

Committee Members

Cr Eric Roy (Chair)
Cr Alastair Gibson
Cr Lyndal Ludlow

Cr Jeremy McPhail
Cr Maurice Rodway
Chairman Nicol Horrell (*ex officio*)



South Port Sub-Committee Rōpū a-Tonga Taunga Waka

Environment Southland Council Chambers
and via Zoom digital link

4.00 pm

9 February 2023

A G E N D A Rarangi Take

1. Welcome | Haere mai
2. Apologies | Ngā Pa Pouri
3. Public Forum, Petitions and Deputations | He Huinga tuku korero
4. Confirmation of Minutes | Whakau korero – 25 August 2022
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
9. General Manager, Business Services Report - 23/SP/06
 - Item 1 - South Port New Zealand Limited's Half Yearly Result to 31 December 20228



10. Public Excluded Business | He hui Pakihi e hara mo te iwi

Dom Rikiti
General Manager, Business Services

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



Confirmation of Minutes

- **South Port Sub-committee Meeting – 25 August 2022**

**Minutes of the South Port Subcommittee Meeting of
the Southland Regional Council, held in
Regional House, corner North Road and Price Street,
Invercargill, on Thursday, 25 August 2022, at 4.00 pm.**



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|-----------------------|--------------------|------------------------------|
| Present: | Cr D Stevens | (Chair) |
| | Chairman N Horrell | |
| | Cr N Cook | |
| | Cr L Ludlow | |
| | Cr E Roy | (joined by zoom) |
| | Cr J McPhail | (joined by zoom) |
| Also Present: | Mr R Chapman | (South Port NZ Chairman) |
| | Mr N Gear | (South Port Chief Executive) |
| In Attendance: | Ms A Kubrycht | (GM, Corporate) |
| | Mrs T Hawkins | (Chief Financial Officer) |
| | Mrs M Weston | (PA) |

1 Welcome (*Haere mai*)

The Chairman welcomed members to the meeting of South Port Subcommittee, which was to receive the year-end results from the South Port NZ Ltd representatives present. He extended a special welcome to Chairman, Rex Chapman and Chief Executive, Nigel Gear.

2 Apologies (*Nga Pa Pouri*)

There were no apologies for absence, as all members were present.

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

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

4 Confirmation of Minutes (*Whakau korero*) – 16 August 2022

Resolved:

Moved Chairman Horrell, seconded Cr Cook, that the minutes of the South Port Subcommittee meeting held on 16 August 2022 be taken as read and confirmed as a true and correct record.

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 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 to the meeting.

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

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

9 General Manager, Corporate Report – 22/SP/89

⇒ Item 1 – South Port New Zealand Limited's Year End Result to 30 June 2022

Mr Chapman was invited to speak to the meeting about the company's end of year results to 30 June 2022.

Mr Chapman tabled a copy of the media release that had been circulated. (A copy is appended to the record). Messers Chapman and Gear presented the following key highlights:

- the company achieved record after tax profit of \$12.83 million;
- the result was achieved due to South Port NZ's diversified trade mix which secured an improved annual result, despite supply chain disruption to containerised trade, and an ongoing fluctuation in the log trade;
- total operating revenue from Port services increased by 2.7% to \$48.58 million;
- a final dividend of 19.5 cents was declared, which brought the full-year dividend to 27 cents per share – a gross return of 4.4% on the share price;
- volatility in shipping movements reflected a 24% reduction in calls at Bluff by container vessels;
- overall vessel calls dropped back to 305 calls (compared to 331 in FY2021), while an increase was experienced in the bulk cargo trade;

- cargo had increased by 2.8% and an increase in overall cargo tonnage was recorded at 3,554,000 compared with 3,454,000 tonnes in the previous year.

However, it was estimated that FY2023 earnings would be down by 12.9% on the FY2022 result.

Mr Gear also presented an update on Port Operations, which covered:

- safety at the Port including the Port industry;
- ongoing challenges related to the shortage of container vessels, containers and labour resources in the supply chain worldwide;
- Covid-19 continues to disrupt the China market;
- the downturn of the logging market;
- significant works which were undertaken, including an expansion to the container terminal;
- NZAS at Bluff represents 32% of the Port's cargo volume and noted NZAS and Meridian were open to extending the life of the smelter beyond 2024, and were in negotiations for an electricity supply contract;
- discussions continue relating to a hydrogen plant being established in the region;
- SP continues to work through the consenting process to deepen the port channel, swing basin and berth pockets from 9.7 metres to 10.7 metres and is waiting for the outcome of this decision, later this year.

The Ministry is leading the development of a NZ freight and supply chain strategy and has invited key stakeholders in the freight and supply chain system to engage with them. This will be in the form of workshops, meetings and surveys to respond to. South Port will keep the Council updated on this.

Councillors congratulated South Port on achieving an excellent result and asked a variety of questions which covered:

- capex and SP's asset management plans;
- benefits of SP increasing the depth in the channel;
- Government had passed legislation making climate-related disclosures mandatory for some organisations and questioned if SP were working through this?

Resolved:

Moved Cr Ludlow, seconded Cr Cook, that the Sub-Committee note the report.

Carried

Extraordinary and Urgent Business – (*He Panui Autaia hei Totoia Pakihi*)

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

9 Public Excluded Business (*He hui Pakihi e haram o te iwi*)
Resolved:

Moved Cr Cook, seconded Cr Ludlow, 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 – 16 August 2022

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:

| <i>General Subject Matter</i> | <i>Reason for Passing the Resolution</i> | <i>Grounds under S. 48(1)</i> |
|---|--|-------------------------------|
| ⇒ Confirmation of Minutes – South Port Sub-committee – 24 June 2021 | To allow Council to carry out, without prejudice or disadvantage, commercial activities. | S7(2)(h) |

Carried

Resumed in Open Meeting
Termination

There being no further business, the meeting closed at 5.10 pm.



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| Item 1 | South Port New Zealand Limited's Half Yearly Result to 31 December 2022 |
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| MORF ID: - | Strategic Direction: |
| Report by: Jan Brown, Executive Assistant | Approved by: Dom Rikiti, General Manager, Business Services |
| Executive Approval: Wilma Falconer, Chief Executive | |

Purpose

Representatives of the company will be present at the meeting to update the Sub-committee on the interim results of the company to 31 December 2022, which will be publicly released the same day as the meeting.

Recommendation

It is recommended that the Sub-committee hear from the representatives of South Port New Zealand Limited.