



NELSON AIRPORT
Good things start here.



STATEMENT OF INTENT

TAUĀKĪ WHAKAMAUNGA ATU

2024/2025



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I. INTRODUCTION

Nelson Airport Limited (“NAL”) is a Council Controlled Trading Organisation under section 6 of the Local Government Act 2002.

This Statement of Intent (SOI) is presented by the Directors of NAL in accordance with section 64 of the Local Government Act 2002.

This SOI is for the 2024/25 Financial Year to 30 June 2025, and for the two following financial years.

This SOI addresses the relevant requirements in the Statement of Expectation sent by Council shareholders to Infrastructure Holdings Ltd (IHL) dated 19 December 2023.



II. STRATEGIC CONTEXT

A. PURPOSE

Our Vision - Tō Tātou Tirohanga Whakamua

To be a world class airport where zero emissions aircraft operate.

Kia noho hei taunga rererangi o te ao e whakahaere ana i ngā waka rererangi kore tuku.

Our Purpose - Tō Tātou Whāinga Matua

To contribute to a sustainable and prosperous Nelson-Tasman.

Kia tāpae atu ki a Whakatū-Aorere hei wāhi whakauka, tōnui hoki.

Our Mission - Tā Tātou Kaupapa

Nelson Airport provides sustainable airport infrastructure that connects Nelson-Tasman to the world.

E whakarato ana te Taunga Rererangi o Whakatū i ngā hanganga taunga rererangi e noho ai a Whakatū-Aorere ki te ao whānui.

Nelson Airport facilitates business opportunities by optimising the use of land and developing commercial facilities.

E whakahaere ana te Taunga Rererangi o Whakatū i ngā ara pakihi mā te arotau i te whakamahinga o te whenua me te whanake whare arumoni.

Nelson Airport supports excellent experiences that add to visitor satisfaction.

E tautoko ana te Taunga Rererangi o Whakatū i ngā wheako pai e whakanui ana i ngā painga ki ngā manuhiri.



NELSON AIRPORT STATEMENT OF INTENT 2024/2025

OUR VALUES Ō TĀTOU UARA

Everything we do supports a culture of inclusiveness, diversity and openness and we live by our values below:

Teamwork - Mahitahi

"the combined action of a group, especially when effective and efficient"

We work together, using our collective skills and expertise to meet the needs of our customers and to help Nelson Airport succeed.

Openness - Ngākaunui

"willing to consider new ideas; unprejudiced"

We're open to new ideas and opinions, encourage curiosity and embrace change and innovation.

Continuous Improvement - Whakapai ake

"a thing that makes something better or is better than something else"

We constantly challenge ourselves to explore opportunities to improve the quality and efficiency of the business.

Accountability - Noho haepapa

"the condition of being responsible for your actions"

We hold ourselves accountable for the outcomes of our actions, good and bad.

Safety - Marutau

"the condition of being protected from or unlikely to cause danger, risk, or injury"

Safety is our top priority, informing every decision we make and the daily activities we perform.

Integrity - Ngākau Pono

"the quality of being honest and having strong moral principles"

We are honest, open, ethical, and fair in all of our actions, respecting our customers and colleagues alike.

B. NATURE AND SCOPE OF ACTIVITIES

NAL was incorporated in 1996 and purchased the assets and undertakings of the Nelson Regional Airport Authority in March 1999.

On 1 July 2023 NAL became part of the Infrastructure Holdings Ltd (“IHL”) Group, corresponding with NAL’s ordinary shares being transferred from Nelson City and Tasman District Councils respectively, to IHL. NAL is a wholly owned subsidiary of IHL.

The airport is a key strategic asset and contributor to the prosperity and sustainability of the Nelson Tasman region. Its commercial operations and services deliver significant benefits to the region. Its primary service is moving people in and out of the region safely and efficiently. In 2019 prior to Covid and when Jetstar was still operating here, the number of passengers through the airport was more than one million annually. In the 2023 financial year, passenger volumes were 915,000. The rapid resumption of travel post-Covid was due to pent up demand from people to travel domestically once lockdowns ended in late 2022.

Through Air New Zealand, Nelson Airport has direct links with the key cities of Auckland, Wellington, and Christchurch. Other carriers including Originair, Sounds Air and Golden Bay Air provide direct provincial links to the North Island cities of Wellington, Palmerston North, Hamilton, as well as the Kāpiti Coast and short flights to Tākaka and Karamea in the north of the South Island.

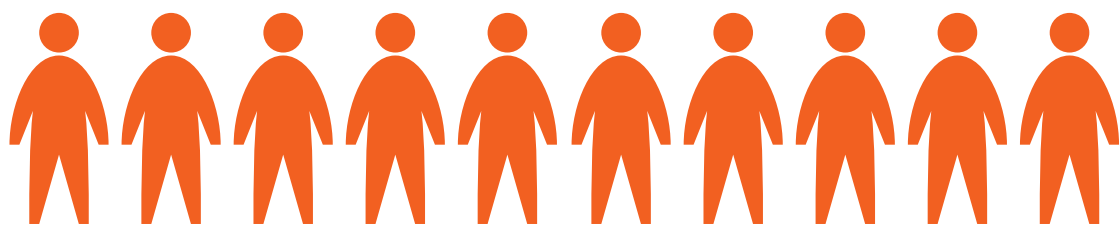
The airport supports a diverse range of businesses that service aircraft or require access to air services or airport land and building infrastructure, such as the New Zealand Flying Doctors, aviation colleges and helicopter operators.

Nelson Airport connects Nelson Tasman to the rest of New Zealand and the world. With the region’s high dependency on air access and relative isolation from road, rail and sea connections, Nelson Airport is critical to delivering on the region’s development and growth aspirations. In particular, the airport contributes to the:

- growth and efficiency of the region’s economy
- attraction and retention of talent in the region
- resilience of the region and its ability to respond to emergencies
- attraction of investment in local operations of international aeronautical players
- ability of locals to connect with the world

NAL may also grant and administer sub-leases of the land, buildings or installations vested in NAL for any purpose complementary to the ongoing safe and efficient operation of the airport.

NELSON AIRPORT BY THE NUMBERS



915,240

Nelson Airport's passenger numbers for the 12 months to December 2023

 1347m of sealed runway		118.8h of operational land area	
 1.4 million pax, the terminal capacity per annum	 1000+ total carparks	 \$148 million, our total asset value	
 25 FTE, our employees (31 total)		 1,090,839, the total number of seats flown for the 12 months to December 2023	

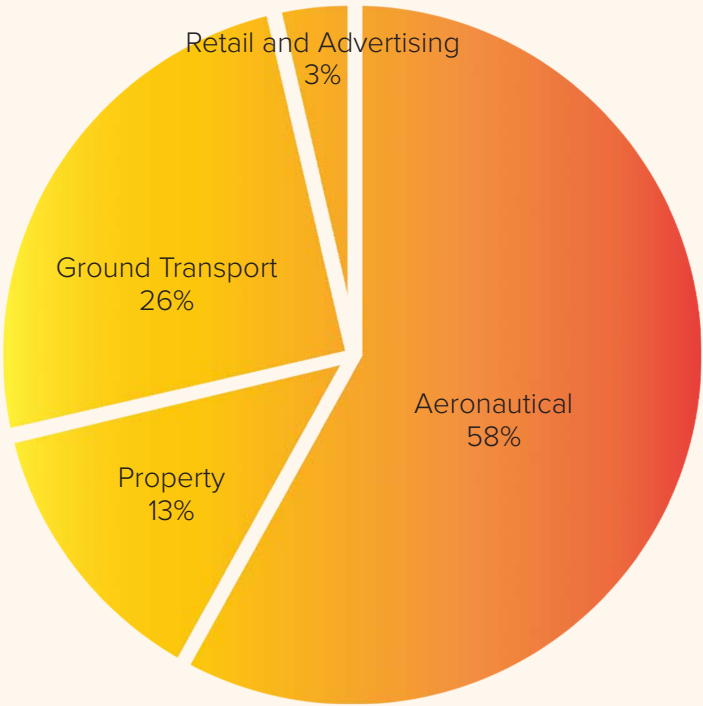


REVENUE ANALYSIS

The revenue streams earned reflect the scope of airport activities. The diagram below illustrates a summarised view of the forecast revenue split for the 2024/25 financial year.



2024/25 REVENUE FORECAST BY REVENUE STREAM

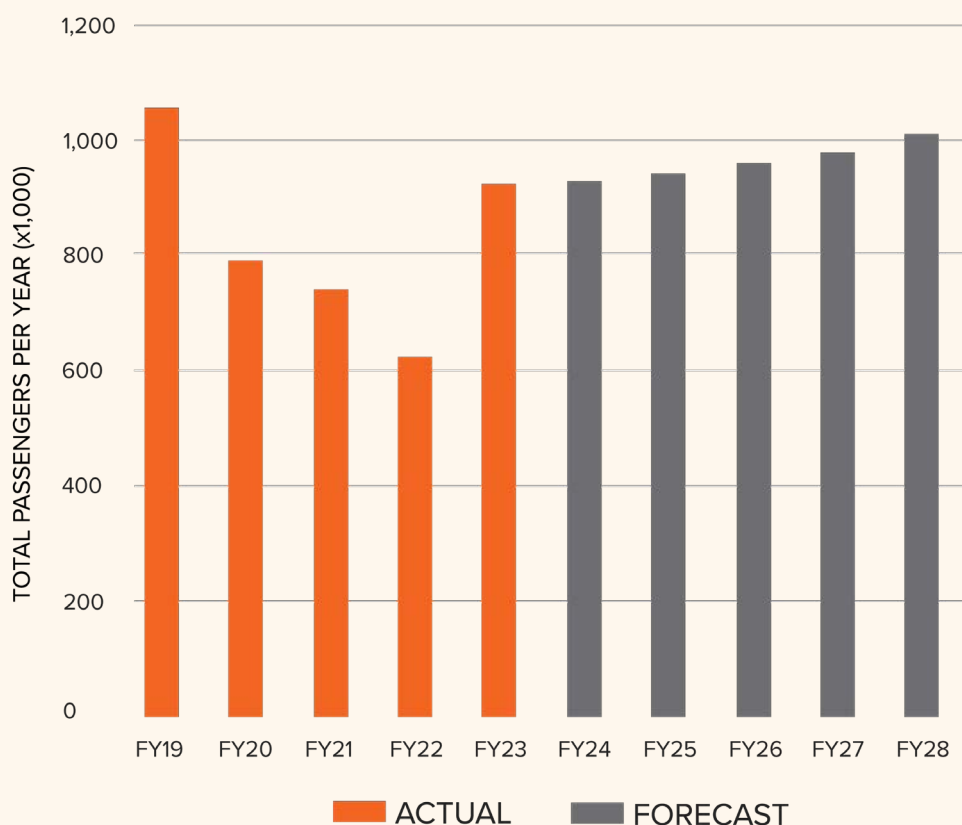


PASSENGER PERFORMANCE

Passengers travelling through the airport underpin NAL's financial performance. Aeronautical Charges earned by the airport to fund the facilities and services provided for aeronautical activities are directly proportionate to passengers and aeronautical activity. Additionally, other significant income streams have a strong positive correlation to total passenger numbers including Ground Transport, Retail and Advertising.

NAL is forecasting a return to annual pre-Covid record passenger performance, more than 1 million passengers, by FY28.

HISTORICAL VS FORECAST TOTAL PASSENGERS



NOTE: Jetstar left the market in November 2019.

C. OBJECTIVES

NAL has developed strategic areas to improve business performance and encourage growth. These strategies are underpinned by a series of initiatives and key performance indicators.



Health, Safety and Risk

Provide a safe and secure airport in accordance with CAA and HSWA rules, underpinned by a strong safety culture and an effective safety management system.



Customers and Stakeholders

Build strong relationships with airlines, shareholders, Tasman and Nelson communities and Iwi, hapu and other Māori organisations.



People, Culture and Values

Be an employer of choice in the region.



Finance Results

Contribute directly and indirectly to the economic prosperity of the region by ensuring strong financial performance and expanding and diversifying revenue streams to reduce reliance on aeronautical activities.



Infrastructure and Property

Invest in and maintain buildings and infrastructure that support our strategic objectives and provide resilience against the effects of natural events.



Environmental Sustainability

Reduce our carbon emissions and waste by investing in future green energy production and waste reduction/recycling opportunities and facilitate other stakeholders to do the same.

OUR STRATEGIES

For the financial years 2024/25 to 2026/27, the Statement of Intent concentrates on the following strategies:

People, Culture and Values

Enhance employer brand and recruitment processes and systems.

Promote diversity and inclusion.

Improve employee engagement and performance.

Implement and promote health and wellness programmes and initiatives.

Financial Results

Leverage the competitive advantage and strategic location of the airport and retain more domestic airlines routes, increase domestic volumes and enhance customer satisfaction and loyalty.

Strengthen the financial resilience and governance of the airport by continuing to maintain a robust and transparent budgeting and reporting system.

Diversifying and managing financial risks and liabilities, and ensuring compliance with relevant laws and regulations.

Health, Safety and Risk

Maintain our health and safety policy and systems in compliance with the relevant legislation and standards.

Provide regular training and education on health and safety topics.

Conduct audits and inspections to monitor and evaluate the health and safety performance and compliance of the airport

Establish and maintain a positive health and safety culture and climate.

Infrastructure and Property

Maintain a long-term master plan that supports the vision, goals, and objectives of the airport.

Enhance the accessibility and connectivity of the airport.

Optimise the use and allocation of space and resources within the airport.

OUR STRATEGIES

For the financial years 2024/25 to 2026/27, the Statement of Intent concentrates on the following Strategies:

Customers and Stakeholders

Diversify and expand the customer experience at the airport, by exploring new and innovative business opportunities and partnerships.

Engage and consult with local communities, Iwi, and other relevant stakeholders on the airport's development plans, environmental impacts, and opportunities for collaboration and partnership.

Provide high-quality customer service and passenger experience at the airport by ensuring safety, security, comfort, convenience, and accessibility for all travellers and visitors.

Environmental Sustainability

Mitigate the environmental impact of the airport by implementing energy- efficient and sustainable solutions.

Implement a carbon management plan that sets clear and measurable targets for reducing the airport's carbon footprint, monitors and reports progress and achievements, and identifies and implements carbon reduction initiatives and best practices.

Promote and facilitate the use of public transport, cycling, and walking as alternative modes of travel to and from the airport.

Encourage and support the airlines and other stakeholders to adopt more fuel-efficient and environmentally friendly practices.

Enhance oversight of noise levels as set out in the Nelson Resource Management Plan

D. PERFORMANCE MEASURES AND TARGETS

FY25 TARGETS

People, Culture and Values

Measure		Target
	Annual employee engagement survey to be undertaken	Complete the employee engagement survey by 30th June 2025
	Maintain a formal training and development programme for all employees	Increase the development hours per FTE

Health, Safety and Risk

Measure		Target
	Meet all our obligations and standards under Civil Aviation Act Rules	No “major” ¹ findings Annual independent audit of SMS completed
	Facilitate an effective and transparent forum with engaged stakeholders jointly driving safety and operational improvements	Complete external audit of H&S risks, governance compliance processes and procedures

¹ An occurrence or deficiency involving a major system that caused, or had the potential to cause, significant problems to the function or effectiveness of that system.

D. PERFORMANCE MEASURES AND TARGETS

FY25 TARGETS

Infrastructure and Property

Measure		Target
	Maintain an asset management system to manage the condition, criticality, and life cycle of all assets	Rehabilitation project stage 1 commenced on main apron
	Ensure planning framework enables delivery of master plan	NoR and PC30 confirmed Consents achieved for bridging of Jenkins Creek

Financial Results

Measure		Target
	Manage financial performance to ensure we are optimising returns while also maintaining a strong balance sheet	EBITDA ² \$11.58m Gross Leverage Ratio ³ < 3.5 Funds from Operations/Debt ⁴ >18%

²Earnings before interest, taxes, depreciation, amortisation, and other non-operating income/expenses

³Total third-party debt at year end/EBITDA before other income and expenses (maintained at <4.5)

⁴Total third-party debt at period end/Equity at period end (maintained at > 11%)

D. PERFORMANCE MEASURES AND TARGETS

FY25 TARGETS

Customers and Stakeholders

Measure		Target
	Deliver an exceptional customer experience for those visiting the airport in any capacity	Maintain “Excellent” result in next Customer Satisfaction Survey
	Deliver on Māori Partnership plan	Adopt the Cultural Framework and commence implementation

Environmental Sustainability

Measure		Target
	Pursue sustainability initiatives that deliver our goal to be carbon neutral by 2030	Climate Disclosure reporting initiated
	Enhance oversight of noise levels as set out in the Nelson Resource Management Plan	Review recommendations of 2024 Five-year Noise Audit and prepare a plan for those recommendations that are to be implemented



III. FINANCIAL PERFORMANCE

A. PROSPECTIVE SUMMARY FINANCIAL STATEMENTS

Prospective Summary Statement of Comprehensive Income (\$ million)

	FY24	FY25	FY26	FY27
Total Operating Revenues	17.7	19.1	20.9	23.8
Total Operating Expenses	(6.5)	(7.5)	(8.1)	(8.4)
EBITDA before Other Income / Expenses	11.2	11.6	12.8	15.4
EBITDA after Other Income / Expenses	11.2	11.6	12.8	15.4
Depreciation and Amortisation	(4.2)	(4.1)	(4.8)	(5.3)
EBIT	7.0	7.5	8.0	10.1
Finance (Expense) / Income	(1.7)	(2.2)	(2.7)	(3.5)
Profit before Income Tax	5.3	5.3	5.2	6.6
Income Tax	(1.9)	(2.0)	(2.0)	(2.4)
Net Profit after Income Tax	3.4	3.3	3.2	4.3

Prospective Summary Statement of Financial Position - As at Year End (\$ million)

	FY25	FY26	FY27
Assets			
Current Assets	1.5	1.6	1.8
Property, Plant and Equipment	162.6	179.3	191.0
Total Assets	164.1	180.9	192.8
Liabilities			
Current Liabilities	4.1	5.1	4.1
Total Loan Finance	40.2	54.3	64.5
Other Non-Current Liabilities	13.2	13.2	13.2
Total Liabilities	57.5	72.5	81.8
Total Net Assets	106.6	108.3	111.0
Total Equity	106.6	108.3	111.0

A. PROSPECTIVE SUMMARY FINANCIAL STATEMENTS

Prospective Summary Statement of Cashflows (\$ million)

	FY25	FY26	FY27
Cash Opening Balance	0.2	0.3	0.3
Cash In			
Cash from Operations	21.9	23.9	27.2
Cash drawn from Loan Facility	14.5	15.1	11.0
Total Cash Inflows	36.4	39.0	38.2
Cash Out			
Operational Expenses	8.1	8.7	9.1
Income Tax Paid	2.4	2.0	2.2
Dividends	1.3	1.4	1.5
Capital Expenditure	22.1	23.7	21.2
GST Paid	(0.7)	(0.5)	(0.1)
Loan Payments (principal and interest)	3.1	3.7	4.4
Total Cash Outflows	36.3	39.0	38.2
Cash Closing Balance	0.3	0.3	0.3

Note: Cash balances will be maintained at minimal levels whilst the MOCL finance facility remains active.

B. TEN-YEAR PROJECTED CAPITAL EXPENDITURE PROGRAMME

The following table shows the projected capital expenditure forecast for the current financial year plus 10 additional years.

Ten-Year Total Capital Expenditure Forecast

	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Total Capex (\$m)	7.0	18.1	21.5	17.0	22.5	21.0	14.0	16.8	11.3	12.5	12.6

Prospective Summary Statement of Capital Expenditure (\$ million)

	FY25	FY26	FY27
Runway, Aprons and Taxiways	10.1	7.8	2.9
Electrical Assets	0.3	1.0	-
Stormwater / Erosion / Drainage	2.9	1.5	1.0
Rescue Fire Service	-	-	1.9
Security	-	0.1	-
Landside Roothing and Carparks	0.3	-	-
Commercial Property Developments	1.3	9.4	9.9
All Other Forecast Capital Expenditure	3.2	1.7	1.3
	18.1	21.5	17.0

C. TEN-YEAR PROJECTED DEBT PROFILE

The following table shows the projected debt levels for NAL for the current year plus 10 additional years.

Ten-Year Total Third-party Debt Forecast

	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Total Debt (\$m)	26.6	40.2	54.3	64.5	74.2	88.4	90.8	94.6	92.6	90.4	86.9

D. KEY FINANCIAL COVENANTS

Prospective Key Ratios and Indicators - As at Year End

	NOTE	FY25	FY26	FY27
Working Capital (\$ x 1,000,000)	1	(2.6)	(3.4)	(2.3)
Working Capital Ratio	2	2.8	3.1	2.3
Return on Equity	3	3.1 %	3.0%	3.8%
Shareholders' Funds to Total Assets Ratio	4	0.6	0.6	0.6
Debt to Equity Ratio	5	2.7	2.0	1.7
Leverage Ratio	6	3.5	4.2	4.2
Interest Cover Ratio	7	5.3	4.7	4.4
Funds from Operations / Debt	8	18.5%	14.9%	14.8%

Notes

- Working Capital = (Current Assets - Current Liabilities)
Current Liabilities include Dividend Payable. Cash balances will be maintained at minimal levels whilst the MOCL finance facility remains active.
- Working Capital Ratio = (Current Assets / Current Liabilities)
Cash balances will be maintained at minimal levels whilst the MOCL finance facility remains active.
- Return on Equity = (Net Profit after Tax / Total Shareholders' Equity)
- Shareholders' Funds to Total Assets Ratio = (Total Shareholders' Equity / Total Assets)
- Debt to Equity Ratio = (Total third-party debt at year end / Total Shareholders' Equity)
- Leverage Ratio = (Total third-party debt at year end / EBITDA before other Income/Expenses)
- Interest Cover Ratio = (EBITDA before other Income/Expenses / Net Finance Costs)
- Funds from Operations / Debt = ((EBITDA before other Income/Expenses - Cash Interest - Cash Taxes) / Total third-party debt at year end)

E. ACCOUNTING POLICIES

The reporting entity for accounting and financial reporting purposes is Nelson Airport Limited. Nelson Airport Limited has a balance date of 30 June.

NAL reports financially under the new Accounting Standards Framework implemented by the Financial Accounting External Reporting Board to effect changes enacted by the new Financial Reporting Act 2013. For financial reporting purposes NAL is a “for-profit public sector entity”. By virtue of the size of the business, and by election, NAL reports under the Reduced Disclosure Regime to Tier 2 requirements.

NAL has undertaken General Purpose Financial Reporting utilising the revaluation model based on the accounting concept of Fair Value. Significant valuation work was undertaken towards this end and underpins the reporting of Property, Infrastructure and Leasehold Interest at fair value.

NAL reports internally on a monthly accounting cycle with actuals for the Balance Sheet and Income Statement being presented to management and the Board monthly. Progress against budgets and forecasts is regularly monitored internally and reported against.

From 1 July 2023 NAL became part of the IHL Group, corresponding with NAL’s ordinary shares being transferred from Nelson City and Tasman District Councils respectively to IHL. NAL is a wholly-owned subsidiary of IHL.

IHL has notified NAL that it requires quarterly reporting, an option provided under section 66 (3) of the Local Government Act 2002. Quarterly reports must be delivered by 31 May and 30 November each year. However, at the time of preparing this SOI the scope of the information required to be included in these reports had yet to be formalised by the shareholder. Accounting policies are set out in detail in NAL’s Annual Report which is available from Nelson Airport Ltd’s website at: www.nelsonairport.co.nz.

Dividend Policy

NAL will use best endeavours to maximise the annual dividend pay-out to shareholders, whilst remaining within prudent debt ratio limits that provide for the ongoing successful operation, growth, and development of the airport.

Commercial Valuation

The commercial value of the shareholders’ investment in the company is considered by the directors to be not less than the shareholders’ funds as disclosed in the Statement of Financial Position published in the last Annual Report.

The fair value of assets is supported by valuations of land, buildings, infrastructure, and the leasehold interest in the aerodrome land by independent registered valuers as required.

A reassessment of the value of the Shareholders’ investment in NAL may be undertaken as required from time to time by the shareholders or directors.

Procedure for Acquisition of Other Interests

If the Directors believe NAL should invest in or otherwise acquire any interest in any other organisation, they will obtain the prior approval of the shareholders by special resolution, unless the total cost is less than \$50,000. In this case, prior approval will not be required but shareholders will be advised in writing within 14 days.



IV. NON-FINANCIAL PERFORMANCE

A. SUSTAINABILITY, RISK MANAGEMENT & REPORTING

NAL is committed to reducing its impact on the environment, including its contribution to climate change, as well as providing transparency to the community on the potential impacts of climate change on airport operations.

Risk Management:

NAL has a comprehensive risk management framework in place that is reviewed monthly by the board. This framework includes risks pertaining to natural hazards and climate change such as inundation, significant weather event and natural disasters.

Carbon reduction:

NAL has committed to two specific goals for carbon emissions reduction:

- An 80% reduction of gross carbon emissions from 2019FY to 2035FY, and
- Net zero carbon emissions by 2050

Whilst NAL is not a member of the Climate Leaders Coalition, the first point above aligns with the coalition's goal of contributing to holding the increase in global warming to 1.5 degrees. NAL's performance against this target will be independently verified. Achieving this result for Scope 1 and 2 emissions requires NAL to transition to 100% green energy use for both terminal and tenant services.

Climate change:

Following the August 2022 weather event, NAL began developing our resilience planning which identifies the physical risks to the airport from natural events such as an increase in rainfall while Jenkins Creek is at high tide. Resilience planning focuses on the next 30 years and will identify mitigation strategies around stormwater networks, detention basin, pump stations, stop banks and rock walls.

Waste Minimisation:

NAL will focus on reducing waste and increasing recycling, this being pursued as part of an initiative to engage more deeply

with airport tenants and suppliers to establish environmental champions and raise the priority of environmental management matters.

Climate Related Disclosures (CRDs):

Consistent with the requirements of Council shareholders and Infrastructure Holding Limited (IHL), NAL commenced reporting against the Climate-Related Disclosures (NZ CS 1) standard in FY24.

The reporting will be matured through three phases: scoping, qualitative and quantitative compliance over three years, with full compliance in FY2026. This reporting will cover the following areas:

Governance

- Outlines the board's and management's roles in assessing and managing climate-related risks and opportunities.

Strategy

- Outlines the climate-related risks and opportunities NAL has identified over the short, medium and long-term.
- Analyses the impacts and resilience of NAL's strategy after taking these into consideration and outlines the transition plan.

Risk Management

- Describes NAL's processes in managing and assessing climate-related risks.

Metrics and targets

- Discloses the metrics used to assess climate-related risks and opportunities in line with NAL's strategy and risk management processes.
- Describes the targets used to manage climate-related risks and opportunities and performance against those targets.

FY25 projects underway to both reduce our carbon footprint and build resilience against natural events including those caused by climate change:

- Proactively pursue confirmation of Project 2-Zero NoR and Private Plan Change to protect ability to host zero-emission aircraft and develop green energy generation as a permitted activity
- Stormwater replacement and improvement projects
- Continue engagement with market players regarding commercial opportunity for hydrogen eco system and generation in Nelson

- Expanding our composting programme
- Promoting the eBus service to increase its use

B. HEALTH AND SAFETY

NAL has a CAA approved Safety Management System (SMS) in place, ensuring compliance of our airside operations. Our SMS is also independently audited annually by an aviation consultancy. NAL continues to evolve the system which allows for more efficient and effective reporting of risks, hazards and incidents and provides a better overview of the health and safety environment at any given time. Continual improvement is a pillar of the system, and we will continue to deliver advancements in managing safety.

We recognise that procedures and processes can only provide a certain level of assurance however and that the main hazard at the airport is that created by people.

We continue to see open and honest communication with operators and stakeholders as the key element in driving a successful safety culture. NAL holds regular safety and security discussions with stakeholders to drive improvements where businesses co-exist. NAL is also an active member of the Safety Managers Forum created by the NZ Airports Association.

C. RELATIONSHIPS WITH CUSTOMERS/STAKEHOLDERS/IWI

In 2025 we will continue to work towards a closer relationship with iwi. In 2024 we have developed a Māori Partnership Plan that has been presented to the Iwi General Managers Forum. The next step is to build an associated work programme for Nelson Airport.

Alongside this, we will continue to work on building our cultural capability internally. All staff have been offered the opportunity to attend Te Reo Māori classes since early 2023. Several staff will continue their learning with Te Ataarangi in 2024. Cultural confidence training for senior leaders is also planned in 2024.



V. GOVERNANCE PERFORMANCE

A. APPROACH TO GOVERNANCE

The board's approach to governance of NAL is to preserve and enhance shareholder value in the long term.

The board is responsible for the Strategic Plan and Statement of Intent and is accountable to the shareholders within the framework provided by the constitution of NAL, the provisions of the Companies Act 1993 and the Local Government Act 2002.

The board must:

- Ensure that NAL uses its best endeavours to meet its objectives as defined in the Statement of Intent.
- Ensure that NAL complies with its legal obligations.
- Make any decisions as to policy that is not the preserve of general management and day to day administration.
- Employ the Chief Executive, including entering into a performance management agreement, reviewing performance and setting remuneration.
- Ensure sound financial management of NAL.
- Ensure NAL meets all health and safety obligations.

The board consists of a minimum of four and a maximum of six non-executive directors, appointed by the shareholders in accordance with the constitution.

The board meets at least nine times per year. The individual directors' attendance record is maintained and reported in the Annual Report.

NAL employs sound financial management and systems providing reports to the board on monthly and year-to-date performance. The board also receives a Chief Executive's Report at each board meeting which addresses issues related to NAL's performance against its objectives.

All directors will use their best endeavours to ensure NAL achieves the objectives as defined in this document and will comply with the requirements of its constitution and the Statement of Intent.

All board members comply with the New Zealand Institute of Directors' Code of Proper Practice for Directors. Fees for the board are set by the shareholder in accordance with a policy jointly approved by Nelson City Council and Tasman District Council.

B. INFORMATION TO BE PROVIDED TO SHAREHOLDERS

General

NAL operates on a 'no surprises' basis in respect of significant shareholder-related matters, especially on matters likely to cause community or political concerns, to the extent possible in the context of commercial sensitivity and confidentiality obligations.

Half-Yearly Report

To be delivered to shareholders by 28 February. The half-yearly report will include:

- A Directors' Report which includes commentary on NAL's operations and performance against non-financial performance measures
- A condensed Statement of Comprehensive Income
- A condensed Statement of Changes in Equity
- A condensed Statement of Financial Position
- A condensed Statement of Cash Flows
- Appropriate Notes to the condensed Financial Statements

The half-yearly report (The Interim Report) will be published on NAL's website following delivery to and adoption by the shareholders.

When presenting the half-yearly report, the board will indicate any significant movement expected in the final year-end position.

Statement Of Intent

- Draft to be delivered to the shareholder on or before 1 March in the year preceding the financial year to which the draft Statement of Intent relates.
- Comments from the shareholder on draft Statement of Intent, if any, to be provided to NAL by 1 May.
- Final Statement of Intent to be delivered to the shareholder following consideration of any shareholder comments by 31 May, or later if allowed by the shareholder. In any case not later than 30 June.
- Final Statement of Intent to be made available to the public following adoption by the shareholder.

The Statement of Intent will contain prospective financial information in the form of forecasts for the current year and following two years as well as a 10-year projected debt profile and capital expenditure profile. The financial forecasts will include a summary Statement of Comprehensive Income; Statement of Financial Position; Cashflow Statement; Earnings Before Interest and Tax (EBIT); Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA); Debt to Equity Ratio; Working Capital; Capital Expenditure; Return on Equity; Gross Leverage Ratio; Funds from Operations/Debt ; Interest Cover Ratio and Ratio of Shareholders' Funds to Total Assets.

Annual Report

- To be delivered to the shareholder by 30 September and not less than 20 working days before the date fixed for holding the Annual Shareholders' Meeting.
- To be made available to the public by 30 September.

Within three months after the end of the financial year, the board will deliver an audited Annual Report which fulfils the requirements of the Local Government Act 2002 and is prepared to comply with the requirements of the Financial Reporting Act 2013.

The Annual Report will include:

- A Directors' Report including a summary of the financial results, a review of operations, a comparison of performance in relation to objectives and any recommendation as to dividend.
- A Statement of Comprehensive Income disclosing actual and budgeted revenue and expenditure and comparative actual figures from the previous year.
- A Statement of Changes in Equity with actuals and comparative figures from the previous year.
- A Statement of Financial Position with actuals and comparative figures from the previous year.
- A Statement of Cash Flows with actuals and comparative figures from the previous year.
- An Auditor's Report on the above statements and the measure of performance in relation to objectives.

Annual Shareholders' Meeting

- Annual Shareholders' Meeting to be held by 31 December each year.
- Annual Report to be delivered to Shareholders not less than 20 working days prior to the Annual Shareholders' Meeting.
- Written Notice of Meeting to be delivered by not less than 10 working days before the meeting.

Written notice of the time and place of a meeting of shareholders will be sent to every shareholder and to every director and auditor of NAL not less than 10 working days before the meeting. The notice must be in accordance with the requirements of Schedule 1 of the Companies Act 1993.



