

**Minutes of the South Port Sub-Committee  
Meeting of the Southland Regional Council,  
held in Regional House, corner North Road  
and Price Street, Invercargill, on Thursday,  
13 February 2020 at 4.00 pm**

---



**Present:** Cr D Stevens (Chair)  
Cr N Cook  
Cr L Ludlow (arrived at 4.06 pm)  
Cr E Roy

**Also Present:** Mr R Chapman (Port Company Chairman)  
Mr N Gear (Port Company Chief Executive)

**In Attendance:** Mr N Selman (General Manager, Corporate Services)  
Mr R Phillips (Chief Executive)  
Mrs M Weston (PA)

**1 Welcome (*Haere mai*)**

The Chairman welcomed those present to the meeting.

**2 Apologies (*Nga Pa Pouri*)**

*Resolved:*

Moved Cr Roy, seconded Cr Cook, that apologies for absence be received from Chairman N Horrell and Cr J McPhail, who were absent on other Council business.

Carried

**3 Public Forum, Petitions and Deputations (*He Huinga tuku korero*)**

There was no public forum, petitions or deputations presented to the meeting.

#### **4 Confirmation of Minutes (Whakau korero)**

***Resolved:***

Moved Cr Roy, seconded Cr Cook, that the minutes of the South Port Sub-Committee meetings held on 13 June 2019 and 29 August 2019 be taken as read and confirmed as true and correct records.

Carried

#### **5 Notification of Extraordinary and Urgent Business (*He Panui Autaia hei Totoia Pakihi*)**

##### **5.1 Supplementary Reports**

There were no supplementary reports tabled for inclusion in the agenda.

##### **5.2 Other**

There were no other items of business raised for inclusion in the agenda.

#### **6 Questions (*Patai*)**

There were no questions asked by the meeting.

#### **7 Chairman's Report (*Te Puronga a Tumuaki*)**

The Chairman did not present a report to the meeting.

#### **8 Extraordinary and Urgent Business**

There was no extraordinary or urgent business considered by the meeting.

#### **9 Staff Report – 20/SP/12**

##### **⇒ Item 1 - South Port New Zealand Limited's Half Yearly Result to 31 December 2019**

Mr Chapman, Chairman of South Port NZ Ltd, spoke to the NZX Announcement and Media Release, which was circulated to the meeting, and a copy of which is appended to these minutes.

*(Cr Ludlow attended the meeting at this time.)*

South Port NZ Ltd has followed up its excellent 2019 performance with a steady result for the first six months of FY2020 ending 31 December 2019; recording a net profit after tax of \$4.6 million which was consistent with the previous corresponding period in FY2019.

Bulk cargoes, logs and fertiliser came under pressure due to market conditions and inclement weather patterns. Container volumes have increased and the expectation is that all other cargoes will remain consistent. The new blast freezer was installed a year ago, has improved efficiency and capacity of this operation and allowed the introduction of new customers.

The Coronavirus is expected to have an effect on trade due to China being on a lock down and there is a fair amount of uncertainty as to the level of impact this will have over the next few months.

South Port NZ Ltd estimates that its full year earnings should fall in the range of \$8.20 million to \$8.70 million (FY2019 - \$9.79 million) and declared a full imputed interim dividend of 7.50 cents per share, payable on 4 March 2020. In the event that the company's FY2020 year-end profit falls within the forecast range they are confident that the full year dividend payment will be consistent with the previous year. This will be fully funded through the year's cash flow and not through any loan arrangement.

Another successful capital investment was the container terminal expansion. This process has become safer and has allowed South Port NZ Ltd to handle an increased volume. The company achieved a milestone of 50,000 TEU in the calendar year which was a strategic goal set five years ago at the time of the purchase of a second crane.

Open Country Dairy have opened their new warehouse located at Awarua. This will allow the South Port owned warehouse located on the Port at Bluff to be marketed to other potential customers.

The cost issues relating to the operations at the New Zealand Aluminium Smelter (NZAS) will need to be addressed by the Electricity Authority in order for the NZAS to become competitive once again. An update on the strategic review of NZAS is expected at the end of the first quarter 2020. NZAS have signed a fixed rental for the wharf at Bluff until 2043.

South Port is having an open day on 15 March from 11.00 am until 3.00 pm. This is open to the Public and the event is being advertised in local media.

<b>9 Public Excluded Business</b>
-----------------------------------

**Resolved:**

Moved Cr Ludlow, seconded Cr Roy, that in accordance with section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest/s protected by section 6 or section 7 of that Act (or sections 6, 7 or 9 of the Official Information Act 1982, as the case may be), the public be excluded from the following parts of the proceedings of this meeting, namely:

- ⇒ Confirmation of Minutes – South Port Subcommittee – 13 June 2019
- ⇒ OMV
- ⇒ South Port project

The general subject of the matters to be considered while the public is excluded, the reason for passing this resolution in relation to the matter, and the specific grounds for excluding the public, as specified by Section 48(1) of the Local Government Official Information and Meetings Act 1987, are set out below:

<i>General Subject Matter</i>	<i>Reason for Passing the Resolution</i>	<i>Grounds under S. 48(1)</i>
<ul style="list-style-type: none"> <li>⇒ Confirmation of minutes – South Port Subcommittee – 13 June 2019</li> <li>⇒ OMV</li> <li>⇒ South Port project.</li> </ul>	To allow Council to carry out, without prejudice or disadvantage, commercial activities.	S.7(2)(h)

It is further moved that South Port representatives, Mr R Chapman and Mr N Gear, and staff Rob Phillips, Neil Selman and Mel Weston be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of each of the items to be discussed, and will be of assistance in relation to the matter to be discussed.

**Carried**

**Resumed in Open Meeting**

**Termination**

There being no further business, the meeting closed at 4.45 pm.