Committee Members
Cr David Stevens (Chair)
Cr Neville Cook
Chairman Nicol Horrell

Cr Lyndal Ludlow
Cr Jeremy McPhail
Cr Eric Roy

environment SOUTHLAND REGIONAL COUNCIL
Te Taiao Tonga

South Port Sub-Committee
(Rōpū a-Tonga Taunga Waka)

Environment Southland Council Chambers
and via Zoom digital link

2.00 pm 1 April 2021

A G E N D A
(Rarangi Take)

1. Welcome *(Haere mai)*

2. Apologies *(Nga Pa Pouri)*

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

4. Confirmation of Minutes *(Whakau korero)* – 12 February 2021

5. Notification of Extraordinary and Urgent Business *(He Panui Autaia hei Totoia Pakihi)*
   5.1 Supplementary Reports
   5.2 Other

6. Questions *(Patai)*

7. Chairman's Report *(Te Purongo a Tumuaki)*

8. Extraordinary and Urgent Business *(Panui Autaia hei Totoia Pakihi)*

10. Public Excluded Business *(He hui Pakihi e hara mo te iwi)*
   - Confirmation of Minutes – 12 February 2021

Staff Report - 21/SP/32

- Item 1 - South Port New Zealand Limited – Directors' Recruitment and Succession Planning.....13

R A Phillips
Chief Executive

RECOMMENDATIONS IN COUNCIL REPORTS ARE NOT TO BE CONSTRUED
AS COUNCIL POLICY UNTIL ADOPTED BY COUNCIL

Confirmation of Minutes

- **South Port Sub-committee Meeting – 12 February 2021**

Minutes of the South Port Subcommittee Meeting of the Southland Regional Council, held in Regional House, corner North Road and Price Street, Invercargill, on Friday, 12 February 2021, at 4.02 pm

Present:	Cr D Stevens	(Chair)
	Cr N Cook	
	Cr L Ludlow	
Also Present:	Cr A Baird	– from 4.05 pm
	Mr R Chapman	(Chairman, South Port NZ Ltd)
	Mr N Gear	(Chief Executive, South Port NZ Ltd)
In Attendance:	Mrs Kubrycht	(GM, Organisational Development & Transformation)
	Mrs J M Brown	(Executive Assistant)

1 Welcome *(Haere mai)*

Cr Stevens welcomed members to the meeting of South Port Subcommittee, with a special welcome extended to the company representatives – Messrs Chapman and Gear.

2 Apologies *(Nga Pa Pouri)*

Resolved:

Moved Cr Cook, seconded Cr Ludlow, that apologies for absence be accepted on behalf of Chairman N Horrell, Cr J McPhail and Cr E Roy.

Carried

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

There were no Public Forum, Petitions and Deputations.

4 Confirmation of Minutes *(Whakau korero)* – 27 August 2020

(a) South Port Sub-committee Meeting – 27 August 2020

Resolved:

Moved Cr Cook, seconded Cr Ludlow, that the minutes of the South Port Subcommittee held on 27 August 2020 be taken as read and confirmed as a true and correct record.

Carried

[Cr Baird attended the meeting at this time – 4.05 pm]

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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 by Councillors for inclusion in the agenda.

6 Questions *(Patai)*

There were no questions asked by the meeting.

7 Chairman' Report *(Nga Purongo-a-Tumuaki)*

⇨ Chairman's Report

The Chairman did not present a report.

8 Extraordinary ad Urgent Business (*Panui Autaia hei Totoia Pakihi)*

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

9 Staff Report – 21/SP/11

⇨ Item 1 – South Port New Zealand Limited's Half Yearly Result to 31 December 2020

The Chairman and CE were invited to make their presentation. In doing so, they tabled a media release, which had just been publicly released, and spoke to the items contained in it. The Chairman highlighted that the company had had a very, very strong start for the half year, producing a record result. He noted this had been somewhat surprising given the challenges all were aware of. In particular, there had been:

- an excellent operational performance
- increases in container activity, cold storage and marine operations
- bulk cargo had remained consistent throughout

Revenue for the half year was $23M – up 8.4%; profit at $6.1 – up 33%, which was very encouraging. This was due to the excellent operational performance – working assets much harder. Staff are also working to capacity, because of some of the challenges that were present. As a result, the business was performing very well.

The meeting was also reminded of the recently announced new electricity agreement with meridian Energy that allowed NZAS to continue to operate the Tiwai Point Aluminium Smelter until 31 December 2024, which has given four years to prepare for

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life beyond the smelter if it chose not to remain after 2024. This will allow the Board to plan and reposition South Port in the interim.

The Chief Executive then spoke to the meeting, noting:

- total cargo activity up 2% - highlighting the excellent operational performance;
- woodchips down;
- NZAS cargo down due to uncertainty around the continued operation;
- logs were up, with the log market going extremely well at the moment and prices continuing to rise in China;
- containers up 28% - South Port is not a large container port, but has had significant growth due to COVID disrupting international shipping logistics. However, this impacts on the space/capacity at the port. It is not known how long this increased cargo will continue.
- the company was investing in infrastructure – expanded container area last year, which was full within a month; erected a reefer tower; a new wash area which is fully committed, new storm bollards being installed at the port;
- still working on the access bridge (impressed current cathodic protection system), with seven bays of 14 having been successfully completed, and two further bays to be upgraded in this financial year. It was anticipated this work would continue ahead of schedule.
- Investigations have commenced re the purchase of new tug – which will increase capacity, provide a greater safety margin for larger vessels, and replace an aging vessel. Will update shareholders when that is completed – will likely occur in this financial year.
- corona virus continues to impact – positively and negatively.
- the strong start to the year means expecting the full year earnings to be in the range of $10-$10.5M (which would be a record), and as a result expect the dividend to be maintained at its current level.

In response to questions from Cr Baird, Mr Chapman noted the company endeavours to maximise pay-out of dividend, but needs to balance this against the capital investment, and the need to reinvest in the asset to ensure some of its capacity issues are addressed. Also there was uncertainty around the current levels of activity being maintained given they were COVID-related.

After further discussion in relation to increased activity, Mr Chapman noted a challenge for the company was that the MSC line was to visit once a week, but was actually visiting three times per week. This had both positive and negative impacts, which were explained.

There was discussion about various sized container cranes, the volume of cargo required to support different cranes, and the impact of the channel restrictions at Bluff. Mr Chapman also noted containers were not the only growth area for its business, and the smaller container operation was not a limiting factor.

Cr Cook thanked the company representatives for their very encouraging report, given the uncertainties that were present.

The meeting also briefly discussed the proposed removal of the high spots in the channel and how the company proposed to programme this work to ensure it did not impact on the operation of the port. With the work to be undertaken it would make the channel safer by reducing the risk profile for the vessels transiting. There will also be greater efficiencies for the users of the port being able to bring in bigger loads and take out bigger loads.

The Chairman, Cr Stevens, thanked the representatives for their very positive report to the meeting today.

Resolved:

Moved Cr Cook, seconded Cr Ludlow, that the Sub-committee receive the report from the representatives of South Port New Zealand Limited.

Carried

12 Public Excluded Business

Resolved:

Moved Cr Ludlow, seconded Cr Cook, that in accordance with Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests 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, it is moved that the public is excluded from the following part of the proceedings of this meeting, namely:

- **confirmation of minutes of the South Port Subcommittee – 27 August 2020**

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

General Subject Matter	*Reason for Passing the Resolution*	*Grounds under S. 48(1)*
⇨ **Confirmation of Minutes – South Port Sub-committee – 27 August 2020**	**To allow Council to carry out, without prejudice or disadvantage, commercial activities.**	**S7(2)(h)**

It is further moved that staff present (Amy Kubrycht and Jan Brown) be permitted to remain at this meeting after the public has been excluded.

Carried

Resumed in Open Meeting

Termination

There being no further business, the meeting closed at 5.23 pm.