Audit & Risk Committee

Recommendation 3.1: *An issuer's audit committee should operate under a written charter. Membership on the audit committee should be majority independent and comprise solely of non-executive directors of the issuer. The Chair of the audit committee should be an independent director and not the Chair of the board.*

The Audit & Risk Committee provides the Board with assistance in fulfilling their responsibilities to shareholders, the investment community and others for overseeing the Company's financial statements, financial reporting processes, internal accounting systems, financial controls and South Port's relationship with its independent auditors.

The Committee is governed by an Audit & Risk Committee Charter which is available on the Company's website. The Board regularly reviews the performance of the Committee in accordance with the Charter.

The Company has developed an External Auditor Relationship Framework to ensure external audit independence is in line with best practice to ensure reliable and credible reporting. This framework is disclosed on the Company's website.

The Committee comprises of three independent non-executive members of the Board of Directors.

The Committee Chair, also appointed by the Board, cannot also be the Chair of the Company. Jeremy McClean is the Audit & Risk Committee Chair. At least one member of the Committee must have an accounting or financial background; Jeremy McClean is a Chartered Accountant and a member of Chartered Accountants Australia & New Zealand.

Recommendation 3.2: *Employees should only attend audit committee meetings at the invitation of the audit committee.*

The Chief Executive and Finance Manager attend the Audit & Risk Committee meetings by invitation. South Port's external auditor also attends the Committee meeting by invitation. During each meeting, all executives leave the meeting for a period of time to enable the Board to have open discussions with the external auditor without any management present.

Remuneration Committee

Recommendation 3.3: *An issuer should have a remuneration committee which operates under a written charter (unless this is carried out by the whole board). At least a majority of the remuneration committee should be independent directors. Management should only attend remuneration committee meetings at the invitation of the remuneration committee.*

The Board does not operate a separate remuneration committee as director and senior management remuneration is considered by the entire Board. The Director and Executive Remuneration Policy outlines the structure of director and executive/management remuneration, the formal process for shareholder review, transparency and reporting of actual remuneration paid and bi-annual review of the Remuneration Policy and process.

Nomination Committee

Recommendation 3.4: *An issuer should establish a nomination committee to recommend director appointments to the board (unless this is carried out by the whole board), which should operate under a written charter. At least a majority of the nomination committee should be independent directors.*

The Board does not operate a separate nomination committee. The process and procedure for the appointment of directors to the Board is outlined in the Board Charter. The appointment of a director is a shareholder decision. Director nominations are called for from shareholders in accordance with the Rules. The Board will then consider the candidates who have been nominated for appointment as a director. Directors are selected based on a range of factors including the needs of the Board at the time.

Overview Of Board Committees

Recommendation 3.5: An issuer should consider whether it is appropriate to have any other board committees as standing board committees. All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance.

The Board does not operate any other committees apart from the Audit & Risk Committee. Consideration has been given as to whether any other standing board committees are appropriate and determined they are not required.

Directors' Attendance at Meetings – 1 July 2021 to 30 June 2022

	Annual Meeting	Board Meeting	H&S Panel Meeting	Audit Committee
Total Meetings	1	9	2	2
R T Chapman	1	9	2	2
P W Cory-Wright	1	9	1	2
T M Foggo	1	3	0	1
N J Greer	1	8	1	2
M A Henderson	1	6	2	1
C M Kearney	1	9	2	2
J J McClean	1	9	1	2

Takeover Protocols

Recommendation 3.6: The board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer including any communication between insiders and the bidder. The board should disclose the scope of independent advisory reports to shareholders. These protocols should include the option of establishing an independent takeover committee, and the likely composition and implementation of an independent takeover committee.

The Board has not established protocols for setting out procedures to be followed in the event of a takeover offer. This is because the Board considers receipt of a takeover offer to be an extremely unlikely event given the Southland Regional Council's (Environment Southland) majority shareholding in the Company.

PRINCIPLE 4

Reporting And Disclosure

"The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures."

The Board is committed to providing full and timely financial and non-financial information that is accurate, balanced, meaningful and consistent. As a listed Company, keeping the market informed is a key component to ensure securities are fairly valued.

Continuous Disclosure

Recommendation 4.1: An issuer's board should have a written continuous disclosure policy.

South Port has a Continuous Disclosure Policy which is available on the Company's website.

South Port is committed to providing accurate, timely and consistent disclosures which comply with its continuous disclosure regime, in accordance with the NZX Listing Rules. The Company is required to disclose to the market, matters which could be expected to have a material effect on the price or value of the Company's shares. Management processes are in place to ensure that all material matters which may require disclosure are promptly reported to the Board through established reporting lines. Matters reported are assessed as and when required against the NZX Listing Rules and advised to the market. The Chair and CEO are responsible for communications with NZX and for ensuring that such information is not provided to any person or organisation until NZX has confirmed its release to the market.

All material announcements are posted on the Company's website.

Charters And Policies

Recommendation 4.2: An issuer should make its code of ethics, board and committee charters and the policies recommended in the NZX Code, together with any other key governance documents, available on its website.

Information about South Port's corporate governance framework (including the Code of Ethics, Board and Committee Charters and other selected key governance codes and policies) is available to view on the South Port website – www.southport.co.nz.

Financial Reporting and Non-Financial Reporting

Recommendation 4.3: Financial reporting should be balanced, clear and objective. An issuer should provide non-financial disclosure at least annually, including considering environmental, economic and social sustainability factors and practices. It should explain how operational or non-financial targets are measured. Non-financial reporting should be informative, include forward looking assessments, and align with key strategies and metrics monitored by the board.

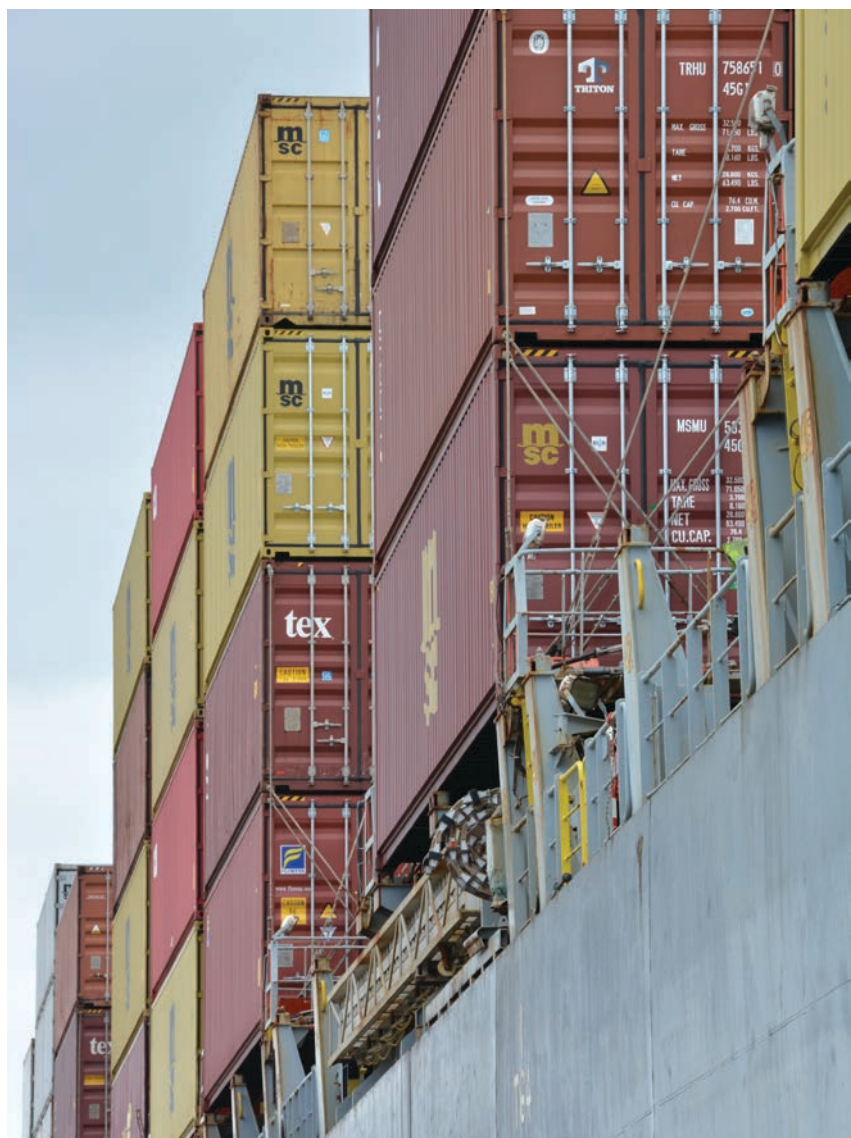


Financial Reporting

The Audit & Risk Committee oversees the quality and integrity of external financial reporting including the accuracy, completeness and timeliness of financial statements. The Committee is committed to balanced, clear and objective financial reporting.

It reviews half-yearly and annual financial statements and makes recommendations to the Board concerning accounting policies, areas of judgement, compliance with accounting standards, stock exchange and legal requirements, and the results of the external audit.

Management accountability for the integrity of the Company's financial reporting is reinforced by the certification from the Chief Executive and the Finance Manager. The Chief Executive and the Finance Manager have provided the Board with written confirmation that the Company's financial report presents a true and fair view, in all material respects, of the Company's financial position for the year ended 30 June 2022, and that the operational results are in accordance with relevant accounting standards.





Non-Financial Reporting - Sustainability

South Port assesses its exposure to environmental, economic and social sustainability as part of an overall framework for managing risk (see Principle 6 – Risk Management). Environmental, social and governance factors and practices are always considered when making decisions. South Port has a separate section included in the Annual Report to report on corporate social responsibility (CSR) which covers the following areas:

- Safety, Health & Wellbeing
- Our People
- Our Community
- The Environment
- Infrastructure

The Company is committed to improving standards of environmental performance to enable a more efficient and sustainable future.

PRINCIPLE 5

Remuneration

“The remuneration of directors and executives should be transparent, fair and reasonable.”

Looking on from tug Te Matua are tugs Rakiwai and Hauroko.

Board of Directors Remuneration

Recommendation 5.1: *An issuer should recommend director remuneration to shareholders for approval in a transparent manner. Actual director remuneration should be clearly disclosed in the issuer's annual report.*

Director remuneration is paid in the form of director's fees. On 29 October 2021 the shareholders approved the directors' fee pool limit of \$333,000 per annum.

Information on director remuneration is available in the South Port Annual Report 2022; refer "Statutory Report of Directors" (page 68). It includes a breakdown of remuneration for board fees. There are no separate fees provided for members of the Audit & Risk Committee. Directors are entitled to reimbursement of reasonable travel and other expenses incurred by them in connection with their attendance at Board or Annual Meetings, or otherwise in connection with South Port business.

Remuneration Policy

Recommendation 5.2: *An issuer should have a Remuneration Policy for remuneration of directors and officers, which outlines the relative weightings of remuneration components and relevant performance criteria.*

South Port has adopted a Remuneration Policy which sets out the guiding principles and structure of South Port's remuneration to the Board and executives, together with the review process and reporting requirements to ensure that remuneration is transparent, fair and reasonable to meet the needs of the business, corporate governance bodies and shareholders. The Board seeks to ensure that directors and executives receive remuneration that is fair and reasonable in a competitive market for the skills, knowledge and experience required by the Company.

Employees' Remuneration

The Board is responsible for reviewing the remuneration of the Company's senior management in consultation with the Chief Executive of the Company. The remuneration packages of senior management consist of a mixture of a base remuneration package and a variable remuneration component based on relevant performance measures, designed to attract, motivate and retain high quality employees who will enable the Company to achieve its short and long-term objectives.

Details relating to the number of employees and former employees who received remuneration and other benefits in excess of \$100,000 during the year ended 30 June 2022 is available in the South Port Annual Report 2022, refer "Statutory Report of Directors" (page 68).

Chief Executive Remuneration

Recommendation 5.3: *An issuer should disclose the remuneration arrangements in place for the CEO in its annual report. This should include disclosure of the base salary, short-term incentives and long-term incentives and the performance criteria used to determine performance-based payments.*

The Chief Executive's remuneration is made up of fixed remuneration and variable remuneration (short-term incentives only). Variable remuneration refers to remuneration that is "at risk" and linked to individual and organisational performance with clearly defined metrics. The Chief Executive's remuneration is reviewed annually by the Board and an external consulting firm is engaged as appropriate to review market relativity and comparability against peer groups.

The fixed remuneration is determined in relation to the market for comparable sized and performing companies and includes all benefits and allowances. The position in the market will normally be comparable to the median. Adjustments are not automatic and are determined by performance which is reviewed annually by the Board.

The Chief Executive's remuneration for the year ended 30 June 2022 was made up as follows:

The fixed remuneration includes a base salary, employer KiwiSaver contributions, vehicle allowance and medical insurance.

The short-term incentive (STI) is set at a maximum of \$54,000 per annum (including holiday pay) for the Chief Executive. 20% of the STI is linked to the Company's financial performance with the actual opportunity being either 0% or 100%. The other 80% of the STI is based on achieving strategic objectives with the actual opportunity in the range of 0% to 100%. Objectives are set each year by the Board and for the 2022 year included financial and other targets for the Company overall, as well as personal objectives and targets, appropriate for the role.

Chief Executive Remuneration

2022

Fixed Remuneration	\$429,042
Short Term Incentive	\$54,000
Total	\$483,042

2021

Fixed Remuneration	\$369,077
Short Term Incentive	\$42,795
Total	\$411,872



PRINCIPLE 6

Risk Management

“Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.”

Risk Management Framework

Recommendation 6.1: *An issuer should have a risk management framework for its business and the issuer’s board should receive and review regular reports. An issuer should report the material risks facing the business and how these are being managed.*

Risk is the chance of something happening that will have an impact on business objectives. Effective management of all types of risks (financial and non-financial) is a fundamental part of the Company’s business strategy. The Board and senior management have identified, analysed and evaluated a number of key risk areas and a strategy has been developed to appropriately manage the key risks.

Risk Management and Responsibilities

The Board is ultimately responsible for reviewing and approving the Company’s risk management strategy.

The Audit & Risk Committee is responsible for overseeing risk management practices and works closely with management, external advisors and the Company’s auditors to ensure that risk management issues are properly identified and addressed. The Board reviews and updates the Company’s commercial risks matrix at each board meeting.

The Board delegates day-to-day management of risk to the Chief Executive, who may further delegate such responsibilities to the executive and other officers.

Risk Monitoring and Evaluation

The Audit & Risk Committee reviews the reports of management and the external auditors on the effectiveness of systems for internal control, financial reporting and risk management.

The Company has a separate Risk Management Committee which meets annually to review changes to the risk profile of the business and to consider ways of mitigating additional risks identified. Mr Jeremy McClean as Chair of the Audit & Risk Committee is appointed to the Risk Management Committee as a board representative.

The material risks which may impact the Company's ability to achieve its strategic objectives and secure its financial prospects, are managed through the strategic planning process.

The Company has a Treasury Policy to help manage liquidity and funding risks, foreign exchange risks, interest rate risks and other treasury risks. The Treasury Management Group (TMG) consisting of the Chief Executive, Finance Manager and other senior managers (as appropriate) meets at least quarterly to review and discuss treasury risks. The minutes taken at these meetings are shared with the Board.

Health, Safety & Wellbeing

Recommendation 6.2: *An issuer should disclose how it manages its health and safety risks and should report on its health and safety risks, performance and management.*

Health, safety and wellbeing (HSW) continues to be a key focus of the Company and continuous improvement has been made in this area over recent years. The Company presently has two full-time personnel dedicated to HSW matters in addition to all personnel having responsibility for HSW in their daily work processes.

We are currently in the process of recruiting a third staff member in this area after having lost one of the team during FY22.

South Port has identified six site critical risks being mobile plant vs person, working at heights, falling objects, working on or near water, uncontrolled energy release and hazardous substances.

The Port's focus is to establish controls to prevent these accidents / incidents occurring while also providing controls to fail safely if an accident / incident were to occur in one of these six critical risk areas.

The Board operates a H&S Panel which consists of the full board, two H&S personnel, together with two senior managers and two staff representatives. The H&S Panel's function is to establish a HSW strategic plan, monitor its implementation, undertake scheduled operational site visits and address key HSW issues facing the business, with the objective of achieving continuous improvement. The H&S Panel normally meets at least two times each year.

Another important tool used to deliver HSW improvement is the Company's PACE Programme, with the H&S component being driven by the South Port H&S Committee. Output from the PACE Programme and the H&S Committee is fed through to the H&S Panel for consideration.

Environmental Social and Governance (ESG) Factors

The Board does not believe that the Company has any material exposure to economic, environmental or social sustainability risks that are not appropriately managed. The material risks which may impact the Company's ability to achieve its strategic objectives and secure its financial prospects, are managed through the strategic planning process. Further work is being undertaken in this area in light of the new climate-related financial reporting requirements that will need to be met by the Company in future years.

PRINCIPLE 7

Auditors

"The Board should ensure the quality and independence of the external audit process."

External Audit

Recommendation 7.1 and 7.2: *The board should establish a framework for the issuer's relationship with its external auditors. This should include procedures prescribed in the NZX Code. The external auditor should attend the issuer's Annual Meeting to answer questions from shareholders in relation to the audit.*

The independence of the external auditor is of particular importance to shareholders and the Board. The Audit & Risk Committee is responsible for overseeing the external audit of the Company. Accordingly, it monitors developments in the areas of audit and threats to audit independence to ensure its policies and practices are consistent with emerging best practice.

The Board has adopted a policy on audit independence, the key elements are:

- the external auditor must remain independent of the Company at all times;
- the external auditor must monitor its independence and annually report to the Board that it has remained independent;
- the audit firm is permitted to provide non-audit services that are not considered to be in conflict with the preservation of the independence of the auditor; and
- the Audit & Risk Committee must approve significant permissible non-audit work assignments that are awarded to the external auditor.

Engagement of the External Auditor

The Auditor-General is the auditor of South Port. The Auditor-General has appointed Deloitte to carry out the audit of the consolidated financial statements of the Group on his behalf.

Attendance at the Annual Meeting

Deloitte, as auditor of the 2022 financial statements, has been invited to attend the Annual Meeting and will be available to answer questions about the conduct of the audit, preparation and content of the auditor's report, accounting policies adopted by South Port and the independence of the auditor in relation to the conduct of the audit.

Internal Audit

Recommendation 7.3: Internal audit functions should be disclosed.

Due to its size, the Company does not have a formal internal audit function as recommended by the NZX Code, however some internal audit functions are undertaken as required to ensure robust internal processes are being maintained. The Chief Executive is accountable for all operational and compliance risks across the Company operations. The Finance Manager has management accountability for the effective implementation and improvement of internal systems and controls.

PRINCIPLE 8

Shareholder Rights and Relations

“The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.”

Information for Shareholders

Recommendation 8.1: An issuer should have a website where investors and interested stakeholders can access financial and operational information and key corporate governance information about the issuer.

South Port seeks to ensure its shareholders are appropriately informed of its operations and results, with the delivery of timely and focused communication, and the holding of shareholder meetings in a manner conducive to achieving shareholder participation.

To ensure shareholders have access to relevant information, the Company:

- Provides a website which contains media releases, current and past annual reports, share price information, notices of meeting and other information about the Company;
- Makes available printed half-year and annual reports and encourages shareholders to access these documents on the website and to receive advice of their availability by email;

- Publishes press releases on issues/ events that may have material information content that could impact on the price of its traded securities;
- Issues additional explanatory memoranda where circumstances require, such as explanations of dividend changes and other explanatory memoranda as may be required by law;
- Maintains regular contact with leading analysts and brokers who monitor the Company's activities.

Communicating with Shareholders

Recommendation 8.2: An issuer should allow investors the ability to easily communicate with the issuer, including providing the option to receive communications from the issuer electronically.

Shareholders have the option of receiving their communications electronically, including via email or through South Port's 'Investors Centre' section on the Company's website. The Board welcomes investor enquiries.

Shareholder Voting Rights

Recommendation 8.3: Quoted equity security holders should have the right to vote on major decisions which may change the nature of the issuer in which they are invested.

In accordance with the Companies Act 1993, the Company's Constitution and the NZX Listing Rules, South Port refers any significant matters to shareholders for approval at a shareholder meeting. Where shareholder votes are conducted by poll, each shareholder is entitled to one vote per share.

Capital Raising

Recommendation 8.4: *If seeking additional equity capital, issuers of quoted equity securities should offer further equity securities to existing equity security holders of the same class on a pro rata basis, and on no less favourable terms, before further equity securities are offered to other investors.*

If South Port was to ever look at raising further capital, it would consider the interests of existing shareholders when looking at capital raising options. Where practical, the Company would favour capital raising methods that provide existing equity security holders with an opportunity to avoid dilution by participating in the offer. As such, a pro rata offer should be the preferred approach.

For the avoidance of doubt, this does not preclude the Company from allowing it to offer equity securities to employees (including executive directors), as the primary purpose of such incentives is not to raise capital.

Notice Of Annual Meeting

Recommendation 8.5: *The board should ensure that the notices of annual or special meetings of quoted equity security holders is posted on the issuer's website as soon as possible and at least 20 working days prior to the meeting.*

South Port posts any Notices of Shareholder Meetings on the website as soon as these are available. The general practice is to make these available not less than four weeks prior to the shareholder meeting.

Shareholder meetings are generally held at the Company's place of business (Bluff) at a time which best ensures full participation by shareholders.

Full participation of shareholders at the Annual Meeting is encouraged to ensure a high level of accountability and identification with the Company's strategies and goals. Shareholders have the opportunity to submit questions prior to each meeting and senior management and auditors are present to assist in answering any specific queries raised. There is also an opportunity for informal discussion with directors and senior management for a period after the meeting concludes.

m.v. "NAVUA" (2146 tons deadweight) was the first commercial vessel to berth at the new Bluff Harbour on 30th August, 1960.



05

SPOTLIGHT

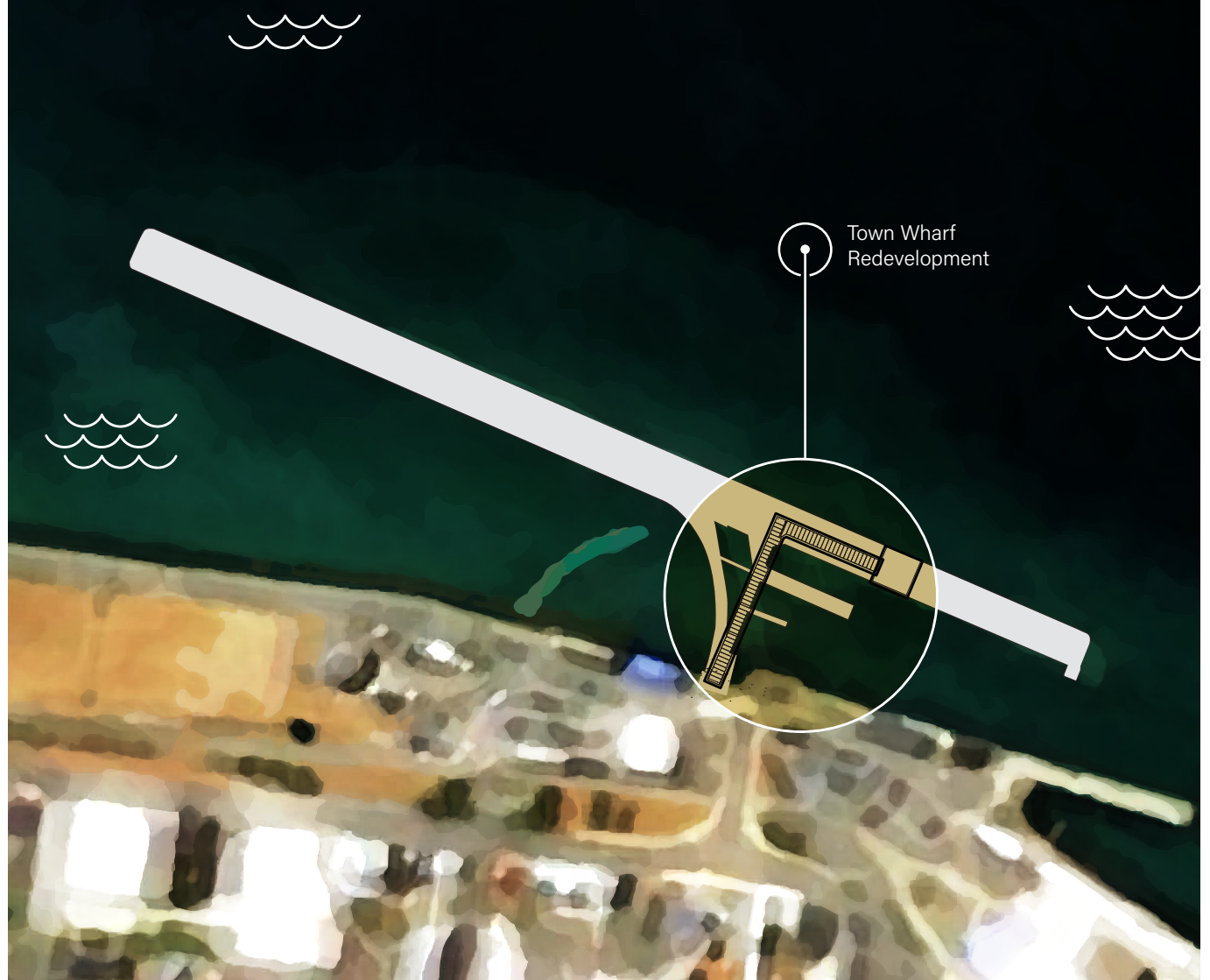
A detailed review of our highlights for the financial year ended 30 June 2022.

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Brian Perry Civil crane departing after completing the Town Wharf and petroleum berth upgrade.

TOWN WHARF REDEVELOPMENT



Town Wharf
Redevelopment



▶ Scan the QR code to watch the video.

Or use the link:
<https://southport.co.nz/annual-report/videos/2022/town-wharf-redevelopment>

The Town Wharf is built in sections. The first section (eastern end) was built in 1863 to provide a place to offload goods for the construction of the railway. It is this section that is the location of the 2022 upgrade.

Two further extensions to the west of the original wharf were built in 1872 (210 ft long) and 1876 (405 ft long). Further modifications for the maintenance of the wharf occurred throughout the late 19th and 20th centuries.

PROJECT OUTLINE

Due to the deteriorating condition of the wharf, it was closed to vehicle traffic in 2016. Brian Perry Civil was then engaged to upgrade a section of the original wharf to allow vehicles to access the fuel discharge area. Construction started in May 2021 and was completed as scheduled by May 2022.

To separate construction machinery from the public, a section of foreshore was closed during construction. Although the project may have appeared straightforward from the outside, it came with a high degree of complexity. One such complexity was that fuel discharges continued during the project. This required a significant amount of consultation between marine operations, contractors, and stakeholders.

Several techniques were employed by the contractor to minimise the environmental impacts of the construction. This included adapting pile driving techniques to reduce noise generated and deploying silt booms to trap silt disrupted during piling, as well as minimising debris created during demolition.

Brian Perry Civil supported local businesses by engaging several Bluff and Southland companies for a wide range of services including engineering, large transport, concrete decking, and drone photography.

These businesses included:

- Bluff Engineering
- Bluff Electrical
- Southland Transporters
- HeliDrill
- Southland Concrete
- Southland Reinforcing Services
- Southern Quality Assurance
- Stresscrete
- SouthDrone NZ

To complete this project, a significant section of the wharf needed to be demolished. This created a large volume of historic Australian hardwood timber becoming available. South Port is currently working with Southland-based organisations, with the goal of donating this timber to worthwhile projects in the region.

During the periods of poor weather or fuel discharge when the contractor was unable to work on the wharf construction, their crew broke down the hardwood timber into usable pieces in preparation for collection.

A portion of this wood has already been utilised in the design of Bluff's new Information Kiosk on Gore Street, and the local Te Rau Aroha Marae is currently integrating it into their new Marae Trail creating a large viewing platform that will be accessible to the public.

DESIGN

This upgrade project is an example of effective early contractor involvement. South Port developed high-level concepts of what the upgrade might look like, the contractor then provided input from a constructability point of view to assist with developing the concept design further to take forward to the detailed design phase.

The new 150m long access structure and discharge area consists of 53 steel cylinder piles which are between 10m and 19m long, driven into bedrock. Large steel beams are used to connect these piles and provide support for the 250mm thick precast concrete deck panels.

In the marine environment, corrosion protection is a key element of any design. In our case, the piles were wrapped in Denso SeaShield, and the steel beams were painted with a thermal aluminium spray, to provide corrosion protection.

The final piece of the jigsaw was the placement of steel pipe support brackets along the new wharf to allow Mobil (fuel) and RoadScience (bitumen) to install their pipelines later.

The design life is around 50 to 70 years, with an earthquake rating of Importance Level 3 (IL3) and can safely take highway traffic loading.



1975 Petroleum tanker Chevron Venice at the Town Wharf on 7 March, 1975.



2022 Petroleum tanker Forever Melody at the Town Wharf on 30 June, 2022.

GRATITUDE

South Port and the lead contractor, Brian Perry Civil, certainly appreciated the support of adjacent businesses and the local community working collaboratively to complete such a significant project. The crew on site enjoyed local schools visiting to see the large construction equipment operating, with feedback received indicating we have a few young future engineers inspired by the project. Local seafood delicacies were dropped off by the community to help fuel the team, which was very much appreciated given the bulk of the crew came from Wellington and Christchurch.

BUDGET

Having early contractor involvement provided a fair budget estimate of \$10.5 million, which covered the scope of work and known risks to the project such as geotechnical issues with pile embedment, standing time for vessel discharge, and inclement weather. The August lockdown did cost the project approximately \$100,000 through delays in establishing "essential" status and finding alternative transport to Bluff with flight cancellations. Overall, the project came in under budget.

HEALTH AND SAFETY

There were several additional risks to the type of work a project of this scale brings. This included working overwater, demolition of a decayed wharf, securing and lifting loads with a 100T crane, and significant wind and wave events, all while working adjacent to a fuel berth. Throughout the project, Brian Perry Civil established a strong safety culture and in doing this, achieved zero harm for the duration of the project, which is a credit to their team.





PHOTO:
Tammi Topi, SouthDrone NZ.

BLUFF CHANNEL DREDGING PROJECT

Kia Whakaū

As described in the 2021 Annual Report, project Kia Whakaū involves increasing the Port's available maximum high-water draft by up to 1m or from 9.7m to 10.7m. The initial application lodged in May 2021 was rejected by Environment Southland in June 2021, and South Port was required to address an information gap highlighted in the rejection letter.

From July to early December 2021, responses to the Environment Southland comments were compiled and then included in an updated application which was publicly notified in December 2021.

Following the notification period, a hearing was held in mid-April 2022. The hearing was adjourned following the presentation of evidence, with the Commissioners requesting the provision of further information on methodologies for validating the modelling results provided in the application. In addition, more information on the marine mammal mitigation measures and quantification of the turbidity levels at key seagrass receptor locations was required. Conferencing on the proposed consent was requested and was conducted in mid-June 2022.

The proposed consent conditions were further updated following conferencing and additional evidence was prepared and submitted to Environment Southland in July 2022.

The proposed consent conditions were further refined in response to two minutes issued by the Commissioners, including the provision of further points of clarification on the turbidity measurements.

South Port submitted a final set of the conditions and the closing legal submission to Environment Southland in August 2022.

At the time of writing, there has been no response from Environment Southland to the final set of conditions and closing legal submission; however, a decision is expected in the fourth quarter of 2022.

Deemed Consent

South Port contracted Heron Construction Company Ltd to remove fractured or fragmented rock that remained in the Port entrance channel from previous dredging campaigns.

The work was carried out under an existing coastal permit already issued by Environment Southland under the Resource Management Act. This coastal permit enabled South Port to remove any already blasted or fragmented rock that remained in the channel from previous 'capital dredging' campaigns over 40 years ago. Blasting of the channel completed in the 1980s saw some fragmented rock unable to be retrieved due to the engineering limitations of dredging machinery available at the time.

Dredging commenced on 19 August 2022 and took approximately six weeks.

This short dredging project was not part of the capital dredging proposal currently going through the resource consent process. The capital dredging proposal, likely to include rock breaking and blasting, is scheduled to commence within the next 24 months (subject to resource consent and contractor availability).



GPK De Donge 'B' Type Backhoe Dredger, to be operated by Heron Construction Company Ltd, throughout the dredging campaign.



73 YEARS OF DREDGING IN BLUFF: THE 'MURIHIKU'

These photographs are of the 'Murihiku,' a long-time dredge of the Bluff Harbour.

In the early twentieth century, the New Zealand Government commissioned William Simons & Co. Ltd of Renfrew, Scotland, to build a dredger bucket vessel specifically for Bluff. It was 1,620ft long, had a breadth of 34.2ft, and cost £28,000.

'Murihiku' departed for New Zealand on December 27, 1904, a trip that took 100 days.

The dredge featured a pipe and stern for reclamation spoils and boosted a dredging depth of 40ft and 28ft right along the piles. At the time, the 'Murihiku' was among the most powerful and up-to-date dredges in the Southern Hemisphere.

On August 9, 1905, a ceremony took place to welcome the 'Murihiku' to Bluff. Local M.P and once Mayor of Bluff, Sir Joseph Ward, stated that he was "voicing the sentiments of the people of Southland" and that the 'Murihiku' was "the most important in the history of Southland" because "with this splendid dredge working, all possibility of legitimate complaint against the Port will speedily be removed (having) deep-water berths adequate for the accommodation of the largest steamers trading in Australasian seas."

At the beginning of the most recent completed dredging project, which started in the 1970s and finished in the late 1980s, it was decided that the 'Murihiku' was to be decommissioned. It was towed to Auckland and broken up on January 19, 1978.

Behind this image was the following inscription:



"The dredge Murihiku at work in the Channel. Built in Renfrew Scotland in 1904, she arrived at Bluff on 29 June 1905, 100 days after setting sail. Berthed at the old wharf is the 'Ionic'."

REFERENCES:

Photo and information sourced from NZ Museums – Collections.
Object number BL.P100.

While the below photos of the 'Murihiku' do not have a date, it was an essential part of the Port's development for over 70 years by deepening the channel to accommodate large international vessels.



THE EVOLUTION OF BLUFF HARBOUR



1950



1964



1965



1974



1983



1955



1962



1971



1973



1990



2022

CELEBRATING OUR KEY STAKEHOLDERS

At South Port, we've got approximately thirty key stakeholders that utilise our facilities and conduct business regularly, with relationships that go back decades. We asked some of them what South Port means to their organisations as we reflect on times past.

NATIONAL FORESTRY ASSOCIATES (NFA)

NFA, a key stakeholder at South Port, is proud of the relationship that has seen the two organisations work together over the years to progress and achieve positive goals. This is proven in customer feedback, which has undoubtedly improved over time. The hard-working team at NFA appreciates South Port's effort to keep operations moving. Communication is always easy; there is no mucking around, the job gets done, and it gets done well.



SOUTHLAND STEVEDORING ASSOCIATION (SSA NZ)

SSA NZ, formerly known as Southland Stevedoring Services, is responsible for the loading and unloading of vessels. SSA NZ was first established at South Port in 1989. Communication is vital to a 24hr seven days a week industry - SSA NZ and South Port have established a connection that works well to deliver customers the best results.





MINISTRY OF PRIMARY INDUSTRIES (MPI)

"Biosecurity New Zealand and South Port work together to ensure that Southland's unmatched natural environment and Primary Industries are protected while facilitating trade and the movement of goods across the border."

- JASON BAIRD, Biosecurity New Zealand's Regional Quarantine Officer.



CUSTOMS NZ

New Zealand Customs Service works together with South Port to ensure that goals are achieved while not affecting the day-to-day activities of the Port.

An example of this cooperation was the quarantining of the container vessel Mattina at berth 4 due to positive COVID-19 cases on board. Customs, in liaison with partner agencies, enforced the isolation of the vessel while still allowing machinery to operate in the container yard as normal.

"Customs recognises South Port as the largest mover of international freight in the Southland area and is, therefore, our biggest key client in the district. We have always had a close working relationship with the port company and are mutually invested in each other's interests."

- BRETT MACKAY, Supervising Customs Officer.



Pictured here is Kirstie Hewlett, Director, and Chief Executive at Maritime NZ.

MARITIME NEW ZEALAND (MNZ)

As the maritime regulator, Maritime NZ values its relationship with South Port. Maritime NZ's goals of safe, secure, and clean are supported by its professional working relationship with crucial South Port staff.

Port safety has been a strong focus this year, resulting in the Minister of Transport taking various actions. Among those actions, Maritime NZ and WorkSafe NZ assessed 13 ports, including South Port and several other PCBUs working in the Port of Bluff.

Maritime NZ continues to work with South Port towards improving safety at the Port and across the port and maritime industry.



DT KINGS

DT Kings Transport has a long and successful history working with South Port delivering around 60 loads of logs per day for export to customers worldwide.

Communication, planning, and action are essential for the entire system to work efficiently in the supply chain. Having a partner like South Port, who is proactive and forward-thinking, ensures that we can maintain a high standard.

The high level of attention given to the safety and wellbeing of our staff when visiting South Port is critical to our company's overall goals in this area. Strategic partners that share these goals, such as South Port, are invaluable in the supply chain.

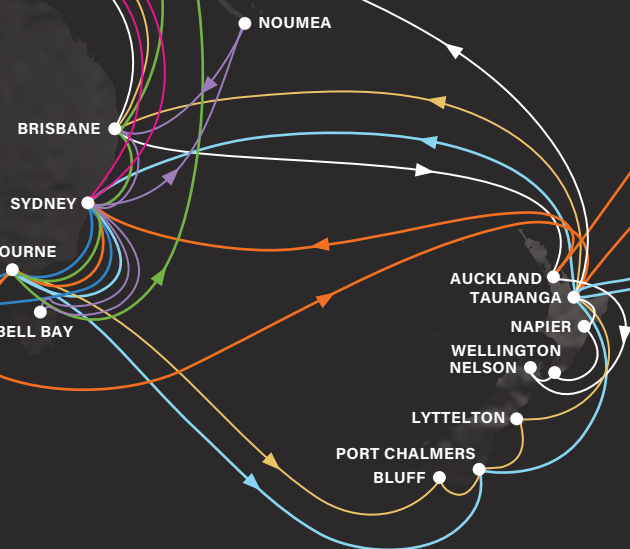
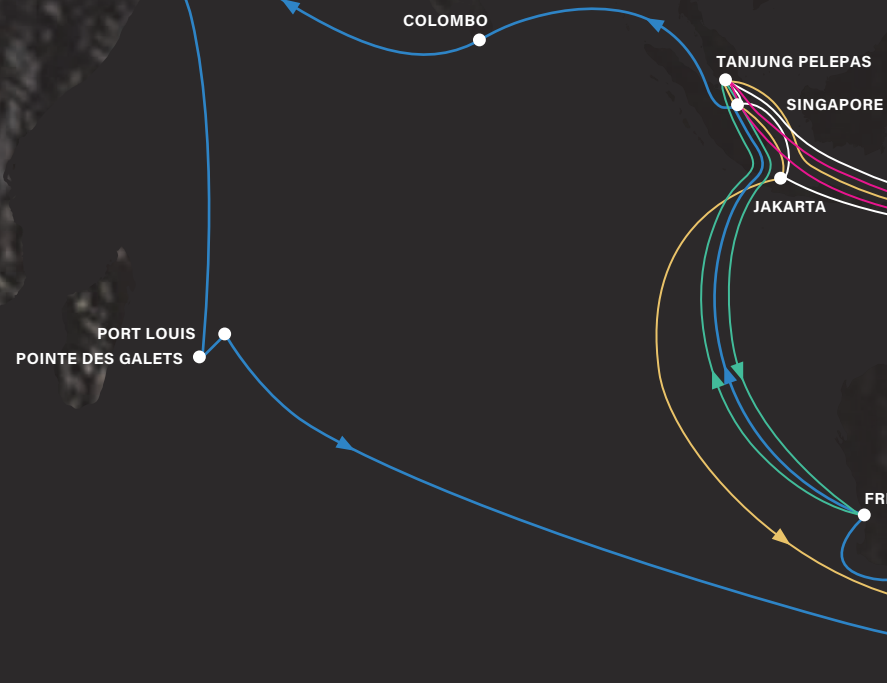
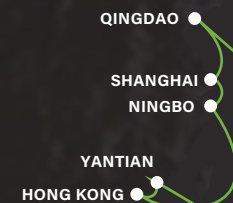
"At DT Kings, we are proud to associate our brand with key strategic partners that share many of our core values, such as South Port."



PANORAMIC VIEWS OVER BLUFF CHANNEL
*featuring – Stirling Point, Bluff, South Port,
expanding across to Tiwai (left to right)*

PHOTO: *Tammi Topi, SouthDrone NZ*





SERVICE OVERVIEW

WEEKLY CONTAINER LINE SERVICING BLUFF

500 PORTS OF CALL	155 COUNTRIES	700 VESSELS	23 million TEU CARRIED ANNUALLY (BASED ON AN ESTIMATE FOR 2022)
70 TERMINALS	250+ ROUTES	600 OFFICES	80,000 PEOPLE WORK FOR MSC CARGO DIVISION

Shipping Overview

CAPRICORN

Adelaide > Melbourne > Bluff >
Port Chalmers > Lyttelton > Tauranga >
Brisbane > Tanjung Pelepas > Singapore >
Jakarta > Adelaide

AUSTRALIA EXPRESS

Sydney > Melbourne > Adelaide >
Esperance* > Fremantle > Singapore >
Colombo > Gioia Tauro > Valencia >
London Gateway > Rotterdam > Hamburg >
Antwerp > Le Havre > Fos-Sur-Mer >
La Spezia > Gioia Tauro >
Pointe Des Galets > Port Louis > Sydney

KANGAROO

Singapore > Sydney > Tanjung Pelepas >
Singapore

PANDA

Brisbane > Sydney > Melbourne >
Qingdao > Shanghai > Ningbo >
Hong Kong > Yantian > Brisbane

KOALA

Singapore > Fremantle > Tanjung Pelepas >
Singapore

KIWI

Brisbane > Auckland > Nelson >
Wellington > Napier > Tauranga >
Tanjung Pelepas > Singapore
Jakarta > Brisbane

NOUMEA EXPRESS

Noumea > Brisbane >
Sydney > Bell Bay > Sydney > Noumea

OCEANIC LOOP 1

Sydney > Melbourne > Adelaide* >
Tauranga > Papeete* > Oakland >
Seattle* > Vancouver* > Long Beach >
Auckland > Sydney

OCEANIC LOOP 2

Sydney > Melbourne > Port Chalmers >
Tauranga > Cristobal > Philadelphia >
Charleston > Balboa > Tauranga > Sydney

**indicates fortnightly port call*

At the start of 2022, MSC officially acknowledged that their total ocean capacity had surpassed that of Maersk, making MSC the world's largest ocean carrier.

PORT INFRASTRUCTURE



Cold Stores
Island Harbour
- 39,500m³

Tiwai Wharf owned by South
Port and leased under a
licence agreement to NZAS

Berth 7

Berth 8

Woodchip
Stockpile

Syncrolift Dry Dock

Log Storage

Dry Warehouse
No.7 - 5,900m²

Dry Warehouse
No.4 - 5,900m²

Log Storage



© INVERCARGILL

South Port Intermodal Freight Centre (IFC), a 4,000m² warehouse with rail connection servicing the Otago and Southland regions, strategically located adjacent to the Invercargill KiwiRail rail head.



06

FINANCIALS

The Independent Auditor's Report to the Shareholders of South Port for the year ended 30 June 2022. This includes all financial reporting.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SOUTH PORT NEW ZEALAND LIMITED

The Auditor-General is the auditor of South Port New Zealand Limited and its subsidiaries (the Group). The Auditor-General has appointed me, Mike Hawken, using the staff and resources of Deloitte Limited, to carry out the audit of the consolidated financial statements on his behalf.

Opinion

We have audited the consolidated financial statements of the Group on pages 113 to 134, that comprise the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

We conducted 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 *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Auditor-General's Auditing Standards, which incorporate Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, South Port New Zealand Limited or any of its subsidiaries.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p>Property, Plant and Equipment</p> <p>As outlined in note 11 of the financial statements, the carrying amount of the Group's property, plant and equipment is \$77,342,000.</p> <p>Amounts are capitalised to property, plant and equipment and the Group assesses the recoverable amount of these assets in accordance with the accounting policies outlined in notes 3e and 3f(ii) of the financial statements.</p> <p>The Group identified the possible closure of the New Zealand Aluminium Smelter (NZAS) as an indicator of impairment for property, plant and equipment, so performed an impairment test of the cash generating units related to the NZAS assets.</p> <p>The impairment model was completed using a discounted cashflow analysis to determine value in use which contains several key assumptions:</p> <ul style="list-style-type: none"> • Annual revenue and expense growth rates over the next 5 year forecast period (including the impact of the possible NZAS closure at 31 December 2024) • Pre-tax discount rates • Terminal growth rates <p>We include impairment of property, plant and equipment as a key audit matter due to the level of subjectivity involved in the assumptions and the significance of the amounts involved.</p>	<p>We obtained an understanding of the Group's assessment for impairment indicators and its impairment model for property, plant and equipment, and focused our procedures on the key assumptions used in the model.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> • Agreeing a sample of forecast cashflows to Board approved budgets • Challenging the reliability of the Group's revenue and expense growth rates by considering the accuracy of previous forecasts by comparing them to actual results and considering the impact of Covid 19 on forecast revenue and profitability. • Evaluating the assumptions and impact of NZAS exit on the forecast cashflows. <p>We used our internal valuation specialists to assist with evaluating the models and challenging the Groups key assumptions.</p> <p>The procedures of the specialists included:</p> <ul style="list-style-type: none"> • Evaluating the appropriateness of the valuation methodology • Testing the mathematical integrity of the models • Evaluating the Group's determination of the pre-tax discount rates used in the models through consideration of relevant risk factors for the Cash Generating Unit, the cost of capital to the Group, and market data for comparable businesses • Comparing the terminal growth rates to market data. <p>We also performed sensitivity analysis to consider the extent to which a change in one or more of the key assumptions could give rise to impairment of Property, Plant and Equipment.</p> <p>As a result of the above procedures, we are satisfied that the impairment model and key assumptions applied are reasonable and supportable.</p>

Other information

The Directors are responsible on behalf of the Group for the other information. The other information comprises the information included on pages 2 to 109 and 135 to 148 but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

Directors' responsibilities for the consolidated financial statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with the New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors' responsibilities arise from the Financial Markets Conduct Act 2013.

Auditor's responsibilities for the audit of the consolidated financial statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of shareholders taken on the basis of these consolidated 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. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the 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.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Our responsibilities arise from the Public Audit Act 2001.

Mike Hawken
Partner for Deloitte Limited

On behalf of the Auditor-General
Dunedin, New Zealand
25 August 2022

Consolidated Statement of Comprehensive Income

OF SOUTH PORT NEW ZEALAND LIMITED FOR THE YEAR ENDED 30 JUNE 2022

In Thousands of New Zealand Dollars	NOTE	GROUP	
		2022	2021
Total operating revenues from port services	5	48,584	47,291
Total operating expenses	7	(27,160)	(28,447)
Operating profit before administrative and finance costs		21,424	18,844
Administrative expenses		(4,642)	(4,174)
Operating profit before financing costs		16,782	14,670
Financial income		1,374	340
Financial expenses		(1,008)	(367)
Net financing costs	6	366	(27)
Other income	5	10	36
Surplus before income tax		17,158	14,679
Income tax	10	(4,329)	(3,965)
Net surplus after income tax		12,829	10,714
Other comprehensive income		—	—
Total other comprehensive surplus/(loss) after income tax		—	—
Total comprehensive surplus/(loss) after income tax		12,829	10,714
Basic earnings per share	17	\$0.489	\$0.408

Consolidated Statement of Changes in Equity

OF SOUTH PORT NEW ZEALAND LIMITED FOR THE YEAR ENDED 30 JUNE 2022

In Thousands of New Zealand Dollars	NOTE	GROUP		
		Share Capital	Retained Earnings	Total Equity
Balance 1 July 2020		9,418	36,217	45,635
Profit/(loss) after income tax		—	10,714	10,714
Other comprehensive income		—	—	—
Total comprehensive income		—	10,714	10,714
Contributions by and distributions to owners				
Dividends paid during the period	15	—	(6,821)	(6,821)
Balance as at 30 June 2021		9,418	40,110	49,528
Balance 1 July 2021		9,418	40,110	49,528
Profit/(loss) after income tax		—	12,829	12,829
Other comprehensive income		—	—	—
Total comprehensive income		—	12,829	12,829
Contributions by and distributions to owners				
Dividends paid during the period	15	—	(7,083)	(7,083)
Balance as at 30 June 2022		9,418	45,856	55,274

Consolidated Statement of Financial Position

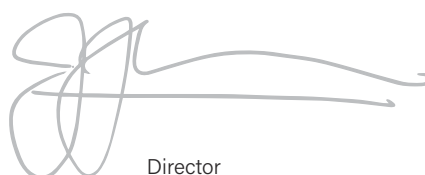
OF SOUTH PORT NEW ZEALAND LIMITED AS AT 30 JUNE 2022

	NOTE	GROUP	
In Thousands of New Zealand Dollars		2022	2021
TOTAL EQUITY		55,274	49,528
NON-CURRENT ASSETS			
Property, plant and equipment	11	77,342	57,218
Right-of-use assets	24	427	317
Deferred tax asset	10(d)	1,107	466
Financial assets	14	789	—
Total non-current assets		79,665	58,001
CURRENT ASSETS			
Cash and cash equivalents	12	1,303	1,627
Trade and other receivables	13	7,004	9,045
Financial assets	14	164	—
Total current assets		8,471	10,672
Total assets		88,136	68,673
NON-CURRENT LIABILITIES			
Employee entitlements	19	50	32
Deferred tax liability	10(d)	—	—
Loans and borrowings	18	25,500	9,000
Financial liabilities	21	—	234
Lease liabilities	24	360	280
Total non-current liabilities		25,910	9,546
CURRENT LIABILITIES			
Loans and borrowings	18	—	—
Trade and other payables	20	3,325	6,553
Employee entitlements	19	1,548	1,418
Provision for taxation	10(c)	1,986	1,393
Financial liabilities	21	—	182
Lease liabilities	24	93	53
Total current liabilities		6,952	9,599
Total liabilities		32,862	19,145
TOTAL NET ASSETS		55,274	49,528
Net asset backing per share	17	\$2.11	\$1.89

On behalf of the Board
Dated 25 August 2022



Chair of Directors



Director

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

OF SOUTH PORT NEW ZEALAND LIMITED FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	GROUP	
In Thousands of New Zealand Dollars		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided by (applied to):			
Receipts from customers		47,565	47,557
Payments to suppliers and employees		(28,622)	(27,392)
Interest received		5	6
Interest paid		(913)	(358)
Income taxes paid		(4,377)	(3,934)
Net goods and services tax paid		37	(52)
Net cash flow from operating activities	25	13,695	15,827
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided by (applied to):			
Proceeds from disposal of non-current assets		30	62
Acquisition of other non-current assets		(23,367)	(11,119)
Net cash used in investing activities		(23,337)	(11,057)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided by (applied to):			
Dividend paid		(7,083)	(6,821)
Drawdown/(repayment) of borrowings		16,500	2,500
Lease liabilities paid		(99)	(51)
Net cash used in financing activities		9,318	(4,372)
NET INCREASE (DECREASE) IN CASH HELD		(324)	398
Add cash at beginning of year		1,627	1,229
TOTAL CASH AT END OF YEAR	12	1,303	1,627

The accompanying notes form part of these financial statements

Notes to the Financial Statements

OF SOUTH PORT NEW ZEALAND LIMITED FOR THE YEAR ENDED 30 JUNE 2022

01 Reporting Entity

South Port New Zealand Limited (the "Company") is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange ("NZX"). The Company is an issuer in terms of the Financial Reporting Act 2013.

The consolidated financial statements of South Port New Zealand Limited as at and for the period ended 30 June 2022 comprise the Company and its subsidiary Awarua Holdings Ltd (together referred to as the "Group"). South Port New Zealand Ltd is primarily involved in providing and managing port and warehousing services.

02 Basis of Preparation

(a) Statement of Compliance

The Parent Company is a Financial Markets Conduct (FMC) reporting entity for the purposes of the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013. These financial statements comply with these Acts and have been prepared in accordance with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. These financial statements comply with International Financial Reporting Standards (IFRS).

The financial statements were approved by the Board of Directors on 25 August 2022.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Financial instruments measured at fair value

The methods used to measure fair values are discussed further in Note 04.

(c) Functional and Presentation Currency

These financial statements are presented in New Zealand dollars (\$), which is the Company's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand.

(d) Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on amounts recognised in the financial statements are as detailed below:

- Depreciation Rates and Asset Useful Lives (Note 03(e))
- Impairment (Note 03(f) and Note 11)

03 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

(a) Basis of Consolidation

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(b) Foreign Currency

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions.

(c) Goods and Services Tax (GST)

All financial information is expressed exclusive of GST, except for trade and other receivables, and trade and other payables, which are expressed inclusive of GST in the Statement of Financial Position.

(d) Financial Instruments

(i) Non-derivative financial instruments

The Group is party to financial instruments as part of its normal operations. These financial instruments include cash and cash equivalents, trade and other receivables, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value on transaction date plus, for instruments not at fair value through the profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or

if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other receivables

Trade and other receivables are recognised initially at fair value.

Trade receivables are held with the objective of collecting the contractual cash flows and therefore they are subsequently measured at amortised cost, less a provision for expected credit loss.

Interest-bearing borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade payables are recognised initially at fair value less transaction costs and subsequently measured at amortised cost.

(ii) Derivative financial instruments and hedging activities

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from financing and investment activities.

In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments qualifying for hedge accounting are classified as non current if the maturity of the instrument is greater than 12 months from reporting date and current if the instrument matures within 12 months from reporting date. Derivatives accounted for as trading instruments are classified as current.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging relationship.

Interest rate swaps

Derivative financial instruments also include interest rate swaps to hedge (economically but not in accounting terms) the Group's risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of interest rate swaps are taken directly to profit or loss for the year.

The fair values of interest rate swap contracts are determined by reference to market values for similar instruments.

(e) Property, Plant & Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Land is not depreciated.

The initial cost includes the purchase price and any costs directly attributable to bringing the asset to the state of being ready for use in location. These costs can include installation costs, borrowing costs, cost of obtaining resource consents etc. Any feasibility costs are expensed.

(ii) Subsequent expenditure

Subsequent expenditure is added to the gross carrying amount of an item of property, plant or equipment, if that expenditure increases the future economic benefits of the asset beyond its existing potential, or is necessarily incurred to enable future economic benefits to be obtained and its cost can be measured reliably.

(iii) Disposal of property, plant and equipment

Where an item of PPE is disposed of, the gain or loss is recognised in the Statement of Comprehensive Income at the difference between the net sale price and the net carrying amount of the item.

(iv) Depreciation

Property, plant and equipment are depreciated on a straight-line basis so as to allocate the costs of assets over their estimated useful lives as follows:

Land	Nil
Buildings	12.5 – 50 years
Wharves	15 – 50 years
Other Property, Plant and Equipment	4 – 30 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(f) Impairment

The carrying amounts of the Group's non-financial assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Income.

(i) Impairment of receivables

For trade and other receivables the Group makes use of a simplified approach, as permitted by NZ IFRS 9, and records the loss allowances as lifetime expected credit losses from that recognition. This is expected credit losses that result from all possible default events over the life of the financial instrument.

(ii) Impairment of Property, Plant and Equipment (PPE)

For property, plant and equipment, the Group assesses whether there are any circumstances that have materially changed during the year or after balance date that could lead to the potential impairment of PPE. If there is a risk of impairment, then Management prepare cash flow models for the Cash Generating

Units (CGU) that could potentially be adversely affected, to determine whether any impairment against PPE needs to be recognised in the financial statements.

(g) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(h) Revenue

(i) Revenue from port services

Port operations revenue is derived from an integrated performance obligation for the provision of marine services, berthage, wharfage, storage and other services. Revenue is recognised both at a point in time when the Group satisfies its performance obligations by transferring the promised services to its customers, and over time as the Group performs the service and the customer simultaneously benefits from the service. All services performed have short service performance timeframes. Revenue received in advance is recorded as a liability and recognised as revenue when the performance obligation is satisfied.

(ii) Rental income

Rental income from property is recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

(i) Lease Payments

The Group leases certain property, plant and equipment. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low value assets where the Group recognises the lease payments as an other operating expense on a straight-line basis over the term of the lease.

Lease Liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate (IBR).

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed

residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right of Use (ROU) Assets

The ROU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated over the shorter period of lease term and useful life of the underlying asset using the straight-line method. The estimated useful lives of ROU assets are determined on the same basis as similar owned assets within property, plant and equipment. Depreciation starts at the commencement date of the lease.

ROU assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a ROU asset is impaired and accounts for any identified impairment loss under the same policy adopted for property, plant and equipment.

The Group as a lessor

The Group enters into lease agreements as a lessor with respect to some of its properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(j) Finance Income and Expenses

Finance income comprises interest income on funds invested, dividend income, foreign currency gains and changes in the fair value of financial assets at fair value through profit or loss.

Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established.

Finance expenses comprise interest expense on borrowings and lease liabilities, foreign currency losses, interest rate swap losses, and impairment losses recognised on financial assets. All borrowing costs are recognised in the Statement of Comprehensive Income using the effective interest method.

(k) Income Tax Expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(l) Earnings per Share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the net surplus after income tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

There is no value difference between basic EPS and diluted EPS.

(m) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive.

The Group operates solely in the port industry and all operations are carried out in the Southland region, therefore there are no separately reportable segments to be disclosed.

(n) Amendments to NZ IFRS

There are no new, revised or amended accounting standards issued by the International Accounting Standards Board (IASB) and the New Zealand Accounting Standards Board (NZASB) that are mandatory for application by the Group for the financial year beginning 1 July 2021.

(o) NZ IFRS issued but not yet effective

No other standards, amendments or interpretations that have been issued but are not yet effective are expected to materially impact the Group's financial statements.

(a) Derivative Financial Instruments

The fair value of forward exchange contracts and interest rate derivatives are determined using quoted rates at balance date.

(b) Other Non-Derivative Financial Instruments

The carrying values less impairment provisions of trade receivables and payables are assumed to approximate their fair values.

The carrying values of loans and borrowings approximate their fair values.

05 Operating Revenue

In Thousands of New Zealand Dollars	GROUP	
	2022	2021
Marine and storage services	18,120	17,546
Cargo and logistics services	25,263	24,642
Rental revenue (over time)	5,201	5,103
Total operating revenue from port services	48,584	47,291
Other income	10	36
Total operating revenue	48,594	47,327

Revenue arises from the delivery of port related services (under NZ IFRS 15), and rental property leases (under NZ IFRS 16). To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligations are satisfied

Marine and storage services revenue is derived from an integrated performance obligation for the provision of channel navigation, berthage, and storage of customer cargo. This revenue is recognised over time as South Port performs the service, and the customer simultaneously benefits from that service.

Cargo and logistics services revenue is derived from an integrated performance obligation for the provision of wharfage, container packing and other cargo logistics services. This revenue is recognised at a point in time when South Port satisfies its performance obligations by transferring the promised services to its customers.

All port services performed have short service performance timeframes. All revenue is shown net of volume discounts.

Rental revenue from property leased under operating leases is recognised on a straight-line basis over the term of the relevant lease, as per NZ IFRS 16. Total variable rental revenue for 2022 was \$1,566,000 (2021: \$1,535,000).

Other income relates to the gain on sale from property, plant and equipment. This income is recognised when an unconditional contract is in place, and it is probable that the Group will receive the consideration due and significant risks and rewards of ownership of assets have been transferred to the buyer.

04 Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

06 Finance Income and Expenses

In Thousands of New Zealand Dollars	GROUP	
	2022	2021
INCOME		
Interest income	5	6
Change in fair value of interest rate swap	1,369	334
Total financial income	1,374	340
EXPENSES		
Interest expense	(980)	(349)
Interest expense on lease liabilities	(28)	(18)
Total financial expenses	(1,008)	(367)
Net finance costs	366	(27)

07 Operating Expenses

The following items of expenditure are included in total operating expenses:

In Thousands of New Zealand Dollars	GROUP	
	2022	2021
Auditors' remuneration for audit services	64	72
Bad debts written off	2	11
Depreciation of property, plant & equipment (Note 11)	4,252	4,087
Depreciation of right-of-use assets (Note 24)	108	58
Directors' fees	337	290
Donations	4	4
Short term-rental and lease expenses	46	57
Increase/(decrease) in liability for long-service leave	15	—
Loss on disposal of assets	17	7

08 Employee Benefits Expense

In Thousands of New Zealand Dollars	GROUP	
	2022	2021
Salaries and wages	12,273	11,145
Defined contribution plans	388	379
Other employee benefits	205	191
	12,866	11,715

The amounts recorded above are included in operating expenses or administrative expenses depending on the nature of the work performed.

09 Key Management Personnel Compensation

The compensation of the Directors, Chief Executive and other senior management, being the key management personnel of the entity, is set out below:

In Thousands of New Zealand Dollars	GROUP	
	2022	2021
Short-term employee benefits (including Director fees)	2,268	2,037
Defined contribution plans	52	46
Other long-term employee benefits	8	6
	2,328	2,089

10 Income Taxes

In Thousands of New Zealand Dollars	GROUP	
	2022	2021
(A) INCOME TAX RECOGNISED IN PROFIT OR LOSS		
Tax expense/(income) comprises:		
Current tax expense / (credit):		
Current year	4,962	4,334
Adjustments for prior years	8	(62)
	4,970	4,272
Deferred tax expense / (credit)		
Origination and reversal of temporary differences	(641)	(307)
Adjustments relating to tax legislation changes	—	—
	(641)	(307)
Total tax expense / (income)	4,329	3,965
The prima facie income tax expense on pre-tax accounting surplus reconciles to the income tax expense in the financial statements as follows:		
Surplus / (deficit) before income tax	17,158	14,679
Income tax expense (credit) calculated at 28%	4,804	4,110
Temporary differences	188	(87)
Non-deductible expenses	13	5
Non assessable income	2	(1)
	5,007	4,027
(Over) / under provision of income tax in previous year	9	(62)
Adjustment relating to prior period deferred tax on buildings IRE	(687)	—
Income tax expense	4,329	3,965

The tax rate used in the above reconciliation is the corporate tax rate of 28% payable on taxable profits under New Zealand tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

Note 10 continued...

(B) INCOME TAX RECOGNISED DIRECTLY IN EQUITY

There was no current or deferred tax charged / (credited) directly to equity during the period.

In Thousands of New Zealand Dollars	GROUP	
	2022	2021
(C) CURRENT TAX ASSETS AND LIABILITIES		
Current tax payable:		
Current tax payable	1,986	1,393

(D) DEFERRED TAX BALANCES COMPRISE:

Taxable and deductible temporary differences arising from the following:

In Thousands of New Zealand Dollars	GROUP			
	1 July 2021 Opening Balance	Recognised in profit/loss	Recognised in equity	30 June 2022 Closing Balance
Gross deferred tax assets:				
Property, plant and equipment	49	649	—	698
Employee entitlements	417	(8)	—	409
Net deferred tax asset / (liability)	466	641	—	1,107

In Thousands of New Zealand Dollars	GROUP			
	1 July 2020 Opening Balance	Recognised in profit/loss	Recognised in equity	30 June 2021 Closing Balance
Gross deferred tax assets:				
Property, plant and equipment	(234)	283	—	49
Employee entitlements	393	24	—	417
Net deferred tax asset / (liability)	159	307	—	466

In Thousands of New Zealand Dollars	GROUP	
	2022	2021
(E) IMPUTATION CREDIT ACCOUNT BALANCES		
Balance at beginning of year	15,032	13,413
Less Taxation (payable) receivable 2021	(1,393)	(1,055)
Taxation paid	4,377	3,934
Attached to dividends paid	(2,755)	(2,653)
Add Taxation payable (receivable) 2022	1,986	1,393
Balance at end of year	17,247	15,032

11 Property, Plant and Equipment

2022

In Thousands of New Zealand Dollars	Cost 1 July 2021	Additions	Transfers from Work in Progress	Disposals	*Other	Cost 30 June 2022	Accumulated Depn and Impairment charges 1 July 2021	Depn Expense	Accumulated Depn reversed on Disposal	Accumulated Depn and Impairment charges 30 June 2022	Carrying Amt 30 June 2022
Land	3,736	—	—	—	—	3,736	—	—	—	—	3,736
Buildings	22,470	—	55	(17)	118	22,626	7,909	479	(17)	8,371	14,255
Plant & machinery (includes wharves)	77,876	47	14,792	(708)	(87)	91,920	45,881	3,773	(647)	49,007	42,913
Work in progress	6,926	24,359	(14,847)	—	—	16,438	—	—	—	—	16,438
	111,008	24,406	—	(725)	31	134,720	53,790	4,252	(664)	57,378	77,342

2021

In Thousands of New Zealand Dollars	Cost 1 July 2020	Additions	Transfers from Work in Progress	Disposals	*Other	Cost 30 June 2021	Accumulated Depn and Impairment charges 1 July 2020	Depn Expense	Accumulated Depn reversed on Disposal	Accumulated Depn and Impairment charges 30 June 2021	Carrying Amt 30 June 2021
Land	3,078	658	—	—	—	3,736	—	—	—	—	3,736
Buildings	22,317	153	—	—	—	22,470	7,431	478	—	7,909	14,561
Plant & machinery (includes wharves)	75,178	3,647	—	(943)	(6)	77,876	43,153	3,609	(881)	45,881	31,995
Work in progress	1,200	5,726	—	—	—	6,926	—	—	—	—	6,926
	101,773	10,184	—	(943)	(6)	111,008	50,584	4,087	(881)	53,790	57,218

The Group has identified the possible closure of the New Zealand Aluminium Smelter (NZAS) at 31 December 2024 as a possible indicator of impairment for Property, Plant and Equipment. An impairment test of the Cash Generating Unit (CGU) to which NZAS relates has been completed using a discounted cashflow analysis to determine the value in use. While the discounted cashflow model relies on certain assumptions such as forecast future cashflows, growth rates and the use of discount rates, there is no indication of impairment of any Property, Plant and Equipment. The impairment test included sensitivity analysis of key assumptions, which also supported the carrying value of Property, Plant and Equipment.

* These amounts relate to the reclassification of assets from one class to another, and also include adjustments for crane spare parts to/from maintenance after a stocktake of spares is completed each balance date.

Included in the property, plant and equipment are the following assets, all integral to the import or export of goods through the port and subject to an operating lease with a port customer.

LEASED ASSETS

GROUP

In Thousands of New Zealand Dollars	Land	Buildings and Wharves	Total
Cost			
Balance 1 July 2020	776	17,938	18,714
Additions	—	22	22
Cost at 30 June 2021	776	17,960	18,736
Balance 1 July 2021	776	17,960	18,736
Additions	12	—	12
Cost at 30 June 2022	788	17,960	18,748
Accumulated Depreciation			
Balance 1 July 2021	—	7,816	7,816
Depreciation for the period	—	347	347
Accumulated Depreciation at 30 June 2022	—	8,163	8,163
Net book value			
As at 30 June 2021	776	10,144	10,920
As at 30 June 2022	788	9,797	10,585

12 Cash and Cash Equivalents

In Thousands of New Zealand Dollars	GROUP	
	2022	2021
Bank balances	1,303	1,627
Cash and cash equivalents	1,303	1,627
Cash and cash equivalents in the statement of cash flows	1,303	1,627

13 Receivables and Advances

In Thousands of New Zealand Dollars	GROUP	
	2022	2021
Tug Prepayment	—	2,843
Prepayments	93	51
Trade receivables	6,961	6,201
Expected credit losses	(50)	(50)
	7,004	9,045

14 Financial Assets

In Thousands of New Zealand Dollars	GROUP	
	2022	2021
Interest Rate Derivatives (non-current)	789	—
Interest Rate Derivatives (current)	164	—
	953	—

15 Share Capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All of the 26,234,898 ordinary shares rank equally with regard to the Company's residual assets. All shares are fully paid and have no par value. There were no shares issued or redeemed during the year.

DIVIDENDS

Dividends are recognised in the period that they are authorised and declared.

In Thousands of New Zealand Dollars	GROUP	
	2022	2021
2021 final dividend paid on all ordinary shares @ 19.50 cents per share (2020: 18.50 cents)	5,116	4,854
2022 interim: on all ordinary shares @ 7.50 cents per share (2021: 7.50 cents)	1,967	1,967
Total distributions to shareholders	7,083	6,821

After 30 June 2022 the following dividends were proposed by the directors for 2022. The dividends have not been provided for and there are no income tax consequences. Total imputation credits to be attached to the dividend are \$1,989,000.

In Thousands of New Zealand Dollars	2022
2022 final dividend payable on 8 November 2022 @ 19.50 cents per share	5,116

16 Capital Management

The Group's capital includes share capital, reserves and retained earnings. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence. The Board of Directors' objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

The Group meets its objectives for managing capital through its investment decisions on the acquisition, disposal and development of assets and its distribution policy. It is Group policy that the dividend pay out takes account of its free cash flows and reported profit.

The Group is required to comply with certain financial covenants in respect of external borrowings set by the Group's bankers. All covenants have been adhered to throughout the years ended 30 June 2022 and 30 June 2021.

The Group's policies in respect of capital management are reviewed regularly by the Board of Directors. There have been no changes in the Group's management of capital during the year.

17 Earnings per Share and Net Asset Backing per Share

The calculation of basic earnings per share at 30 June 2022 was based on the reported profit attributable to ordinary shareholders of \$12,829,000 (2021: \$10,714,000) and a weighted average number of ordinary shares outstanding of 26,234,898 (2021: 26,234,898). Basic and diluted EPS are the same value.

The calculation of the net asset backing per share at 30 June 2022 was based on the total net assets value of \$55,274,000 (2021: \$49,528,000) and a weighted average number of ordinary shares outstanding of 26,234,898 (2021: 26,234,898).

18 Loans and Borrowings

In Thousands of New Zealand Dollars	GROUP	
	2022	2021
Non-current		
ANZ Bank New Zealand Limited	25,500	9,000
	25,500	9,000
Current		
ANZ Bank New Zealand Limited	—	—
	—	—
Total Borrowings	25,500	9,000

South Port New Zealand Limited's credit facility of \$32 million from ANZ is split between four different facilities as follows:

- Term Facility - \$5 million expiring 1 February 2024
- Term Facility - \$8 million expiring 1 July 2024
- Term Facility - \$3 million expiring 31 October 2024
- Short Term Advances Facility - \$16 million finally terminating 1 November 2024

The total facility is secured by way of a general security registered over all assets both present and future of South Port New Zealand Limited. The same security was in place the previous year.

The Facilities as at 30 June 2021 were as follows:

- Term Facility - \$5 million expiring 1 February 2024
- Short Term Advances Facility - \$12 million finally terminating 1 November 2022

Interest on the first \$16 million drawn at any one time is payable according to the interest rate swap agreements the Company has with ANZ. Interest on the balance of funds drawn at any time is calculated using a variable rate based on the BKBM (3 month bank bill rate).

19 Employee Entitlements

In Thousands of New Zealand Dollars	GROUP		2022
	Wages, Salaries and Annual Leave	Long Service Leave	Total
Balance 30 June 2021	1,358	92	1,450
Additional Provision	494	(2)	492
Utilised during the period	(362)	18	(344)
Balance at 30 June 2022	1,490	108	1,598
Current	1,490	58	1,548
Non-current	—	50	50

EMPLOYEE ENTITLEMENTS

(i) Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave are calculated on an actual entitlement basis at current rates of pay to be settled within 12 months from reporting date.

(ii) Long service leave

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Any actuarial gains or losses are recognised in the Statement of Comprehensive Income in the period in which they arise.

20 Trade and Other Payables

In Thousands of New Zealand Dollars	GROUP	
	2022	2021
Trade creditors and accruals	3,325	6,553
	3,325	6,553

21 Financial Liabilities

In Thousands of New Zealand Dollars	GROUP	
	2022	2021
Interest rate derivatives (non-current)	—	234
Interest rate derivatives (current)	—	182
	—	416

22 Financial Instruments

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Note 22 continued...

The Group has a series of policies to manage the risk associated with financial instruments. Policies have been established which do not allow transactions which are speculative in nature to be entered into and the Group is not actively engaged in the trading of financial instruments. As part of this policy, limits of exposure have been set and are monitored on a regular basis.

CREDIT RISK

Financial instruments which potentially subject the Group to credit risk principally consist of bank balances and accounts receivable. The carrying amount of these financial instruments represents the maximum exposure to credit risk. Management has a credit policy in place under which each new customer is individually analysed for credit worthiness. In order to determine which customers are classified as having payment difficulties the Group applies a mix of duration and frequency of default and makes provision for estimated balances considered to be impaired. The Group does not require collateral in respect of trade and other receivables. Cash handling is only carried out with counterparties which have an investment grade credit rating.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient cash and borrowing facilities available to meet its liabilities when due, under both normal and adverse conditions. The Group's cash flow requirements and the utilisation of borrowing facilities are continuously monitored, and it is required that committed bank facilities are maintained above maximum forecast usage.

The only liquidity risks the Group has at balance date are trade payables totalling \$3,325,000 (2021: \$6,553,000) which are all due within 30 days, and loans and borrowings totalling \$25,500,000 (2021: \$9,000,000) as per Note 18. The Group has undrawn facilities of \$6,500,000 to assist with managing any liquidity risks.

Funding risk is the risk that arises when either the size of borrowing facilities or the pricing thereof is not able to be replaced on similar terms, at the time of review with the Group's banks. To minimise funding risk it is Board policy to spread the facilities' renewal dates and the maturity of individual loans. Where this is not possible, extensions to, or the replacement of, borrowing facilities are required to be arranged at least two months prior to each facility's expiry.

MARKET RISK

The Group enters into derivative arrangements in the ordinary course of business to manage foreign currency and interest rate risks.

FOREIGN EXCHANGE RISK

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the Parent's functional currency, New Zealand dollars (\$), which is the presentation currency of the Group.

The Group does not have any material exposure to currency risk except for the one-off purchases of assets (e.g. plant and machinery) denominated in foreign currencies. It is Group policy that foreign exchange exposures on imported goods must be hedged by way of foreign exchange forward contracts or options to a minimum of 50% at the time the exposure is known with certainty on all transactions that are material.

The purpose of these contracts is to reduce the risk from price fluctuations of foreign currency commitments associated with

these one-off purchases. Any resulting differential to be paid or received as a result of the currency change is reflected in the cash flow hedge reserve to the extent that the hedge is effective, until the asset is recognised. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

The Group has no foreign exchange forward contracts at balance date (2021: nil).

INTEREST RATE RISK

The Group is exposed to interest rate risk on their borrowings. All debt is borrowed on either a fixed or floating interest rate basis. As per the Group's Treasury Policy, interest rate risk management bands apply to 'core debt' forecasts (defined as the lowest level of debt projected over the forecast period). Once core debt exceeds \$10 million, the fixed; floating mix is subject to the limits in the following table:

Fixed Debt Maturing within	Minimum fixed rate	Maximum fixed rate
0-1 years	40%	100%
1-3 years	25%	80%
3-5 years	0%	60%

Interest payable to ANZ is charged on the following basis:

- (i) A range of interest rate swaps; and
- (ii) Variable rates based on the BKBM.

During the period the range of variable interest rates applying to the credit facility (including margin) were between 1.32% and 3.43% (2021: 1.16% and 2.34%). The Company is exposed to normal fluctuations in market interest rates.

Interest rate swap (i) – South Port has an interest rate swap in place which commenced in November 2019 and matures in November 2024. The interest rate swap has a fixed swap rate of 3.64% with a notional contract amount of \$5 million at 30 June 2022 (2021: contract in place for \$5 million @ 3.64%, commencing November 2019 and maturing November 2024).

Interest rate swap (ii) – South Port has an interest rate swap which commenced 1 July 2021 and matures in July 2026. The interest rate swap has a fixed swap rate of 1.27% with a notional contract amount of \$8 million (2021: No contract in place).

Interest rate swap (iii) – South Port has an interest rate swap which commenced 1 November 2021 and matures in October 2024. The interest rate swap has a fixed swap rate of 2.5875% with a national contract amount of \$3 million (2021: No contract in place).

CREDIT FACILITY

At balance date the Group had a total loan facility of \$32 million (2021: \$17 million), of which \$25,500,000 (2021: \$9,000,000) had been drawn down.

The Group also has an overdraft facility of \$200,000 (2021: \$200,000), of which \$0 (2021: \$0) had been drawn down.

FAIR VALUES

The carrying amount is considered to be the fair value for each financial instrument.

The maturity profiles of the Group's interest bearing investments and borrowings are disclosed on the following pages.

Note 22 continued...

FINANCIAL INSTRUMENTS CLASSIFICATION TABLE

The Group held the following financial instruments at reporting date:

					2022
In Thousands of New Zealand Dollars					
	Financial Assets at Amortised Cost	Financial Assets at Fair Value through Profit or Loss	Financial Liabilities at Fair Value through Profit or Loss	Financial Liabilities at Amortised Cost	Total Carrying Amount
Assets					
Interest rate derivatives	—	789	—	—	789
Total non-current assets	—	789	—	—	789
Interest rate derivatives	—	164	—	—	164
Cash and cash equivalents	1,303	—	—	—	1,303
Trade and other receivables	7,004	—	—	—	7,004
Total current assets	8,307	164	—	—	8,471
Total assets	8,307	953	—	—	9,260
Liabilities					
Loans and borrowings	—	—	—	25,500	25,500
Lease liabilities	—	—	—	360	360
Total non-current liabilities	—	—	—	25,860	25,860
Trade and other payables	—	—	—	3,325	3,325
Lease liabilities	—	—	—	93	93
Total current liabilities	—	—	—	3,418	3,418
Total liabilities	—	—	—	29,278	29,278

					2021
In Thousands of New Zealand Dollars					
	Financial Assets at Amortised Cost	Financial Assets at Fair Value through Profit or Loss	Financial Liabilities at Fair Value through Profit or Loss	Financial Liabilities at Amortised Cost	Total Carrying Amount
Assets					
Cash and cash equivalents	1,627	—	—	—	1,627
Trade and other receivables	9,045	—	—	—	9,045
Total current assets	10,672	—	—	—	10,672
Total assets	10,672	—	—	—	10,672
Liabilities					
Interest rate derivatives	—	—	234	—	234
Loans and borrowings	—	—	—	9,000	9,000
Lease liabilities	—	—	—	280	280
Total non-current liabilities	—	—	234	9,280	9,514
Interest rate derivatives	—	—	182	—	182
Trade and other payables	—	—	—	6,553	6,553
Lease liabilities	—	—	—	53	53
Total current liabilities	—	—	182	6,606	6,788
Total liabilities	—	—	416	15,886	16,302

As per the Group's accounting policies, all carrying amounts of financial instruments at balance date approximate their fair values.

Note 22 continued...

MATURITY PROFILE OF FINANCIAL INSTRUMENTS

The following table details the Group's exposure to interest rate risk on financial instruments:

2022

In Thousands of New Zealand Dollars	Weighted Average Effective Interest Rate	CCAF Interest Rate	Carrying Value \$'000	Contractual Cashflows \$'000	Less than 1 year \$'000	1 - 2 years \$'000	2 - 3 years \$'000	3 - 4 years \$'000	4 - 5 years \$'000	5 + years \$'000	Non Interest Bearing
Financial assets:											
Cash & cash equivalents	0.70%	0.70%	1,303	1,303	1,303	—	—	—	—	—	—
Trade & other receivables	—	—	7,004	7,004	7,004	—	—	—	—	—	7,004
Interest rate derivatives (non-current)	2.26%	0.40%	789	(47)	—	(64)	(22)	31	8	—	—
Interest rate derivatives (current)	2.26%	0.40%	164	(64)	(64)	—	—	—	—	—	—
Financial liabilities:											
Trade & other payables	—	—	(3,325)	(3,325)	(3,325)	—	—	—	—	—	(3,325)
Loans & borrowings (non-current)	4.23%	4.01%	(25,500)	(27,631)	(1,022)	(5,935)	(20,674)	—	—	—	—
Lease liabilities (non-current)	5.00%	—	(360)	(391)	—	(114)	(114)	(113)	(49)	(1)	—
Lease liabilities (current)	5.00%	—	(93)	(113)	(113)	—	—	—	—	—	—
			(20,018)	(23,264)	3,783	(6,113)	(20,810)	(82)	(41)	(1)	3,679

2021

In Thousands of New Zealand Dollars	Weighted Average Effective Interest Rate	CCAF Interest Rate	Carrying Value \$'000	Contractual Cashflows \$'000	Less than 1 year \$'000	1 - 2 years \$'000	2 - 3 years \$'000	3 - 4 years \$'000	4 - 5 years \$'000	5 + years \$'000	Non Interest Bearing
Financial assets:											
Cash & cash equivalents	0.25%	0.25%	1,627	1,627	1,627	—	—	—	—	—	—
Trade & other receivables	—	—	9,045	9,045	9,045	—	—	—	—	—	9,045
Financial liabilities:											
Trade & other payables	—	—	(6,553)	(6,553)	(6,553)	—	—	—	—	—	(6,553)
Loans & borrowings (non-current)	2.86%	1.89%	(9,000)	(9,373)	(170)	(4,135)	(5,068)	—	—	—	—
Interest rate derivatives (non-current)	3.64%	3.28%	(234)	(457)	—	(182)	(182)	(92)	—	—	—
Interest rate derivatives (current)	3.64%	3.28%	(182)	(182)	(182)	—	—	—	—	—	—
Lease liabilities (non-current)	5.00%	—	(280)	(312)	—	(68)	(69)	(69)	(69)	(38)	—
Lease liabilities (current)	5.00%	—	(53)	(68)	(68)	—	—	—	—	—	—
			(5,630)	(6,273)	(3,699)	(4,385)	(5,319)	(161)	(69)	(38)	2,492

CREDIT RISK

The following table details the ageing of the Group's trade receivables at balance date:

In Thousands of New Zealand Dollars	Gross Receivable 2022	Doubtful Debts 2022	Gross Receivable 2021	Doubtful Debts 2021
Not past due	6,375	—	5,805	25
Past due 0-30 days	391	—	159	—
Past due 31-120 days	146	6	112	14
Past due 121-360 days	41	37	132	11
Past due more than 1 year	8	7	(7)	—
Total	6,961	50	6,201	50

There is no collateral held or other credit enhancements for security of trade receivables.

Note 22 continued...

SENSITIVITY ANALYSIS

The following table details a sensitivity analysis for each type of market risk to which the Group is exposed:

2022

In Thousands of New Zealand Dollars	Carrying Amount	Interest rate risk				Foreign exchange risk				Other price risk			
		-100bp		+100bp		-10%		+10%		-10%		+10%	
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
Financial assets													
Cash and cash equivalents	1,303	(13)	—	13	—	—	—	—	—	—	—	—	—
Trade and other receivables	7,004	—	—	—	—	—	—	—	—	—	—	—	—
Interest rate derivatives (non-current)	789	(388)	—	388	—	—	—	—	—	—	—	—	—
Interest rate derivatives (current)	164	(160)	—	160	—	—	—	—	—	—	—	—	—
Financial liabilities													
Loans and borrowings (non-current)	25,500	255	—	(255)	—	—	—	—	—	—	—	—	—
Lease liabilities (non-current)	360	4	—	(4)	—	—	—	—	—	—	—	—	—
Lease liabilities (current)	93	1	—	(1)	—	—	—	—	—	—	—	—	—
Total increase/(decrease)		(301)	—	301	—	—	—	—	—	—	—	—	—

2021

In Thousands of New Zealand Dollars	Carrying Amount	Interest rate risk				Foreign exchange risk				Other price risk			
		-100bp		+100bp		-10%		+10%		-10%		+10%	
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
Financial assets													
Cash and cash equivalents	1,627	(16)	—	16	—	—	—	—	—	—	—	—	—
Trade and other receivables	9,045	—	—	—	—	—	—	—	—	—	—	—	—
Financial liabilities													
Loans and borrowings (non-current)	9,000	90	—	(90)	—	—	—	—	—	—	—	—	—
Trade and other payables	6,553	—	—	—	—	—	—	—	—	—	—	—	—
Interest rate derivatives (non-current)	234	(125)	—	125	—	—	—	—	—	—	—	—	—
Interest rate derivatives (current)	182	(50)	—	50	—	—	—	—	—	—	—	—	—
Lease liabilities (non-current)	280	3	—	(3)	—	—	—	—	—	—	—	—	—
Lease liabilities (current)	53	1	—	(1)	—	—	—	—	—	—	—	—	—
Total increase/(decrease)		(97)	—	97	—	—	—	—	—	—	—	—	—

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100 bps is equivalent to a decrease in interest rates of 1.00%.

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -100bps/+100bps. (2021: -100bps/+100bps).

Explanation of foreign exchange risk sensitivity

The foreign exchange sensitivity is based on a reasonable possible movement in foreign exchange rates, with all other variables held constant, measured as a percentage movement in the foreign exchange rate.

No sensitivity for derivatives (forward foreign exchange contracts) has been calculated for 2022 or 2021 since the Group had no forward foreign exchange contracts in place at balance date.

Note 22 continued...

FAIR VALUE HIERARCHY

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

In Thousands of New Zealand Dollars	VALUATION TECHNIQUE				2022
	Total	Level 1	Level 2	Level 3	
Financial assets					
Derivatives – interest rate swaps	953	—	953	—	
Financial liabilities					
Derivatives – interest rate swaps	—	—	—	—	

In Thousands of New Zealand Dollars	VALUATION TECHNIQUE				2021
	Total	Level 1	Level 2	Level 3	
Financial liabilities					
Derivatives – interest rate swaps	416	—	416	—	

There were no transfers between the different levels of the fair value hierarchy during the year and no financial instruments fall under the level 3 category.

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

The fair value of derivatives traded in active markets is based on quoted market prices at the reporting date. The fair value of derivatives that are not traded in active markets (for example over-the-counter derivatives), are determined by using market accepted valuation techniques incorporating observable market data about conditions existing at each reporting date.

The fair value of interest rate swaps is calculated at the present value of the estimated future cash flows.

Valuation inputs for valuing derivatives are as follows:

- Interest rate forward price - published market swap rates.
- Discount rate for valuing interest rate derivatives - published market interest rates as applicable to the remaining life of the instrument adjusted for the credit risk of the counterparty for assets and the credit risk of the Group for liabilities.

23 Commitments and Contingent Liabilities

Capital expenditure commitments

As at 30 June 2022, South Port Group had entered into capital expenditure commitments on paving and services in the South Rail log yard and Shed 6 areas as well as other minor capital projects at an estimated cost of \$4,691,000 (2021: a tug replacement and the upgrade to the town wharf access corridor at an estimated total cost of \$13,711,860).

Contingent liabilities

At 30 June 2022 there was a claim against the Group for \$2.1 million in damages (2021: \$2.1 million), however the Group has a counter-claim against the claimant for \$5.6 million (2021: \$5.2 million). The Group is going to arbitration in FY23 to defend the claim and does not believe that it is exposed to the liability.

24 Leases

The Group leases certain property, plant and equipment. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low-value assets where the Group recognises the lease payments as an other operating expense on a straight-line basis over the term of the lease.

Right-of-Use Assets

In Thousands of New Zealand Dollars	2022									
	Cost 1 July 2021	Additions	Disposals	Cost 30 June 2022	Accumulated Depn and Impairment charges 1 July 2021	Depn Expense	Accumulated Depn reversed on Disposal	Other	Accumulated Depn and Impairment charges 30 June 2022	Carrying Amt 30 June 2022
Land	432	218	—	650	(115)	(108)	—	—	(223)	427
	432	218	—	650	(115)	(108)	—	—	(223)	427

In Thousands of New Zealand Dollars	2021									
	Cost 1 July 2020	Additions	Disposals	Cost 30 June 2021	Accumulated Depn and Impairment charges 1 July 2020	Depn Expense	Accumulated Depn reversed on Disposal	Other	Accumulated Depn and Impairment charges 30 June 2021	Carrying Amt 30 June 2021
Land	432	—	—	432	(57)	(58)	—	—	(115)	317
	432	—	—	432	(57)	(58)	—	—	(115)	317

Lease Liabilities

In Thousands of New Zealand Dollars	GROUP	
	2022	2021
Within one year	93	53
One to five years	359	242
More than five years	1	38
	453	333
Current	93	53
Non-current	360	280

Lease liabilities (as Lessee noted above) relate to a ten year land lease commitment with KiwiRail Limited for the lease of a parcel of land situated on the Island Harbour, Bluff, due to expire in December 2026 and a 9 year, 20 day lease commitment with KiwiRail for the lease of a parcel of land situated at Invercargill which expires in September 2027.

Amount Recognised in the Statement of Comprehensive Income

In Thousands of New Zealand Dollars	GROUP	
	2022	2021
Expenses		
Depreciation of right-of-use assets	108	58
Interest on lease liabilities	28	18

The total cash outflow for leases relating to Right-of-Use Assets in 2022 was \$127,000.

Operating leases where the Group is the Lessor.

Future minimum lease receivables under non-cancellable operating leases (as Lessor):

In Thousands of New Zealand Dollars	GROUP	
	2022	2021
Within one year	4,000	3,811
One to five years	11,025	9,664
More than five years	36,458	36,442
	51,483	49,917

Operating lease commitments (as Lessor) relate to various port land, wharves and buildings in Bluff that are leased (both short term and long term) to a number of tenants for port related activities (refer to Note 11).

25 Net Cash Flow from Operating Activities

The following is a reconciliation between the surplus after taxation shown in the statement of comprehensive income and the net cash flow from operating activities.

In Thousands of New Zealand Dollars	GROUP	
	2022	2021
Surplus after taxation	12,829	10,714
Add/(less) non-cash items		
Depreciation	4,360	4,144
Net (gain)/loss on disposal	7	(29)
Decrease/(increase) in value of forward exchange contracts and interest rate swaps	(1,369)	(334)
(Increase)/decrease in deferred tax asset	(641)	(307)
	2,357	3,474
Add/(less) movement in working capital		
Decrease/(increase) in trade debtors and other receivables	2,041	266
(Decrease)/increase in trade creditors and other payables	(3,081)	2,907
(Decrease)/increase in the provision for income tax	593	339
Movement in other working capital items classified as investing activities	(1,044)	(1,873)
	(1,491)	1,639
Net cash provided by operating activities	13,695	15,827

26 Segmental Reporting

The South Port Group operates in the Port Industry in Southland, New Zealand, and therefore only has one reportable segment and one geographical area based on the information as reported to the chief operating decision maker on a regular basis.

South Port engages with one major customer which contributed individually greater than 10% of its total revenue. The customer contributed \$9.50 million for the year ended 30 June 2022 (2021: \$12.02 million).

27 Related Party Transactions

During the year South Port provided cold storage facilities and leased warehousing, land and wharf facilities to Sanford Bluff for \$509,000 (2021: \$665,000). Sanford Limited debtors balance at 30 June 2022 was \$26,100. Mr T M Foggo, a former Director of South Port acted in the capacity of consultant for Sanford Limited. All of these transactions were conducted on an arms length basis at market rates.

All balances owing by Sanford are due by the 20th of the month following invoice and all overdue invoices are subject to interest on arrears. During the year ended 30 June 2022 no amounts invoiced to Sanford were written off as bad debts or included in the doubtful debts provision at balance date (2021: nil).

CONTROLLING ENTITY

Southland Regional Council (Environment Southland) owns 66.48% of the ordinary shares in South Port. During the year there were no material transactions with this related party.

Rates and consents of \$136,200 were paid to Environment Southland during the year (2021: \$31,700).

Please refer to note 28 for additional related party transactions disclosed separately in relation to the Company's subsidiary Awarua Holdings Ltd.

28 Investment in Subsidiary Company

Awarua Holdings Ltd is 100% owned by South Port and has been consolidated into the South Port NZ Ltd Group results. Awarua Holdings Ltd provides management and administration services to South Port based on market rates for the services provided.

All balances owed to Awarua Holdings Ltd by South Port are classified as inter-entity receivables and are repayable on demand. All inter-entity amounts are eliminated in the consolidated financial statements. During the year ended 30 June 2022 no amounts invoiced by Awarua Holdings Ltd were written off as bad debts or included in the doubtful debts provision at balance date (2021: nil).

Total management fees paid to Awarua Holdings Ltd during the year were \$2,085,000 (2021: \$1,651,000).

The Directors have reviewed the composition of the Group and its relationship with other entities, in light of the revised definition of control and have not identified additional subsidiaries, joint ventures or associates which have not previously been recognised.

29 Subsequent Events

FINAL DIVIDEND

On 25 August 2022 the Board declared a final dividend for the year to 30 June 2022 for 19.50 cents per share amounting to \$5.116 million (before supplementary dividends). (2021: Final dividend declared for 19.50 cents per share amounting to \$5.116 million).

Financial and Operational Five Year Summary

In Thousands of New Zealand Dollars	2022	2021	2020	2019	2018
FIVE YEAR GROUP FINANCIAL SUMMARY					
Operating revenue	48,584	47,291	44,573	43,950	40,705
Total revenue	49,968	47,667	44,619	44,026	41,017
Net operating surplus before tax	17,158	14,679	13,348	13,710	13,508
Reported Group surplus after tax	12,829	10,714	9,430	9,787	9,658
Normalised Group surplus after tax**	11,162	10,452	9,447	10,080	9,555
EBITDA	21,152	18,850	17,806	18,041	17,448
Operating cashflow	13,695	15,827	12,299	13,554	12,342
Shareholders distributions paid	7,083	6,821	6,821	6,821	6,821
Total shareholders' equity	55,274	49,528	45,635	43,026	40,060
Net interest bearing debt	25,500	9,000	6,500	7,000	7,200
Property, plant and equipment	77,342	57,218	51,189	49,571	47,471
Capital expenditure	24,406	10,184	5,498	5,976	4,385
Total assets	88,136	68,673	59,411	56,699	54,110
Interest cover (times)	18.0	41.0	32.9	28.4	28.0
Shareholders' equity ratio	62.7%	72.1%	76.8%	75.9%	74.0%
Return on equity/shareholders' funds*	24.5%	22.5%	21.3%	23.6%	25.0%
Return on assets*	23.2%	23.5%	23.7%	25.6%	26.3%
Earnings per share	48.9c	40.8c	35.9c	37.3c	36.8c
Operating cashflow per share	52.2c	60.3c	46.9c	51.7c	47.0c
Dividends declared per share	27.00c	27.00c	26.00c	26.00c	26.00c
Net asset backing per share	\$2.11	\$1.89	\$1.74	\$1.64	\$1.53
* Based on average of period start and year end balances					
** Normalised Group surplus after tax is calculated by making the following adjustments.					
Reported Group surplus after tax	12,829	10,714	9,430	9,787	9,658
Gain/Loss on sale of assets after tax	5	(21)	(21)	115	(175)
Interest Rate Gain/Loss after tax	(985)	(241)	108	178	72
Adjustment relating to prior period deferred tax on buildings IRE	(687)	—	—	—	—
Adjustment relating to tax legislation changes	—	—	(70)	—	—
¹ Normalised Group surplus after tax	11,162	10,452	9,447	10,080	9,555

In Thousands of New Zealand Dollars	2022	2021	2020	2019	2018
OPERATIONAL SUMMARY					
Cargo throughput (000's tonnes)	3,554	3,454	3,269	3,521	3,445
Cargo ship departures	305	331	335	352	319
Gross registered tonnage (000's tonnes)	5,690	6,128	5,898	6,405	6,220
Number of permanent employees	120	107	105	100	100
Total cargo ship days in port	846	865	847	962	826
Turn-around time per cargo ship (days)	2.77	2.61	2.52	2.73	2.59
Cargo tonnes per ship	11,652	10,435	9,758	10,003	10,799
Dry warehousing capacity (m2)	36,600	38,100	38,100	38,100	38,100
Cold/cool storage capacity (m3)	39,500	39,500	39,500	39,500	80,115

¹ | Normalised Group surplus after tax removes the volatility of unrealised fair value movements, adjustments relating to tax legislation changes, and gains/losses on the disposal of assets, to provide a more consistent measure of Group performance.

GATEWAY TO PROGRESS

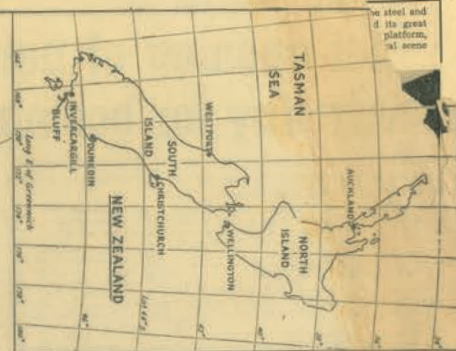
OPENED AT BLUFF

DECEMBER 3, 1960

September 3, 1968

ve steel and
d its great
platform,
al scene

A SPECIAL ISSUE OF
THE SOUTHLAND DAILY NEWS
INVERCARGILL, NEW ZEALAND



This is D.E.S. Mason, who was the Board Engineer and the man responsible for devising the plan to build the man-made island for Port expansion.

This image was on the front page of The Southland Daily News on Saturday, December 3, 1960.

ABOUT US

A summary about who we are, and operational Port definitions.

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Southern Region Production/Cargo Locations	146

MANAGEMENT PROFILES



NIGEL GEAR

Chief Executive
BCom, Dip Port Management

Nigel was appointed to the role of Chief Executive on 1 October 2017. He has 25 years' experience in the port industry and has held positions in commercial, operations and finance at South Port. Nigel is currently an appointed board member of the Southland Chamber of Commerce.



GEOFF FINNERTY

Port General Manager
BCom, ACA, PGCertEM

Geoff originally joined the South Port Leadership team in 2004 as Finance Manager. His current role, as Port General Manager, includes responsibilities for Bulk Cargo, Marine and Health & Safety. In Geoff's previous positions, Cargo Operations Manager and Port Operations Manager, he played an important role in establishing and developing the Company's container and dry warehouse activities. Geoff has also held positions with Goodman Fielder and Fonterra.



JAMIE MAY

Business Development
Manager
BCom

Jamie was appointed to the Business Development Manager position in November 2017. Prior to this appointment he was based in Invercargill as the Supervisor of the South Port Intermodal Freight Centre during its opening and start up phase. Before this Jamie held various home and personal lending positions at The National Bank before he joined the South Port team. He is currently on the Export Southland Committee.



HAYDEN MIKKELSEN

Container Manager
BE (Hons)

Hayden holds a Bachelor of Mechanical Engineering degree from Canterbury University. Hayden's role as Container Manager for the Port sees him responsible for the overall container operation including the terminal, depot, crane and mobile plant maintenance functions. Hayden also oversees the Intermodal Freight Centre strategically located at the railhead in Invercargill. Hayden previously worked in heavy industries in both engineering and operations at ECNZ and Ballance Agri-Nutrients before joining South Port in 2012.



FRANK O'BOYLE

Infrastructure &
Environmental Manager
*BEng (Civil), MIPENZ, CPEng,
Dip Port Management*

Frank joined South Port as Infrastructure Manager in January 2015. Frank's responsibilities include providing and maintaining land, sea and wharf infrastructure associated with Port operations as well as ensuring port operational practices comply with current environmental standards.

Frank is a Civil Engineer and worked as an Engineer in Ireland and Australia before moving permanently to New Zealand in 2005. Frank has been a member of Engineering New Zealand since 2006 and a Chartered Professional Engineer since 2010.



LARA STEVENS

Kāi Tahu

Finance Manager
BCom, DipGrad, CA

As Finance Manager, a position Lara has held since March 2007, she is responsible for the financial management of the Port including interim and annual reporting. She continually monitors the financial performance of the business which includes preparing the annual budget and providing regular forecasts to the Board to enable them to make informed decisions about future capital projects. Among other things, Lara is responsible for managing the Company's property leases, ICT, treasury functions, insurance and NZX reporting obligations.



MURRAY WOOD

Warehousing Manager
DipBus

Murray is the Manager of the Port's Warehousing operations comprising both cold and dairy dry goods storage and handling for the agriculture and aquaculture industries. Murray joined South Port in 2016 after a 32-year career with the New Zealand Aluminium Smelter, a major processing and manufacturing plant where he held numerous operational and leadership roles which included responsibility for the site shipping activities.



HELEN YOUNG

Human Resources Manager
LLB

Helen has been a member of the Leadership Team since November 2017. She holds an LLB from the University of Canterbury and started her career as a commercial and property lawyer before specialising in employment law and transitioning into human resources.

Prior to joining South Port, Helen held advocacy and training roles with the Employers Association. She is a previous Chief Executive of Sport Southland and has also served two terms as an Adjudicator on the Tenancy Tribunal. Helen has also held voluntary positions in several community organisations including Hospice Southland and Sharks Basketball.

GLOSSARY OF PORT AND SHIPPING TERMS

BEAM

The width of a ship at its widest point.

BERTH

The place beside a pier, quay, or wharf where a vessel can be loaded or discharged.

BOLLARD

Post on wharf, ship or tug for securing lines.

BOLLARD PULL

Bollard pull refers to a test of a tug's capability to pull, measuring how many tonnes of pull are being applied.

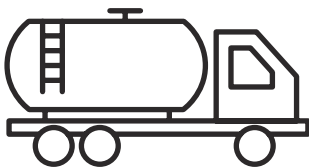


BREAK BULK

General cargo, as opposed to cargo in containers. Also referred to as conventional cargo. Can include cargo in packages, pallets or bulk form (dry or liquid).

BULK

Cargo moved in bulk form, such as fertiliser (dry bulk) or diesel (bulk liquid).



BUND

Area designed to contain any spills.

BUNKERING

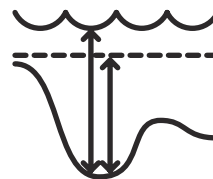
Supplying of fuel for use by ships.

CARTER'S NOTE

A carter's note is documentation provided when cargo is sent from the location where it is packed to the port for loading. It contains shipping instructions.

CHART DATUM

Depth of water at the lowest astronomical tide (spring tide).



COASTAL SERVICES

Shipping service between ports within New Zealand.

CONSOLIDATED CARGO

Cargo containing the shipments of two or more shippers, usually coordinated by a consolidator.

CONTAINER

Metal box structure of standard design, used to carry cargo in units. Containers can be 20 or 40 foot in length. The standard measure of a container is a TEU (20 foot equivalent unit). Container ships are specially designed to carry containers in slots (or cells). Containers are stacked and restrained (lashed) at all four corners by vertical posts. Some shipping lines now charter container slots on vessels operated by different companies.

CONTAINER CRANE

Large crane specially designed to stow (load) and discharge (unload) containers from a ship.

CONTAINER TERMINAL

Facility designed to handle containers, with special-purpose equipment such as container cranes, straddle carriers and container stacking areas.

CRANE RATE

A measure of productivity based on the number of containers moved. Usually expressed as number of TEUs per gross hour per crane.

DEVANNING

The removal of freight; the unloading (unpacking, 'stripping') of a container.

DEMURRAGE

A penalty fee against shippers or consignees for delaying the carrier's equipment beyond the allowable time.

DRAFT

The depth of a ship's keel below the waterline. The number of feet that the hull of a ship is beneath the surface of the water.

DREDGING

Mechanical removal of sediment to deepen access channels or to maintain adequate water depth along waterside facilities.

DWELL TIME

The length of time cargo remains in port before being loaded onto a ship or collected for domestic distribution.

EMPTY HANDLER

Used to handle, transfer and stack empty containers of various specifications.

FREIGHT FORWARDER

The party arranging the carriage of goods including connected services and/or associated formalities on behalf of a shipper or consignee.

FEU

40 foot equivalent unit is an alternative measurement for containers.

GATE / GATEHOUSE

Entry to wharf or terminal areas.

HOIST / FORK HOIST

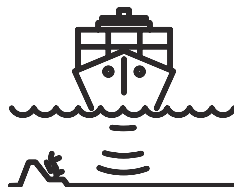
Heavy forklift machine used for lifting and stacking containers and cargo.

**HUB PORT / SERVICE**

Refers to the practice where shipping lines call at one port in a country or region, rather than at several ports.

HYDROGRAPHIC SURVEY

Scientific mapping of the sea bed for navigation.

**IMPRESSED CURRENT CATHODIC PROTECTION (ICCP)**

ICCP is a type of system usually applied where there are elevated current requirements for protection against corrosion. It offers permanent and automatic protection that aids in preventing galvanic corrosion and electrolysis from attacking the undersides of various mobile or fixed offshore structures i.e. concrete reinforced bridges and wharves.

INTERNAL MOVEMENT VEHICLE

Heavy-haul truck used to move containers between facilities within the port.

**INTERMODAL**

Refers to the handling of containers between different forms of transport (ship-to-ship, inter-terminal, rail, truck).

JAS

Japanese Agricultural Standard. The Japanese Agricultural Standard cubic metre is a global industry standard measurement of log volume. It is an attempt to measure the volume of the log available to the saw miller, involving special methodologies of assessing log diameter and length.

KEEL

A structure running lengthwise along the base of a vessel to help increase stability.

LASH

Containers stacked on the deck of a ship are secured (lashed) at all four corners by wires or rods.

LINE HANDLING

Task of securing lines to the wharf when a vessel berths.

MARINE SERVICES

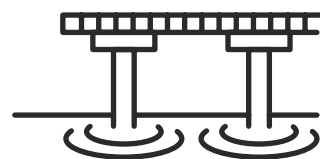
On-water services, such as piloting, towing and line handling for vessels as they arrive, depart or are moved between berths.

MOORING

A location in a port or harbour used specifically for mooring vessels while not at sea.

MUDCRETE

Soil mixed with cement used to form a quick-drying, solid reclamation in a marine environment.

**PIERS**

Floating pontoons used in marinas to provide access to commercial craft.

PILOTAGE

Activity where a pilot guides a vessel within harbour limits to ensure navigational safety.

PROVEDORE

A person or business which provides stores and supplies, such as food and beverages, to ships.



REACH STACKER

Heavy hoist machine that stacks containers.

RECEIVING AND DELIVERY

Export cargo is received into the port and import cargo is delivered to truck or rail.

REEFER CONTAINER

See refrigerated container.

REEFER TOWER

Structures that allow refrigerated containers to be easily monitored and stacked more efficiently.



REFRIGERATED CONTAINER

Controlled temperature container suitable for chilled or frozen cargoes. Also referred to as a reefer container. A reefer container can be a porthole (must be fitted with or to refrigerating equipment) or an integral (has built-in refrigeration equipment).

ROLL-ON, ROLL-OFF VESSEL

Referred to as ro-ro. A ship which has a ramp allowing cargo to be driven on and off. Cargo which is driven on and off is ro-ro cargo.

SACRIFICIAL ANODES

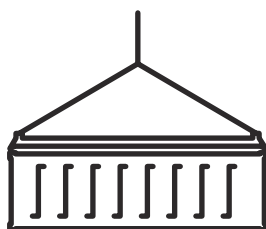
Highly active metals that are used to prevent a less active material surface from corroding. Sacrificial Anodes are created from a metal alloy with a more negative electrochemical potential than the other metal it will be used to protect.

SHIPPING AGENT

A shipping agent, or shipping agency, is the designated person/agency held responsible for handling shipments and cargo on behalf of ship owners, managers, and charterers.

SPREADER

Device used to lift containers with a locking mechanism at each corner. Used on container cranes, straddle carriers or other machinery to lift containers.



STEVEDORE

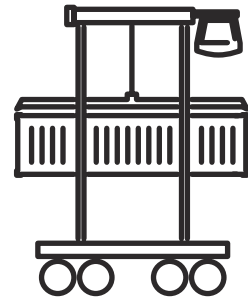
Individual or company employed to load and unload a vessel.

STORM BOLLARD

Post/structure on a wharf used in rough weather to help keep ships secured.

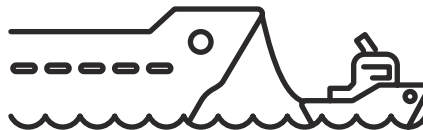
STRADDLE CARRIER

Large machine that straddles a container, lifts and moves it within a container yard. Capable of straddling a single row of containers three-high.



TEU

20 foot equivalent unit is the international standard measure of containers.



TOWAGE

Where a tug tows or manoeuvres a vessel into or out of a berth.

TRANS-SHIP

Cargo landed at a terminal and shipped out again on another vessel without leaving the port area. Can be international (a container arrives from one country and is trans-shipped to another) or domestic (a container arrives from overseas and is trans-shipped to another New Zealand port by a coastal service).

TURNAROUND TIME

Time taken for a vessel to arrive in port, unload, reload and depart. Also refers to the time taken for a truck to arrive in port and deliver or receive cargo.

VANNING

Stowing cargo in a container.

VERIFIED GROSS MASS (VGM)

A mandatory requirement for shippers is to provide the verified gross mass of a packed container prior to it being loaded onto a ship.

WHARFAGE

The fee charged for using a wharf to load/unload cargo from a vessel.



DIRECTORY

Directors

Rex Chapman
Chair

Philip Cory-Wright
Nicola Greer
Michelle Henderson
Clare Kearney
Jeremy McClean

Corporate Executives

Nigel Gear
Chief Executive

Geoff Finnerty
Port General Manager

Jamie May
Business Development Manager

Hayden Mikkelsen
Container Manager

Frank O'Boyle
Infrastructure and Environmental Manager

Lara Stevens
Finance Manager

Murray Wood
Warehousing Manager

Helen Young
Human Resources Manager

Group Companies

Parent Company
South Port New Zealand Limited

Subsidiary
Awarua Holdings Limited

Auditor

Deloitte Limited as Agent for the Controller and Auditor General
Otago House, 481 Moray Place,
Dunedin 9016

Solicitors

Preston Russell Law
45 Yarrow Street, Invercargill 9810

AWS Legal
80 Don Street, Invercargill 9810

Bankers

ANZ
Ground Floor, ANZ Centre,
23-29 Albert Street, Auckland Central,
Auckland 1010, New Zealand

Tax Advisors

McIntyre Dick & Partners
160 Spey Street, Invercargill 9810

Share Register

Link Market Services Limited
138 Tancred Street, Ashburton
7740

Registered Office

Island Harbour, PO Box 1,
Bluff 9842

Contact Details

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  South Port NZ

Design by
Naked Creative

Second front cover
Tammi Topi, SouthDrone NZ

Photographs provided by
Chris Howell, Tammi Topi – SouthDrone NZ, NZ Museums, South Port staff



SOUTHERN REGION PRODUCTION/CARGO LOCATIONS



1	KM from bluff
GrainCorp	0
Agrifeeds	0
ADM NZ	0
Ravensdown	0
Sanford Bluff	0
Southfish	0
Stolthaven	0
NZAS Tiwai Smelter	30

2	
Ballance Agri-Nutrients	15
Open Country Dairy	15
South Pacific Meats	15
Southwood Export	15

3	
Stabicraft Marine	23
International Specialty Aggregates	27
Quality Foods Southland	27
Sims Pacific Metals	27
Rayonier Matariki Forests	28
IFS Growth	28
Prime Range Meats	33

4	
Niagara Sawmilling	38
Silver Fern Farms	
- Kennington Plant	38
Blue Sky Pastures	55

5	
Alliance Lorneville Plant	40
Alliance Makarewa Plant	45
Pyper's Produce	45



6
NZ Growing Media60
Winton Stock Feed60

7
Fonterra Edendale.....65

8
Daiken Southland70
Alliance Maitara Plant75

9
Eastern Concrete80
Silver Fern Farms
- Gore Plant80
Maitara Valley Milk93

10
Lindsay & Dixon88

11
Silver Fern Farms
- Mossburn Plant118

12
Ernslaw One130

13
Silver Fern Farms
- Balclutha Plant145
Fonterra Stirling145

Spinnaker SW bulk vessel departing Bluff.



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✉ reception@southport.co.nz

in f South Port NZ

southport.co.nz

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