

PORT OF TAURANGA ANNUAL MEETING 2024

1pm, Friday 25 October 2024

Chief Executive – Leonard Sampson

Thank you, Julia, and kia ora koutou.

As Julia described, the second half of our year saw a marked turnaround, with cargo volumes bouncing back, despite the economic downturn reducing demand for imports, along with challenging export commodity prices.

Despite these fluctuations in cargo volumes, and the fact that only 30% of container vessels are arriving on schedule --- our continuous focus on operational performance has seen positive improvements in service delivery to our customers.

Productivity improved with - container moves per crane / per hour - increasing by 7.9% to just over 30 moves per hour. This compares with the national average of 25, and the average of the top five Australian ports of 24 moves per hour.

Our team has done an outstanding job in improving productivity, without any compromise to safety.

Our total recordable injury frequency rate, for employees and contractors, significantly dropped 36.2% to 13.2 per million hours worked. Pleasingly our lead indicators also improved, with safety observations up 9.3% and near hit reporting up 7.1%.

This reflects an increased focus on proactive risk assessment and management, at all levels across the organisation.

We have introduced a new safety recognition programme, where our people can nominate their colleagues for a TeamSafe award, which recognises behaviour demonstrating our value of having a “safety always” mindset.

As New Zealand’s largest port, we continue to take a leadership role in health and safety across the port industry. Our General Manager for Health and Safety, Pat Kirk, is chair of the Port Industry Association and also participates in the Port Sector - Health and Safety Leadership Group.



Port of Tauranga
Connecting New Zealand and the World

Looking now at the detailed cargo trends over the past year.

Imports were the most impacted by the economic downturn, with lower domestic consumption reducing imports 13.4% to 7.8 million tonnes.

Exports overall remained steady, increasing 0.9% to 15.8 million tonnes.

Container volumes decreased 2.5% to 1.15 million TEU.

With regard to our export commodities, log exports increased 7.5% in volume to reach the second highest year on record at 6.7 million tonnes. This was due to around a million tonnes related to Cyclone Gabrielle, with forests in the Central North Island damaged in the severe weather event and exported earlier than planned.

Direct dairy exports decreased 3.4% in volume with softer production in the North Island and challenging commodity prices. This also affected dairy sector inputs, with both fertiliser and stock feed imports decreasing 16.7% and 17.2% respectively.

There were several changes to coastal shipping services throughout the year which resulted in transshipment volume decreasing 12.1%.

Kiwifruit bounced back following a challenging 2023 season with volumes for the financial year (which *spans part of two growing seasons*) seeing an 8.5% increase in volume for the 12 months to June.

Total ship visits were 1,427, five fewer than the previous year. 109 of those were cruise ships over the summer season, which was close to the record of 116 visits prior to the Covid pandemic.

The first cruise ship of the current season arrived on October the 18th, and we are expecting more than 90 visits through to April. We will welcome a number of first-time callers, including the Disney Wonder vessel calling in December of this year.

We remain New Zealand's largest port, handling 32% of New Zealand's total imports and exports - by both volume and value.

Importantly however as an export trading nation we facilitate just under half of all of New Zealand's total export trade by value at 47%.

A year on from its official opening, we are pleased with the progress of the Ruakura Inland Port, our joint venture in Hamilton with Tainui Group Holdings. Trains running to and from Port of Tauranga and MetroPort in Auckland now call daily at the Ruakura inland port.

Earthworks are under way on stage 2, creating an empty container depot adjacent to the inland port facility. This is an exciting development in the growth of the inland port, which is on track to handle around 25,000 TEU in 2025.

Back here in Tauranga – As Julia has described, we are currently assessing the newly announced fast track legislation as an option to speed up the Stella Passage consenting process.

The Stella Passage port development is both regionally and nationally important and is particularly urgent at the Sulphur Point container terminal as we reach the current limits of our existing berth capacity.

While we wait for the necessary consents, we are continuing to pursue plans to introduce a level of automation into the container terminal following the berth extension. Despite this project being delayed, we have developed the necessary electrical infrastructure and are close to vendor selection.

Our automation involves fully-electric, rail-mounted gantry cranes that will work together with hybrid or electric straddles running between the container yard and ship-side.

Similar automation models have been used for over a decade at some of the world's most efficient container terminals.

We have recently taken delivery of a new container crane, which (weather permitting) will be assembled and operational by the end of the year. Last year we dismantled the oldest crane in the fleet, and we are currently dismantling its sister crane as both have reached the end of their working life.

As part of our ongoing investment in decarbonisation, we have added an additional four hybrid straddle carriers. The hybrid straddles are around 25% more fuel efficient than the current diesel electric models in our fleet.

Port of Tauranga continues to take its environmental responsibilities very seriously, with a particular focus on air and water quality in and around the port.

We have undertaken a range of initiatives to reduce airborne dust, resulting in a dramatic improvement in air quality since intense monitoring began in 2019.

Vacuum sweeper trucks operate 24/7 with bark from export logs recycled into garden products.

Concrete barriers keep traffic on frequently swept roadways, and we continue to extend our wind fence network, which encourages airborne dust to settle, where it can then be swept up. We enforce strict wind limits for handling of dusty cargoes on our bulk wharves.

All of this has seen a 25% reduction in fine dust measured at the Totara and Waimarie St intersection between 2017 and 2023.

We also have an extensive programme monitoring water quality, which regularly tests for suspended solids, heavy metal toxicants and other contaminants.

Whilst the results are currently well within compliance of resource consent limits, we're not content to just comply. In this regard, we will install our first above ground stormwater treatment system at the Mount Maunganui wharves, in the oldest part of the port.

We have just published our first Climate-related Disclosures report under the new, mandatory reporting regime for listed companies. The report reviews our risk management systems, discusses the specific climate-related risks and opportunities, and outlines our current greenhouse gas emissions.

Our total Scope 1 and 2 emissions – (*those we directly control*) – reduced 3.9% over the year and when we take into account Scope 3 emissions (*those that we do not directly control*) – from our chartered MetroPort trains and waste to landfill, we achieved a 13.5% decrease. Whilst total emissions reduction is a priority, we also focus on our emissions intensity, or greenhouse gas emissions per cargo tonne.

We will be doing a significant amount of work this year in further developing our metrics and targets to better define the Scope 3 emissions boundaries, which we will report on into the future.

Our pursuit of the “big ships” strategy has a positive impact on the national emissions profile. Larger, more efficient vessels can produce significantly fewer greenhouse gas emissions per container.

Over the past year we were pleased to announce some new community partnerships. The largest two of which, are our sponsorship of the Mount Maunganui Lifeguard Service, as well as our funding towards the Living Seawall that has been built on strand waterfront with the aim to attract more marine life.

We have also funded a natural playground on the new Marine Parade Coastal Pathway, along with a new viewing platform on the north side of the Mauao walking track.

Now looking to the year ahead ...the current economic conditions and operating environment are both complex and challenging, but our scale and diversity continues to hold us in good stead.

We continue to see the impacts of softer commodity prices, as well as the escalating geopolitical instability, trade tensions and ongoing conflicts in the Red Sea.

With the exception of kiwifruit, a number of key export commodities are forecasted to be relatively flat in volume over the next 5 years, after a decade of pre covid growth.

However, the forecasted population increases in the Upper North Island over the next two decades, represent a significant opportunity for growth in imported cargoes.

To support this growth in population, we must have all three ports –Tauranga, Northport and Auckland – operating at maximum efficiency, supported by a network of rail-enabled inland ports to create a resilient sustainable upper North Island supply chain.

Let's now turn to the first quarter's results and the outlook for 2025.

- Total trade volumes for the quarter were 6.2 million tonnes up 7.6% on the same quarter last year
- Total container volumes were 293,000 TEU up 16% on the same quarter last year.

Based on the first quarter's results and not withstanding any significant changes to trading conditions, we expect full-year underlying earnings to be in the range of \$110 to \$120 million.

We remain confident in our ability to deliver sustainable financial results over the long-term due to our people, operational resilience, and diversity of both cargoes and income streams.

It just remains for me to thank our team, our customers, business partners and service providers, along with our community for your ongoing support.

Finally, thank you also to you, our shareholders - for your continued trust and support in our business.

Together we are connecting New Zealand and the world.

Ngā mihi nui kia koutou katoa. Thank you.

