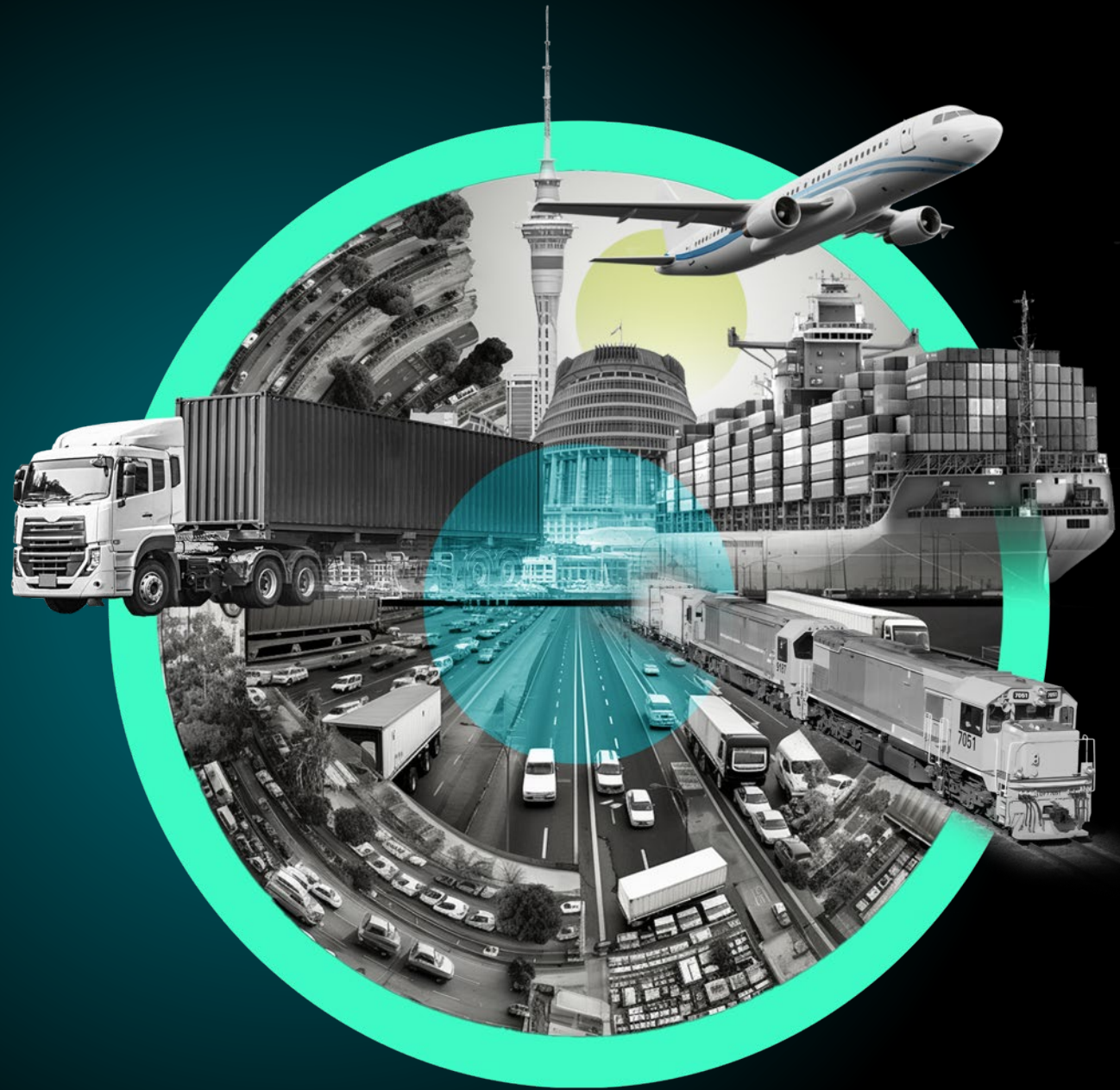


Deloitte.



From strategy
to action

New Zealand Ports and Freight Yearbook 2024

Contents

 Introduction	03
 01: In focus Thought leadership from across Deloitte	04
 In focus: Supply chain resilience – Moving from strategy to action	05
 In focus: Insight-driven logistics	09
 In focus: Debt capital markets update	13
 In focus: Enabling technology – Explore the future, realise opportunity	16
 In focus: Australian port industry insights	20
 02: Economic insights Analysis and insights from Deloitte Access Economics	25
 03: Land transport Road and rail system insights	33
 04: Port sector insights Financial and operational trends	40
 05: Port sector insights Comparator tables	53
 06: Port sector insights Port summaries	59
 07: Deloitte's Infrastructure and Capital Projects Offering	73

Tēnā koutou

Welcome to our 2024 Deloitte Ports and Freight Yearbook

The Deloitte New Zealand Ports and Freight Yearbook provides a snapshot of domestic port and freight activity. We present insights into the global and domestic operating environment via a series of “in focus” articles, economic insights, and analysis of port financial and operational trends.

Time to take action

Supply chain disruptions of recent years have prompted governments to prioritise resilience. Progress has been made to better understand the criticality of supply chains and develop common objectives. However, with a range of mega-trends contributing to a continued challenging operating environment, now is the time for both government and business to translate strategy into action.

In this yearbook, we present a range of “in focus” thought leadership pieces. In line with our theme of ‘taking action’, we look at supply chain resilience considerations and the practical steps that can be taken by government and industry. We also present two complimentary technology focused articles in relation to enabling technology and how it is changing transport systems, and the opportunity to make the most of your data and achieve insight-driven logistics.

Our Deloitte Access Economics team provides an economic update on the state of the economy, supply chains and challenges that lie ahead. The opportunity to build resilience via trade with India is also discussed.

New data, new insights

This yearbook also contains a number of firsts, including:

- Development of a New Zealand-specific measure of supply chain health – the Deloitte Access Economics Supply Chain Health Index (DAESCHI),
- Our inaugural debt capital markets update,
- Insights into the Australian container ports sector, and
- Introduction of additional road, rail and port system data.

We are pleased to release this Yearbook as part of Deloitte’s Infrastructure & Capital Projects (ICP) market offering. Our domestic and global network of ICP professionals allows us to bring together deep skills and provide integrated solutions to all segments of the infrastructure sector and across the asset lifecycle.

If you have any questions, please reach out to either myself or the other contributing authors. We welcome your feedback and look forward to future discussion and engagement.

Ngā mihi nui.

John Marker

National Partner – Critical Infrastructure
Infrastructure & Capital Projects



John Marker

National Partner – Critical infrastructure

Infrastructure & Capital Projects

Auckland, New Zealand

[VIEW PROFILE](#)

01

In focus:

Thought leadership from across Deloitte

Supply chain resilience

Moving from strategy to action

The supply chain disruptions of recent years have prompted governments to prioritise resilience. Good work has been done to understand the criticality of supply chains and develop common objectives. Now is the time for both government and business to translate this into action.

Challenging operating environment

As a small, open trading nation, New Zealand's wellbeing is dependent on the maritime and air connections that link us with the rest of the world. While international trade and efficient supply chains underpin our prosperity, they are also a source of potential vulnerability.

New Zealand's international and domestic supply chains were challenged in unprecedented ways throughout the pandemic, with labour shortages, public health restrictions, a surge in demand for goods (and the 'bull whip' effect within supply chains) leading to congested ports, supply delays, and rising costs.

The disruptions of recent years have been a wake-up call. Policy makers and industry have both recognised that supply chain resilience has required enhanced focus. In a dynamic and complex world, risks to supply chains abound. This enhanced risk environment is being driven by the mega-trends outlined below.

We have not had to wait long for fresh supply chain disruptions to materialise. In 2023, international and domestic supply chains returned to a 'new normal', even with the disruptions and pressures resulting from Cyclone Gabrielle, Russia's invasion of Ukraine, inflation, and an economic slowdown in China. However, in 2024, we are facing the potential of more acute disruption from:

- 1. The Panama Canal:** A severe drought in Panama has led to restrictions, with daily passages down by 36 percent (at the time of writing).¹
- 2. Conflict in the Middle East:** There has been significant disruption to shipping in the Red Sea as a result of attacks on commercial vessels. This is leading to delays, increased costs (flowing into freight and insurance rates) and reduced effective capacity. Global freight capacity could end up reduced by 20% as a result.²

This complex operating environment provides further impetus to work to enhance supply chain resilience.



John Marker
National Partner
Infrastructure & Capital Projects
Auckland, New Zealand

[VIEW PROFILE](#)



Guy Finny
Associate Director
Infrastructure & Capital Projects
Auckland, New Zealand

[VIEW PROFILE](#)

¹ Panama Canal drought moves Maersk to start using land bridge for cargo (cnbc.com)
² Red Sea attacks threaten to cut global shipping capacity 20% - Nikkei Asia

Mega-trends impacting supply chain resilience:

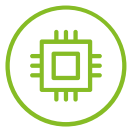


Increased geopolitical tensions – strategic competition and decoupling between countries is impacting trade dynamics, with new trade barriers and friend-shoring reshaping supply chains.



Climate change and other natural hazards – climate change, nature and biodiversity loss and other natural hazards can lead to sudden supply chain disruptions, and will progressively reshape supply chains.

Accelerated technology landscape – digital technology is increasingly pervasive, with the pace of change only accelerating, creating the potential for both enhanced efficiency and disruption from cyber vulnerabilities.



Enhanced complexity – organisations, and their supply chains, are increasingly multi-layered and interdependent, making it harder to identify emerging issues.





Supply chain resilience

Moving from strategy to action

Strategic focus

National and international dynamics have prompted government to focus on developing formal frameworks that promote economic resilience, with supply chain resilience forming a core pillar.

A key development was the publication of New Zealand's first national 'Supply Chain Strategy' in August 2023. This has been complemented by other initiatives to enhance resilience, which have included:

- The development of the Indo-Pacific Economic Framework (IPEF) Supply Chain Agreement, which was signed in late 2023.
- Consultation by the Department of the Prime Minister and Cabinet on critical infrastructure reform.
- A Productivity Commission inquiry into the resilience of the New Zealand economy to supply chain shocks.

A common feature of these initiatives is that they are starting points – they confirm objectives, provide an evidence base, and outline a way forward. The Supply Chain Strategy acknowledges that it is a 'first step'.

With these foundations in place, there is a need to translate this work into practical action.

New Zealand Supply Chain Strategy

The Supply Chain Strategy was developed in consultation with industry. The Strategy confirms supply chain resilience as a key system outcome, with this underpinning several of the goals and actions articulated in the strategy.

The Strategy itself highlights focus areas for the next three years, including ports and port connections, international collaboration, data sharing and interoperability, and road freight decarbonisation.

These focus areas are accompanied by a list of immediate actions, with the Ministry noting that it intends to launch a second set of actions in 2024. This is envisaged as a more substantive work programme to be developed in collaboration with the sector.

Productivity Commission Inquiry

The previous government tasked the Commission with examining policies and interventions to enhance the resilience of New Zealand's economy and living standards to persistent medium-term supply chain disruptions.

The Commission found that our supply chains are some of the most exposed among advanced economies. Our trade has become more concentrated in recent decades, with disruption to our supply chains having the potential to result in significant adverse economic impacts, justifying proactive investment in enhancing supply chain resilience. The Commission has made a series of recommendations, primarily focused on enhancing collaboration between industry and government and incentivising investment in resilience capabilities.

Indo-Pacific Economic Framework

New Zealand is a signatory of the US-led Indo-Pacific Economic Framework for Prosperity. The 14 parties to this agreement collectively represent ~40% of global GDP.

A key pillar of this framework is the 'supply chain resilience' agreement. Features of the agreement include:

- Identification of critical sectors and key goods in each member's supply chains,
- Monitoring and addressing supply chain vulnerabilities, and
- Establishment of a Supply Chain Council to advance action plans and a Crisis Response Network to enable parties to better collaborate in the event of disruption.

Critical Infrastructure Reform – Phase 1

In mid-2023, DPMC released a consultation document on a range of potential measures to enhance critical infrastructure resilience, including an enforceable minimum resilience standard. The consultation document cited similar mega-trends to those outlined on the prior page as drivers for reform.

Critical infrastructure, including ports, airports, railways and roads, underpin the functioning of our supply chain. Supply chains, in turn, are also a key source of risk for critical infrastructure operations.

At the time, DPMC signalled that it would conduct a second round of consultation on detailed options for enhancing resilience in the first half of 2024.

Supply chain resilience

Moving from strategy to action

Taking action

Through various initiatives, government and industry have confirmed there is a need for action on enhancing supply chain resilience.

In 2024, government and industry will need to redouble efforts to achieve this outcome.

Enhanced resilience will be a function of government policy and investment, and complementary actions from industry. The cumulative effect of these initiatives will over time lift the resilience of critical components and deliver a supply chain system that is better able to withstand and adapt to shocks. In the current environment, we all need to expect the unexpected.



[...] once in a generation events are becoming more frequent and severe. We need a system that is better able to anticipate and recover from such shocks to keep goods moving to and from markets. We also need to make sure we adapt the system to long-term changes ahead of time, instead of reacting as problems happen – *Ministry of Transport*

Practical steps forward

Government and commercial participants in the supply chain each have distinct roles to play in a more resilient supply chain system. Government is best placed to ensure system settings support and, where justified, to direct commercial participants in the supply chain to enhance their level of resilience. As a provider of critical transport infrastructure, government can also enhance resilience through its investment settings. Industry's role is to review and enhance operational practices, and supporting technology, to uplift resilience at the firm level.

What actions can government take?



- Progress work on a **detailed action plan** for the Supply Chain Strategy to provide certainty and direction to the sector. A key consideration will be deploying leading edge technology such as AI, which our thought leadership piece on 'enabling technology' explores (see page 16).
- Continue work to **maintain and enhance trade relationships** to help minimise barriers that could impede supply chains functioning. While implementation of the IPEF Supply Chain Agreement in New Zealand will depend on ratification, when this occurs it should be moved swiftly into action. Where trade barriers are being considered on economic security grounds, have regard to unintended consequences from interventions that could detract from supply chain resilience (e.g. by making supply chains more complex/opaque).
- Signal (and execute on) a clear **plan for resilience enhancing road and rail investments**, including future direction for the Cook Strait ferries once government has received advice from its expert advisory group.

What actions can industry take?



- Consider **enhanced resilience practices**, including better understanding how risks can impact critical assets and services on a holistic basis (which we outlined in our [2023 Yearbook](#)). Each organisation will have its own tolerance for risk and desired level of resilient service (which will be influenced by stakeholder requirements and expectations). A structured process of risk identification and resilience uplift can shift firms from a reactive to a proactive footing, and provide assurance that practice matches organisational tolerances. Our thought leadership piece on 'insight-driven logistics' also explores practical steps supply chain participants can take to enhance efficiency and effectiveness (see page 8).
- **Maintain engagement with government** – industry is at the coal face of developments. It is important they maintain engagement with policy makers on key challenges and participate in collaborative initiatives to improve resilience across the sector (e.g. enhanced collaboration in relation supply chain data, intelligence sharing initiatives, and highlighting the value of research like the National Freight Demand Study).

Insight-driven logistics

If the goal of logistics is to have the right resources in the right place at the right time, then data and insights are the fuel that powers effective logistics. Balancing the 'cost - performance - service level' triangle has become increasingly difficult as companies optimise, lean, and specialise their supply chains, while an increasing focus on supply chain security, trust and resilience makes organisations even more information hungry.

Most supply chains are data rich and information poor - either because data is localised to each individual stage of the supply chain, or because there is so much data it is impossible to separate signal from noise. This hinders visibility and makes it hard to develop insights that can inform action and drive responsiveness, efficiency, and effectiveness.

In this article we explore an approach to insight driven logistics, so your business - and your customers - can benefit from the power of data in your supply chain.



David Lovatt
Partner - Consulting
Strategy & Business Design
Wellington, New Zealand

[VIEW PROFILE](#)



Alan Pace
Specialist Senior
Artificial Intelligence & Data
Auckland, New Zealand

[VIEW PROFILE](#)

The goal of logistics

Logistics is all about getting the right products in the right place at the right time in the most efficient way possible. It involves the planning and execution of the transportation and storage of goods to meet customer requirements. It is about getting a balance between service levels and performance while minimising cost. At its heart, it involves making decisions about when and how to move products through the supply chain.

It is three weeks before Christmas, and I am expecting the warehouse inventory for my large retail business to be at its peak for the year. The night-shift team have been receiving and putting away supplier orders all through the night. So, before leaving for work I check on my phone the inventory levels in the warehouse in real-time. Last year, a shortage of tall pallet locations was a pain point, so I filter on these. The percentage utilisation is higher than normal but there is still enough spare capacity that it doesn't hinder the warehouse operationally. I wonder what the utilisation projections are across the next 24 hours. I see a chart by hour which factors in the shipping notifications from the suppliers, their delivery time slots and the outbound store order timings. I am happy to see that there are no issues. The work done over the last year to provide visibility and the taking of some proactive steps has averted a repeat of last year's crisis.

Upon arriving at work, I get notified that one of our despatchers has had a health emergency and won't be in

So how do you make those decisions? What is the basis for them? Foundational to good decision making is having the right information - having both the data and the visibility of it. But the reality is that it is not a simple process to get these foundations set up. And it is not something that you do all in one hit. It is an incremental process. It is a journey.

The power of effective insight-driven logistics is evident in this hypothetical user story:

today. Another of our despatchers is currently on bereavement leave. The shift manager shuffles her team around and brings someone in to fill one of the other roles. The investment into procedures and training others to do key roles has averted another crisis.

Later in the morning I hear that there was a traffic incident on one of the nearby arterial roads coming towards the warehouse. I bring up a map showing the location of all inbound trucks to this site. I see two trucks are likely to be delayed. I wonder if this will cause any issues for our receiving team and so I bring up the booking schedule. The smart software agents that communicate autonomously between the trucks of the various freight providers and our warehouse booking system have already adjusted the booking times seamlessly in the background, factoring in the traffic delays. That system has averted an unplanned idle period for the warehouse and minimised waiting times for the freight providers, all without human intervention.

- Logistics Manager

Insight-driven logistics

Challenge 1: Logistics is becoming harder

In simpler times, logistics was able to be guided by simple rules about when to move or store goods to meet demand signals. But supply chains are becoming ever more complex and meeting a signalled demand is not the only thing they need to do. They need to provide security of supply, maintain trust and confidence in the goods and their provenance, and be resilient to external shocks and internal disruptions, all while managing cost pressures and geopolitical risks. This makes decisions more complex, and the need for information and insights even greater.

The last two to three years have brought about greater awareness of potential supply chain disruptions for New Zealand businesses:

- [Cyclone Gabrielle](#) in February 2023 was an example of how a major weather event could bring a combination of short-term and long-term impacts to the supply chain, not only in terms of road closures and shortages in certain goods like fresh produce, but additional stress to people in those communities as they go through the recovery process.
- The [port closures in Australia](#) in November 2023 due to a cyber security incident highlighted that not only is physical security important but so is digital.
- Port and [shipping disruptions](#), both from international and local causes, add delays and complexities for local businesses.
- The logistics sector [struggles to attract and retain workers](#), which clearly puts a strain on delivering services and associated wage cost pressures.

Challenge 2: Data rich, information poor

Supply chains are their own worst enemy when it comes to information availability. They rely on many organisations working together to provide services. Data is often trapped within the walls of each organisation meaning individual insights may be available but end-to-end visibility can be poor. And the sheer multitude of decision-makers, data points, and signals can create noise that makes it hard to discern the real insights from the confusing mass of associated data. We have all seen or heard of the "bullwhip effect" where orders passed from stage to stage in the supply chain creates apparent demand "spikes" that are not real. Separating the signal from the noise is essential if logistics is to make the right, insight-informed decisions.



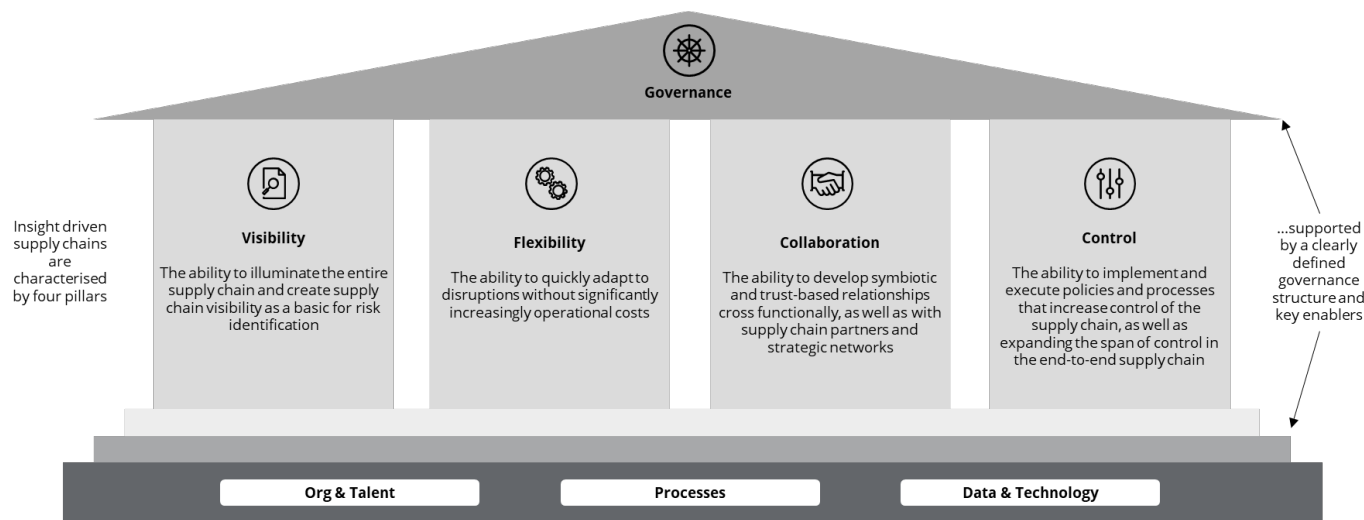
Data is often trapped within the walls of each organisation meaning ... end-to-end visibility can be poor.



Insight-driven logistics

A framework for insight-driven logistics

Effective, insight-driven logistics is based on four pillars representing the critical components of the framework, three enablers that are common to all components, and all tied together with effective governance. Each one has a role to play in creating insights, making decisions, and informing action across the logistics chain.



The four pillars

- **Visibility** – Connect the data from all the different supply chain systems used within the organisation and have tools in place to create visibility and extract insights. Extend this visibility to supply chain partners, prioritising based on both risk and benefits. Identify data gaps and close these.
- **Flexibility** – Set up reports, alerts, and processes, so that disruptions are quickly identified and escalated to the right people. Set up a playbook and contingency planning to prepare for known risks and disruptions, including all key stakeholders, internal and external.
- **Collaboration** – Each area within the organisation either has a direct or indirect impact on the supply chain. Develop relationships across the organisation, understanding the different roles and learning how they fit together. From this basis, build trust and collaborate in areas of overlap. Apply the same approach to external supply chain partners.
- **Control** – Set up policies and processes so that there is clarity on what to do and how to do it. Understand and monitor risks across the entire supply chain, i.e., beyond direct suppliers.

The three enablers of the framework

- **Organisation & Talent** – Having the right people in the right roles is essential. Ensure there are trained back-ups for all critical roles.
- **Processes** – Good, documented processes lead to consistency and quality, removing confusion.
- **Data & Technology** – It can be easy to focus on this, but it is important to remember that this is an enabler to good decision making.

Governance

The role of governance is to oversee the supply chain ecosystem, helping the organisation to navigate towards more insight-driven logistics and realising the associated benefits, while keeping an eye on such things as risks, data quality, security, and compliance. Good governance is cross-organisational, involving both the business and supply chain, and focused on creating great business and customer outcomes.

Insight-driven logistics

A pathway to insight-driven logistics

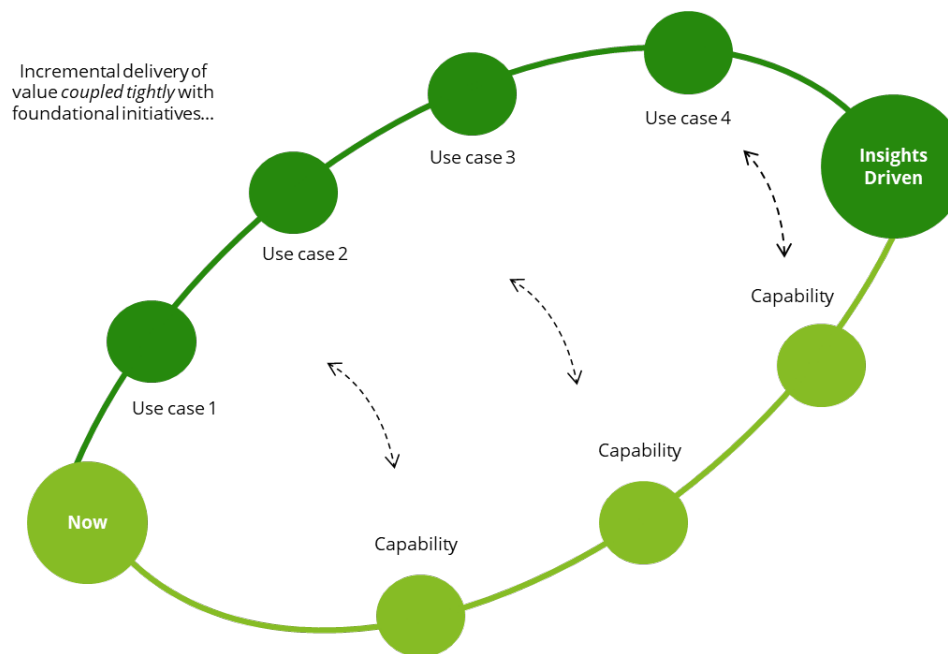
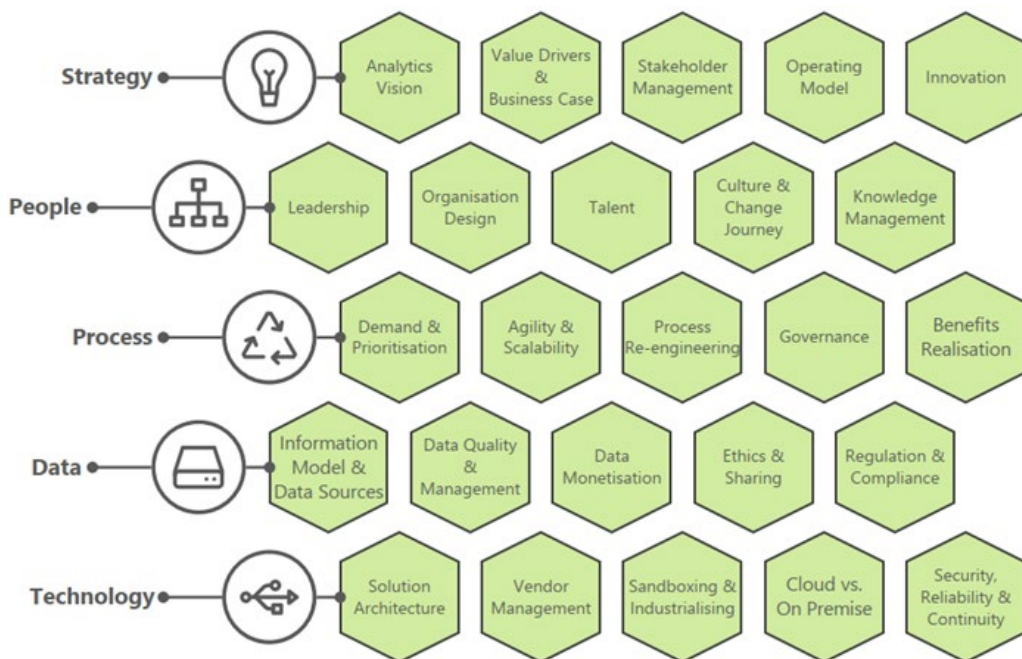
But how do we achieve insight driven logistics? Becoming data driven requires more than just technology, it requires a transformation that considers people, process and technology to be successful. The framework helps you consider analytics, information and insight more holistically than just data and technology.

Start by assessing where you are today on each of the elements of the framework – the pillars, enablers, and governance, and identify pain points and gaps. Some organisations will be stronger in some areas and weaker in others, no organisation is perfect, but all should be focussing on continuous improvement.

Build two parallel pathways that your logistics chain will travel down:

- Capabilities you need to build to be insight-driven – investing in the pain points and gaps to enhance organisational capability across the pillars, enablers, and governance.
- Use cases that apply insights to deliver enhanced logistics outcomes – leveraging the capabilities you are growing over time.

Few organisations can afford to build all the capabilities they need ahead of deploying new use cases; and it often is not possible to start working differently without first building your capabilities to do so. So, this is a journey of stepping from capability-building to implementing use cases, building insights, and using them as you go.



Insight-driven logistics

Measuring Results

How do you know if it is working? Create feedback loops and insights, supported by mechanisms like visual dashboards and control towers that allow performance, outcomes, and benefits to be surfaced to governance and sponsors.

Some examples of potential benefits of insight-driven logistics are:

- Greater and earlier visibility on pain points, so that proactive steps can be taken to address the issues.
- Greater transparency and easier reconciliation of freight invoices, saving time for both parties.
- Accurate estimates and alerts of when the freight provider is going to deliver, helping both the customer with their planning and the freight provider with reduced wait times.
- Improved optimisation of freight movements across the wider trucking network, bringing greater efficiencies and a sharing of the savings.
- Greater visibility of data so that when significant disruptions happen, there is better and quicker information to base decisions on.

Moving forward

Logistics is about *making decisions* about when and how to move products through the supply chain. Foundational to good decision making is having the right information – having both the data and the visibility. And that is what insight-driven logistics is all about – going on a journey to get the right information to improve decision making. And just like any journey, it starts off with taking the first step, a step towards improving your competitive advantage. But if you are not moving forward, then you are going backwards relative to others who are on this journey.

The pathway forward is an iterative approach of building capability to address a particular pain point or use case, and then implementing that use case and securing the benefit. Then, repeating the process again with another use case, and so on. This is a change for the organisation, so it's important to build up a history of wins, one use case at a time. It is not just about the data and technology, but about people and processes.

Contact us to take your next step toward insight-driven logistics!



Debt capital markets update

Trends relevant to the New Zealand seaport sector

In this article we examine sources of debt capital funding for New Zealand’s ports and current trends in relevant capital markets.

Overview

The New Zealand seaport sector is predominantly funded by the banking sector. The sector has around \$2.3b of funding commitments. It is conservatively geared with 2023 drawings of roughly \$1.6b (against assets of \$8.7b) representing an overall sector gearing of just 22.5%.

Given relatively low borrowing levels (particularly outside the major ports) funding is predominantly sourced from the banking sector (~ 47% of funding) given its flexibility and the modest cost of maintaining undrawn headroom.

The nature of ownership also influences debt funding channels. A key funding channel for the sector currently is “parent” lending sourced by Council owners via the NZ Local Government Funding Agency (LGFA). This enables ports to leverage the respective Council owner’s lower borrowing costs. Parent council funding accounts for approximately 33% of port funding.

Corporate bond issuance and US private placements (USPP) make up the balance (~20% of funding sourced) allowing those ports with larger borrowing requirements to diversify their funding sources and extend overall tenor of funding.

Deloitte debt advisory services

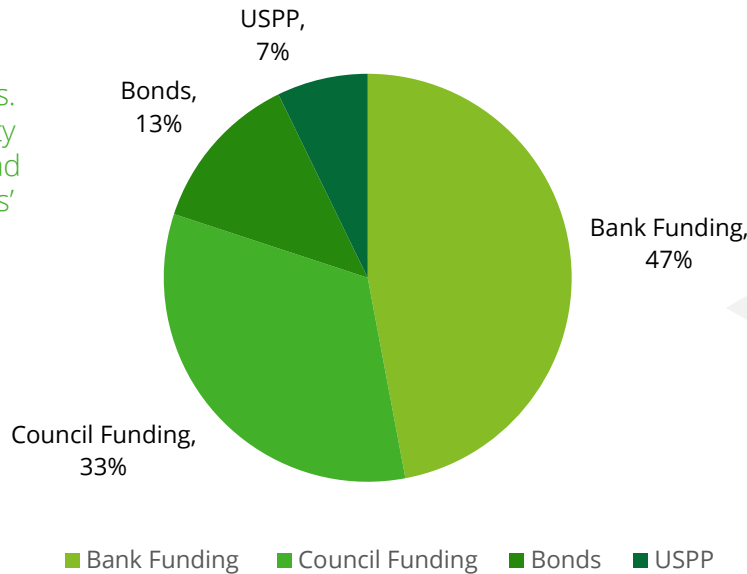
Deloitte has extensive experience acting as an independent adviser on debt raisings, refinancings, covenant re-sets and restructurings. We have recently bolstered our existing capability through the recruitment of Curtis Mercer as Head of Debt Advisory for Deloitte New Zealand. Curtis’ role is to further strengthen Deloitte’s debt advisory offering, leveraging his wide network of corporate and bank connections, deep understanding of the bank and capital markets, loan structuring, credit process and the key drivers for lenders in the New Zealand market.



Curtis Mercer
Director
 Head of Debt Advisory, Financial Advisory
 Auckland, New Zealand

[VIEW PROFILE](#)

Port Mix of Funding Sources



Source: Deloitte analysis

New Zealand’s seaports primarily source debt capital from either the New Zealand bank market or through their local government shareholders.

The bond market and US private placements also play a small but significant role in supplying debt capital to the sector.

Debt capital markets update

Primary funding options (excluding parent 'Council' funding)



Bank debt

Predominant source of funding for New Zealand ports. Key features include:

- Tenor 1-5 years.
- Flexible.
- Infrastructure attracts both domestic and international banks – ensuring highly competitive pricing.
- Typically secured (lowers bank capital requirements) translating to further improved pricing.
- Cancellable without penalty.

NZ bond market

An alternative local funding source (providing diversification and opportunity to improve average funding tenor). Key features include:

- Minimum issuance NZ\$50m+.
- Tenor 5-10 years (most commonly up to 7 years).
- Wholesale (to institutions) or retail (to public) options, albeit the latter usually requires the need to obtain an external rating from the likes of Standard & Poors or Moody's.
- Pricing can be attractive relative to bank debt but less flexibility in that will need to be held to maturity.
- Best suited to regular issuers given costs of set-up and ongoing administration.



Australian institutional loan market (Australia)

A strong option for medium sized infrastructure borrowers which desire longer dated (i.e. 5-10 years) funding without accessing public markets (and having to obtain a rating) or issuing in bond format. Key features include:

- Minimum issuance A\$50m+.
- Investor base is domestic market super funds and asset managers.
- Competitive pricing and provides issuers with flexibility on fixed or floating rate funding (vs USPP, which is predominantly a fixed US dollar coupon market for corporates).
- No additional documentation required - execution can occur off an existing syndicated bank-loan agreement.



US private placement (USPP) market

A very deep market utilised by issuers across the globe. The USPP market offers an attractive option in which to raise a large quantum of funding for long tenors (5-30 years), although typically 10-15 years for New Zealand borrowers. Key features include:

- Minimum size US\$100m+.
- Investor base is passive, relationship driven "buy and hold" US insurance companies, where accessed via a limited number of USPP counterparts (i.e. a club deal) the relationships very much reflect that of an additional bank lender.
- Same broad terms but materially longer tenor.
- External rating not required but a designation by the NAIC (National Association of Insurance Commissioners), the regulator responsible for monitoring the investment activities of US insurance companies, is required and typically takes around 8 weeks.
- Documentation relatively straight forward with financial covenants usually mirroring those of bank lenders.
- Usually US dollar denominated and at fixed rate requiring additional costs (i.e. cross currency swap) to meet local funding needs, although increasing flexibility being offered by investors in this respect (i.e. NZ\$ denomination).
- Can delay start, can be cancelled and re-paid early, although 'make whole' requirements may make this a costly exercise.

Debt capital markets update

Current state of the markets

New Zealand Bank Market

The New Zealand bank market remains positive for port sector borrowers where strong credit factors relating to ownership, conservative gearing, regionally captive freight flows, stable financial performance and cash flow, combine to make ports an attractive lending proposition. With retail (i.e. mortgage lending) not contributing to the same extent to annual profit growth, banks have turned their minds to more aggressively growing their corporate lending books. While this clearly represents a favourable environment for borrowers, increasing bank capital requirements (under the RBNZ's new prudential settings) does mean that longer dated tenors are more challenging for banks. So while the nature of the port credit naturally lends itself to longer dated funding structures, pricing as you stretch beyond 3 years is reflecting the progressive imposition of the new capital regime and becoming relatively more expensive and less attractive.

Longer Tenor Options

With the bank market most comfortable in lending up to 3 year tenor, borrowers that wish to introduce longer tenor (5 years plus) into their debt structure need to turn to the corporate bond, Australian Institutional Term Loan (ITL), Australian Medium-Term Note (AMTN) or USPP markets.

Corporate bond issuance in 2023 has been fairly light with neither of the current port issuers being in the market. Retail bond demand overall remains strong at current interest rate levels, particularly with the expectation that rates have now peaked. As an issuer, unless one needs to be in market to replace existing maturities, the obvious tendency will be to hold off until rates are more favourable.

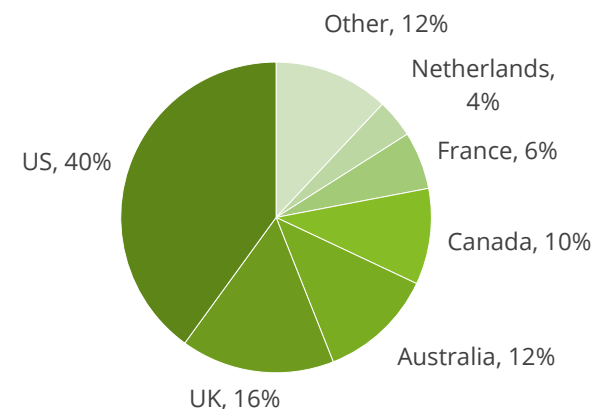
The volume of direct institutional loan activity in Australia (A\$ Institutional Loan Market) is pretty opaque given the private and often bilateral nature of this market. We see a number of US pension funds operating privately in Australia (as an alternative to the USPP process) as well as Australian super funds (the latter having particular appetite for infrastructure assets). It is certainly a market we expect to see New Zealand issuers look to going forward for longer term funding needs, particularly as an alternative to the USPP market.

USPP Market

This is a market trusted by issuers across the globe with issuers from 42 countries having priced transactions (typically 5 -15 years) over the past 5 years. New Zealand issuance in 2023 was only US\$217m (equivalent), down 67% on the 5 year average market volume of US\$660m, as a result of soft New Zealand corporate issuance overall and fall-out from Ryman Healthcare's capital restructure, which saw its USPP debt repaid but at a significant cost (given make-whole protections). The USPP is a very popular market for utility and infrastructure issuers (44% of issuance in 2023), with ports themselves making up 26% (US\$3.6b) of infrastructure issuance in 2023.

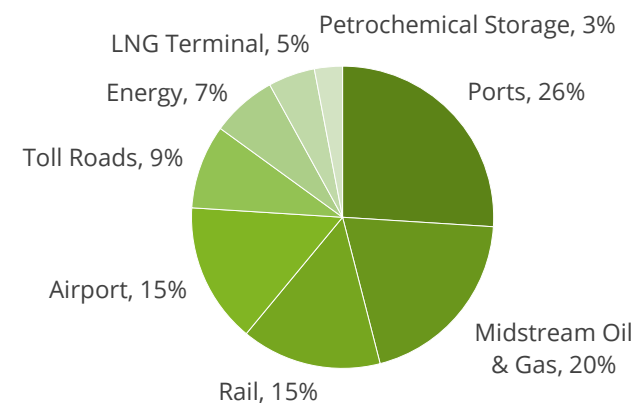
The Port of Auckland is the only New Zealand port at this time to have accessed the USPP investor market, in 2018 raising \$170m from two US investors, Metlife Investments and Pricoa Capital Group, via unsecured 10, 12 and 15 year tranches. Of note, credit margins in the USPP market have reduced markedly in recent months boding well for a sizeable lift in issuance through 2024.

2023 USPP Infrastructure Issuance by Geography



Source: National Australia Group USPP Update

2023 USPP Infrastructure Issuance by Subsector



Source: National Australia Group USPP Update

Enabling technology: Explore the future, realise opportunity

Technology is developing at a rapid pace. In transport, it is not only the nuts-and-bolts development of vehicles and infrastructure, but also the development of enabling technology that supports system optimisation.

In this article we detail what enabling technology is and how it is changing transport systems. We also propose a pragmatic approach to navigating the converging worlds of transport, enabling technology and ESG. This takes the form of a five step framework organisations can use to consider their opportunities.



Monika Wakeman
Partner
Climate & Sustainability, Risk Advisory Services
Auckland, New Zealand

[VIEW PROFILE](#)



Mariette Van Niekerk
Director
Forensic & Risk Analytics, Risk Advisory Services
Auckland, New Zealand

[VIEW PROFILE](#)



Amy Sparks
Associate Director
ESG/Sustainability, Financial Advisory Services
Auckland, New Zealand

[VIEW PROFILE](#)



“
Enabling technology is set to play a leading role in optimising transport systems that will inevitably have to do more, for more people and help demonstrate ESG impacts

Enabling technology: Explore the future, realise opportunity

The transformative potential of Enabling Technology

Defining Enabling Technology

Enabling technology is technology that enables the user to perform a task or to improve their overall performance. Usually, but not always, enabling technology is digital or online, as opposed to hard technology (like an electric vehicle). Enabling technologies often provide information in the form of data outputs and inputs. In transport this can include data related to asset and route performance and maintenance, connective data, scenario planning and real time and predictive data. This helps solve for a range of transport-related issues, including carbon emission reductions, health and safety, congestion, investment decisions, route planning, user experience; all contributing to optimal investment and delivery of transport networks and services.

Enabling technologies are rapidly developing beyond the prototype stage. In the adjacent table, we have assessed four commonly adopted enabling technologies for their technology readiness level and their transformation potential for the transport sector: AI, digital twins, smart sensors, and IoT that move.

Technology	Description	Transformation Potential	Technology Readiness Level	
Artificial Intelligence (AI)	Machine learning for data analysis, autonomous driving systems, vehicle health dashboards, traffic management and smart signalling to road safety, transit scheduling, and real-time commuter information		8-9	Connected vehicles, intelligent transportation systems, and some smart city aspects have high TRL. Fully autonomous vehicles and complex multi-modal systems are still evolving with lower TRLs.
Digital Twin	Advanced modelling and simulation techniques, product life cycle management, computer-aided design, computer-aided engineering		6-8	Moderate to high TRL achieved in sectors like manufacturing, aerospace, and energy.
Smart Sensors	Vehicle tracking, predictive maintenance, assisted driving, behaviour tracking, accident mitigation		7-9	Extensive use in sectors like environmental monitoring, industrial automation, and smart cities. Ongoing advancements will enhance capabilities and broaden applications.
Internet of Things that Move	Connected vehicle, vehicle tracking, vehicle diagnostics, fleet management, warning systems, driver hour management		5-8	Connected vehicles, intelligent transportation systems, and some smart city aspects have higher TRL. Fully autonomous vehicles and complex multi-modal systems are evolving with lower TRLs.

Technology Readiness Level (TRL)

TRL is a scale used to assess the maturity of a technology, indicating its stage of development and its potential for practical application. Each TRL stage is defined as:

TRL 9: Proven and used successfully

TRL 8: Completed and qualified system

TRL 7: Demonstrated system prototype

TRL 6: Demonstrated model or prototype

TRL 5: Validated component in relevant environment

TRL 4: Validated component in the laboratory

TRL 3: Proof of concept for critical functions

TRL 2: Technology concept or application formulation

TRL 1: Basic principles observed and reported

Transformation Potential

Minimal Transformation: Limited impact, incremental improvements

Enhanced efficiency and optimisation: Significant capabilities, domain-specific impact

Industry Transformation: Substantial changes, industry and societal disruption

Societal Impact and Disruption: Revolutionary impact, reshaping multiple aspects of life.

Enabling technology: Explore the future, realise opportunity

Enabling technology forecast: the future is closer than you think

The rate of change with technology in the 2020s is so fast that, to be a fast-follower, medium-term strategic thinking is needed. Even if your organisation does not see itself as a user of AI or another enabling technology, it will need to operate within a system that does.

Doing more, for more people

Enabling technology is set to play a leading role in optimising transport systems that will inevitably have to do more, for more people.

The technology will help solve some of the parallel problems, such as decarbonisation and energy efficiency, as well as social issues such as road safety – which some could call the wider ‘ESG’ issues.

One of the enabling technologies, AI, is already being embraced in the sector and is largely seen as a positive addition. In the wider transport industry, AI technologies are starting a new revolution from autonomous vehicles, to supply chain management, smart parking, predictive maintenance, through to intelligent transport systems and even more basic functions like customer service operations.

The New Zealand context

How should New Zealand organisations think about AI and other enabling technology? Do they need to embrace it now? How to future proof investment being made today? How will or should policy be shaped? How does AI support environmental goals? How does AI consider social impacts?

In New Zealand, we often hear from organisations that they want to be ‘fast-followers’. There is a very thin margin between being a fast-follower and a laggard. The rate of change with technology in the 2020s is so fast that, to be a fast-follower, medium-term strategic thinking is needed. Even if your organisation does not see itself as a user of AI or another enabling technology, it will need to operate within a system that does.

This system could evolve and change very quickly. Large international companies like UPS, DHL and Amazon are investing heavily in AI to optimise their operations. Many ports are utilising AI technologies such as the Port of Singapore, which has implemented a number of AI solutions, including a traffic management system that uses real-time data to optimise vessel scheduling and improve navigation safety. AI start-ups are investing heavily in the field of transport, recognising it as a sector ripe for disruption from the technology.

Enabling technology: Explore the future, realise opportunity

An explorative and pragmatic approach to start

Start by exploring

Developing a strategic approach to an enabling technology can initially sound daunting, however the starting point does not have to be. What we propose as a first step is a five-step exploratory phase. If the knowledge base on an enabling technology is low within your organisation, we suggest a pragmatic approach, which allows your organisation to learn about the enabling technology and uncover the wider ramifications to your industry.

The five-step exploratory exercise is also designed to illuminate use-cases or opportunities, which may be wider reaching than you think.

Enabling technology is being used for sustainability outcomes (for example, carbon emissions, mobility and access to goods). Therefore, assessing the technology in a way that includes these considerations helps explore the fundamental use-cases and opportunities of the enabling technology. The exercise ultimately gives your organisation insight into how the sector may change and the place your organisation has in that future. Strategy can then be built. Our five-step exploratory process is mapped out below.

These steps are designed to ready your organisation for the development of an enabling technology strategy. It also welcomes learning and thinking as a first step. For public entities, it may help illuminate key policy areas to focus on, or gaps in current policy. For private entities, it might identify opportunities to use enabling technology to optimise your processes or meet other goals, such as carbon emissions reduction. It also allows an examination into how enabling technology could challenge your current strategy, which may prompt a strategic review.



Please reach out if you would like support to go through the five-step review, or if you would like to talk to us about enabling technology, strategy or ESG-related matters.

[Deloitte strategy services](#) can help you envision ways AI can generate value, transform the tech architecture, evolve the workforce and create trust for your organisation.

Australian port industry insights

Trends related to Australia's three largest container ports

Our 2024 Yearbook presents a view on industry trends across the Tasman. While the structure of the Australian port industry contains material differences to New Zealand, trends and developments in Australia provide a range of relevant insights to industry participants here.



Steve Kanowski

Partner

Deloitte Access Economics, Financial Advisory
Brisbane, Australia

[VIEW PROFILE](#)

Introduction

Australia's containerised freight supply chains are crucial to the nation's economy, playing a vital role in facilitating the movement of goods across large distances and varied terrains. This includes imports from overseas and exports destined for overseas markets.

The movement of containerised freight for import / export purposes is part of complex freight and logistics supply chains that include rail, road, and coastal freight networks.

A high proportion of containerised freight supply chain movements occurs in the metropolitan centres of major capital cities in Australia.

This includes in the three major East Coast ports of Brisbane (Port of Brisbane), Sydney (Port Botany) and Melbourne (Port of Melbourne).

Given these ports are in close proximity to major urban and residential areas, supply chain movements can create significant challenges such as congestion, emissions, safety and other economic, social and environmental considerations.

These ports have also undergone significant change over recent decades. In the 1980s, successive Australian governments began to pursue privatisation of publicly-held assets including ports. The port authorities of four of the five biggest container ports in Australia (Brisbane, Botany, Melbourne and Adelaide) have been privatised in recent decades.

This privatisation process has led to significant changes in ownership structures of these ports. These structures are highly complex and involve a significant number of national and international investors.

Privatisation of these ports has also led to significant challenges for economic regulators. This is highlighted by the Australian Competition and Consumer Commission (ACCC) in its 2021-22 container stevedoring monitoring report where they concluded "privatised Australian container ports are not adequately regulated, nor subject to a credible threat of further regulation".

In this article we present:

- key trends in these major container ports,
- an overview of ownership, privatisation, and regulation, and
- an overview of emerging issues and policy responses.

Australian port industry insights

Key operational trends

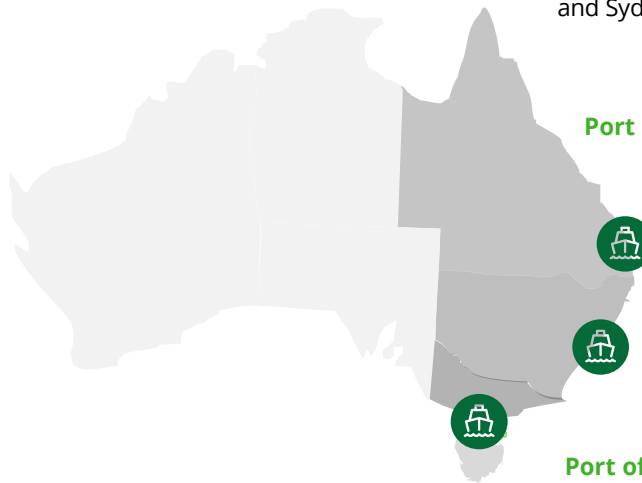
The three major East Coast Ports account for a significant share of the national container market and saw over 7 million TEUs (twenty-foot equivalent units) of throughput in 2023.

These three ports play a significant role in supporting industry, trade and consumption in the Australian economy.

Container freight volumes

Total container volumes reached just over 7 million TEUs for the three combined major East Coast container ports in FY2023. This is up almost 3% per annum over the past decade.

As a share of total containers, these three ports account for around 85% of total TEUs in FY2023 moved through container ports monitored by the ACCC. This share has generally been gradually increasing from 82% since 2000. This includes the ports of Adelaide, Brisbane, Fremantle, Melbourne and Sydney.



Port of Brisbane

- 1.52 million TEUs in throughput in 2023, up 3.6% p.a. over the last decade
- \$7.8 billion contribution to Queensland's economy*

Port Botany

- 2.75 million TEUs in throughput in 2023, up 2.6% p.a. over the last decade
- \$10.7 billion contribution to NSW Gross State Product per year¹

Port of Melbourne

- 2.85 million TEUs in throughput in 2023, up 2.7% p.a. over the last decade
- \$11 billion contribution to Australia's economy*

These three ports predominantly serve the major markets of their respective capital city areas. However, the container catchments also extend much further and include the states of Queensland, NSW and Victoria.

Key drivers of containerised demand are population and economic growth. The combined population of the three greater

capital city areas accounted for 50% of the national population in FY2023, up from 49% in FY2013. The combined population of Queensland, NSW and Victoria accounted for 77% of Australia's population in FY2023.

Chart 1: Population, historical and projected, 2011-2032

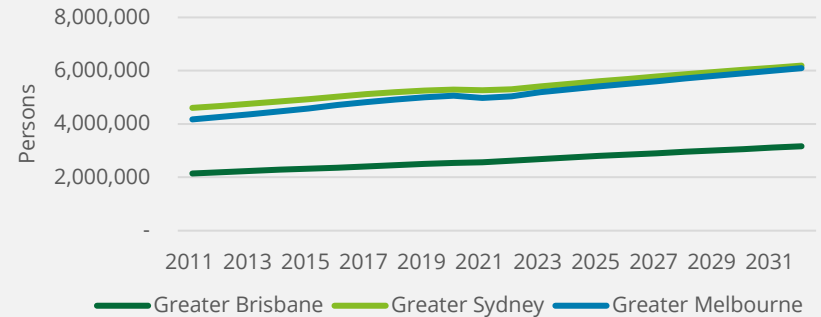
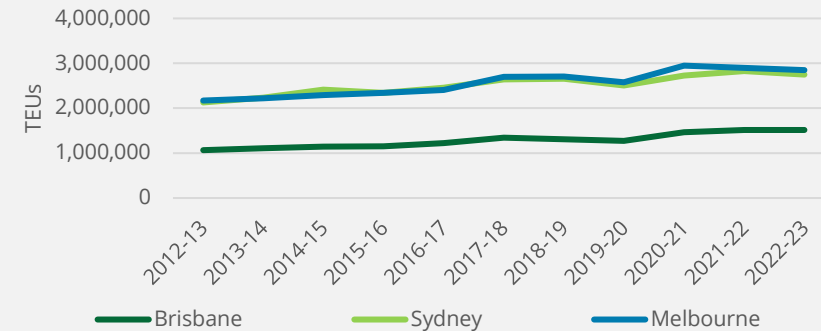


Chart 2: Container volumes, 2012-13 - 2022-23



Source: Deloitte Access Economics

* includes direct and indirect contributions through the broader port supply chain

1. <https://www.nswports.com.au/port-botany>



Australian port industry insights

Port ownership and privatisation

The Privatisation of Australia's ports has been the subject of widespread economic, policy and security debate in recent years, with most ports operating under typical lease terms of between 50 to 99 years to large consortiums of private shareholders.

Australian port privatisation

The last decade has seen Australia exercise port privatisation in line with government efforts to reduce State debt and to recycle capital for funding major infrastructure projects. The privatisation trend has seen state governments retain the land while transferring major port assets and the port corporation to a state-owned holding company before divesting to a private winning bidder.¹

This privatisation trend has resulted in private equity ownership and foreign ownership of Australia's major trading ports, which is representative of a public/private (or landlord) operating model. This has been divisive amongst economists and policy makers, and has become the subject of academic, security, and economic debate in recent years.

Australia's private/public ports model: pros, cons, and critiques

The Port of Melbourne, Port Botany and the Port of Brisbane all operate under a private/public model and have been privatised on a lease basis with typical terms of between 50 to 99 years.

State governments maintain influence over ports through their role as landlord and continue to be responsible for regulatory oversight. This includes compliance with safety, security and environmental matters.

Improvements following port reform in Australia include increased productivity, reductions in real prices and improved financial performance – although these findings have been disputed with Everett and Pettitt (2006) claiming the main goals of port corporatisation have not been met.²

While port privatisation has been beneficial to short term government debt, concerns have arisen regarding reduced competition, over-valuing of port assets, under valuing of port assets, increased stevedoring charges and stagnant productivity (measured by crane rates and international benchmarks). As outlined on the following page, economic regulation differs between each state.

It is important to note that there are limitations in determining the impacts of Australia's ports reforms and isolating the impacts of reforms from other factors amidst data limitations and nascent research.

The Port of Melbourne

The Port of Melbourne was previously owned by a Victorian Government entity, Port of Melbourne Corporation. In 2016, Port of Melbourne Operations Pty Ltd was awarded a 50-year lease of the port by the Victorian Government.³ The Port of Melbourne is owned by a consortium of shareholders including The Future Fund, Queensland Investment Corporation (QIC) and the China Investment Corporation – one of China's biggest sovereign wealth funds. Stevedore operations are undertaken by tenants.

The Port of Brisbane

The Port of Brisbane is managed and developed by the privately owned Port of Brisbane Pty Ltd (PBPL) under a 99 year lease from the Queensland Government. PBPL is owned by the APH Consortium, which includes Caisse de dépôt et placement du Québec, IFM Investors, QIC Private Capital Pty Ltd and Tawreed Investments Ltd – a wholly owned subsidiary of the Abu Dhabi Investment Authority.⁴

Port Botany

The Maritime Administration Act in 1955 saw the formation of three individual State owned port corporations at Newcastle, Port Kembla and Sydney (Sydney Harbour and Port Botany). In 2013 the NSW Government accepted a bid to privatise Port Botany and Port Kembla under a 99 year lease of State owned land assets by the NSW Ports consortium for \$5.1 billion. The NSW Ports consortium is comprised of IFM investors, AustralianSuper, QSuper and Tawreed Investments.⁵

1. Chen, P.S., Patemen, H., & Sakalayan, Q. (2017). The latest trend in Australian port privatisation: Drivers, processes and impacts
 2. Everett, S., & Pettitt, T. (2006). Effective corporatisation of ports is a function of effective legislation: legal issues in the existing paradigm
 3. <https://www.portofmelbourne.com/about-us/about-the-port/#:~:text=The%20Port%20of%20Melbourne%20Group,employees%20of%20Port%20of%20Melbourne>.

4. <https://www.portbris.com.au/about/who-we-are>
 5. <https://www.portauthoritynsw.com.au/corporate/about-us/history/#:~:text=in%20April%202013%2C%20following%20a,to%20the%20NSW%20Ports%20consortium>.



Australian port industry insights

Role of regulation

Australian ports are lightly regulated through various reporting and monitoring mechanisms. Light touch regulation prioritises a low administrative burden over prices being above marginal cost.

The role of Government

Australia's port reform in the last decade has seen the private sector gain responsibility for port operations and investment, but the regulatory framework for port operations is set by the government. State and territory governments are responsible for land use planning and controls, while the Australian Government is responsible for environmental assessment, safety, security, customs and implementing Australia's international maritime obligations.¹

A criticism of recent port reform is the effect of the landlord model on market competition. When the market economy does not achieve a sufficient level of competition, there is a role for government intervention. Australia's ports are still government owned, with a major justification for government ownership of the land being the prevention of exploiting monopoly rents.² That said, both over and underpricing of port assets have been identified as major shortfalls of Australia's port reform, which has made price regulation necessary.

The ACCC has a role in monitoring regulated prices, costs and profits of container stevedores at the ports of Melbourne, Brisbane and Botany. The ACCC gathers information from other operators in the container freight supply chain, provides performance information, and issues a 'Container Stevedoring Monitoring' report each year.³ Despite its role in monitoring and reporting, the ACCC does not regulate prices in the container freight industry.

The lack of price regulation for access fees charged by stevedores has come under criticism amidst high industry profits, with some profits jumping 24% in 2022-23 compared to 2020-21, due to rapid rises in port access fees charged to transport operators and with fees due to increase further in February 2024. The ACCC argues it needs more time to analyse the cost increases.⁴ Port of Newcastle CEO Craig Carmody described the lack of port regulation as a policy misalignment, as policy makers have ceded control to the private sector. Carmody described how "this presents significant risk for Australia's future. Port operators are in effect stewards or custodians of infrastructure assets of key national significance. Port operators have been left to determine the infrastructure and asset needs of Australian importers and exporters into the future".⁵

The regulatory continuum

The regulatory continuum ranges from 'no regulation' to 'light touch' regulation (including self-regulation) and 'heavy handed' regulation. Regulation involves a trade-off between bringing prices in line with market competitive 'efficient' prices and minimising the cost of the regulatory process. Light touch regulation typically places less emphasis on reducing efficiency losses from prices being above marginal costs and focuses on reducing administrative inefficiency or other distortions arising through intervention. Heavy handed regulation places an emphasis on regulating prices and requiring a business to consult with a regulatory authority about price, quality and investment. Heavy handed regulation can result in market distortions, as well as high compliance costs. Australia's major ports are currently 'lightly' regulated, with the ACCC regulating through monitoring and reporting processes.

The Port of Melbourne

The Essential Services Commission (ESC) is responsible for monitoring and reporting on the Port of Melbourne's compliance with the pricing order. The pricing order regulates services such as services for berthing vessels, shipping channels, storage and access to infrastructure. Compliance with the pricing order, which sets out price smoothing mechanisms and tariff adjustment limits, means the Port of Melbourne is more 'heavily' regulated than the Port of Brisbane and Port Botany.

The Port of Brisbane

The Port of Brisbane is lightly regulated, with the Department of Transport and Main Roads, and Queensland Treasury monitoring performance and providing oversight. Charges are defined in the Schedule of Port Tariffs.

Port Botany

Road carriers and stevedores at Port Botany are subject to mandatory performance standards that regulate road freight movements to and from the port under the Port Botany Landside Operations Mandatory Standards (PBLIIS). The Independent Pricing and Regulatory Tribunal (IPART) is an independent pricing regulator for the NSW Government and was appointed as the reviewer for the Interface between Land Transport Industries and the stevedores at Port Botany.

1. <https://www.infrastructure.gov.au/infrastructure-transport-vehicles/freight/ports>
2. Meehan, J. (2012). Port regulation in Australia.
3. <https://www.accc.gov.au/by-industry/rail-shipping-and-ports/container-stevedoring-monitoring#toc-the-legal-basis-of-our-functions>
4. <https://www.afr.com/companies/infrastructure/accc-says-it-s-too-soon-to-regulate-port-fees-20231213-p5er5g>
5. [Ports and Shipping Policy in Australia - a "Wicked" Problem \(maritime-executive.com\)](https://www.maritime-executive.com/story/Ports-and-Shipping-Policy-in-Australia-a-Wicked-Problem)



Australian port industry insights

Emerging issues including decarbonisation and modal considerations

Environmental, Social and Governance (ESG) considerations are rapidly transforming the Australian port landscape. While decarbonisation represents a significant challenge, the opportunities for long-term sustainability, increased efficiency, and enhanced competitiveness are undeniable.

ESG considerations

ESG factors are reshaping the landscape of Australian ports. Ports are increasingly embracing ESG practices into their core business strategies in response to climate change concerns, environmental responsibility and social considerations.

Within the broader sphere of ESG considerations, decarbonisation is of paramount focus. The Australian government's goal of net zero emissions by 2050¹ is putting pressure on the country's ports to significantly reduce their carbon footprint across the ports' supply chain, including reducing emissions from ships, port equipment, and landside transport operations.

To achieve this, major ports like Sydney (Botany), Melbourne and Brisbane are investing in a range of initiatives. Some Initiatives include installation of shore power facilities to allow docked ships to plug into the renewable energy electrical grid, reducing CO2 emissions, noise and air pollution.²

¹ <https://www.dcceew.gov.au/climate-change/emissions-reduction/net-zero>

² <https://www.portauthoritynsw.com.au/sustainability/net-zero-energy/shore-power/#:-:text=Port%20Authority%20plans%20to%20provide,the%20White%20Bay%20Cruise%20Terminal.>

³ <https://www.vic.gov.au/mode-shift-incentive-scheme>

⁴ <https://www.portofmelbourne.com/facilities-development/port-rail-transformation-project/>

⁵ <https://sustainableworldports.org/project/port-of-brisbane-net-zero-emissions-scope-1-2/>

⁶ https://www.transport.nsw.gov.au/system/files/media/documents/2023/towards_net_zero_emissions_freight_policy.pdf

Other initiatives include constructing solar farms to generate clean energy to sustain ports operations.

Investments in renewable energy, along with efforts to increase capacity and efficiency are expected to significantly reduce port emissions. Moreover, making infrastructure more resilient to climate change will further strengthen Australia's position as a global trade leader in the face of a changing climate.

Decarbonising ports, however, comes with its own set of challenges. It is inherently complex and expensive, and requires extensive coordination with other stakeholders, such as shipping companies and terminal operators, as well as communities. Nonetheless, embracing ESG practices also presents opportunities for ports such as improved efficiency, reduced costs, and attraction of investment.

Landside operations and mode shift offers other important ESG considerations for ports. Shifting freight from road to rail significantly reduces emissions and congestion. This requires investment in rail infrastructure and improved intermodal connectivity between ports and rail networks. Currently, Port Botany is the only port in Australia with on-dock freight rail at every container terminal.

Policy responses

The Australian and State governments are committed to supporting the ports' transition to net zero by developing policies and schemes as a joint effort with the ports. Some of the current policy responses and port initiatives include:

- **Victorian Government - Mode Shift Incentive Scheme:** This scheme provides incentives to certain freight operators to move freight by rail instead of road.³
- **The Port of Melbourne Rail Transformation Project:** This project aims to increase rail terminal capacity and bypass roads in inner Melbourne.⁴
- **Port of Brisbane dedicated freight rail connection:** Early stage proposal that seeks to upgrade and improve the connectivity between the Port of Brisbane and South East Queensland.
- **Port of Brisbane energy transition:** Includes the installation of local solar energy generation, the implementation of a retail power purchasing agreement to secure renewable power from the energy network, and other initiatives to improve energy efficiency in marine vessels.⁵
- **NSW's Towards Net Zero Emissions Freight Policy (2023):** This policy explores options to improve the road and rail interface at intermodal terminals to support mode shift.⁶
- **NSW Ports initiatives to maximise rail capacity and efficiency:** Includes expanding on-dock rail capacity to meet future demand, increasing the two-way loading of trains to improve rail utilisation, and working with business, rail operators and the government to improve access to shared metropolitan rail network train paths.

02

Economic insights

Analysis and insights from Deloitte Access Economics

Deloitte Access Economics

An economic outlook on freight and supply chains

“We expect 2024 to be a year where the mindset of policymakers will have to shift from lowering inflation to raising economic growth”

While 2023 was a challenging year for the economy, it also marked a turning point in the global fight to control inflation. Many central banks will be cautiously optimistic that tight monetary policy settings have softened growth enough to take the heat out of inflation without inducing deep recessions. But whether we realise this ‘soft landing’ scenario remains to be seen as risks and challenges lie ahead.

While supply chains largely improved over 2023, recent tensions in the Red Sea have highlighted that vulnerabilities remain. Further disruption could place broad upward pressure on prices globally. Likewise, a rebound of economic growth in 2024 could support further demand for freight, while a continuation of high interest rates could instead act to further dampen demand for freight by hurting firms and households.

In terms of economic opportunities, India presents a golden opportunity for New Zealand to build resilience into its trade network. India’s booming economy driven by its young population and increasingly favourable business environment will see it become a major opportunity for New Zealand’s trade-oriented economy.

Given the uncertain nature of the challenges and opportunities that lie ahead, we find it useful to adopt a “preparation over prediction” approach to considering the path forward. Considering scenarios for 2024 and beyond allows us to identify how economic trends impacting freight flows could play out, and better identify what opportunities lie ahead and how businesses can identify and prepare for them.



Liza Van Der Merwe

Partner

Deloitte Access Economics
Auckland, New Zealand

[VIEW PROFILE](#)



Mayuresh Prasad

Associate Director

Deloitte Access Economics
Wellington, New Zealand

[VIEW PROFILE](#)



Ayden Dickins

Analyst

Deloitte Access Economics
Wellington, New Zealand

[VIEW PROFILE](#)





State of the economy

There is uncertainty over whether New Zealand will have a “soft” or “hard” landing

Inflation remains a concern

While inflationary pressures are easing, price increases still remain too high for comfort in most economies, particularly New Zealand. After extended periods of hikes, central banks in many jurisdictions are now holding, waiting, and watching. Globally, economic growth has softened because of the tight interest rate environment.

If contractionary monetary policy settings persist, some economies will be faced with the risk of recession. 2024 is the year we find out if central banks have finessed a ‘soft landing’, or if the economy is headed towards a ‘hard landing’.

Two scenarios for how 2024 plays out

While the path forward for the global and New Zealand economies remains uncertain, considering two key (non-exhaustive) scenarios for how the next 12 months could play out is a helpful exercise:

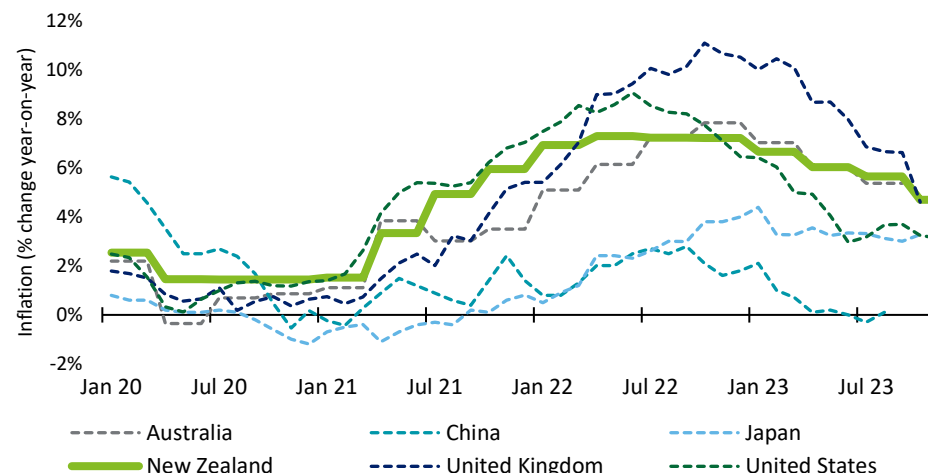
1) The first scenario is a ‘soft landing’. Under this scenario, inflationary pressures in the local and global economy continue to ease, eventually bringing inflation back within target bands. In response to this, central banks return monetary policy to its ‘neutral’ setting and economic growth returns to relative normality.

2) The second scenario is a ‘hard landing’. Under this scenario, inflationary pressures remain unexpectedly persistent. In response to this, central banks continue to hold interest rates at restrictive levels, or even resume hikes. Economic activity continues to decline as households and businesses bear the impact of prolonged high interest rates and economic growth continues to soften, with many economies experiencing a recession.

Economic outlook

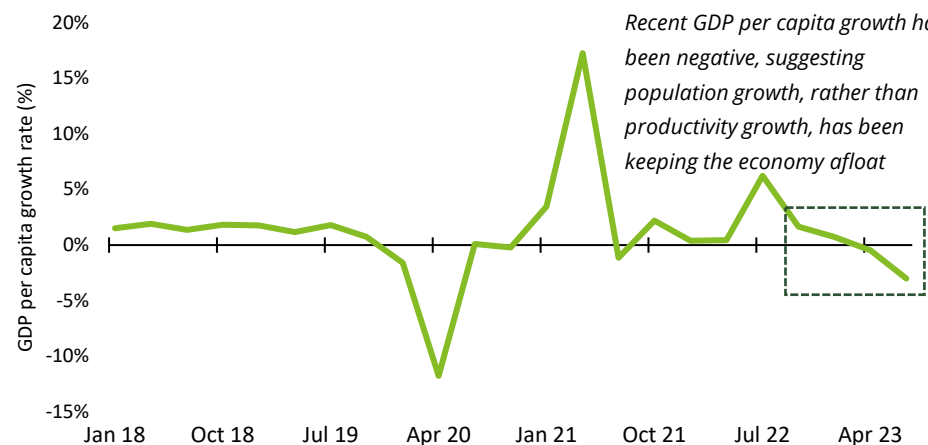
While too early to call, easing inflation and rising business confidence are positive signs. In New Zealand, persistently high non-tradables inflation is finally starting to ease, falling to a rate of 5.9% in the 12 months to December 2023, while tradables inflation is down at 3.0% for the same period. Headline annual inflation for 2023 was 4.7% - still above the Reserve Bank’s target band of 1-3% but moving in the right direction. However, declining GDP per capita growth suggests it is population growth, rather than productivity growth, that has been keeping the economy afloat. Persistent domestic inflation, strong migration and an uncertain global economic outlook pose risks that could shift reality towards a harder landing. We will be watching how the Reserve Bank responds to these challenges.

Consumer inflation



Source: Bank for International Settlements December 2023; Stats NZ January 2024

New Zealand real GDP per capita (year-on-year growth)



Source: Stats NZ

State of supply chains

Freight reliability and shipping costs hang in the balance

Reliability has not reached pre-pandemic levels

Although shipping reliability has steadily improved since early 2022, it seems to have plateaued around ~65% from mid through to late 2023. This is still a far cry from the pre-pandemic reliability levels, which peaked at 83.5% in June 2019. Reliability is likely to be further weakened by ongoing attacks targeted at commercial vessels in the Red Sea causing disruptions to the vital Suez Canal shipping route that connects Asia and Europe, accounting for around 11% of global maritime trade.¹

Red Sea volatility

MSC, the world's biggest shipping line, is anticipating the disruption to shipping through the Red Sea to last until mid to late 2024, adding both financial and time costs to a significant proportion of the world's shipped freight.² Many container ships have been re-routed around the Cape of Good Hope – the southern tip of Africa – representing a substantial diversion of 9-15 days.³ Data from Portwatch shows that shipping volumes through the Red Sea as measured by the 7-day moving average have fallen by ~30 ships, while volumes around the Cape of Good Hope have increased by nearly the same amount.

The Shanghai Containerised Freight Index is a measure of shipping costs for cargo departing

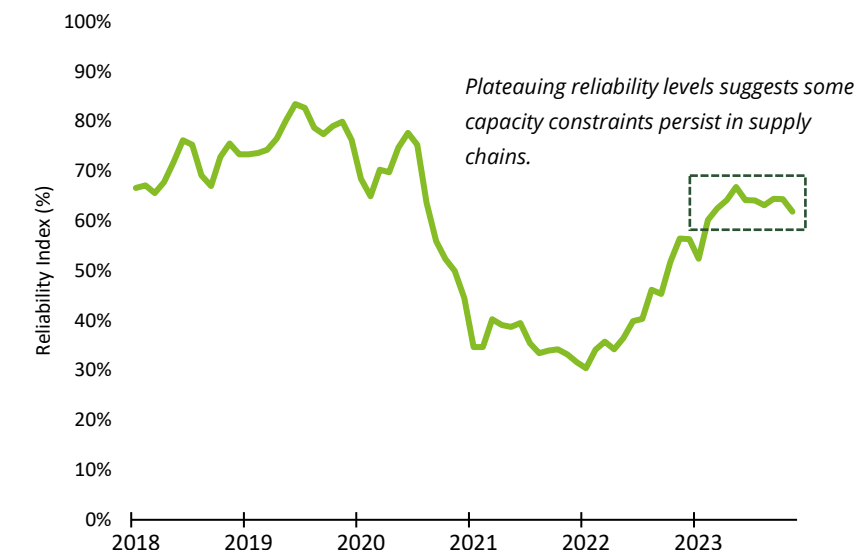
Shanghai, China. It has more than doubled over the span of just one month between December 2023 and January 2024, disrupting what previously looked to be a trend of low and stable prices. This spike in the price index is largely driven by the Red Sea situation. Despite the volatile situation, shipping costs and reliability levels are unlikely to return to the extreme levels seen during the peak of the COVID-19 pandemic.

Economic implications

The combination of plateauing reliability and skyrocketing prices caused by an increasingly volatile situation in the Red Sea paints a bleak picture for the short-term future of global freight markets. These developments could plausibly increase inflationary pressures as shipping costs rise. To date, this situation has not resulted in sustained oil price rises or volatility, but mounting cost pressures combined with increased shipping delays could see more fallout if the current Red Sea situation continues. In New Zealand, this inflationary pressure is likely to be felt more acutely for household items and agricultural inputs – with the latter likely to flow-on to the price of foodstuffs.

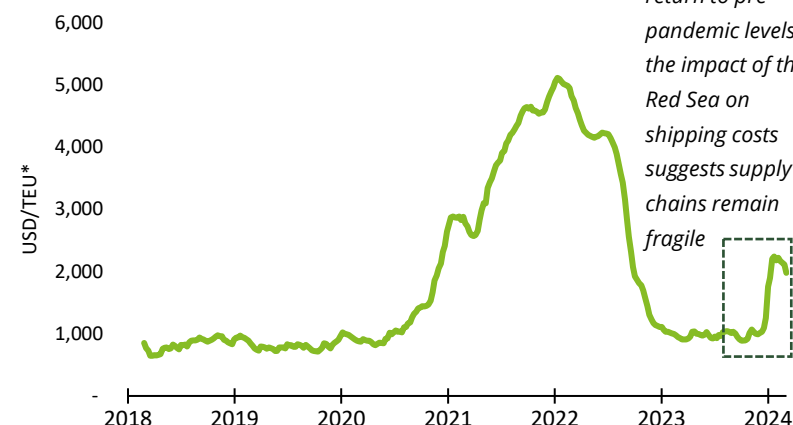
At a time when inflationary pressures are being so closely monitored by the world's central banks, this creates significant uncertainty. This risks pushing the needle towards a 'hard landing'.

Global schedule reliability



Source: Sea-Intelligence, GLP report issue 142

Shanghai Containerised Freight Index



Source: LSEG

* TEU stands for twenty-foot equivalent unit and is a measure of cargo volume in units of twenty-foot long containers

1. <https://portwatch.imf.org/pages/573013af3b6545deaeb50ed1cbaf9444>
 2. <https://www.cnbc.com/2024/01/17/what-a-prolonged-red-sea-crisis-means-for-inflation-and-world-economy.html>
 3. <https://businessdesk.co.nz/article/news-in-brief/inflation-warning-over-record-migration-numbers?1705953089708>



Challenges that lie ahead

Geopolitics, future shocks and net zero

2024: Year of Elections

Countries forming more than half of the global population will hold elections in 2024.¹ Voters in countries including the United States, United Kingdom, and India will cast their votes, and in doing so, determine the future direction of three large and influential democracies. This will have major implications for global trade from an economic and geopolitical viewpoint given that trade policy is a highly political issue for most countries. While elections can bring about positive change, there is a risk for New Zealand that newly elected governments around the world could be less receptive to international trade.

Conflicts

With the Russia-Ukraine war looking no closer to a resolution, and the ongoing conflict in Gaza (and the wider Middle East), the state of geopolitics is looking increasingly fragile and uncertain. This could have ramifications for freight on a global level, which would likely be felt by New Zealand as a relatively small player in the global market. The volatility in the Red Sea has shown the severe impacts on global supply chains of maritime cargo constraints. Volatility of a similar nature in a shipping lane of even greater economic importance to New Zealand, such as the Taiwan Strait, could prove detrimental to New Zealand's economically vital trade relations across the Asia-Pacific region and beyond. New and existing conflicts could prove to be a substantial future shock to supply chains.

China

China is a powerhouse in the global economy, and a pivotal part of many supply chains as a manufacturing giant. Numerous countries, including New Zealand, are heavily reliant on China as a trading partner. New Zealand has historically had a positive relationship with China, which has been highly advantageous for New Zealand's export-oriented economy. However, China is not the growth machine it once was – with 2023 GDP growth at its slowest since 1990 (excluding Covid-19) and an aging population posing a serious threat to China's long-term ability to maintain its goal of strong growth. Furthermore, with China facing scrutiny for its geopolitical engagements in the Asia-Pacific region, over-reliance on China may pose long term risks for New Zealand and the rest of the world.

Net Zero and the climate

As the world marches closer and closer to various global and local climate commitment deadlines, pressure will be increasingly applied to ensure the sustainability of global supply chains. Trade can both contribute to, and mitigate against, negative effects on the environment. While accelerated economic growth from trade can increase emissions and damage natural resources, gains from trade can facilitate more efficient global supply chains where countries can specialise in supplying goods they can produce at a lower resource and environmental cost. Further, increasingly interconnected trade relations can ensure countries are held accountable to environmental standards. An example is the European Union (EU) introducing a Carbon Border Adjustment Mechanism that places a carbon tax on imported goods equal to that which domestic producers face, thereby incentivising international suppliers to limit emissions involved in production. This could increase the cost of New Zealand firms doing business with the EU.

Extreme weather events

One of the detrimental consequences of climate change is the increased frequency and intensity of extreme weather events. Such events can have economic repercussions, which New Zealand experienced in 2023 with Cyclone Gabrielle wreaking havoc in the Hawke's Bay and Tairāwhiti. Cyclone Gabrielle reduced output of key exports such as viticultural and horticultural products resulting in a negative supply shock which, in conjunction with a sudden spike in demand for construction services to rebuild damaged infrastructure, would have contributed to inflationary pressures. The damaged infrastructure included vital supply chain connections such as road and rail access to the Hawke's Bay. Furthermore, Cyclone Gabrielle resulted in close to \$1.7bn of insured losses being claimed – more than four-times the total amount of weather-related insured losses in 2022.

Preparation over prediction to recognise opportunity in uncertainty

The outlook for 2025 and beyond is clouded by core uncertainties in how the global economy, geopolitical settings, and the environment plays out in 2024. There are reasons for optimism - contractionary monetary policy has worked in bringing down headline inflation rates. But significant downside risk such as geopolitical volatility and weak economic growth performance in New Zealand contrast this.

1. <https://www.economist.com/interactive/the-world-ahead/2023/11/13/2024-is-the-biggest-election-year-in-history>

India – a major opportunity for New Zealand?

Building resilience in New Zealand’s trade relations is vital

New Zealand’s approach to trade

New Zealand’s exporters benefit from a range of free trade agreements with trading partners around the world. Such agreements have enabled New Zealand to develop beneficial trade relationships with many of its Asia-Pacific neighbours and beyond, and so is an example of resilience from both a freight and economic perspective by supporting diversification to New Zealand’s trade flows. The current Government has committed to progressing “free and fair trade agreements” and explicitly refers to India as a priority trading partner.¹

India’s demographic advantage

India is a potentially large and untapped opportunity for New Zealand. Although it has a history of protectionism, it has continually liberalised its trade policies since 1991. The Indian market could be extremely lucrative for New Zealand exporters given India’s large working age population, its burgeoning middle class, and growing economic prosperity.

India’s booming economy contrasts China’s, with India recently experiencing some of its fastest GDP growth in over a decade while China experienced its slowest growth in over three decades. India’s GDP per capita, like much of South Asia, is smaller than many East Asian economies. However, it has grown rapidly over the past two decades and is poised to continue doing so as the country continues to industrialise.

India’s 1.4bn strong population is young and growing. This puts it in a better position than some of its East Asian rivals with regards to long term economic stability. The number of working aged people has grown steadily in India whereas in China it has plateaued and even started to decline.

This is further evidenced by India’s steadily declining age dependency ratio – measuring the proportion of the population that is dependent on the working age of the population – compared to China’s, which has been steadily increasing for the past decade. India’s median age in 2021 was 27.6, compared to China’s of 37.9.²

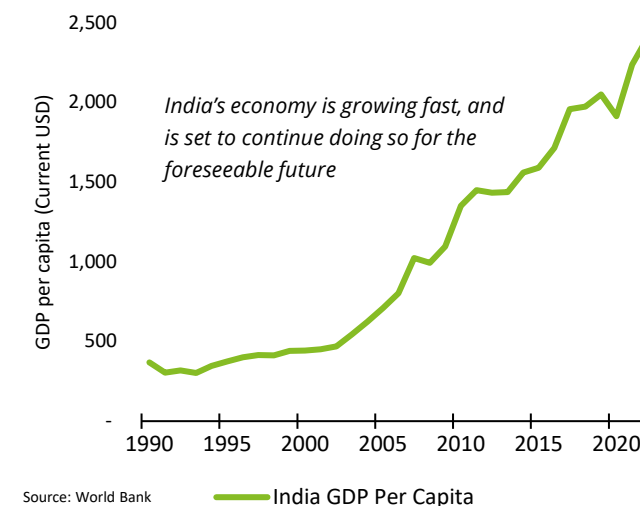
India is open for business

The Indian government is investing heavily into infrastructure to improve the business environment for domestic and international firms. Public sector CAPEX has increased substantially year-on-year, having more than tripled since FY2015.³ India’s investment into infrastructure has brought down logistics costs and improved its supply chain by adding new road, rail, and port capacity. According to World Bank data, Indian container port traffic has increased from just shy of 10 million TEU in 2011 to nearly 20 million TEU only a decade later in 2021, indicative of substantial ongoing port infrastructure investment.

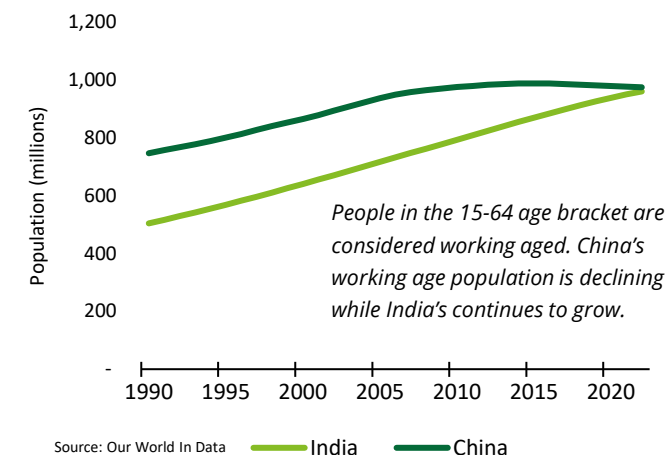
India is making a concerted effort to move up the global value chain in both manufacturing and services. The government’s Production Linked Incentive Schemes provide financial incentives for firms manufacturing in India across a range of industries, such as food processing, textiles, automotive, renewables, and semiconductors.

This data points to India today being what China was a few decades ago: A country with a growing consumer base that is fuelling rapid growth in the high-value manufacturing and services sectors, with the support of a government focussed on economic expansion. India is an opportunity with substantial economic benefits for New Zealand.

India GDP Per Capita



Number of people aged 15-64



1. Coalition Agreement – New Zealand National Party & New Zealand First

2. United Nations – World Population Prospects

3. “Ports, gateways of prosperity” – The Economic Times (Bangalore Edition)



Introducing the Deloitte Access Economics Supply Chain Health Index

Our new measure of supply chain health reaffirms supply chains have recovered, but risks remain

The Deloitte Access Economics Supply Chain Health Index

Our new New Zealand-specific measure of supply chain health, the Deloitte Access Economics Supply Chain Health Index (DAESCHI), provides an indication of the prevalence of supply-side constraints in the manufacturing sectors of New Zealand and our key trading partners. The construction of the index is similar to the Global Supply Chain Pressure Index (GSCPI) maintained by the Federal Reserve Bank of New York, which provides a US view of global supply chains and is the current standard measure of supply chain health. The unit of measurement is 'standard deviations from the mean'. Essentially, a value above zero indicates higher-than-normal capacity constraints, while a value below zero indicates lower-than-normal-capacity constraints. The development of a New Zealand specific supply chain health indicator allows for not only benchmarking against ourselves and major economies, but the identification of economic dynamics that drive and arise from constraints throughout the supply chain.

Global and domestic trends in supply chain health

DAESCHI is unique in that it provides a monthly snapshot of the state of supply chains in and affecting New Zealand, whereas most indicators are globally focussed and from the perspective of a major economy. When compared to the GSCPI the importance of this becomes apparent. New Zealand's supply chains fared relatively well in the early stages of the COVID-19 pandemic compared to global measures, but quickly deteriorated in 2021. New Zealand has been slow to reap the benefits of global

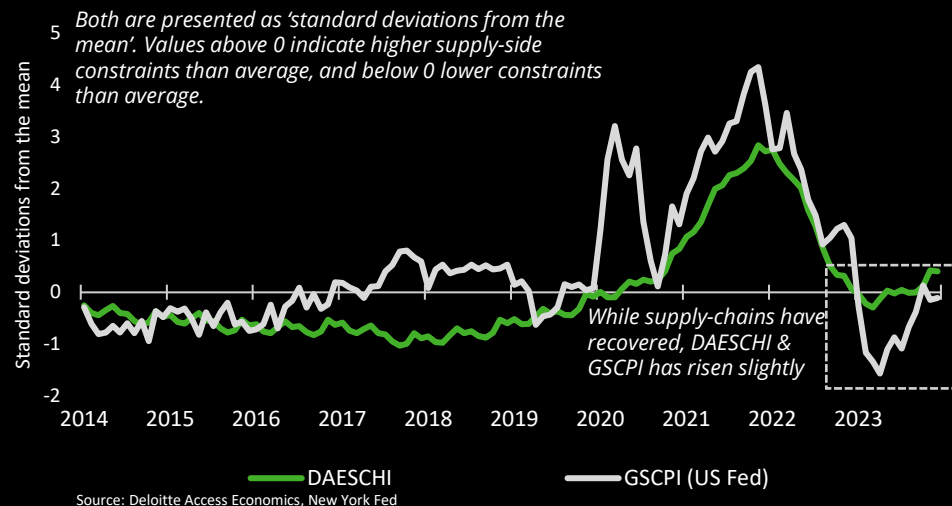
supply chain improvements as constraints began easing slightly later than global measures. Since easing back to 'normal' health by early 2023, DAESCHI has ticked up slightly, possibly due to uncertainty over the Red Sea.

A forward indicator of tradable inflation

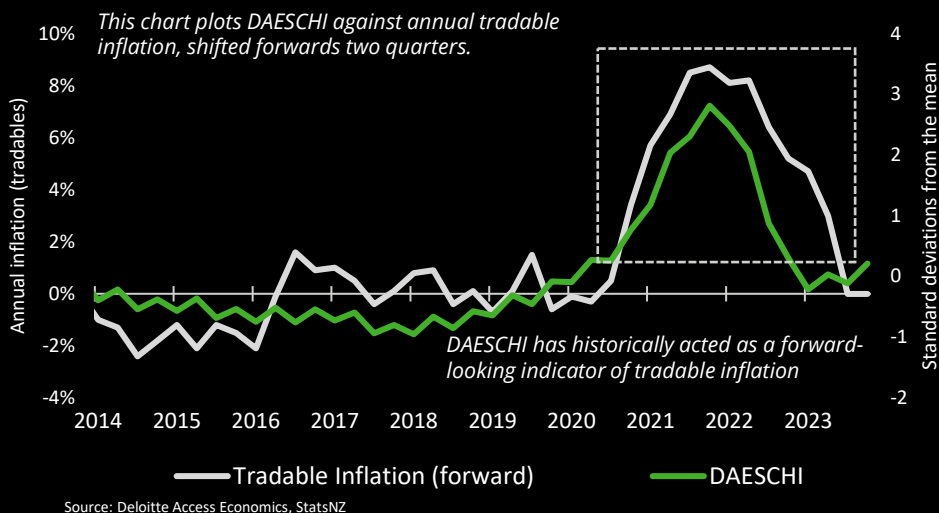
Tradable inflation refers to price increases for goods or services for which prices are determined by overseas factors (i.e. they are imported or compete against imported goods or services). When DAESCHI is plotted against tradable inflation shifted forwards 2-quarters (i.e. DAESCHI today against tradable inflation in 6 months' time), it appears to be a forward-looking indicator for tradable inflation. DAESCHI generally tracked the rise and fall of tradable inflation in 2021 and 2022 respectively. We estimate that, historically, a one standard deviation increase in DAESCHI translates to a 280 basis point increase in the level of annual tradable inflation in 6 months.

This highlights the risk that uncertainty in the Red Sea (or another similar event) could translate into inflationary pressures if sustained. DAESCHI has shown early signs that it could tick upwards. If it continues to do so, tradable inflation could follow. This risk was also picked up in the February Monetary Policy Statement, as the RBNZ expects non-oil import price inflation to rise by two percentage points across the June and September 2024 quarters due to the recent disruptions in the Red Sea and Panama Canal. This illustrates how DAESCHI is a useful tool to monitor supply chain health and assess risks posed to the broader economic outlook.

Deloitte Access Economics Supply Chain Health Index (DAESCHI)



DAESCHI and tradable inflation (2-quarters forward)





Overview of the Deloitte Access Economics Supply Chain Health Index

A technical overview of our new measure of supply chain health

Our methodology

We leveraged the methodology that the Federal Reserve Bank of New York used to create the Global Supply Chain Pressure Index, with necessary changes to the input data, to develop an index that would be more relevant to New Zealand. Similarly to the FED's implementation, we harnessed a combination of global and domestic transport cost data and Purchasing Manager's Index values from major trade partners to generate a holistic view of supply chain health. These measures were chosen so as to reflect not only global and domestic trends in transport and freight costs, but sentiment amongst the manufacturing sector of New Zealand's major trading partners to gain an overarching view of the supply chain.

Technical details

The data used consists of:

- The headline index and New Orders sub-index from the manufacturing Purchasing Manager's Index (or performance of manufacturing index) (PMI) from New Zealand, Australia, the United States, and China,
- The Shanghai Containerised Freight Index,
- Air and sea freight cost data from the Reserve Bank,
- Rail, water, air, and other transport, and road transport sub-components of the input Producer Price Index.

The data we collected covered the period from February 2014 to January 2024.

The headline manufacturing PMI figures were regressed by the contemporaneous (same time

period) value of the New Orders manufacturing PMI sub-index and one lag, and the residuals were taken as inputs into the construction of the index. This was done to eliminate any demand-side factors from the indices as New Orders is representative of an economy's demand from domestic manufacturers.

A global New Orders index was calculated by weighting the New Orders sub-indices from the four economies by current GDP. This overall index was subsequently used to regress against each of the transport cost indices and residuals taken to similarly eliminate demand-side factors from this data.

Principal component analysis was then used to determine the appropriate weightings of each set of residuals, which were then combined to create the overall index. Following this, the index was seasonally adjusted with a twelve-month interval and the number of standard deviations from the mean was calculated at each time-period.

Regression Equations

Demand-side elimination

$$\text{Headline PMI} = \beta_0 + \beta_1 * \text{New Orders}_t + \beta_2 * \text{New Orders}_{t-1} + \text{Residual}$$

New Zealand regression specification

	0	1	2
β	11.79	0.70	0.05
C.L	***	***	**

China regression specification

	0	1	2
β	21.80	0.61	-0.05
C.L	***	***	***

US regression specification

	0	1	2
β	28.19	0.26	0.19
C.L	***	***	***

Australia regression specification

	0	1	2
β	16.14	0.65	0.01
C.L	***	***	

99.99% Confidence Level

99.9% Confidence Level

**

99% Confidence Level

*

Tradeable inflation

$$\text{Tradeable Inflation} = \beta_0 + \beta_1 * \text{DAESCHI}_{t-6} + \text{Residual}$$

Tradeable Inflation regression specification

	0	1
β	1.46	2.78
C.I	***	***

*note: our time period is monthly, so a six lag is equivalent to a two quarter lag

1. https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr1017.pdf

03

Land transport: Rail and road system insights

Rail system overview

Overview

KiwiRail is the transport services and infrastructure business responsible for New Zealand's national rail network and operation of the Interislander ferry services. KiwiRail operates an 'above rail' business (including rail freight, Interislander, and long-distance passenger services) and the 'below rail' network consisting of 3,700km of track and other assets.

Trade

KiwiRail moves around 18m tonnes of freight each year, transporting 13% of the national freight task and around 19% of New Zealand exports and imports. Based on Ministry of Transport data (1 July 2022 to 30 June 2023), the rail system handled 17.8 million tonnes of freight and 4,106 million tonne-kms in FY23. The most significant commodities by volume were timber, 'import/export' products, dairy and coal.

KiwiRail Financial Overview

Income Statement (\$m)	FY23	FY22
Revenue - National Land Transport Fund	139.7	117.6
Revenue - Customers and Other	853.0	733.1
Operating Expenses	(835.1)	(717.1)
Gross Profit	157.6	133.6
Capital grants	589.1	348.9
One Offs / Other Items	(1,382.2)	(769.8)
EBITDA	(635.5)	(287.3)
Depreciation and Amortisation	(143.7)	(165.5)
EBIT	(779.2)	(452.8)
Net Interest Expense	8.6	0.4
Taxation	-	-
NPAT	(770.6)	(452.4)
Other Comprehensive Income	50.9	109.4
Comprehensive Income	(719.7)	(343.0)

Source: KiwiRail 2023 Annual Report, Deloitte analysis

Financial performance

- KiwiRail reported an operating surplus of \$157.6m for FY23, with an overall loss of \$770.6m.
- Above Rail operating surplus was \$156.5m, a 17% increase on FY22 despite the \$8.5m impact of weather events.
- Below Rail operating revenue was \$217m, a 19% increase on FY22.

System development

- Capital expenditure for FY23 was \$1.3b, the largest level of capital investment in a single year, up from \$1.1b in FY22. KiwiRail received significant Government funding for both above and below rail capital expenditure, receiving \$589.1m in capital grants.
- Rail sidings for the Ruakura Inland Port were substantially completed in FY23. In the South Island, the Fairfield freight hub is under construction.

Balance Sheet (\$m)	FY23	FY22
Current Assets	776.6	505.4
Fixed Assets	1,357.8	1,514.6
Intangibles	-	7.4
Deferred Tax Benefit	-	-
Investments	106.4	98.7
Other Assets	446.4	334.4
Total Assets	2,687.2	2,460.5
Current Liabilities	513.6	517.8
Non-Current Liabilities	235.7	127.1
Shareholders' Funds	1,937.9	1,815.6
Total Liabilities / SHF	2,687.2	2,460.5

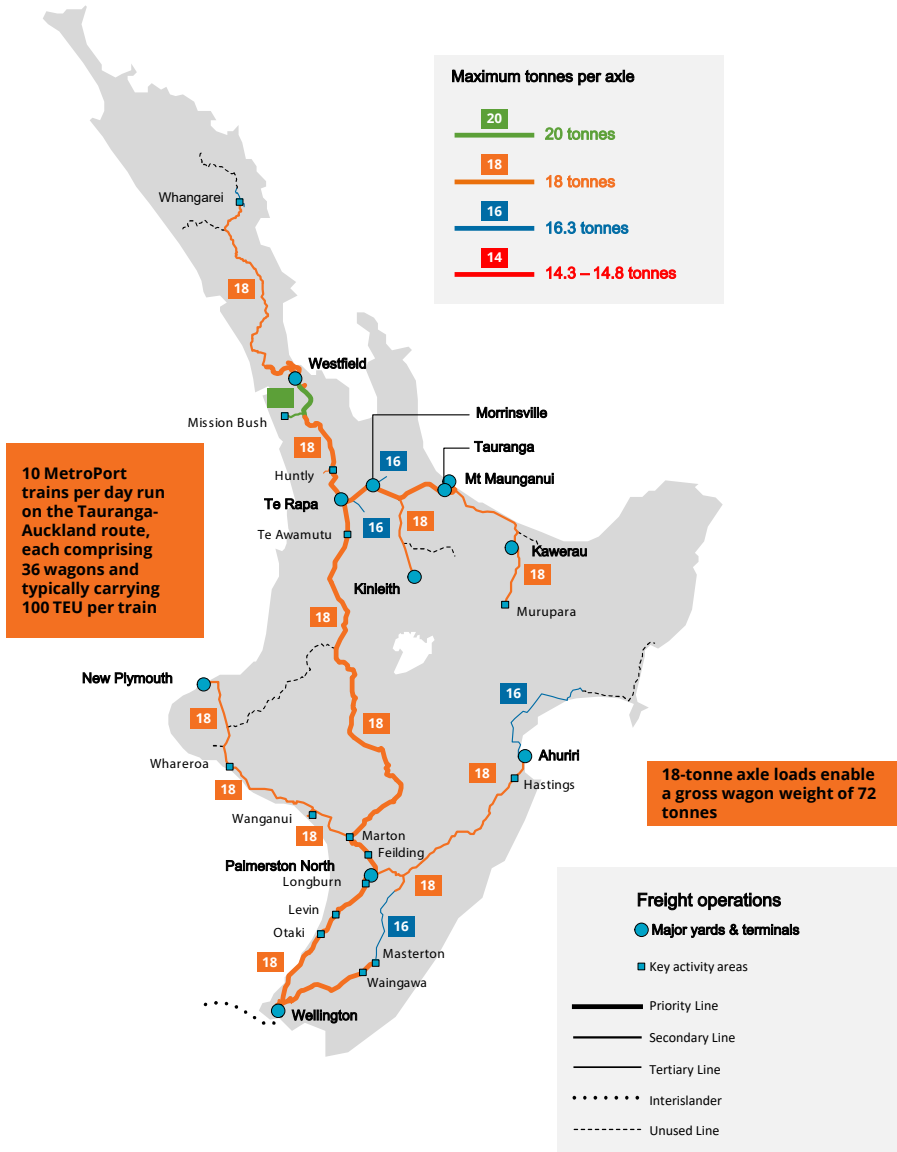
- The iRex (Inter-Island Resilient Connection) project is being wound down, with KiwiRail exploring new options for its Cook Strait services. iRex was proposed to result in two new rail-capable, low-emissions ferries and new terminal infrastructure in Wellington and Waitohi Picton.
- In terms of below rail network development, KiwiRail is progressing the development of a third main rail line in Auckland, two new stations at Drury, as well as extending the electrification of the Auckland rail network through to Pukekohe. KiwiRail is also progressing significant programmes of work to renew the Wellington and Auckland rail networks. In Northland, KiwiRail is remediating significant damage to the North Auckland Line from Cyclone Gabrielle. It is also progressing a delivery case for the 19km Marsden Point Rail Link.
- In FY23, KiwiRail commissioned ten new diesel-electric locomotives and received 221 new wagons.

Cash Flow Statement (\$m)	FY23	FY22
Operating Cash Received	1,028.5	828.2
Operating Cash Paid	(875.1)	(769.6)
Net Operating Cash Flow	153.4	58.6
Less: Asset Purchases	(1,247.8)	(1,168.6)
Less: Dividends Paid	-	-
Funding Surplus (Deficit)	(1,094.4)	(1,110.0)
Insurance Proceeds	1.8	11.1
National Land Transport Fund Receipts	277.7	154.3
Capital Grant Receipts	245.6	316.7
Crown Capital Investment	728.8	639.5
Proceeds of Asset Sales	2.4	0.4
Repayment of loans	(4.0)	(40.3)
Lease Payments	(29.6)	(28.5)
Payment for NZRC land acquisitions	(12.3)	(25.4)
Crown Capital Repayment	-	(132.0)
Net short-term deposits	(30.0)	40.0
Advance of loans	-	25
Funding Provided	1,180.4	960.8

North Island rail network

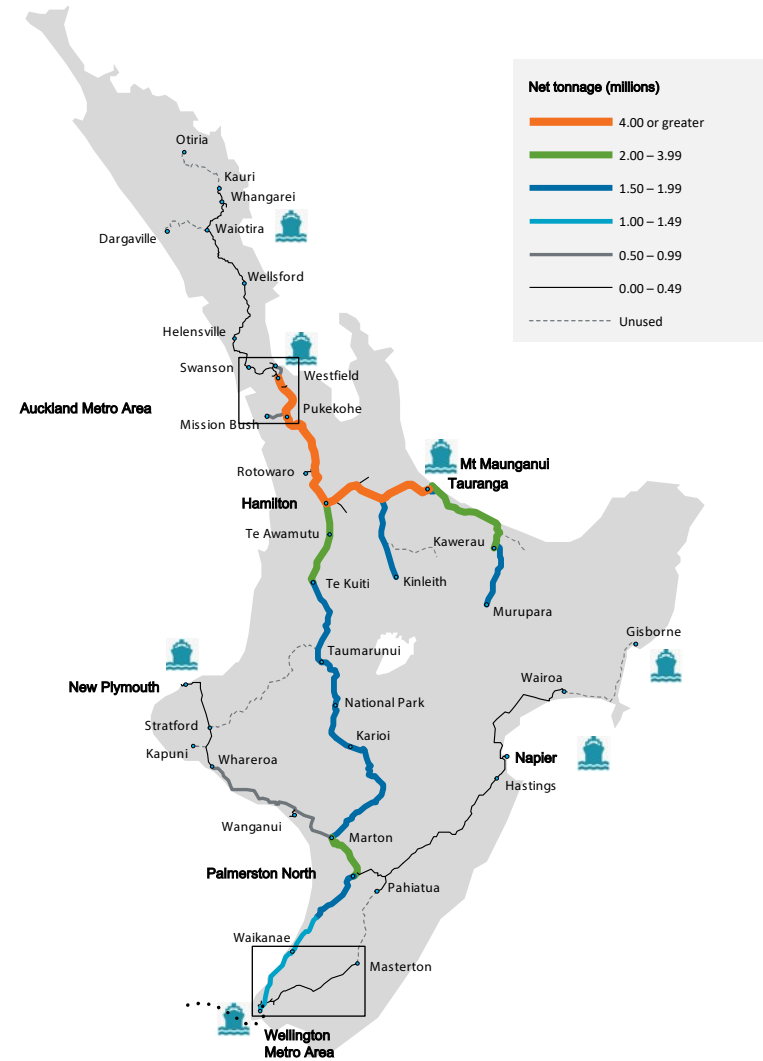
KiwiRail network – North Island

Maximum axle loads and major yards



KiwiRail network – North Island

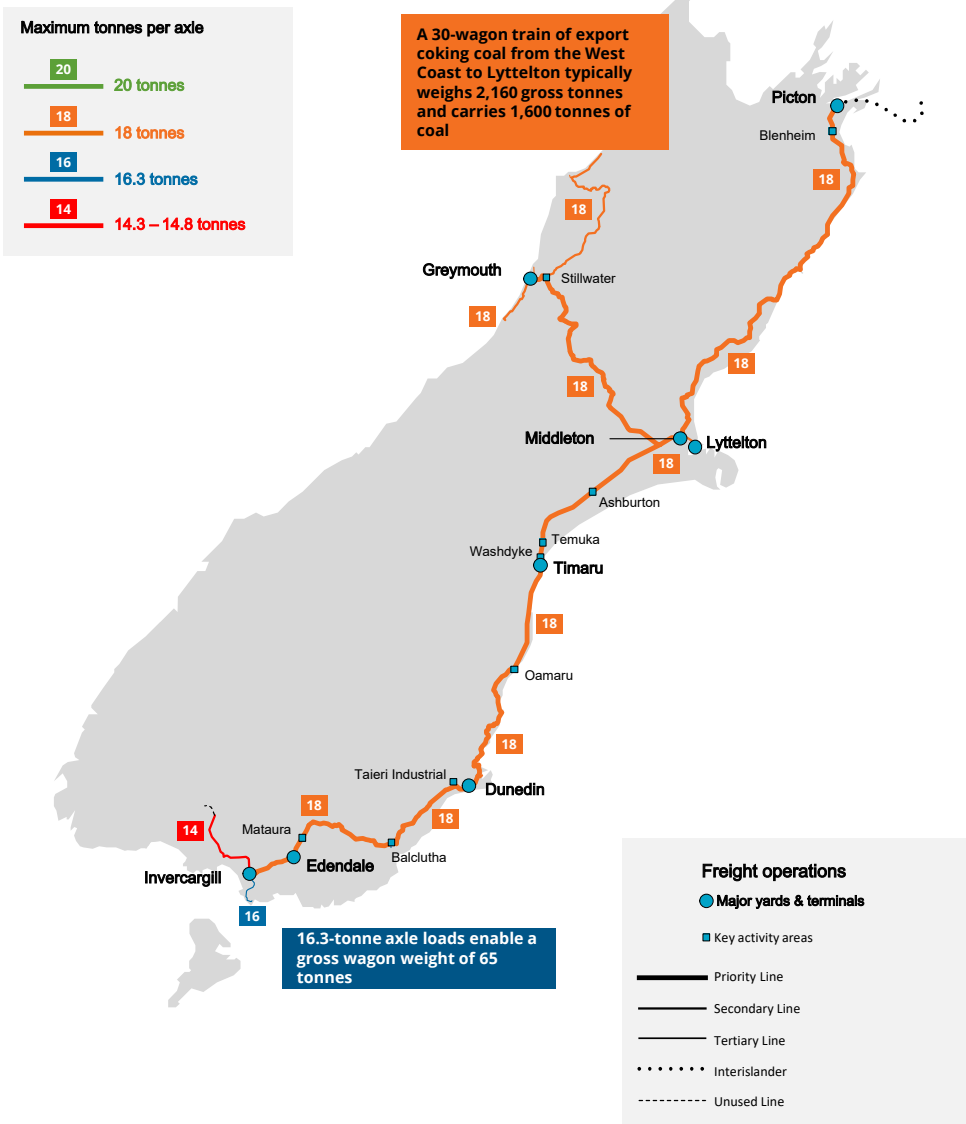
Net freight tonnage density FY23



South Island rail network

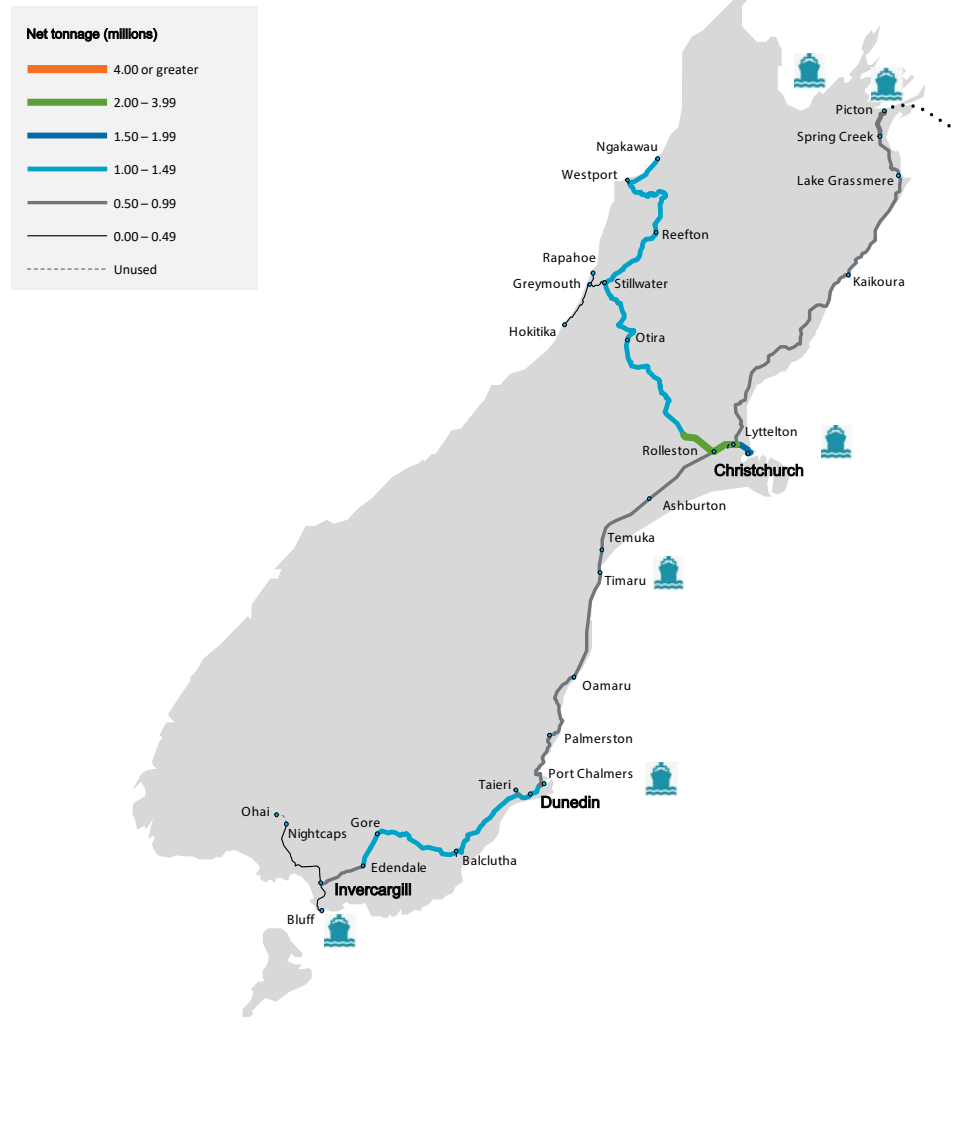
KiwiRail network – South Island

Maximum axle loads and major yards



KiwiRail network – South Island

Net freight tonnage density FY23



Source: KiwiRail

New Zealand's road freight industry

A significant contributor to the economy

Road freight plays a key role in New Zealand's freight system, providing for the transport of goods within regions and between regions, with the state highway network connecting cities, towns, and remote communities.

Based on Statistics New Zealand's Annual Enterprise Survey, total income for the sector continues to rise year on year, reaching a high of \$8.67 billion in 2022. Assets within the industry also reached a new high in 2022, with \$8.13 billion in total assets.

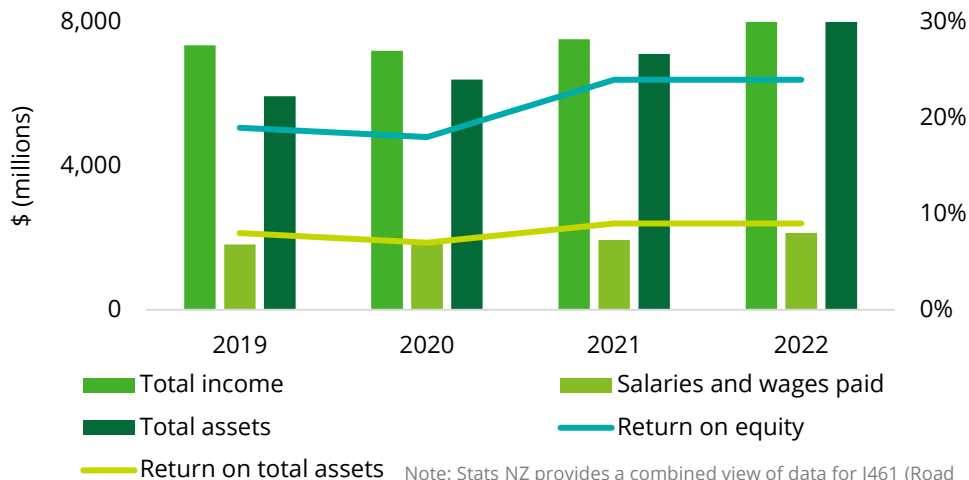
Business owners saw an approximately 9% return on assets, which appears to be a relatively stable industry benchmark return. Statistics also show a growing return on equity, reaching a recent reported high of 24% in 2021 and remaining at 24% in 2022. We note that the global industry average for this sector indicates low profit margins (between 11-14% gross margin) and low returns on equity (4-9%). Employees took home \$2.14 billion in wages and salaries in 2022, which represented an increase of \$202 million from 2021.

A large workforce across a large number of firms

The road freight industry in New Zealand has seen relatively consistent growth year on year for entities, with 2023 representing a new high-water mark with 5,664 entities in the industry. However, employee numbers dipped from a high of 31,790 employees in 2022 to 31,210 employees in 2023.

Data from 2023 implies an average of 5.5 employees per entity. This illustrates that the road freight industry in New Zealand is, on average, composed of smaller enterprises.

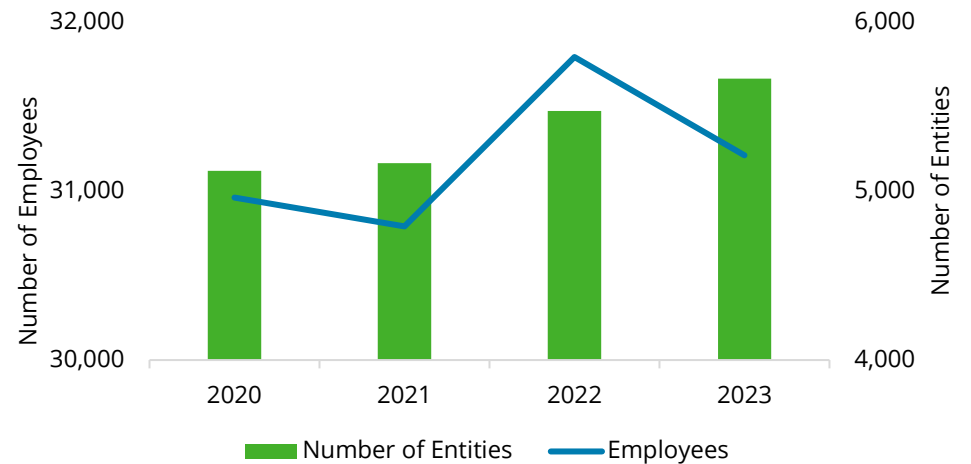
Road freight transport financial performance



Note: Stats NZ provides a combined view of data for I461 (Road Freight Transport) and I462 (Road Passenger Transport). Total income, assets, and salaries and wages paid have been apportioned based on the proportion of I461 employees to the combined number of I461 and I462 employees.

Source: Stats NZ, Deloitte analysis

Number of entities and employees within the road freight transport industry



Source: Stats NZ, Deloitte analysis

New Zealand's road freight system

A growing number of kilometres travelled

Truck kilometres are considered a barometer of economic activity, as demand for transport by trucks is derived from demand for goods.

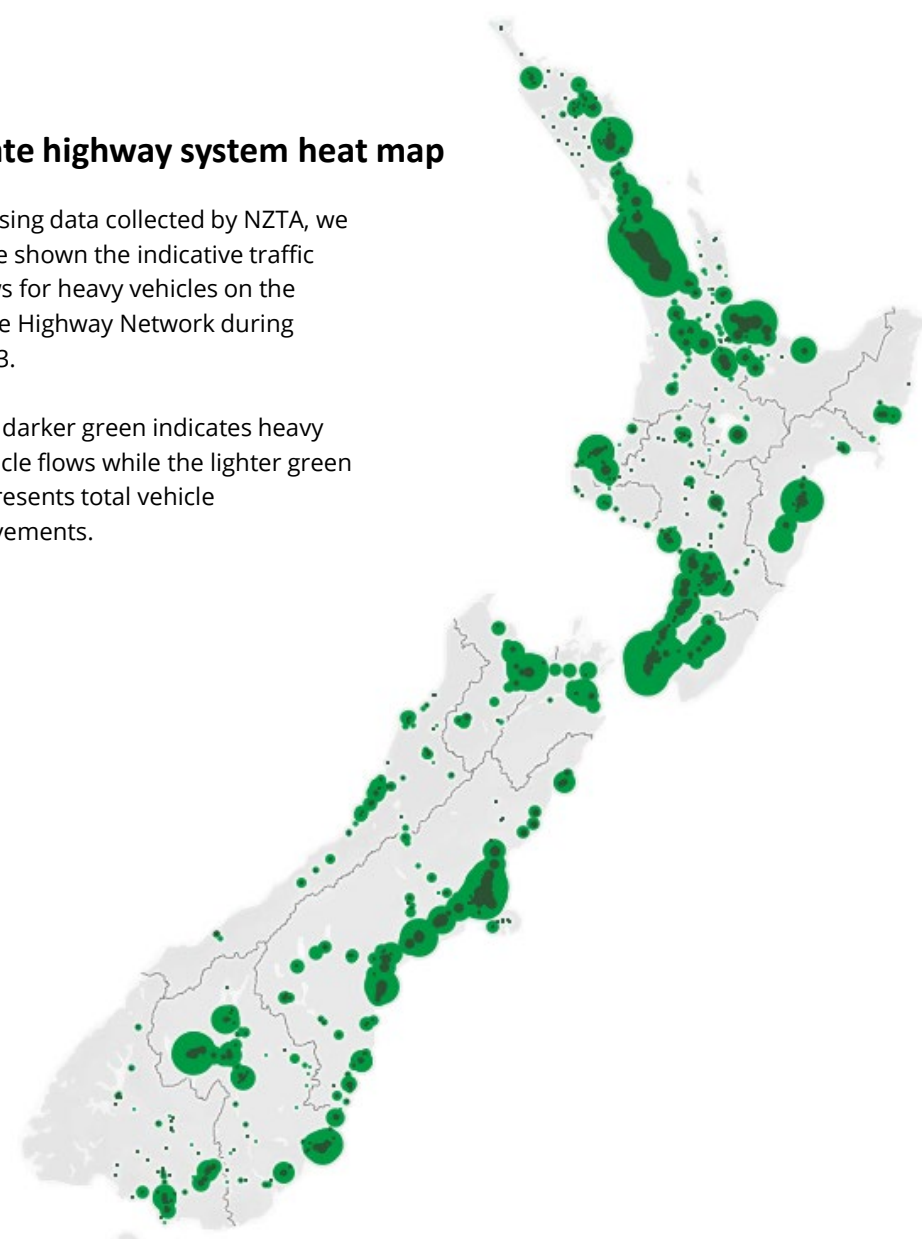
Combined truck and trailer vehicle kilometres travelled (VKT) has generally risen over time. The observed dip in 2020 is likely a result of the COVID-19 pandemic, with the rebound in 2021 and a further increase in 2022 aligning with the post-pandemic economic recovery.

We have shown how these freight movements approximately map across New Zealand's state highway network on the map to the right.

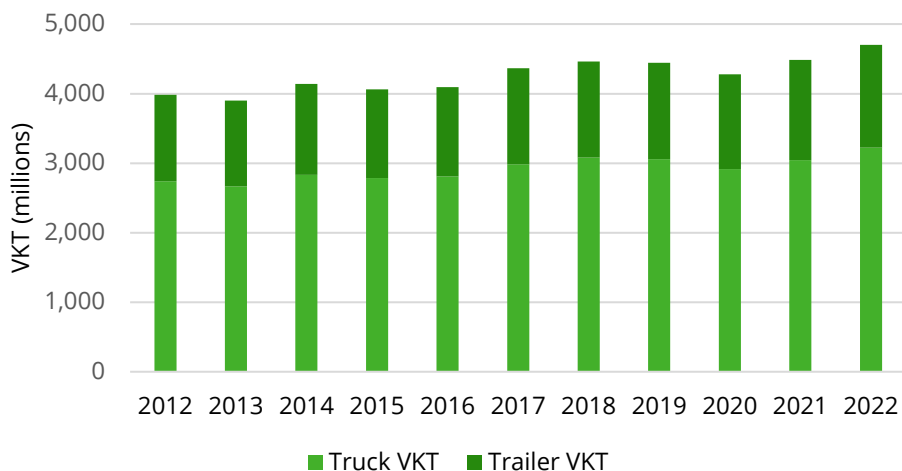
State highway system heat map

Utilising data collected by NZTA, we have shown the indicative traffic flows for heavy vehicles on the State Highway Network during 2023.

The darker green indicates heavy vehicle flows while the lighter green represents total vehicle movements.



VKT of trucks and trailers



Source: Ministry of Transport, Deloitte analysis

Land freight transport system upgrades

Roads of National Significance and the Rail Network Investment Programme

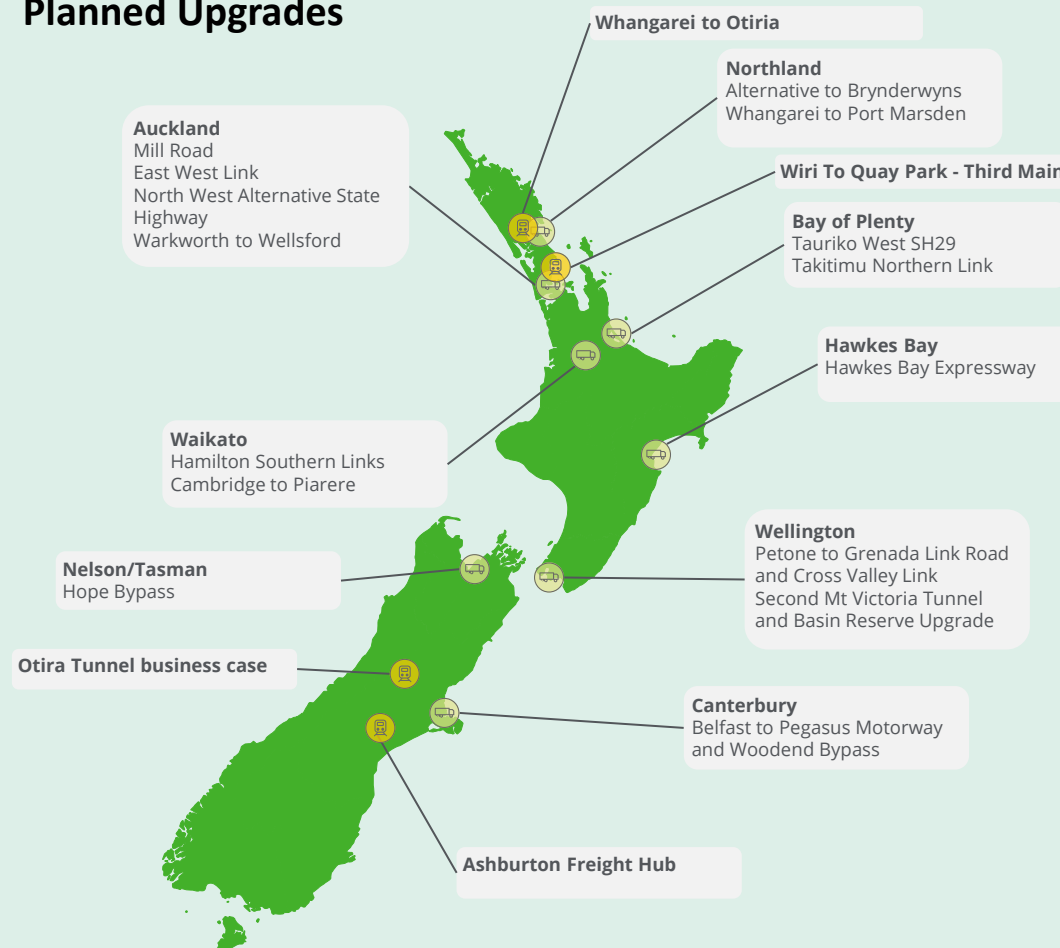
The state highway network is composed of almost 11,000km of road, and provides a vital link for people and goods within and between regions. The Draft Government

Policy Statement on land transport 2024-2034 (GPS) signals up to \$25 billion of investment over the next 10 years on state highway improvements. The majority of this spending is expected on the 15 Roads of National Significance identified in the GPS.

Proposed Funding by Activity Class		24/25 (\$m)	25/26 (\$m)	26/27 (\$m)	Total (\$m)
State highway pothole prevention	Upper	700	790	790	2,280
	Lower	420	460	490	1,370
State highway operations	Upper	760	850	960	2,570
	Lower	560	640	690	1,890
Local road pothole prevention	Upper	780	850	900	2,530
	Lower	570	610	640	1,820
Local road operations	Upper	450	480	590	1,520
	Lower	240	260	280	780
Public transport services	Upper	750	770	790	2,310
	Lower	400	420	440	1,260
Investment management	Upper	85	90	90	265
	Lower	65	70	70	205
Safety	Upper	600	610	620	1,830
	Lower	500	510	520	1,530
Rail network	Upper	550	560	560	1,670
	Lower	360	360	20	740
Public transport infrastructure	Upper	680	730	780	2,190
	Lower	240	290	340	870
State highway improvements	Upper	1,950	2,050	2,250	6,250
	Lower	1,150	1,250	1,350	3,750
Local road improvements	Upper	400	400	410	1,210
	Lower	150	150	160	460
Walking and cycling improvements	Upper	250	130	130	510
	Lower	135	70	70	275

Source: Draft GPS on land transport 2024

Land Freight Transport System – Planned Upgrades



Source: Roads of National Significance and rail freight improvements in Draft GPS on land transport 2024 and Rail Network Investment Programme 2021

04

Port sector insights: Financial and operational trends

Port ownership

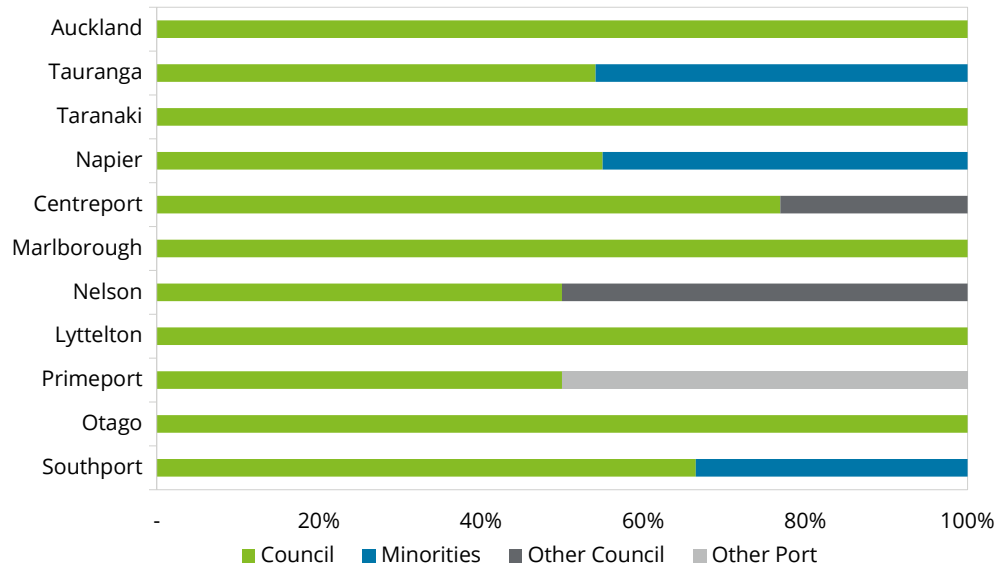
Ownership of New Zealand ports

Within New Zealand, there is a high level of local government port ownership.

Of the 11 ports presented in the following chart, five are wholly owned by a single council and two ports are owned by two councils.

Three ports are listed with minority interests, with one 50% owned by another port.

Ownership structure of New Zealand ports



Source: Companies Register



Ship visits

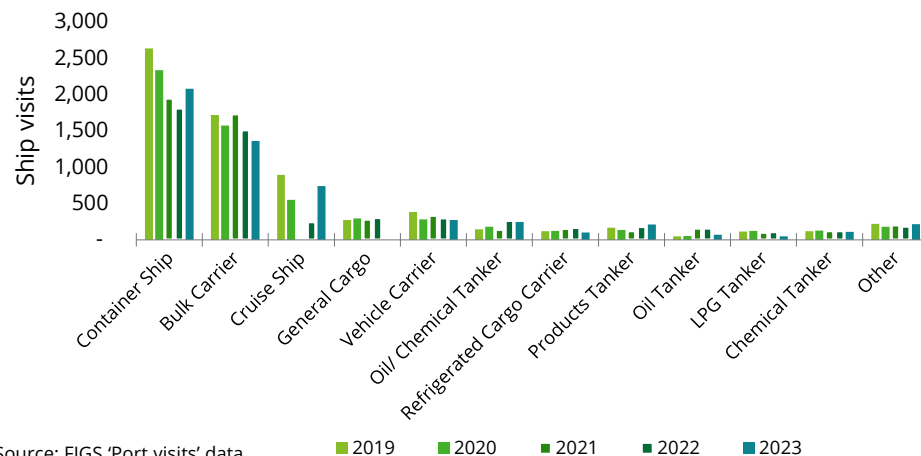
Commentary and highlights from FIGS data

Commentary and highlights are drawn from the Freight Information Gathering System (FIGS) release for the period to December 2023.

Container ships continue to dominate ship visits to New Zealand, comprising around 38% of total ship calls. The number of container ship visits rose by 249 in 2023. 2023 container ship calls are at 79% of pre-pandemic (2019) calls representing a recovery from the 2022 low. This may be an encouraging sign for ports as shipping schedules return to normal as supply chain pressures eased in 2023. However, the number of bulk carrier ship calls fell by 149, representing an 11% decrease from the previous year. There are 26 vessel categories contained in 'Other', the largest vessel categories by number include wood-chip carriers, crude tankers, offshore tug/supply ships, and ro-ro cargo ships.

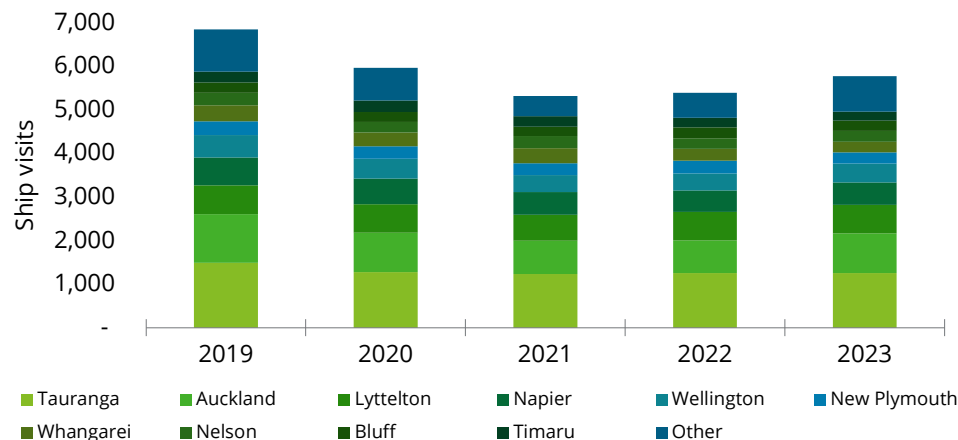
The graph in the bottom right shows the breakdown of ship visits by port for the given year. Port of Tauranga continues to receive the greatest number of ship visits in 2023, receiving 353 more visits than the Port of Auckland. This gap is closer than in 2022 where Port of Tauranga received 508 more visits than the Port of Auckland. These two ports comprise 21.8% (TRG) and 15.7% (AKL) of total international ship visits in 2023, with LYT (11.4%), NPE (8.9%), and WLG (7.5%) as the next largest. Other ports collectively received approximately 35% of total international ship visits in 2023.

International ship visits by vessel type



Source: FIGS 'Port visits' data

Top 10 ports by international ship visits



Source: FIGS 'Port visits' data

Ship visits

Cruise ships

FY23 marked the return of cruise ships following the removal of border entry restrictions from New Zealand's COVID-19 response. New Zealand's ports reported receiving 623 cruise ships in FY23.

Port of Otago (POE) saw the highest number of cruise ships with 101 calls, followed by TRG (90), WLG (89), and AKL (88).

NTH was the only port to not record any cruise ship calls.

Passengers

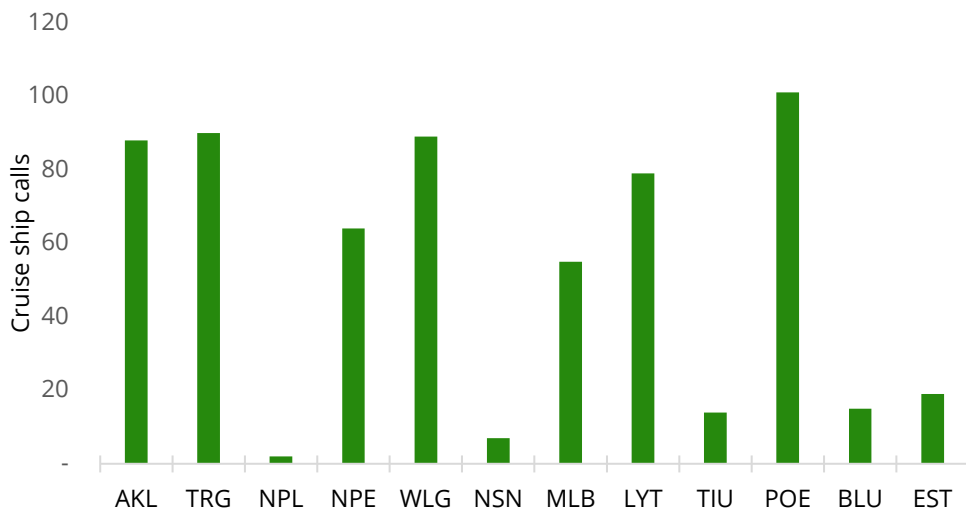
993,769 cruise ship passengers were received by New Zealand's ports in FY23.

Port of Tauranga (TRG) welcomed the highest number of passengers with 179,000 visiting the port, closely followed by AKL with 177,297.

Port of Marlborough (MLB) recorded the highest number of passengers per ship, averaging approximately 2,164 passengers per ship, followed by AKL (~2,015 passengers per ship) and TRG (~1,989 passengers per ship). The average across all ports was ~1,595 passengers per ship.

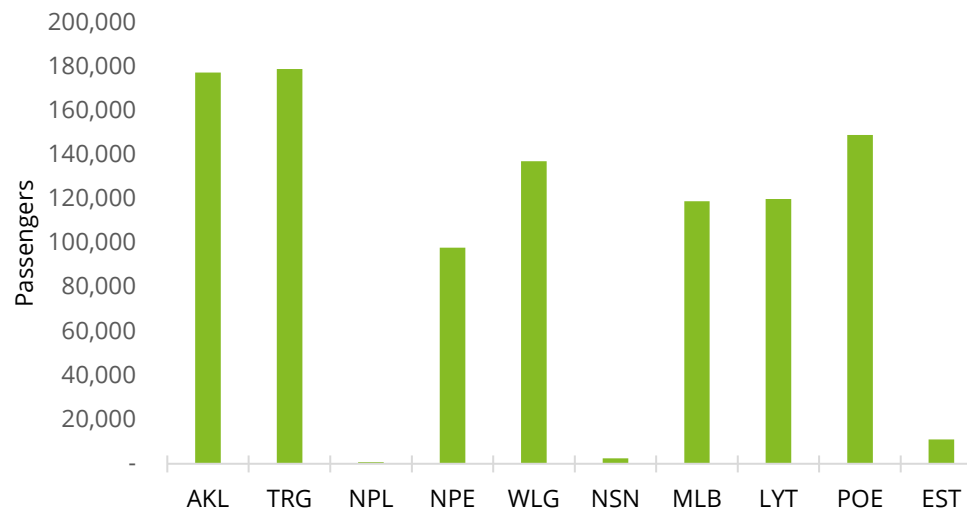


Cruise ship calls



Source: Management information, Deloitte analysis

Cruise ship passengers



Source: Management information, Deloitte analysis

Note: Passenger figures for TIU and BLU were not supplied.

Port operations

Container handling

Most ports reported similar container market share in FY23, with the majority within +/- 1% of FY22 market share. AKL was the exception to this, increasing TEU market share by 1.06%. The next largest increase was POE, increasing their market share by 0.8% from FY22.

Port of Tauranga (TRG) – Despite a fall in TEU volumes in FY23, TRG has maintained its position as New Zealand’s largest port by container throughput handling 1.178 million TEU, a decrease of 64,000 TEU from FY22.

Port of Auckland (AKL) – AKL remains New Zealand’s second largest container port and handled around 819,000 TEU in FY23, an increase of 0.9% on FY22 volumes.

TEU volume changes

Increases – POE experienced the largest TEU volume growth in FY23, growing throughput by 12.15%. Other ports experiencing TEU volume growth were WLG (6.46%), TIU (2.45%), NSN (2.13%), and AKL (0.9%).

Decreases – NPE’s TEU volumes fell by 12.6% in FY23 compared to FY22. NTH (-10.99%), LYT (-9.3%), BLU (-5.23%), and TRG (-5.13%) also saw a reduction in TEU volumes.

Note: TEU and bulk volumes on this page are provided by the ports and are for FY23. This differs from the previous page, where data is for calendar year 2023.

Bulk volumes

TRG remains the dominant port for bulk volumes with 11.7m bulk tonnes handled in FY23. This represented a 24.64% market share, an increase of 0.86% from FY23, despite volumes remaining flat from FY22 figures. AKL remains the second largest port for bulk volumes, with their 6.4 million bulk tonnes comprising 13.48% of the market. This is despite bulk tonnes falling by 0.9m from AKL’s FY22 figure.

Bulk volume growth

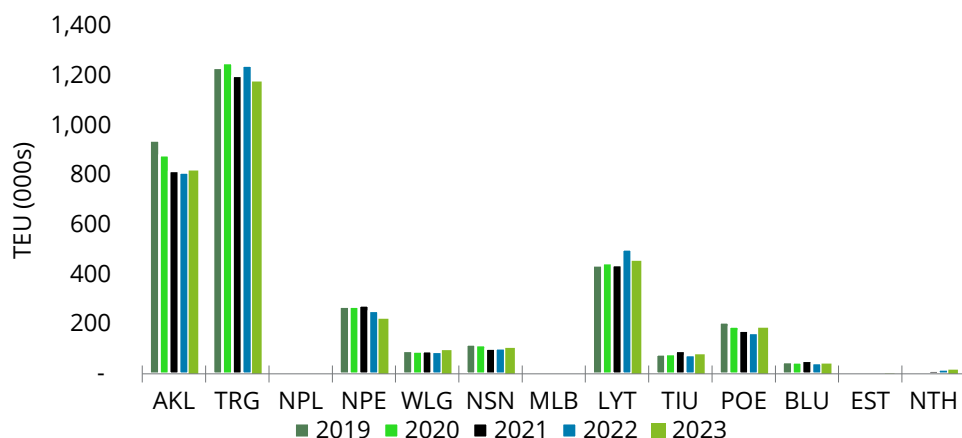
Port of Otago (POE) – Bulk volumes grew from 1.7m tonnes to 1.8m tonnes, or 5.88%, in FY23. This was the largest bulk volume growth of all ports.

Lyttleton Port Company (LYT) – LYT experienced the highest total growth in bulk volumes, increasing by 0.2m tonnes from 3.6m tonnes in FY22 to 3.8m tonnes in FY23. This increase was the second largest in percentage terms, representing an increase of 5.56%. NTH also experienced growth in bulk volumes, seeing an increase of 3.45% from FY22.

Several ports saw falling bulk volumes, with EST (-15.77%), NPE (-13.51%), TIU (-13.04%), and AKL (-12.33%) experiencing the largest decreases in volumes.

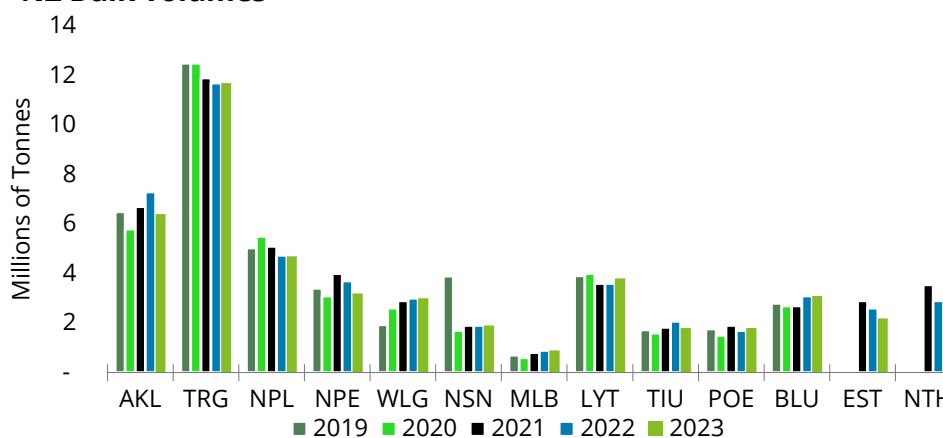
TRG, NPL, WLG, NSN, MLB, and BLU reported little to no change in bulk volumes.

NZ Container Throughput



Source: Annual reports

NZ Bulk volumes



Source: Annual reports

TEU composition

Commentary and highlights are drawn from the Freight Information Gathering System (FIGS) release for the period to December 2023.

The top right graph shows the breakdown of TEU imports and exports since 2012. Notably, 2023 is the first year since 2012 where export volumes are higher than import volumes. While export TEU volumes fell by 6,388 TEUs, this was exceeded by the 76,432 TEU fall in import volumes.

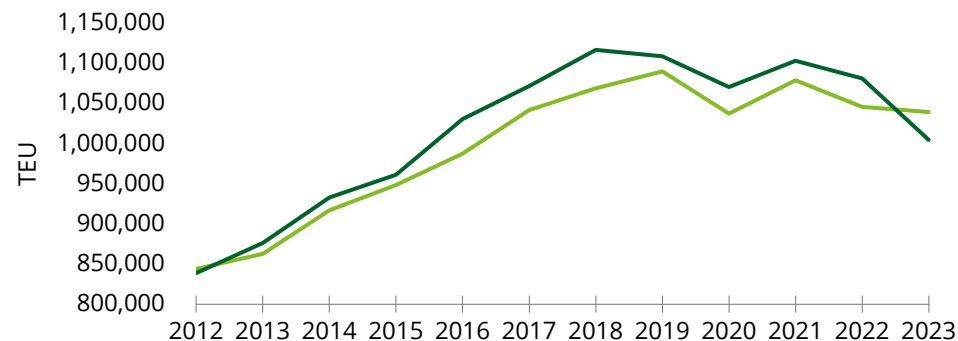
The bottom two graphs illustrate the trade split in percentage and absolute terms for each port during 2023. TRG continues to

dominate TEU export volumes, holding 45.19% of all TEU volumes. AKL (15.8%) and LYT (14.7%) are the second and third largest ports by TEU export volumes.

AKL remains the largest port by TEU import volumes, holding 36.7% of TEU import volumes. This is closely followed by TRG with 33.7% of TEU import volumes.

TRG is the largest port by export transshipment volumes with 30% of the market. POE (20.9%) and NSN (15.2%) have the second largest share of export transshipment volumes despite their relatively small share of TEU volumes.

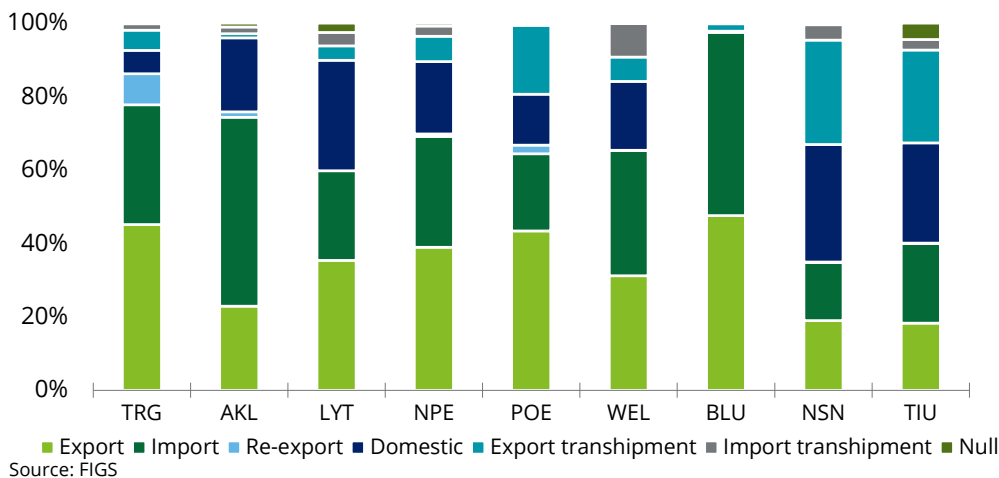
TEU Volume by trade classification



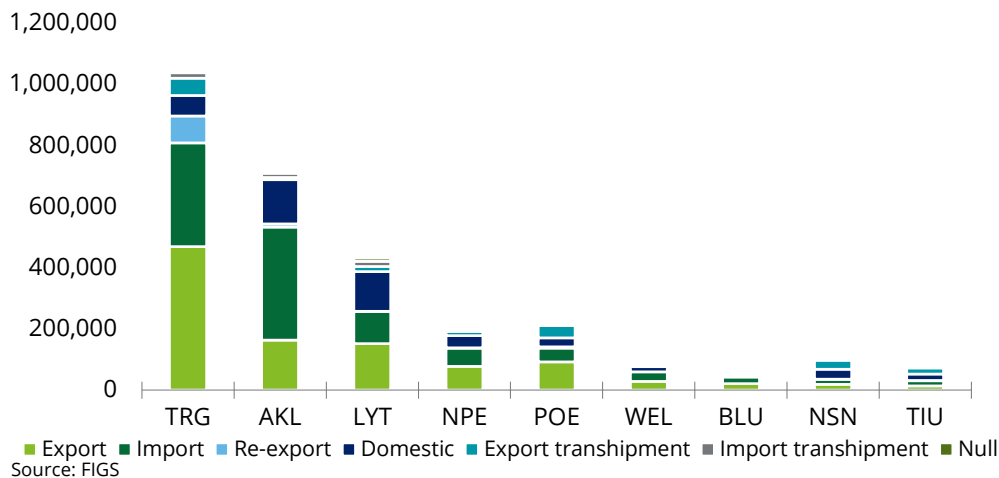
Source: FIGS data

Export Import

2023 Port TEU by trade classification



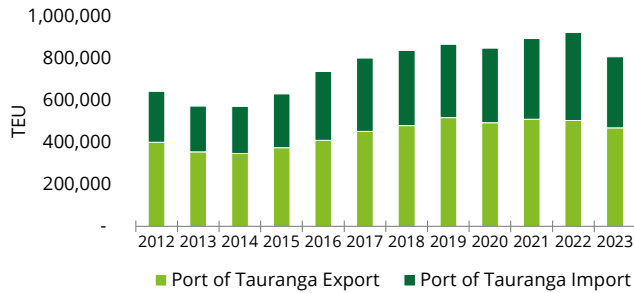
2023 Port TEU by trade classification



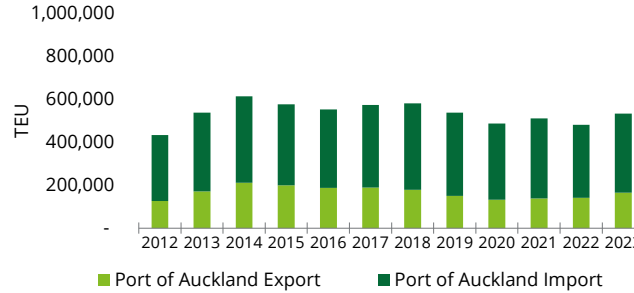
TEU breakdown

TEU volumes from FIGS data

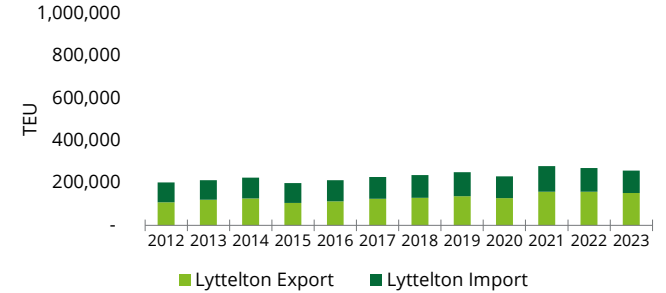
TRG TEU by Trade split



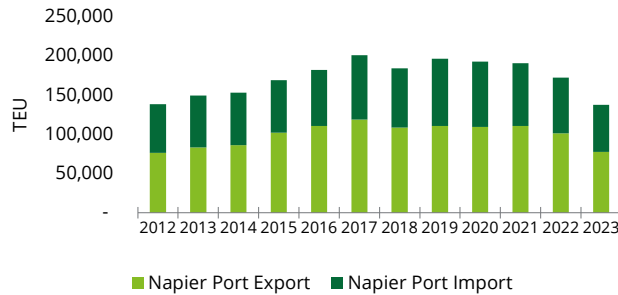
AKL TEU by Trade split



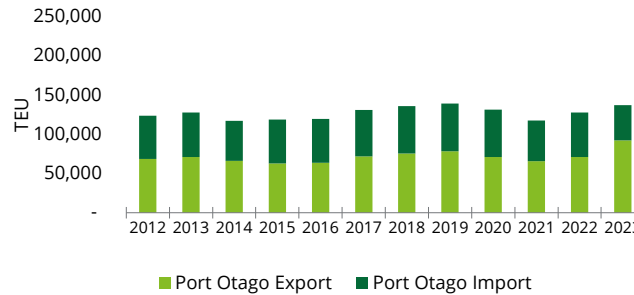
LYT TEU by Trade split



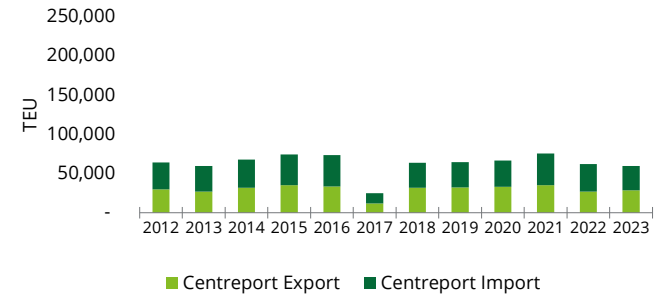
NPE TEU by Trade split



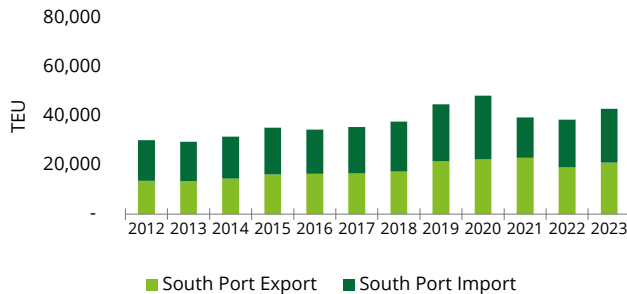
POE TEU by Trade split



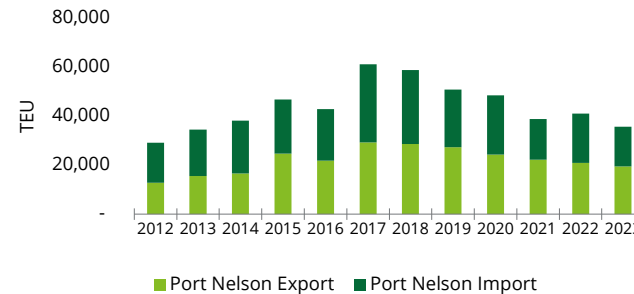
WLG TEU by Trade split



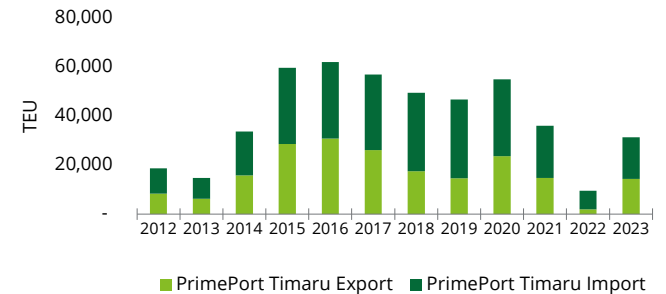
BLU TEU by Trade split



NSN TEU by Trade split



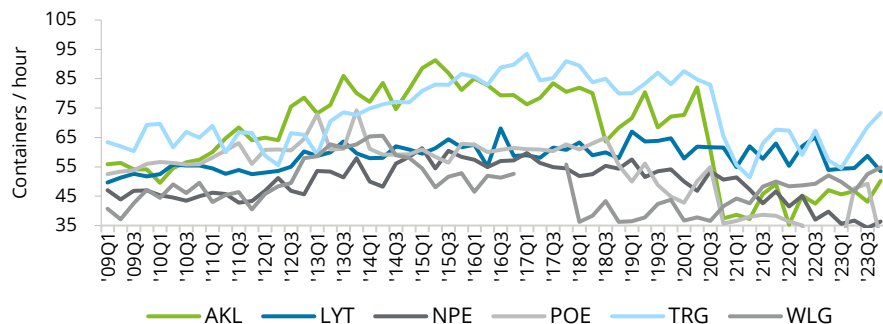
TIU TEU by Trade split



TEU volumes differ to those presented on page 44– FIGS data covers calendar year 2023 whereas port operational data is aligned to each port's respective 2023 financial year. Further, TEU breakdown presented on this page is for import and export cargo and does not include domestic and transshipment cargo.

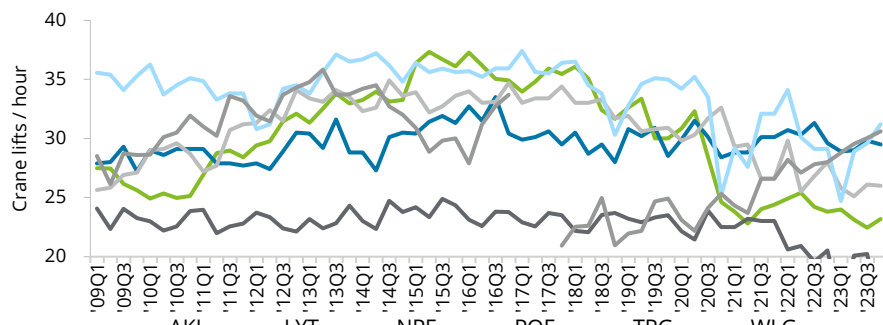
Container terminal efficiency

NZ port ship rates



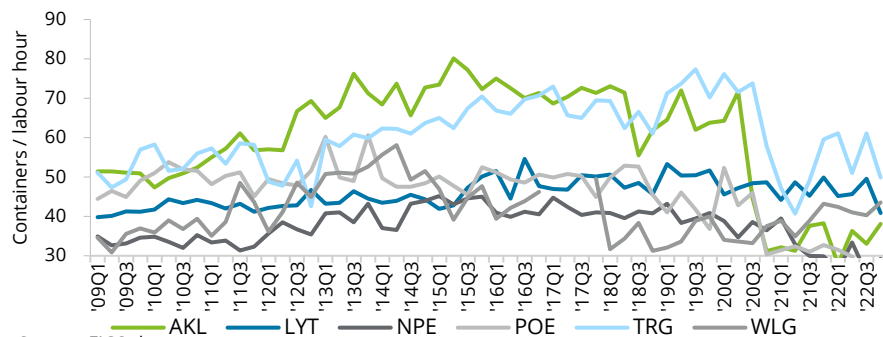
Source: FIGS data

NZ port crane rate



Source: FIGS data

NZ port vessel rates



Source: FIGS data

NZ port ship rates – containers/hour

	2021				2022				2023			
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
AKL	38.6	37.2	45.7	49.1	35.3	45.2	42.5	47.0	45.7	46.7	43.1	50.2
LYT	54.9	62.0	57.7	63.0	55.3	62.0	65.1	53.9	54.3	54.6	58.7	53.5
NPE	51.4	47.3	42.6	46.6	41.5	45.1	37.0	39.8	35.5	36.6	34.2	36.4
POE	36.6	38.0	38.6	38.3	36.4	35.1	18.4	29.2	27.2	47.7	49.2	30.5
TRG	55.7	51.4	63.0	67.6	67.3	59.0	67.3	57.2	54.6	61.7	68.6	73.3
WLG	44.2	42.6	48.2	50.0	48.3	48.7	49.2	52.0	49.9	46.6	52.5	54.7

NZ port crane rates – crane lifts/hour

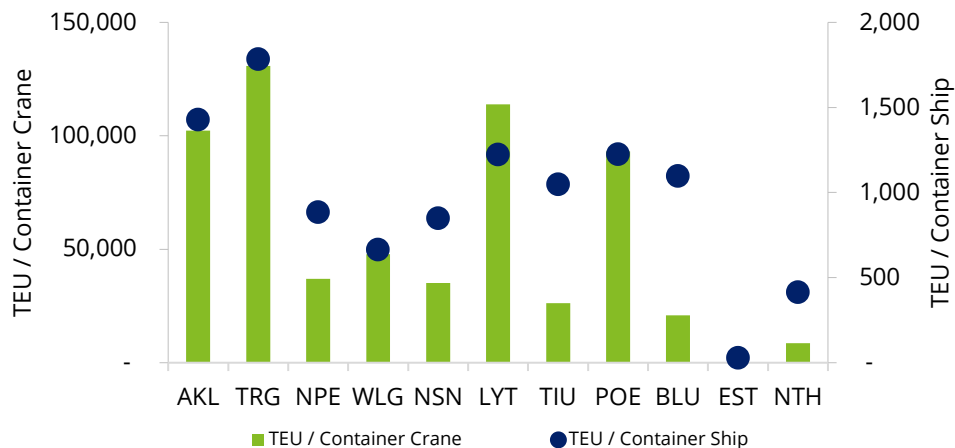
	2021				2022				2023			
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
AKL	23.8	22.8	24.0	24.4	24.9	25.4	24.2	23.8	24.0	23.1	22.4	23.2
LYT	28.8	28.8	30.1	30.1	30.7	30.3	31.3	29.6	28.9	29.0	29.8	29.5
NPE	22.5	23.2	23.0	25.5	20.6	20.9	19.6	20.5	15.6	20.1	20.2	15.2
POE	29.3	29.5	26.6	30.7	29.8	25.5	26.8	28.0	25.8	25.1	26.1	26.0
TRG	29.2	27.6	32.1	32.8	34.1	30.1	29.1	29.1	24.7	28.9	29.6	31.2
WLG	24.3	23.7	26.6	27.4	28.2	27.1	27.8	28.0	28.8	29.6	30.0	30.6

NZ port vessel rates – containers/labour hour

	2021				2022				2023			
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
AKL	32.2	31.3	37.6	38.3	27.9	36.3	33.1	38.1	37.7	37.5	34.8	40.9
LYT	44.2	48.7	45.3	49.9	45.2	45.7	49.6	40.9	41.3	41.7	43.6	41.1
NPE	39.5	32.9	30.0	29.9	26.3	33.4	25.4	29.3	23.8	24.6	23.9	25.4
POE	31.4	32.4	31.0	32.7	31.5	29.8	22.2	28.6	26.5	34.6	35.9	28.1
TRG	47.2	40.7	49.2	59.6	61.1	51.0	61.1	49.9	43.7	50.9	54.7	57.9
WLG	38.9	34.9	38.9	43.2	42.4	41.0	40.3	43.6	44.7	41.0	46.5	46.8

Port utilisation container volumes

Container Ship/Crane Utilisation



Source: Management information, Deloitte analysis

Container ship utilisation

TRG (1,784) and AKL (1,429) had the highest ship utilisation (TEU per container ship), with POE (1,226) and TIU (1,224) the next highest.

TRG, LYT, and AKL recorded the highest three container crane utilisation rates (TEU per container crane).

NPL and MLB do not operate container terminals, while EST saw very small TEU volumes in FY23.

Container terminal utilisation

LYT and AKL had the highest container terminal utilisation (TEU / terminal ha), keeping their respective #1 and #2 ranks from FY22.

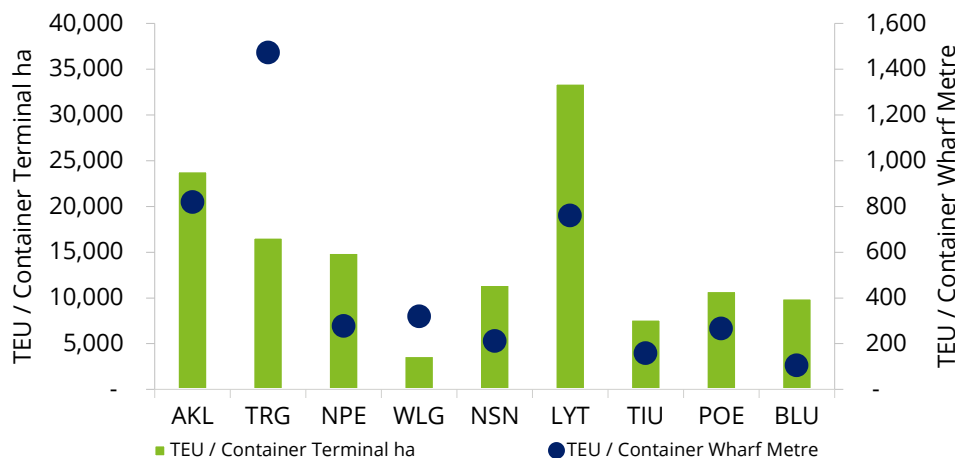
TRG had the highest TEU throughput per container wharf metre, retaining their #1 position from FY22.

Truck turnaround times and container dwell time

These are new metrics for the Yearbook. Truck turnaround is measured as the time from a truck entering the port until it is loaded or unloaded.

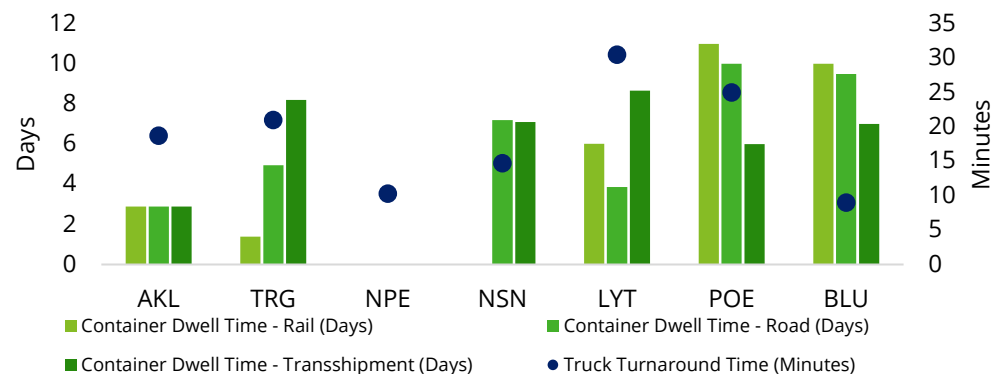
BLU was the fastest port at turning around trucks, taking an average of 9 minutes. This is over 9 minutes faster than the average of 18.46 minutes (~18 minutes and 28 seconds). Based on the data provided, TRG had the lowest dwell time for containers moved by rail – noting AKL supplied an average across modes (see note below).

Container Terminal Utilisation



Source: Management information, Deloitte analysis

Dwell Times and Truck Turnaround Time



Source: Management information, Deloitte analysis

Notes: AKL has provided an average of rail, road, and transshipment dwell time. TRG rail and road dwell provided by import/export split, an average is shown based on TRG TEU import and export volumes. NSN has no rail connection, hence no value for container dwell time delivered by rail. NPE unable to provide dwell times. Ports not shown did not supply data.

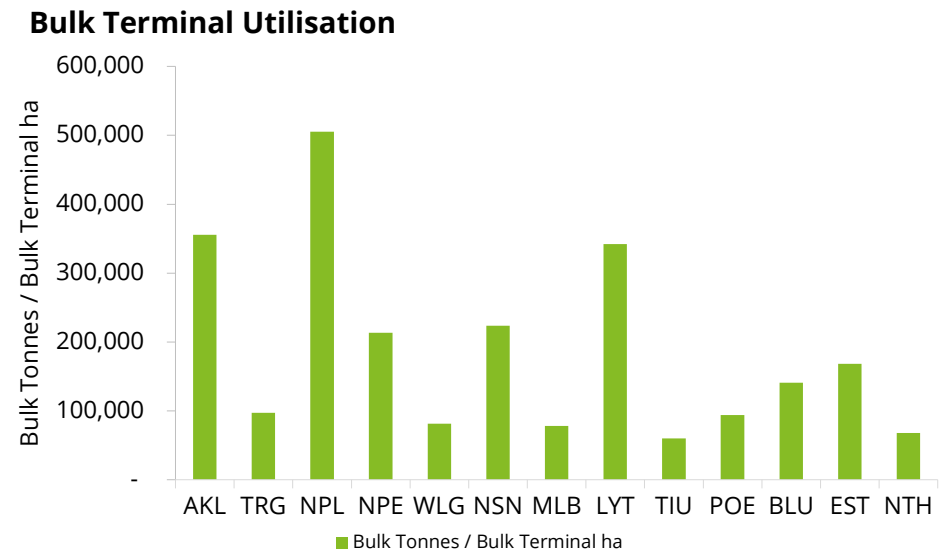
Port utilisation bulk volumes

Bulk terminal utilisation

NPL recorded the highest bulk terminal utilisation (bulk volumes over bulk terminal area), handling over 500,000 tonnes of bulk volumes per hectare of bulk terminal facility.

In second was AKL, which handled over 350,000 tonnes per hectare, with LYT coming in at third, handling over 340,000 tonnes per hectare.

Note: this is the first year we asked ports for their precise bulk terminal operating area. This was supplied by AKL, TRG, NPL, NPE, WLG, NSN, MLB, LYT, POE, and BLU. For all other ports, bulk terminal area is assumed to be port operating land less container terminal operating area.



Source: Management information, Deloitte analysis



Financials

Revenue and profitability

Revenue

TRG continue to report the highest revenue in FY23 at \$420.9 million, an increase of 12.16% on FY22.

Revenue growth by absolute increase – AKL showed the largest increase in revenue in absolute terms, with revenue rising by \$54.95m in FY23 to \$320.2m.

Revenue growth by percentage increase – POE posted the largest revenue growth in percentage terms, increasing revenue by 27.35% in FY23. In second place was AKL, which increased revenue by 20.72%, with WLG following in third with a 17.16% increase.

Decreases in revenue – Only NTH and EST recorded falls in revenue, with NTH's revenue decreasing from \$42.6m in FY22 to \$40.6m in FY23 (4.69% decrease) and EST's revenue falling from \$36.5m in FY22 to \$35.5m in FY23 (2.77% decrease).

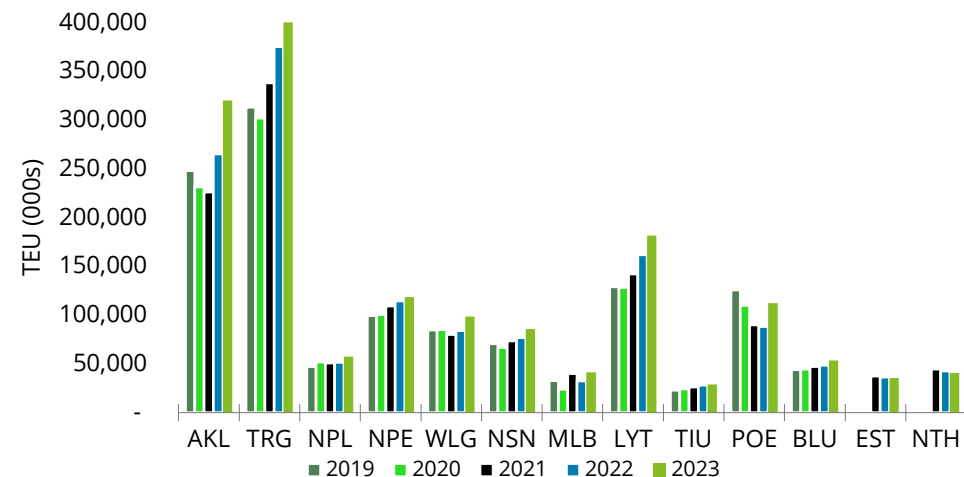
Profitability

5 of the 13 ports, AKL, TRG, NPL, MLB and LYT, recorded increases in their NPAT compared to FY22. The 8 ports with decreases were NPE, WLG, NSN, TIU, POE, BLU, EST and NTH.

AKL – Showed the largest absolute growth in NPAT of \$50.73m between FY22 and FY23. In FY22, AKL reported a loss after tax of \$10.23m, and in FY23 reported NPAT of \$40.45m. AKL also posted the largest percentage growth in NPAT of 494%.

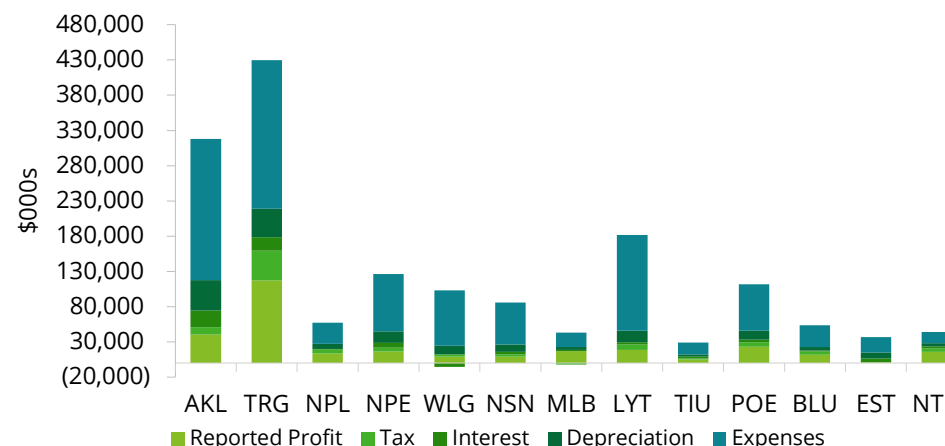
Falls in profitability – POE recorded the largest fall in profitability in absolute terms, falling by \$47.2m from FY22. EST recorded the largest fall in profitability in percentage terms, with their profit decreasing by 86% (\$6.8m) to \$1.1m in FY23.

Revenue



Source: Annual reports, Deloitte analysis

Profitability



Source: Annual reports, Deloitte analysis

Financials

Dividends and capital expenditure

Dividends

TRG continued to pay the highest dividends of all ports, paying \$102.05m in FY23.

AKL paid the second largest dividend of c.\$27.05m in FY23, with NTH (\$16.8m), POE (\$14m) and NPE (\$12.8m) the next largest.

All other ports* paid dividends of less than \$10m in FY23.

*Note: Information on dividends paid for Eastland Port and Northport were not provided by Eastland Group and Northport respectively.

Capital expenditure

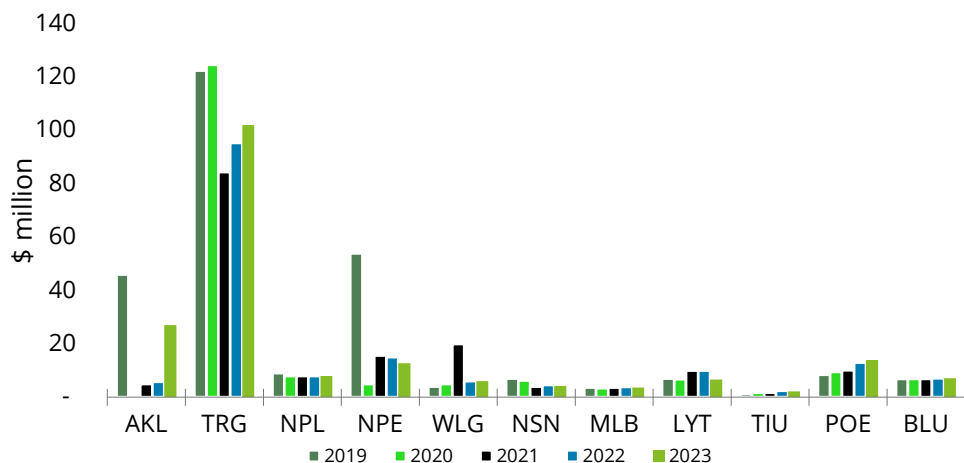
Capital investment was subdued in FY23 relative to FY22. Across all ports, capital investment fell by \$18.04m, a decrease of 5.22% from prior year.

TRG - Recorded the largest increase in capital expenditure, increasing their spend by \$24.18m to a total capital expenditure of \$45.76m in FY23.

LYT - Had the highest total capital expenditure during FY23 with \$72.63m spent. This included projects such as the Eastern Development expansion and the Inner Harbour project.

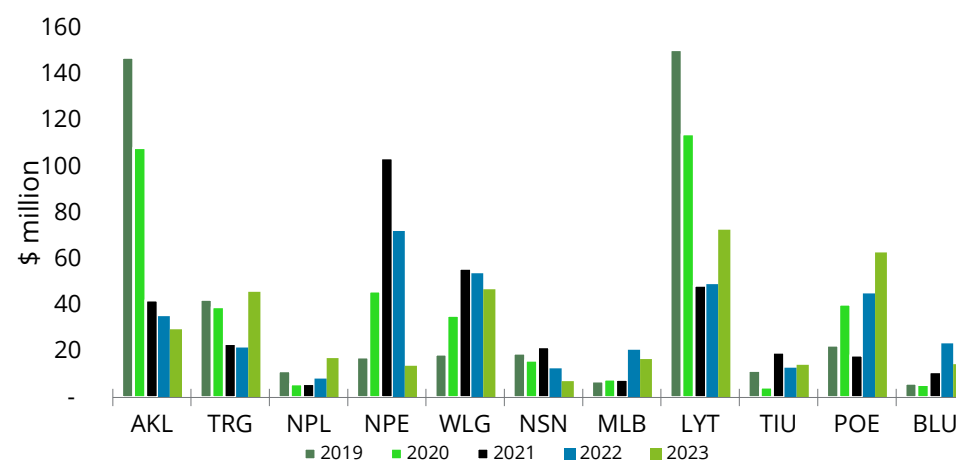
POE - Had the third largest dollar increase in capital expenditure, and the second largest spend, increasing their spend by \$17.65m to \$62.74m in FY23. POE have increased their annual capital expenditure by \$44.44m over the past two financial years.

Cash Dividends Paid



Source: Annual reports, Deloitte analysis

Capital Expenditure Investing Activities



Source: Annual reports, Deloitte analysis

Financials

Debt covenants and cash net debt

Debt covenants

These ratios provide an indication of a port's capacity to take on additional debt and to service existing debt.

Gearing is calculated as cash net debt divided by cash net debt plus equity. Average gearing across all ports in FY23 was 22.5%, a slight decrease from 22.6% in FY22. LYT had the highest gearing at 35%, an increase of 5% from FY22. Other ports increasing their gearing were MLB, POE, NPL, and BLU.

Interest coverage

This ratio is calculated as earnings before interest and taxation (EBIT) divided by net interest expense. It indicates the port's ability to service interest from debt. Most port's interest cover fell in FY23, largely traceable to increasing net interest expenses and steady EBIT relative to FY22. Only AKL increased their interest cover ratios, posting an increase from -0.2 to 3.2. This was driven by a significant increase in EBIT in FY23 with marginally increasing net interest expense.

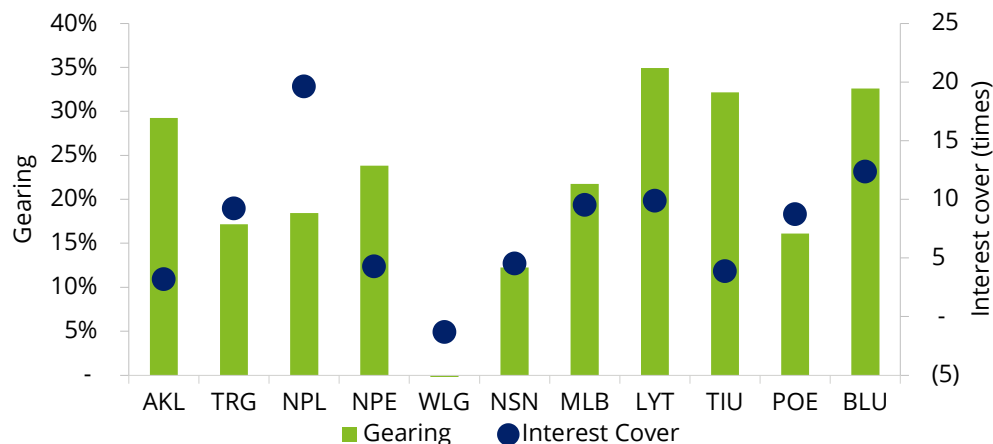
Cash net debt

Cash net debt (Excl. lease liabilities) is calculated as interest bearing liabilities less cash and equivalents. Total net debt (Excl. lease liabilities) for all ports in FY23 increased by \$71.8m to \$1.39 billion, from \$1.32 billion in FY22.

Largest increases – LYT recorded the largest absolute increase in net debt, increasing by \$45.8m, from \$161.6m in FY22 to \$207.3m in FY23. POE recorded the largest percentage increase in net debt, increasing by 35.2% to \$135.0m in FY22.

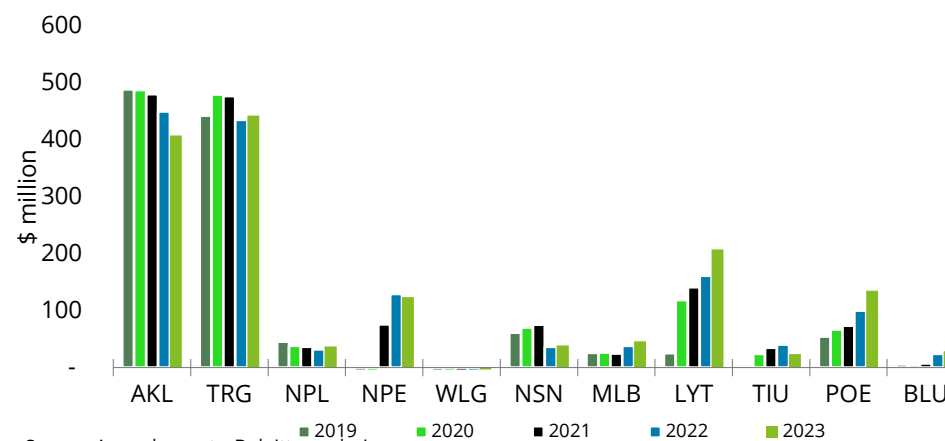
Largest reductions – AKL saw the largest absolute reduction in net debt, falling by \$43.4m in FY23. TIU saw the largest percentage decrease, reducing by 42.2% from FY22.

Debt Covenants



Source: Annual Reports

Cash Net Debt



Source: Annual reports, Deloitte analysis

	JKL	TRG	NPL	NPA	Other	Other	Other	Other
	Natural	Natural	Break-water	Break water	Natural	Natural	Natural	Natural
Draught (m) (min)	12.5	14.5	12.5	12.4	11.3	10.3	13.5	13.5
Port Operating Land (ha)	77.0	14.5	65.3	49.3	75.0	27.3	10.0	10.0
Container Terminal Area (ha)	43.0	76.0	2.0	17.0	24.3	9.0	-	3.3
Bulk Terminal Area (ha) ¹	18.0	120.0	9.3	15.0	36.7	-	11.5	30.0
RoRo Terminal Area (ha) ²	16.0	-	-	-	-	-	-	-
Total Wharf Length (km)	3.6	2.8	1.7	2.1	2.1	1.7	2.1	0.4
Container Wharf Length (km)	1.0	0.8	0.4	0.3	0.6	0.5	0.7	0.4
Bulk Wharf Length (km)	2.6	2.1	1.3	1.2	1.5	1.2	1.4	1.5
RoRo Wharf Length (km)	-	-	-	-	-	-	-	-
Port cranes	9	9	9	9	9	9	9	9
Port lifts/Stackers	28	39	39	39	39	39	39	39
Straddles	63	63	63	63	63	63	63	63
Reefer Slots	945	6	500	40	900	990	990	990
Tugs	4	3	3	3	3	3	3	3
Pilot Boat	2	2	1	2	2	2	2	2
			Yes	Yes	Yes	Yes	Yes	Yes

05

Port sector insights: Comparator tables



Comparator tables – Facilities and capacity

Facilities & Capacity FY23	AKL	TRG	NPL	NPE	WLG	NSN	MLB	LYT	TIU	POE	BLU	EST	NTH
Port Harbour Type	Natural	Natural	Break-water	Break-water	Natural	Natural	Natural	Natural	Break-water	Natural	Natural	Natural	Natural
Draught (m) (min)	12.5	14.5	12.5	12.4	11.3	10.3	13.5	13.3	11.6	14.0	7.0	9.9	13.0
Port Operating Land (ha)	77.0	196.0	65.3	49.3	75.0	27.3	10.0	103.4	40.0	34.5	58.0	13.0	49.0
Container Terminal Area (ha)	43.0	76.0	2.0	17.0	24.3	9.0	-	18.3	10.0	15.4	4.4	-	5.0
Bulk Terminal Area (ha) ¹	18.0	120.0	9.3	15.0	36.7	8.5	11.5	11.1	30.0	19.1	22.0	13.0	44.0
RoRo Terminal Area (ha) ²	16.0	-	-	-	-	-	-	3.2	-	-	-	-	-
Total Wharf Length (km)	3.6	2.8	1.7	2.0	2.9	1.1	1.3	2.4	1.7	2.1	1.9	0.4	0.6
Container Wharf Length (km)	1.0	0.8	0.4	0.8	0.3	0.5	-	0.6	0.5	0.7	0.4	-	0.3
Bulk Wharf Length ³	2.6	2.1	1.3	1.2	2.7	0.6	0.2	1.8	1.2	1.4	1.5	-	0.3
Quay Cranes	8	9	-	-	2	-	-	4	-	2	-	-	-
Mobile Cranes	-	-	2	6	-	3	-	-	3	-	2	3	2
Forklifts/Stackers	28	-	2	39	19	12	-	19	14	7	9	1	6
Straddles	63	53	-	-	-	1	-	25	-	15	-	-	-
Reefer Slots	945	3,426	72	1,500	240	900	-	996	720	1,450	300	-	180
Tugs	4	3	3	3	2	3	2	2	3	3	3	2	4
Pilot Launches	2	2	2	1	2	1	1	1	1	3	1	1	1
Rail Connection	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	No	No

1: Bulk Terminal Area is assumed to be Port Operating Land less Container Terminal Area where not provided by the port

2: RoRo Terminal Area only provided by AKL and LYT

3: Bulk Wharf Length is assumed to be Total Wharf Length less Container Wharf Length where not provided by the port



Comparator tables – Cargo and passenger volumes

Port volumes FY23	AKL	TRG	NPL	NPE	WLG	NSN	MLB	LYT	TIU	POE	BLU	EST	NTH
Container													
TEU Throughput (000)	818.8	1,177.4	-	222.0	95.7	105.4	-	455.5	78.7	186.4	41.7	0.3	17.0
NZ Container Volume Rank	2	1	-	4	7	6	-	3	8	5	9	11	10
Container Ship Calls	573	660	-	251	144	124	-	372	75	152	38	10	41
Total Containerised Tonnes (millions)	3.5	13.3	-	1.4	0.9	1.4	-	4.9	-	1.2	0.5	-	-
Import Containerised Tonnes (millions)	2.1	4.7	-	0.3	0.3	0.5	-	2.0	-	0.1	0.1	-	-
Export Containerised Tonnes (millions)	0.8	8.5	-	1.1	0.4	0.9	-	2.1	-	1.1	0.4	-	-
Bulk/multicargo													
Bulk Tonnes Handled (millions)	6.4	11.7	4.7	3.2	3.0	1.9	0.9	3.8	1.8	1.8	3.1	2.2	2.6
NZ Cargo Volume Rank	2	1	3	5	7	10	13	4	11	11	6	9	7
Bulk Ship Calls (est)	316	715	293	272	263	623	50	515	358	340	296	109	174
RoRo													
RoRo Units Handled	228,58	-	-	-	23,124	-	-	45,673	-	-	-	-	-
RoRo Cargo (tonnes)	4,052,920	127,230	-	-	-	-	-	80,105	-	-	-	-	-
RoRo Ship Calls	160	-	-	-	59	-	3,008	114	-	-	-	-	-
Cruise													
Pax visiting	177,297	179,000	818	98,000	137,136	2,500	119,003	120,000	-	149,000	-	11,015	-
Number of cruise ship visits	88	90	2	64	89	7	55	79	14	101	15	19	-
Average cruise ship pax	2,014	1,750	409	1,531	1,541	357	2,164	1,519	-	1,475	-	580	-



Comparator tables – Productivity measures

Productivity measures FY23	AKL	TRG	NPL	NPE	WLG	NSN	MLB	LYT	TIU	POE	BLU	EST	NTH
Bulk and container													
Bulk Tonnes/ Bulk Terminal ha	355,556	97,500	505,376	213,333	81,744	223,529	78,261	342,342	60,000	94,142	140,909	168,462	59,091
TEU / Container Terminal ha	19,042	15,492	-	13,059	3,938	11,711	-	24,891	7,870	12,104	9,477	-	3,400
Bulk Tonnes / Total Wharf Metre	1,778	4,179	2,733	1,604	1,020	1,727	672	1,583	1,047	856	1,617	5,475	4,561
TEU / Container Wharf Metre	844	1,529	-	285	365	224	-	768	166	252	98	-	57
Bulk Tonnes / Bulk Ship	20,253	16,364	16,041	11,765	11,407	3,050	18,000	7,379	5,028	5,294	10,473	20,107	14,943
TEU / Container Ship	1,429	1,784	-	884	665	850	-	1,224	1,049	1,226	1,097	29	415
TEU / Container Crane	102,350	130,822	-	37,000	47,850	35,133	-	113,875	26,233	93,200	20,850	98	8,500
Roro													
RoRo Units / RoRo terminal ha	14,287	-	-	-	-	-	-	14,273	-	-	-	-	-
RoRo Tonnage / RoRo terminal ha	253,308	-	-	-	-	-	-	25,033	-	-	-	-	-
RoRo Units / RoRo Ship	1,429	-	-	-	392	-	-	401	-	-	-	-	-
RoRo Tonnage / RoRo Ship	25,331	-	-	-	-	-	-	703	-	-	-	-	-
Productivity measures¹													
Ship Rate	45.5	60.2	-	36.5	49.2	-	-	58.7	35.6	30.6	-	-	-
Vessel Rate	34.6	52.0	-	25.4	42.3	-	-	43.6	-	28.0	-	-	-
Crane Rate	23.8	28.0	-	19.1	28.6	18.9	-	29.8	17.8	26.4	33.9	-	-

1: Productivity measures in this table have been supplied by the port and are for FY23. Figures on page 47 use data from FIGS and are on a quarterly basis.



Comparator tables – Inbound and outbound measures

Productivity measures FY23	AKL	TRG	NPL	NPE	WLG	NSN	MLB	LYT	TIU	POE	BLU	EST	NTH
Container dwell time													
Container Dwell Time – Rail (days)	2.9	0.75 ¹ 2.30 ²	-	-	-	-	-	6.0	-	11	10	-	-
Container Dwell Time – Road (days)	2.9	6.55 ¹ 2.75 ²	-	-	-	7.2	-	3.9	-	10	9.5	-	-
Container Dwell Time – Transshipment (days)	2.9	8.2	-	-	-	7.1	-	8.7	-	6	7	-	-
Other cargo dwell measures													
Average Truck Turnaround Time	18m 44s	21m	-	10m 18s	-	14m 42s	-	30m 30s	-	25m	9m	-	-
Average Dwell Time per RoRo Unit (days)	2.06	-	-	-	-	-	-	4	-	-	-	-	-
Rail utilisation													
Rail utilisation - from export volumes													
% of TEU volumes transported to port on rail ³	12.8%	20.8%	-	3.8%	32.4%	-	-	27.0%	94.0%	65.0%	6.0%	-	-
% of bulk volumes transported to port on rail	-	52.0%	0.7%	0.6%	27.3%	-	-	33.0%	-	-	-	-	-
Rail utilisation - from import volumes													
% of TEU volumes transported from port on rail ³	12.8%	28.2%	-	4.4%	14.5%	-	-	11.0%	6.0%	15.0%	-	-	-
% of bulk volumes transported from port on rail	-	14.2%	-	-	-	-	-	-	-	-	-	-	-

1: Export container dwell time

2: Import container dwell time

3: AKL did not split rail utilisation. 12.8% across import and export volumes



Comparator tables – Financial measures

Financial measures FY23	AKL	TRG	NPL	NPE	WLG	NSN	MLB	LYT	TIU	POE	BLU	EST	NTH
Income statement													
Revenue	320.2	420.9	57.4	118.4	98.6	85.8	41.4	181.7	29.0	111.3	53.6	36.5	40.6
Revenue – Port	305.8	382.6	57.4	115.8	79.7	76.3	18.3	177.6	29.0	77.4	53.6	35.5	40.6
Expenses	(200.0)	(210.6)	(30.0)	(81.1)	(78.9)	(59.1)	(20.6)	(135.6)	(16.4)	(65.8)	(30.9)	(21.8)	(16.0)
Gross Profit	120.2	210.3	27.5	37.2	19.8	26.7	20.8	46.1	12.6	45.5	22.7	14.7	24.6
Associate Earnings	4.0	16.6	-	-	1.6	-	-	-	-	-	-	-	-
One-offs	(6.3)	(7.9)	-	7.8	(2.3)	-	-	-	-	(0.4)	0.1	-	3.7
EBITDA	117.9	219.1	27.5	45.0	19.1	26.7	20.8	46.1	12.6	45.9	22.8	14.7	28.3
Depreciation & Amortisation	(43.3)	(40.4)	(7.2)	(16.2)	(12.0)	(10.6)	(4.1)	(16.6)	(3.2)	(12.5)	(4.8)	(8.3)	(4.6)
EBIT	74.6	178.7	20.3	28.8	7.1	16.1	16.6	29.5	9.4	33.4	18.0	6.3	23.7
Net Interest Expense	(23.4)	(19.4)	(1.0)	(6.7)	5.4	(3.6)	(1.7)	(3.0)	(2.4)	(3.8)	(1.5)	(5.3)	(2.6)
Taxation Expense	(10.7)	(42.2)	(5.4)	(5.5)	(3.3)	(3.2)	2.1	(7.6)	(1.9)	(6.3)	(4.8)	(0.3)	(4.9)
Reported Profit	40.5	117.1	13.9	16.6	9.2	9.3	17.0	19.0	5.0	23.3	11.7	1.1	16.2
Other Comprehensive Income	(25.1)	42.8	(0.9)	0.4	9.6	(1.3)	(25.1)	(0.0)	20.4	0.2	-	(0.7)	(7.9)
Comprehensive Income	15.4	159.9	13.0	17.0	18.8	8.0	(8.0)	18.9	25.5	23.4	11.7	0.4	8.3
Cashflow statement													
Net Operating CF	98.9	144.6	19.4	37.2	25.6	17.5	11.9	33.5	8.1	37.1	16.4	-	-
Balance sheet													
Port Fixed Assets	1,270.2	2,424.1	203.0	519.8	272.9	320.1	115.2	573.2	151.5	240.8	87.7	290.0	155.0
Total Assets	1,558.1	2,824.3	216.2	564.8	533.4	380.6	234.2	690.6	156.8	893.3	97.9	307.0	169.5
Net Debt	407.5	442.3	37.3	123.9	(102.6)	36.3	46.4	207.3	23.5	135.0	29.0	130.7	-
Total Equity	986.1	2,133.7	165.0	396.2	474.6	276.8	167.1	386.5	102.2	703.9	59.9	135.5	64.0
Ratios													
Share of NZ Revenue	20.1%	26.4%	3.6%	7.4%	6.2%	5.4%	2.6%	11.4%	1.8%	7.0%	3.4%	2.3%	2.5%
Gearing (Net Debt/Equity)	29.2%	17.2%	18.4%	23.8%	(27.6%)	11.6%	21.7%	34.9%	18.7%	16.1%	32.6%	49.1%	-
EBIT Margin	23.3%	42.4%	35.3%	24.3%	7.2%	18.8%	40.2%	16.2%	32.5%	29.7%	33.5%	17.3%	58.4%
ROE	4.1%	5.5%	8.4%	4.2%	1.9%	3.4%	10.2%	4.9%	4.9%	3.3%	19.6%	0.8%	25.3%
ROA	2.6%	4.1%	6.4%	2.9%	1.7%	2.4%	7.3%	2.7%	3.2%	2.6%	12.0%	0.4%	9.6%

06

Port sector insights:

Port summaries

Port of Auckland - AKL

Overview

AKL's key facilities comprise its container and multi-purpose cargo terminals on the Waitematā Harbour (adjacent to Auckland's CBD). The Group also operates regional freight hubs in South Auckland and Waikato, including a container trucking operation from South Auckland, and has joint interests in a marine towage operation at Northport, and an online cargo management system. Auckland is the first port of call for a number of international services, receiving full import containers and generating a strong flow of empty containers destined for export.

Port development

- The port is working to improve its electricity network to support future fleet electrification and increase storage capacity, this would enable the creation of more renewable energy, which can be stored and used across operations.
- A Stevedoring Code of Practice was signed in April 2023, which sets out minimum standards for stevedoring and provides guidance on best practices. This won a New Zealand Health and Safety award and is the first stevedoring code of practice in New Zealand.
- More than 170,000 cruise passengers visited Auckland in FY23 and the cruise passenger numbers are expected to grow to 250,000 people a year.
- In January 2023, the port established the Te Moananui o Toi Restoration Trust, which will support projects that enhance and restore the mauri of the Waitematā Harbour and Hauraki Gulf. It has also started a number of harbour health initiatives within the port area.

Trade

- TEUs increased 0.9% to 818,810 in FY23.
- Vehicle volumes decreased 5.0% to 228,588 units in FY23.
- Multi-cargo breakbulk tonnage volume reduced by 16.0% from 4.6 million to 3.9 million tonnes in FY23, with the port citing a reduction in coal and steel volumes.

Financial performance

- Revenue increased to \$320.2 million in FY23 from \$265.3 million in FY22.
- Operating expenses increased to \$200.0 million from \$178.4 million.
- NPAT rose to \$40.5 million in FY23 compared to a net loss of \$10.3 million in the previous period.
- EBITDA increased to \$117.9 million, from \$38 million in FY22
- The declared dividend for the year was \$30 million compared to \$14.2 million in the previous year.

Port of Auckland - AKL

Income Statement (\$m)	FY23	FY22
Revenue	320.2	265.3
Revenue from Port Operations	305.8	250.1
Operating Expenses	(200.0)	(178.4)
Gross Profit	120.2	86.8
Associate / JV Earnings ¹	4.0	2.2
One Offs / Other Items	(6.3)	(51.0)
EBITDA	117.9	38.0
Depreciation and Amortisation	(43.3)	(39.2)
EBIT	74.6	(1.2)
Net Interest Expense	(23.4)	(20.2)
Taxation	(10.7)	11.1
NPAT	40.5	(10.3)
Other Comprehensive Income	(25.1)	50.0
Comprehensive Income	15.4	39.7

Balance Sheet (\$m)	FY23	FY22
Current Assets	61.2	59.7
Fixed Assets	1,270.2	1,294.1
Intangibles	22.7	25.8
Deferred Tax Benefit	-	-
Investments	149.4	154.1
Finance lease receivables	-	1.6
Other Assets	54.5	61.9
Total Assets	1,558.1	1,597.1
Current Liabilities	62.2	55.6
Debt	408.6	454.4
Other Non-Current Liabilities	101.1	89.4
Shareholders' Funds	986.1	997.8
Total Liabilities / SHF	1,558.1	1,597.1

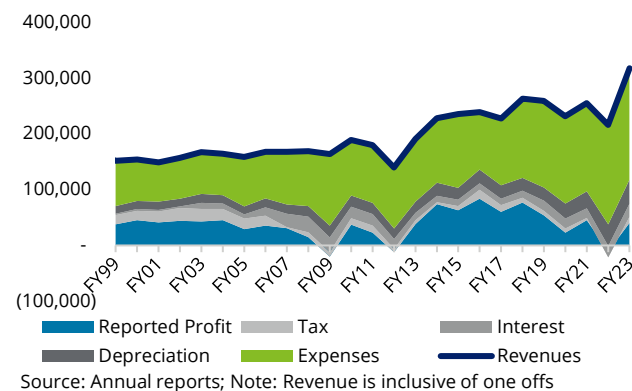
Cash Flow Statement (\$m)	FY23	FY22
Operating Cash Received	366.4	296.4
Operating Cash Paid	(267.5)	(223.5)
Net Operating Cash Flow	98.9	72.9
Less: Asset Purchases	(29.5)	(35.3)
Less: Advances to Related Parties	-	-
Less: Dividends Paid	(27.0)	(5.8)
Funding Surplus (Deficit)	42.3	31.8
Insurance Proceeds	-	-
Proceeds of Asset Sales	0.0	2.6
Dividends from Associates	-	-
Increase (Decrease) in Net Debt	(43.9)	(32.1)
Cash from derivative transactions	1.6	-
Net finance cash flows	-	(2)
Equity Raised	-	-
Funding Provided	(42.3)	(31.8)

Source: Annual report, Deloitte analysis

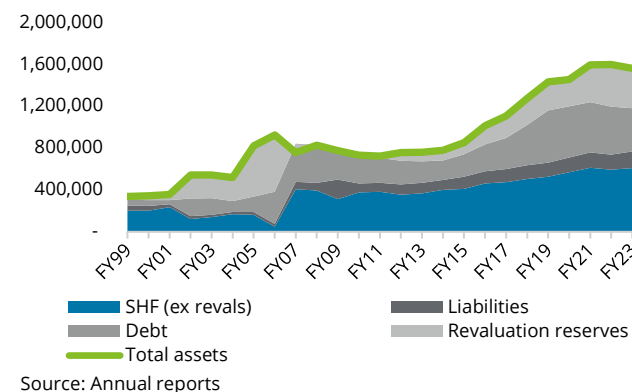
1: Share of Profit from Equity Accounted Investments has been reallocated from One Offs to Associate / JV Earnings for FY23 and FY22 and therefore these items will not align with our 2023 Ports and Freight Yearbook



Income Statement - AKL (000)



Balance Sheet - AKL (000)



Port of Tauranga - TRG

Overview

TRG's key facilities include the Mount Maunganui bulk terminal, Tauranga Container Terminal, MetroPort and its South Auckland inland container port. The port has a high degree of vertical integration with interests in other ports, stevedoring, and freight transport.

Port development

- The Ruakura Inland Port near Hamilton opened in August 2023 and directly connects the Waikato region to the port's facilities in Auckland and Tauranga by rail. The facility is a joint venture between the port and Tainui Group Holdings.
- The port is pursuing plans to automate container storage at the terminal to increase capacity within the current land footprint. The port is evaluating vendors for automated stacking cranes that will be introduced in phases over the next few years.
- In 2023, the port took delivery of a new pilot launch and four new hybrid straddle carriers. A new container crane will arrive in early 2024 to replace an existing crane.
- The port is continuing to seek resource consent to construct a new vessel berth of up to 385 metres. At the time of writing, the port had received an interim decision from the Environment Court granting resource consent, subject to conditions. The port states that it will face capacity constraints without this development.

Trade

- Total trade fell 3.6% in FY23 to 24.7 million tonnes from 25.6 million tonnes.
- Container volumes decreased 5.1% to 1.2 million TEUs.
- Total imports by volume decreased 7.0% to 9.0 million tonnes.
- Total exports by volume decreased 1.5% to 15.7 million tonnes.

Financial performance

- Revenue was \$420.9 million in FY23, an increase of 12.15% on \$375.3 million in FY22.
- Operating Expenses increased 15.6% to \$210.6 million in FY23 due to higher rail, fuel, and labour costs.
- EBITDA was \$219.1 million in FY23, up from \$204.7 million in FY22.
- Group NPAT increased 5.2% to \$117.1 million, up from \$111.3 million in FY22.

Port of Tauranga - TRG

Income Statement (\$m)	FY23	FY22
Revenue	420.9	375.3
Revenue from Port Operations	382.6	341.9
Operating Expenses	(210.6)	(182.2)
Gross Profit	210.3	193.1
Associate / JV Earnings	16.6	11.6
One Offs / Other Items	(7.9)	-
EBITDA	219.1	204.7
Depreciation and Amortisation	(40.4)	(38.1)
EBIT	178.7	166.6
Net Interest Expense	(19.4)	(16.2)
Taxation	(42.2)	(39.1)
NPAT	117.1	111.3
Other Comprehensive Income	42.8	659.4
Comprehensive Income	159.9	770.7

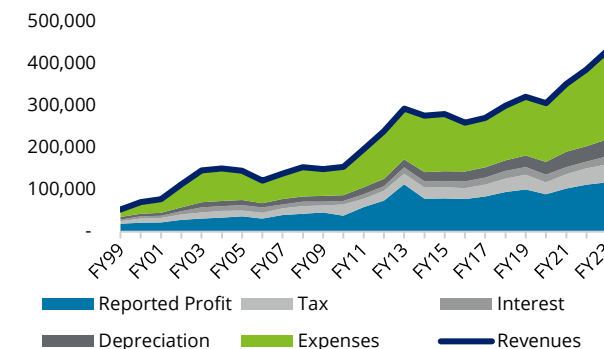
Balance Sheet (\$m)	FY23	FY22
Current Assets	79.7	71.5
Fixed Assets	2,424.1	2,393.0
Intangibles	72.4	62.4
Deferred Tax Benefit	-	-
Investments	213.7	186.1
Other Assets	34.4	30.6
Total Assets	2,824.3	2,743.5
Current Liabilities	220.6	183.3
Debt	290.8	317.5
Other Non-Current Liabilities	179.1	168.3
Shareholders' Funds	2,133.7	2,074.4
Total Liabilities / SHF	2,824.3	2,743.5

Cash Flow Statement (\$m)	FY23	FY22
Operating Cash Received	413.6	389.8
Operating Cash Paid	(269.0)	(244.5)
Net Operating Cash Flow	144.6	145.2
Less: Asset Purchases	(45.8)	(21.6)
Less: Dividends Paid	(102.1)	(95.2)
Funding Surplus (Deficit)	(3.2)	28.4
Insurance Proceeds	-	-
Proceeds of Asset Sales	0.1	0.0
Dividends from Associates	-	-
Dividends Equity Accounted Investments	19.5	10.8
Increase in Net Debt	8.2	(35.9)
Equity Raised	-	-
Equity Accounted Investment	(21.5)	(2.9)
Contingent consideration	(3.1)	(0.5)
Funding Provided	3.2	(28.4)

Source: Annual report, Deloitte analysis

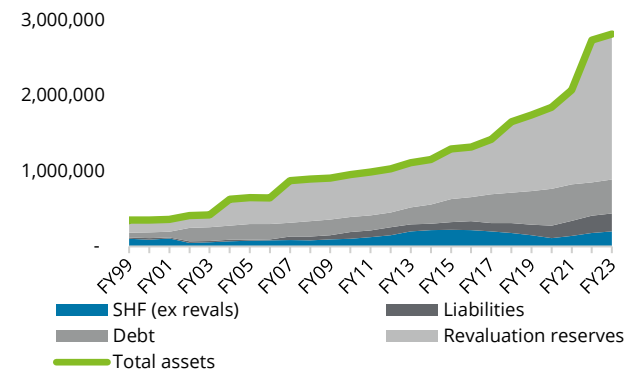


Income Statement - TRG (000)



Source: Annual reports; Note: Revenue is inclusive of one offs

Balance Sheet - TRG (000)



Source: Annual reports

Port Taranaki - NPL

Overview

Port Taranaki is New Zealand's premier energy trading port, serving the bulk liquids (energy), dry bulk (fertiliser, stock feed and cement), and forestry (logs) sectors, and supporting general cargo. Commercial activities include the provision of: (i) marine and cargo services; (ii) logistics services (including offshore support); and (iii) property and storage services.

Port development

- NPL signed an agreement with offshore wind developers Taranaki Offshore Partnership (a joint venture between Copenhagen Infrastructure Partners and NZ Super Fund) and the BlueFloat Energy and Elemental Group partnership to investigate the port's ability to support an offshore wind industry. A study conducted with these entities found that NPL, with appropriate upgrades, could serve as a marshalling port for Taranaki's offshore wind industry. Preliminary estimates have costed these upgrades at between \$100-\$300 million.
- Two coastal shipping services commenced operation: Rangitata, the coastal bulk shipping vessel, and Atlas Wind, MOVE Logistics Group's trans-Tasman vessel connecting regional New Zealand ports with Tasmania and Australia's east coast. However, MOVE's proposed New Plymouth-Nelson service will no longer go ahead.
- The port's new \$16 million freshwater firewater system is now fully operational. In addition to completing this project, the port has repurposed existing spaces into laydown and cargo storage areas.
- The logs-on-rail service ceased in early 2023. This was attributed to the costs associated with transporting logs from outside Taranaki to port on rail becoming prohibitive for exporters.

Trade

- Trade volumes in FY23 were down 1.1%, or by 50,000 tonnes on FY22, to 4.7 million tonnes.
- Liquid bulk trade increased by 101,000 tonnes to 2.8 million tonnes in FY23. Non-liquid trade in FY23 was 1.9 million tonnes.
- Vessel visits increased from 284 to 293 visits in FY23, the highest number of visits in 9 years. This is partially attributable to new coastal shipping services and the closure of the Marsden Point oil refinery.
- The port's log trade fell 2.6%, or 29,000 JAS, to 1.1 million JAS.

Financial performance

- Revenue was \$57.4 million, up 11.7% from FY22.
- NPAT was \$13.9 million, an 39.9% increase from \$9.9 million in FY22.
- Reported EBITDA increased to \$27.5 million in FY23 from \$21.7 million.

Port Taranaki - NPL

Income Statement (\$m)	FY23	FY22
Revenue	57.4	51.5
Revenue from Port Operations	57.4	51.5
Other Expenses	(30.0)	(29.4)
Gross Profit	27.5	22.1
Associate / JV Earnings	-	-
One Offs / Other Items	-	-
EBITDA	27.5	22.1
Depreciation and Amortisation	(7.2)	(7.5)
EBIT	20.3	14.6
Net Interest Expense	(1.0)	(0.6)
Taxation	(5.4)	(4.1)
NPAT	13.9	9.9
Other Comprehensive Income	(0.9)	1.4
Comprehensive Income	13.0	11.3

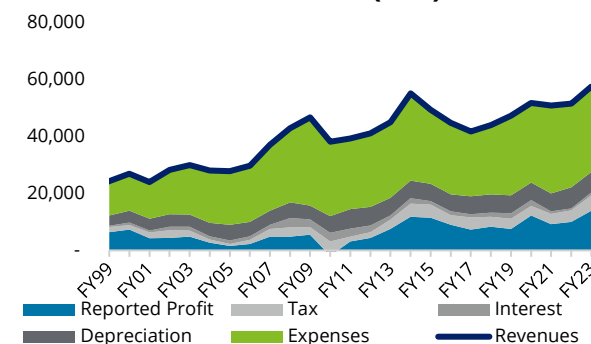
Balance Sheet (\$m)	FY23	FY22
Current Assets	10.2	7.1
Fixed Assets	203.0	194.4
Intangibles	0.3	0.4
Right of Use Assets	0.6	0.6
Investments	-	-
Other Assets	2.2	2.1
Total Assets	216.2	204.5
Current Liabilities	11.0	10.0
Debt	37.8	32.3
Other Non-Current Liabilities	2.3	2.1
Shareholders' Funds	165.0	160.1
Total Liabilities / SHF	216.2	204.5

Cash Flow Statement (\$m)	FY23	FY22
Operating Cash Received	66.5	58.2
Operating Cash Paid	(47.0)	(38.5)
Net Operating Cash Flow	19.4	19.8
Less: Asset Purchases	(17.0)	(8.1)
Less: Dividends Paid	(8.0)	(8.0)
Funding Surplus (Deficit)	(5.6)	3.6
Insurance Proceeds	-	-
Proceeds of Asset Sales	0.4	1.1
Dividends from Associates	-	-
Increase in Net Debt	5.2	(4.7)
Equity Raised	-	-
Funding Provided	5.6	(3.6)

Source: Annual report, Deloitte analysis

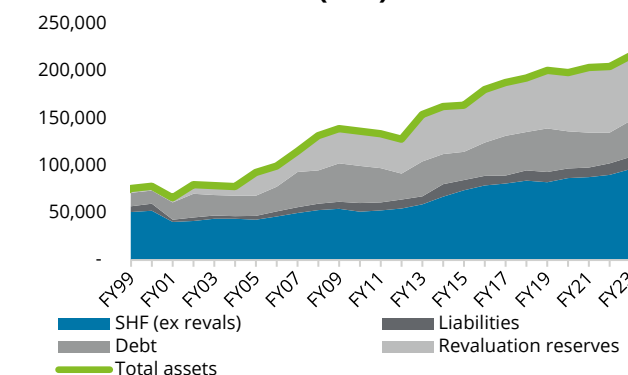


Income Statement - NPL (000)



Source: Annual reports; Note: Revenue is inclusive of one offs

Balance Sheet - NPL (000)



Source: Annual reports

Napier Port - NPE

Overview

NPE is New Zealand's fourth largest container terminal by total TEUs. The port's productive hinterland and outreach initiatives drive its throughput with key trades including horticultural and agricultural produce and forestry. The port is a joint venture partner in the Manawatū Inland Port.

Port development

- NPE invested in new on-port infrastructure, which included eco variations of container handling machines, log loading mobile plant, additional paving capacity, and post-cyclone restorative dredging.
- Following the events of the cyclone, a partnership was formed between NPE, KiwiRail, Team Global Express, Heinz Watties, and out-of-region cargo owners to set up a road bridging solution, which enabled import and export cargo throughout the North Island to still come to and from Napier Port when the rail line was out of action. The rail line reopened in September 2023.
- This year, the port increased its stake in the Manawatū Inland Port, becoming an equal joint owner in the facility. Manawatū Inland Port is a 1.9 hectare container yard and 2,170 square metre warehousing facility in the lower North Island.

Trade

- Following Cyclone Gabrielle's damage to the region, total trade decreased by 14.4% to 4.6 million tonnes, compared to FY22's 5.4 million tonnes.
- Containerised volume decreased by 12.7% to 222,000 TEUs from 254,000 TEUs. This was primarily due to the closure of Pan Pac's wood pulp and timber mills and lower produce and other chilled exports due to crop losses, all as a result of the cyclone.
- Bulk cargo volume fell 12.8% to 3.2 million tonnes in FY23, compared to 3.65 million tonnes in FY22.
- Log exports fell 11.3% to 2.5 million tonnes in FY23, attributed to the impacts of Cyclone Gabrielle as well as subdued log export market conditions.
- Total ship visits were 587, a 14.2% increase from 514 in FY22, with the return of cruise contributing 64 calls and container ship calls increasing from 203 in FY22 to 251 calls in FY23.

Financial performance

- Revenue rose 3.4% to \$118.4 million in FY23 from \$114.5 million in FY22.
- Total operating expenses increased by 9.0% to \$81.1 million in FY23 compared to FY22.
- NPAT fell 18.8% to \$16.6 million in FY23.

Napier Port - NPE

Income Statement (\$m)	FY23	FY22
Revenue	118.4	114.5
Revenue from Port Operations	115.8	112.1
Operating Expenses	(81.1)	(74.4)
Gross Profit	37.2	40.1
Associate / JV Earnings	-	-
One Offs / Other Items	7.8	2.0
EBITDA	45.0	42.1
Depreciation and Amortisation	(16.2)	(13.6)
EBIT	28.8	28.5
Net Interest Expense	(6.7)	(0.8)
Taxation	(5.5)	(7.2)
NPAT	16.6	20.4
Other Comprehensive Income	0.4	31.1
Comprehensive Income	17.0	51.6

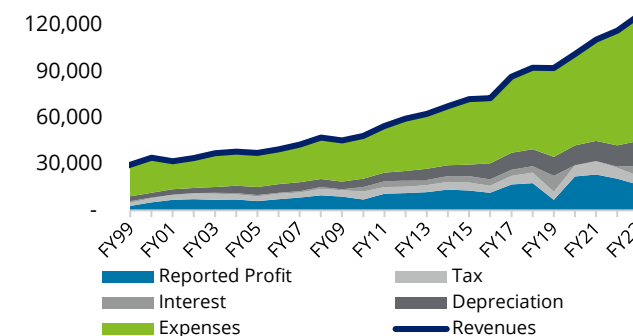
Balance Sheet (\$m)	FY23	FY22
Current Assets	26.0	21.3
Fixed Assets	519.8	523.2
Intangibles	0.7	1.2
Deferred Tax Benefit	-	-
Investments	13.5	12.2
Other Assets	4.8	4.8
Total Assets	564.8	562.7
Current Liabilities	17.5	14.9
Debt	125.0	131.2
Other Non-Current Liabilities	26.1	24.6
Shareholders' Funds	396.2	392.0
Total Liabilities / SHF	564.8	562.7

Cash Flow Statement (\$m)	FY23	FY22
Operating Cash Received	120.6	114.4
Operating Cash Paid	(83.3)	(81.4)
Net Operating Cash Flow	37.2	33.0
Less: Asset Purchases	(14.0)	(72.1)
Less: Financing costs	(7.1)	(1.0)
Less: Dividends Paid	(12.8)	(15.0)
Funding Surplus (Deficit)	3.3	(55.0)
Proceeds of Asset Sales	0.0	0.2
Dividends from Associates	-	-
Increase in Net Debt	(3.4)	54.8
Equity Raised	-	-
Funding Provided	(3.3)	55.0

Source: Annual report, Deloitte analysis

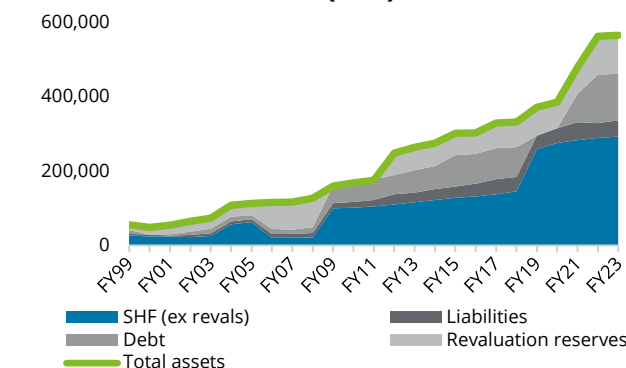


Income Statement - NPE (000)



Source: Annual reports; Note: Revenue is inclusive of one offs

Balance Sheet - NPE (000)



Source: Annual reports

CentrePort - WLG

Overview

WLG services a diversified cargo base spanning containers, bulk trades (logs, petroleum, vehicles, cement and other bulk cargo), cruise, and interisland ferries.

Port development

- CentrePort continues to progress the strengthening of port land through the Haukaha te Whenua Resilience Project. Over 8,054 stone columns have been installed into the ground at the port at 30 June 2023, with 1,018 to go until completion.
- BP Marine introduced a new bunker barge into Wellington Harbour in September 2023, which will enable alternative fuels to be supplied to Cook Strait ferries, shipping lines, and cruise vessels in the future.
- The port has been granted funding to invest in its microgrid and shore power, with solar panels expected to arrive in 2024.
- The port has committed \$65 million to the Seaview Energy Resilience project. The port, together with Z Energy, on behalf of the fuel industry, is working to increase the Seaview Wharf and pipeline's resilience to earthquakes.
- The port is exploring development opportunities for the Inner Harbour Precinct area that spans from the main operational area through to Wellington CBD. The intent is to better connect and integrate CentrePort with the city.

Trade

- Container throughput increased by 5,861 TEU, or 6.5%, to 95,753 TEU in FY23.
- Vehicle imports fell by 20.5%, with 23,124 vehicles processed through the port in FY23.
- Log export volumes increased 0.2% to 1,741,699 JAS in FY23.
- Bulk fuel volumes increased by 8.6% to 961,088 tonnes in FY23.

Financial performance

- Revenue was \$98.6 million in FY23, an increase from \$84.2 million in FY22.
- Operating Expenses (including depreciation and amortisation) increased to \$90.9 million in FY23 from \$77.3 million in FY22.
- NPAT was \$9.2 million in FY23 compared to \$24.0 million in FY22.

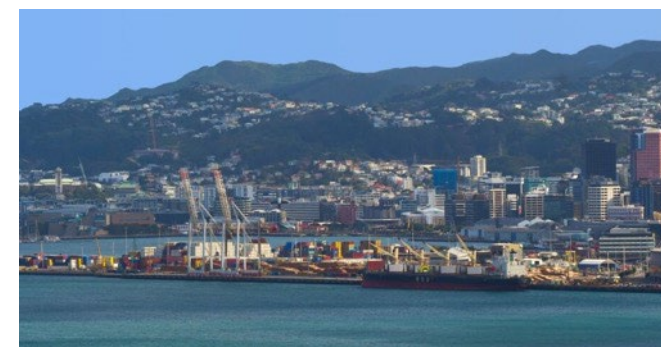
Centreport - WLG

Income Statement (\$m)	FY23	FY22
Revenue	98.6	84.2
Revenue from Port Operations	79.7	65.2
Operating Expenses	(78.9)	(67.1)
Gross Profit	19.8	17.1
Associate / JV Earnings	1.6	1.3
One Offs / Other Items	(2.3)	(14.3)
Earthquake Related Items	-	-
EBITDA	19.1	4.1
Depreciation and Amortisation	(12.0)	(10.2)
EBIT	7.1	(6.2)
Net Interest Expense	5.4	2.6
Taxation	(3.3)	27.6
NPAT	9.2	24.0
Other Comprehensive Income	9.6	11.1
Comprehensive Income	18.8	35.1

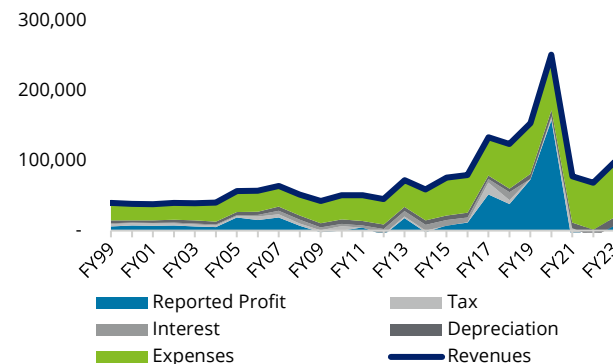
Balance Sheet (\$m)	FY23	FY22
Current Assets	148.6	177.1
Fixed Assets	272.9	254.1
Intangibles	0.2	0.4
Deferred Tax Benefit	-	-
Investments	99.3	75.4
Other Assets	12.4	10.2
Total Assets	533.4	517.2
Current Liabilities	19.3	16.1
Debt	12.0	11.0
Non-Current Liabilities	27.5	28.3
Shareholders' Funds	474.6	461.8
Total Liabilities / SHF	533.4	517.2

Cash Flow Statement	FY23	FY22
Operating Cash Received	104.3	86.2
Operating Cash Paid	(78.6)	(70.0)
Net Operating Cash Flow	25.6	16.2
Less: Asset Purchases	(46.8)	(53.8)
Less: Dividends Paid	(6.0)	(6.0)
Less: Investments	(19.0)	(30.3)
Less: Loans and Advances to Joint Venture	(2)	-
Realisation of investment in Commercial paper	19	20
Dividend received	1	0
Funding Surplus (Deficit)	(27.8)	(54.0)
Insurance Proceeds	-	-
Proceeds of Asset Sales	0.0	0.1
Dividends from Associates	-	-
Decrease in Net Debt	27.8	53.8
Equity Raised	-	-
Funding Provided	27.8	54.0

Source: Annual report, Deloitte analysis

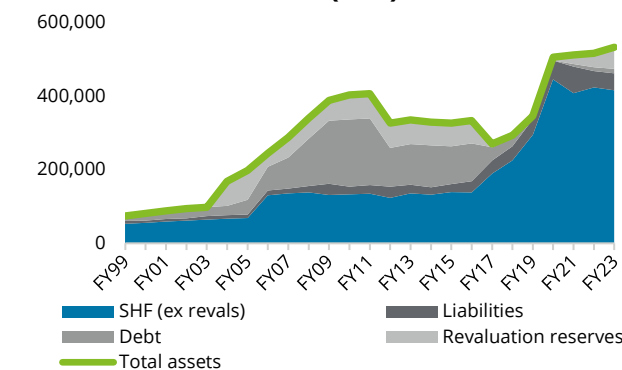


Income Statement - WLG (000)



Source: Annual reports; Note: Revenue is inclusive of one offs

Balance Sheet - WLG (000)



Source: Annual reports

Port Nelson - NSN

Overview

NSN occupies a sheltered corner of New Zealand, secured by a productive hinterland, topographical isolation and the absence of a rail link. It owns a portfolio of properties within the port area, with ongoing demand for industrial development. The port is heavily focused on export of the regions primary production, with key trades being wine, fish, fruit and forestry. Reflecting limited import demand, most import containers are empty. While its key trades are international export, Nelson records a high level of transhipments.

Port development

- The port's \$20 million Slipway Redevelopment project kicked off this year and is set to be completed in late 2024. The site will host a modern marine maintenance facility, utilising a 7,000 sqm hardstand area and an 18 metre tall marine travel lift to lift vessels up to 550 tonnes. The project received \$9.8 million in Crown funding support.
- NSN decided not to proceed with the development of its proposed Science and Technology Precinct.
- QuayConnect, the logistics division of Port Nelson, has committed to developing an inland port in Marlborough. This facility will contain 5,000 sqm of warehousing for storage and packaging, and a facility for container operations and storage. The project is expected to be completed mid-late 2024.
- Port Nelson welcomed back seven cruise ships with over 2,500 passengers visiting the Nelson/Tasman region.

Trade

- Cargo throughput volumes were 3.2 million tonnes in FY23, up to 2.5% on FY22.
- Container throughput increased by 2.2% to 105,448 TEUs in FY23.
- There were 747 vessel visits (greater than 100 GRT) in FY23.

Financial performance

- Port operations revenue was \$76.3 million in FY23, up from \$66.5 million in FY22. Total revenue was \$85.8 million in FY23, up from \$76.8 million in FY22.
- Operating Expenses increased to \$59.1 million in FY23, up from \$48.8 million in FY22.
- EBITDA was \$26.7 million in FY23, a decrease from \$28 million in FY22.
- NPAT was \$9.3 million in FY23, a reduction from \$12 million in FY22.

Port Nelson - NSN

Income Statement (\$m)	FY23	FY22
Revenue	85.8	76.8
Revenue from Port Operations	76.3	66.5
Operating Expenses	(59.1)	(48.8)
Gross Profit	26.7	28.0
Associate / JV Earnings	-	-
One Offs / Other Items	-	-
EBITDA	26.7	28.0
Depreciation and Amortisation	(10.6)	(9.7)
EBIT	16.1	18.3
Net Interest Expense	(3.6)	(3.1)
Taxation	(3.2)	(3.1)
NPAT	9.3	12.0
Other Comprehensive Income	(1.3)	4.0
Comprehensive Income	8.0	16.0

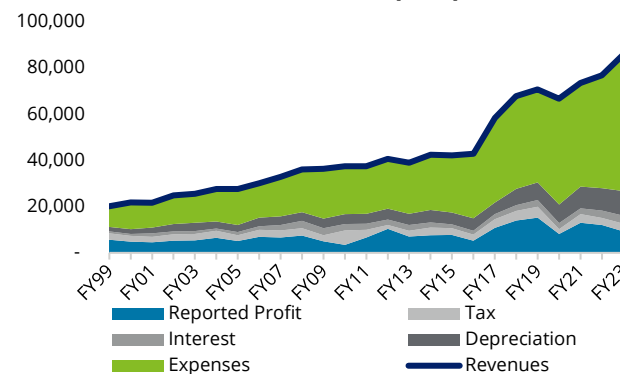
Balance Sheet (\$m)	FY23	FY22
Current Assets	16.2	12.3
Fixed Assets	320.1	324.7
Intangibles	4.1	4.4
Deferred Tax Benefit	-	-
Investments	37.6	37.1
Derivative financial instruments	-	-
Other Assets	2.7	2.6
Total Assets	380.6	381.1
Current Liabilities	44.5	51.3
Debt	40.0	36.7
Other Non-Current Liabilities	19.3	20.3
Shareholders' Funds	276.8	272.8
Total Liabilities / SHF	380.6	381.1

Cash Flow Statement (\$m)	FY23	FY22
Operating Cash Received	80.2	72.2
Operating Cash Paid	(62.7)	(56.5)
Net Operating Cash Flow	17.5	15.7
Less: Asset Purchases	(7.1)	(12.6)
Less: Dividends Paid	(4.3)	(4.6)
Less: Loan repaid	(5.5)	-
Less: Payment of Lease Liabilities	(1)	(0)
Funding Surplus (Deficit)	(0.4)	(1.8)
Proceeds of Asset Sales	0.0	0.1
Grants received	1.4	0.7
Dividends from Associates	-	-
Increase in Net Debt	(1.0)	1.0
Equity Raised	-	-
Funding Provided	0.4	1.8

Source: Annual reports, Deloitte analysis

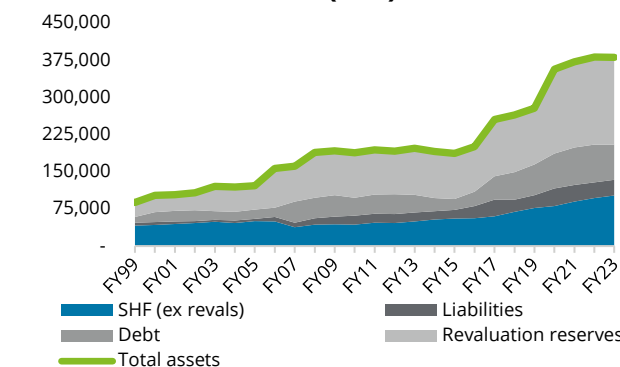


Income Statement - NSN (000)



Source: Annual reports; Note: Revenue is inclusive of one offs

Balance Sheet - NSN (000)



Source: Annual reports

Port Marlborough – MLB

Overview

MLB has a diverse array of activities, spanning property, an interisland ferry terminal, general wharves, a deep water bulk terminal, marinas and aquaculture. The port's primary trade is log exports. The port's ferry infrastructure at Waitohi Picton provides a resilient link in the national road and rail service for passengers, freight, trucks, vehicles, and rail between the islands. The Port's sole shareholder is MDC Holdings Ltd, a wholly owned subsidiary of the Marlborough District Council.

Port development

- The extension to Waikawa Marina was made available in stages from December 2022 and provides a further berthage for 251 vessels ranging 12-25 meters in length.
- There are plans for a debarking facility in Shakespeare Bay in FY24 to expand on the port's offering for Marlborough's forestry export industry.
- In anticipation of major works on the iRex project, the port constructed new commercial jetties to relocate charter and fishing vessels and a temporary terminal building was constructed. However, the iRex project will no longer proceed with KiwiRail evaluating alternative options.
- Marlborough Inland Hub, which is a partnership between the port and Centreport, has applied for a resource consent to progress the first phase of a freight hub development at Riverlands.

Trade

- Log volumes decreased from 805,128 JAS in FY22 to 771,137 JAS in FY23.
- Total non-ferry cargo increased by 5% from 858,638 tonnes in FY22 to 901,456 tonnes in FY23.
- Total ship visits increased 12% from 2,818 in FY22 to 3,156 in FY23.
- Lane metres freight (which is a measure of ferry freight activity) increased 1.2% to 3,249,971 for ferries in FY23.

Financial performance

- The port's revenues were \$41.4 million in FY23, an increase from \$34.3 million in FY22.
- Operating expenses (excluding property revaluations) increased to \$20.6 million in FY23 from \$18.3 million in FY22.
- EBITDA was \$20.8 million in FY23, an increase from \$16 million in FY22.
- NPAT was at \$17.0 million in FY23, compared to \$10.0 million in FY22.

Marlborough - MLB

Income Statement (\$m)	FY23	FY22
Revenue	41.4	34.3
Revenue from Port Operations	18.3	13.2
Operating Expenses	(20.6)	(18.3)
Gross Profit	20.8	16.0
Associate / JV Earnings	-	-
One Offs / Other Items	-	-
EBITDA	20.8	16.0
Depreciation and Amortisation	(4.1)	(3.8)
EBIT	16.6	12.2
Net Interest Expense	(1.7)	0.8
Taxation	2.1	(3.0)
NPAT	17.0	10.0
Other Comprehensive Income	(25.1)	9.5
Comprehensive Income	(8.0)	19.5

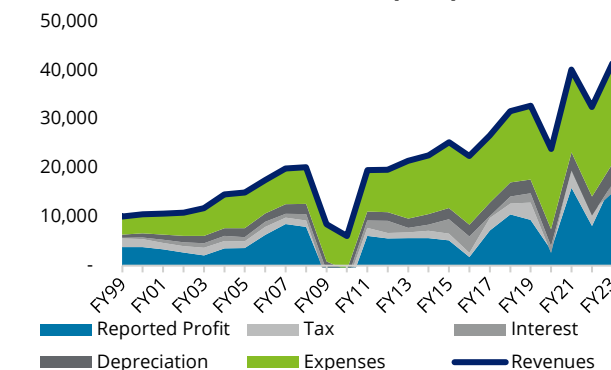
Balance Sheet (\$m)	FY23	FY22
Current Assets	8.0	9.0
Fixed Assets	115.2	115.3
Intangibles	0.0	0.4
Deferred Tax Benefit	-	-
Investments	110.0	123.9
Other Assets	0.9	0.3
Total Assets	234.2	248.9
Current Liabilities	5.8	7.2
Debt	48.0	43.7
Other Non-Current Liabilities	13.3	19.2
Shareholders' Funds	167.1	178.8
Total Liabilities / SHF	234.2	248.9

Cash Flow Statement (\$m)	FY23	FY22
Operating Cash Received	38.9	34.2
Operating Cash Paid	(26.9)	(23.1)
Net Operating Cash Flow	11.9	11.2
Less: Asset Purchases	(16.6)	(20.7)
Less: Dividends Paid	(3.7)	(3.8)
Funding Surplus (Deficit)	(8.4)	(13.3)
Insurance Proceeds	-	-
Proceeds of Asset Sales	0.1	0.2
Dividends from Associates	-	-
Increase in Net Debt	8.3	13.2
Payments for lease	-	-
Equity Raised	-	-
Funding Provided	8.4	13.3

Source: Annual report, Deloitte analysis

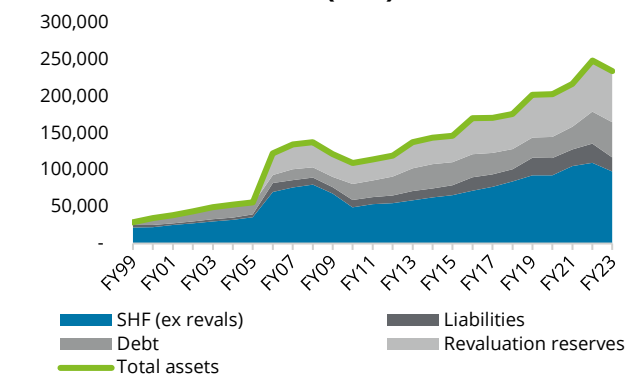


Income Statement - MLB (000)



Source: Annual Reports; Note: Revenue is inclusive of one offs

Balance Sheet - MLB (000)



Source: Annual reports

1: Property Revaluation has been reallocated from Revenue to One Offs for FY23 and FY22.

Lyttelton Port Company - LYT

Overview

Lyttelton Port is positioned as the South Island gateway port, facilitating bulk trades, vehicle imports, and containerised trade. Lyttelton Port has a container storage and repair facility, CityDepot, which is a few kilometres away in Woolston. CityDepot is the South Island's largest container facility. Lyttelton Port's other inland port MidlandPort, at Rolleston, provides a rail connection to the 14 shipping lines and nine shipping services that access the port.

Port development

- The port completed an \$85 million Eastern Development expansion project, which has expanded the port's eastern footprint by 5 paved hectares and doubled its reefer capacity. New facilities constructed include a 3-level, 23 meter high, \$20 million mechanical workshop and a separate straddle wash area.
- LYT's CityDepot received significant upgrades, which include a one-way truck flow, a combined container survey area, new lighting, CCTV and controlled swipe access.
- LYT's \$5 million Inner Harbour project saw the removal of existing infrastructure and the construction of a new roadway system, new stormwater and wastewater systems, and designated concrete pads for parking, maintenance and hopper washing. Redundant railway lines were removed, and pedestrian walkways were added which improved safety of the area.
- FY23 saw the return of cruise vessels to the port, with 120,000 passengers calling at LYT.
- One of the port's tugs, Blackadder, underwent a multi-million dollar refit to extend its life by another ten years.

Trade

- 455,457 TEUs were handled by the port in FY23, a decrease of 9.3% on FY22.
- Bulk tonnes handled increased 7% on FY22 volumes, rising to 3,766,347 tonnes.
- Exports increased 4.0% in value to \$8.9 billion and imports increased 10.8% in value to \$6.6 billion, compared to FY22.

Financial performance

- Revenue grew to \$181.7 million from \$161.7 million in FY22.
- Operating Expenses increased from \$118.5 million in FY22 to \$135.6 million in FY23.
- NPAT grew marginally by 0.2% from FY22 to \$19 million.

Lyttelton Port Company - LYT

Income Statement (\$m)	FY23	FY22
Revenue	181.7	161.7
Revenue from Port Operations	177.6	158.2
Operating Expenses	(135.6)	(118.5)
Gross Profit	46.1	43.2
Associate / JV Earnings	-	-
One Offs / Other Items	-	-
EBITDA	46.1	43.2
Depreciation and Amortisation	(16.6)	(14.7)
EBIT	29.5	28.5
Net Interest Expense	(3.0)	(1.6)
Taxation	(7.6)	(8.0)
NPAT	19.0	18.9
Other Comprehensive Income	(0.0)	6.1
Comprehensive Income	18.9	25.1

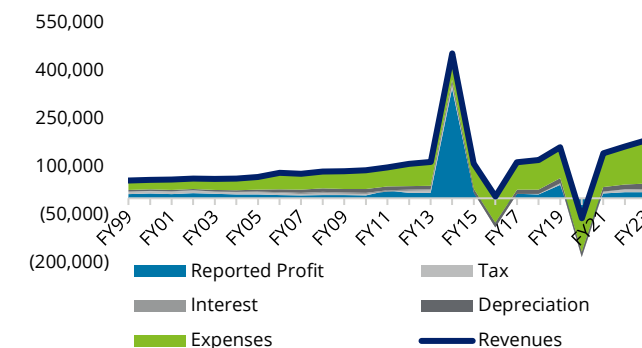
Balance Sheet (\$m)	FY23	FY22
Current Assets	37.5	35.1
Fixed Assets	573.2	507.6
Intangibles	3.5	3.9
Prepayments	-	-
Investments	-	-
Deferred Tax Asset	22.6	25.8
Other non-current assets	54	50
Total Assets	690.6	621.9
Current Liabilities	45.1	37.6
Loans and Borrowings	213.0	165.0
Other Non-Current Liabilities	46.0	41.6
Shareholders' Funds	386.5	377.8
Total Liabilities / SHF	690.6	621.9

Cash Flow Statement (\$m)	FY23	FY22
Operating Cash Received	177.7	162.8
Operating Cash Paid	(144.2)	(123.8)
Net Operating Cash Flow	33.5	39.0
Less: Asset Purchases	(68.7)	(47.8)
Less: Dividends Paid	(6.6)	(10.0)
Less: Capitalised interest	(4)	(1)
Funding Surplus (Deficit)	(45.9)	(20.2)
Insurance Proceeds	-	-
Proceeds of Asset Sales	0.2	0.0
Proceeds from borrowings	48.0	15.0
Dividends from Associates	-	-
Increase in Net Debt	(2.2)	5.2
Equity Raised	-	-
Funding Provided	45.9	20.2

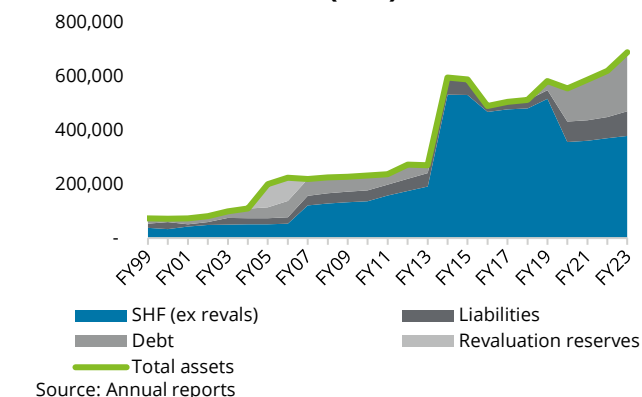
Source: Annual report, Deloitte analysis



Income Statement - LYT (000)



Balance Sheet - LYT (000)



PrimePort Timaru – TIU

Overview

TIU is owned 50:50 by Timaru District Holdings Limited (TDHL) and Port of Tauranga Limited (TRG). TRG acquired its stake in 2013 to implement a hub and spoke model. The sale included a 35 year lease of the container terminal to Timaru Container Terminal Limited (TCTL). The port services a range of regional primary industries including dairy, meat, fish and forestry exports, as well as imports of fertiliser, stock feed, petroleum and cement.

Port development

- Progress continued on the North Mole wharf upgrade with a new 230 linear metre and 300 mm thick concrete deck completed during the year as well as hardstand improvements. In November 2022, the North Mole Inner berth was returned to Timaru Container Terminal Limited for operations.
- Reclamation works and hardstand upgrades were completed at Evans Bay. Two hectares of the hardstand development have been leased to Antarctica New Zealand for the construction of the Scott Base buildings.
- Swire Shipping started a fortnightly Pacifica Service to TIU using the Moana Chief, expanding options for coastal container shipping. Maersk discontinued the Coastal Connect Service in March 2023, replacing it with the Polaris Service.
- Planning work is underway for an upgrade for the No. 1 Extension Wharf, which services bulk liquid customers.

Trade

- Ship visits numbered 433, similar to last year's 432.
- Bulk trade volumes were 1.77m tonnes, a 14.5% decrease on FY22, with log exports down 31% on the prior year.
- 78,650 TEU were handled by the port, a 2.4% increase from the previous year.

Financial performance

- Revenue was \$29.0m in FY23, an increase of \$0.6m on FY22.
- EBITDA was \$12.6m in FY23, a fall of \$1m on FY22.
- NPAT was \$5.0 million, a fall of \$2.3m on FY22.

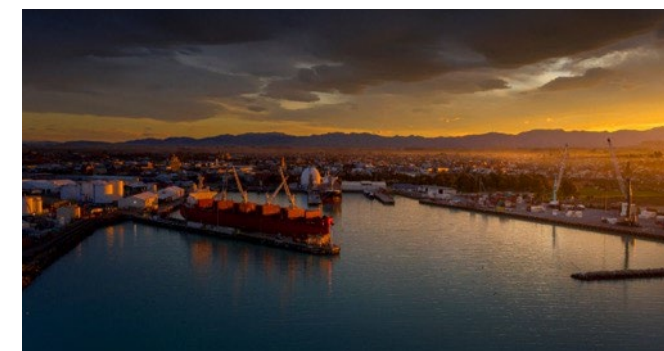
PrimePort – TIU

Income Statement (\$m)	FY23	FY22
Revenue	29.0	28.4
Operating Expenses	(16.4)	(14.7)
Gross Profit	12.6	13.6
Associate / JV Earnings	-	-
One Offs / Other Items	-	-
EBITDA	12.6	13.6
Depreciation and Amortisation	(3.2)	(2.9)
EBIT	9.4	10.7
Net Interest Expense	(2.4)	(1.5)
Taxation	(1.9)	(1.9)
NPAT	5.0	7.3
Other Comprehensive Income	20.4	7.3
Comprehensive Income	25.5	14.7

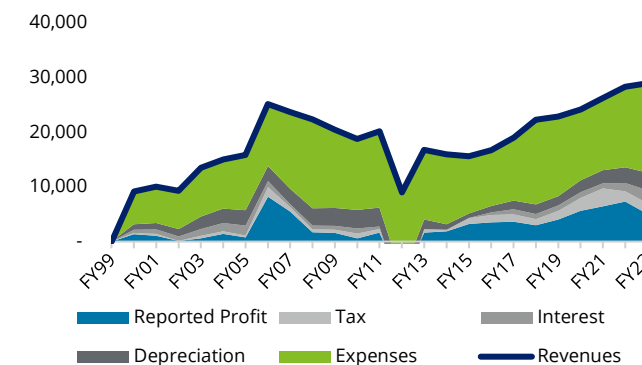
Balance Sheet (\$m)	FY23	FY22
Current Assets	4.2	5.5
Fixed Assets	151.5	120.0
Intangibles	-	-
Deferred Tax Benefit	-	0.1
Investments	-	-
Derivative financial instruments	1.0	1.0
Other Assets	0.1	0.2
Total Assets	156.8	126.7
Current Liabilities	30.5	5.4
Debt	24.0	42.3
Other Non-Current Liabilities	0.0	0.1
Shareholders' Funds	102.2	78.9
Total Liabilities / SHF	156.7	126.7

Cash Flow Statement (\$m)	FY23	FY22
Operating Cash Received	29.1	27.6
Other revenue	-	0.3
Operating Cash Paid	(21.1)	(18.0)
Net Operating Cash Flow	8.1	9.9
Add: Receipt of government grant	0.5	0.5
Less: Asset Purchases	(14.1)	(12.9)
Less: Dividends Paid	(2.2)	(2.5)
Funding Surplus (Deficit)	(7.8)	(5.0)
Insurance Proceeds	-	-
Proceeds of Asset Sales	-	-
Loans Raised	16.2	10.0
Dividends from Associates	-	-
Increase in Net Debt	(8.4)	(4.9)
Equity Raised	-	-
Funding Provided	7.8	5.0

Source: Annual report, Deloitte analysis

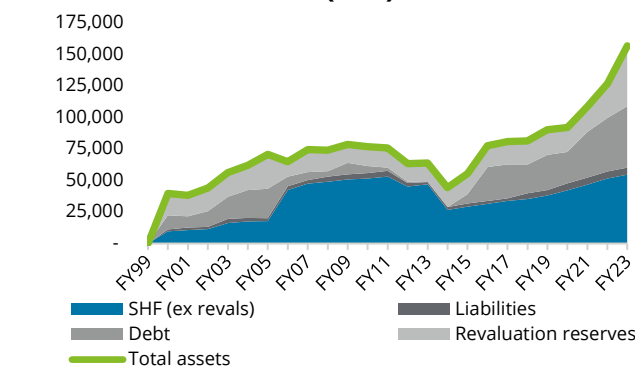


Income Statement - TIU (000)



Source: Annual reports; Note: Revenue is inclusive of one offs

Balance Sheet - TIU (000)



Source: Annual reports

Port Otago – POE

Overview

Port Otago operates two ports, Port Chalmers, which primarily handles containers, logs, cruise vessels and warehousing storage of dairy and timber products, and Dunedin Bulk Port, which handles bulk cargoes and cold storage. The region's catchment enables primary products for export from much of Otago and Southland through to market, particularly dairy, meat, fish, apples and processed timber. Port Otago has a significant industrial and commercial property portfolio spanning Auckland, Hamilton and Dunedin valued at over \$600 million.

Port development

- Port Otago is developing a new offsite depot at Ravensbourne that will cater for storage of 1,000 full and empty containers which will be online in April 2024. In addition, Port Otago is developing an inland port near Mosgiel to support the region in the long term.
- The \$6 million Ravensdown Wharf refurbishment was completed successfully, prolonging its life for another 10 years.
- The \$8 million Cross Wharf upgrade at POE's Port Chalmers site is nearing completion.
- A new \$3m Hart Marine pilot boat, the Te Rauone was purchased and has entered service.

Trade

- Container throughput increased to 186,400 TEU in FY23, up 12.2% on FY22.
- Total bulk cargo volumes increased 6% to 1.7 million tonnes in FY23.
- Log exports increased by 4% to 1 million tonnes in FY23.
- 101 cruise ships and over 149,000 passengers passed through the port in FY23.

Financial performance

- Revenue for FY23 was \$111.3 million, which was \$23.2 million higher than FY22.
- Operating expenses (excluding depreciation and amortisation) increased from \$53.6 million in FY22 to \$65.8 million in FY23.
- The port's NPAT was \$23.3 million in FY23, down from \$70.5 million in FY22. The port noted that the FY22 figure reflected a \$60 million property revaluation that year.

Port Otago – POE

Income Statement (\$m)	FY23	FY22
Revenue ¹	111.3	88.1
Revenue from Port Operations	77.4	56.7
Operating Expenses	(65.8)	(53.6)
Gross Profit	45.5	34.5
Associate / JV Earnings	-	-
One Offs / Other Items	0.4	61.0
EBITDA	45.9	95.4
Depreciation and Amortisation	(12.5)	(12.3)
EBIT	33.4	83.2
Net Interest Expense	(3.8)	(2.9)
Taxation	(6.3)	(9.8)
NPAT	23.3	70.5
Other Comprehensive Income	0.2	2.4
Comprehensive Income	23.4	72.9

Balance Sheet	FY23	FY22
Current Assets	23.4	17.5
Fixed Assets	240.8	227.3
Intangibles	4.2	4.2
Deferred Tax Benefit	-	-
Investments	620.4	588.6
Other financial assets	2.1	1.2
Other Assets	2.4	3.2
Total Assets	893.3	842.1
Current Liabilities	26.0	14.6
Debt	140.6	108.2
Other Non-Current Liabilities	22.7	24.8
Shareholders' Funds	703.9	694.5
Total Liabilities / SHF	893.3	842.1

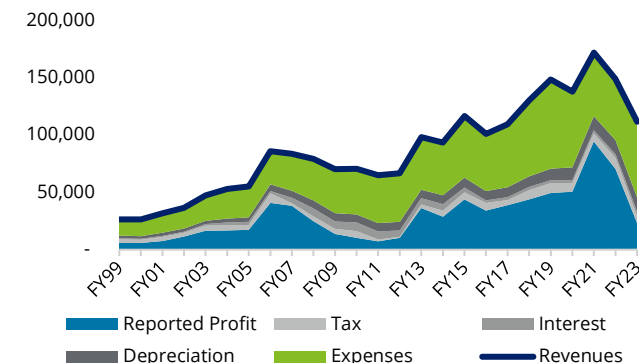
Cash Flow Statement	FY23	FY22
Operating Cash Received	101.4	84.3
Operating Cash Paid	64.3	54.5
Net Operating Cash Flow	37.1	29.8
Less: Asset Purchases	62.7	45.1
Less: Dividends Paid	14.0	13.0
Funding Surplus (Deficit)	(39.6)	(28.3)
Insurance Proceeds	-	-
Proceeds of Asset Sales	8.3	0.5
Dividends from Associates	-	-
Increase in Net Debt	31.3	27.8
Equity Raised	-	-
Funding Provided	39.6	28.3

Source: Annual report, Deloitte analysis

1: Income from Gain on Sale of Investment Property and PPE has been reallocated from Revenue to One Offs/Other Items for FY23 and FY22.

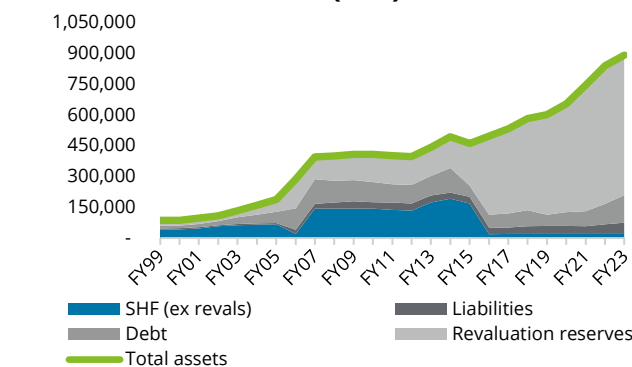


Income Statement - POE (000)



Source: Annual reports; Note: Revenue is inclusive of one offs

Balance Sheet - POE (000)



Source: Annual reports

South Port – BLU

Overview

BLU is New Zealand's southernmost commercial port. Operating from a 40ha man-made island in Bluff Harbour serving a productive hinterland yielding forestry, dairy, fish and meat exports. BLU services imports of alumina, petroleum products, fertiliser, stock feed, and acid and exports of aluminium, timber, logs, dairy, meat, meat by-products, fish, and woodchips. BLU is listed on the NZX and is majority owned by the Southland Regional Council.

Port development

- The new Town Wharf fuel berth accessway, pipeline corridor, and discharge platform was opened in November 2022. This project aims to provide fuel import resilience for the next 50 years.
- The port undertook major maintenance upgrades for its dry dock synchrolift facility, extending the life of the lift for the next 10 to 15 years.
- A 17,000m² log storage yard hardstand opened in October 2022. This doubles the hardstand area available for the logging industry while improving handling conditions, storage utilisation, and environmental impacts.
- The port demolished Shed 6 within the container terminal operating area and expanded the container terminal. This has allowed the container repair function to be separated from the container terminal, improving port safety.
- A four year project to install impressed current cathodic protection systems on the Island Harbour access bridge was successfully completed.
- Project Kia Whakaū is underway, which involves dredging the harbour entrance channel to improve safety margins and allow ships to carry additional cargo.

Trade

- Total cargo of 3.5 million tonnes in FY23, a 2% decrease from FY22.
- Log volumes increased by 9% to 720,000 tonnes in FY23 from 659,000 tonnes in FY22.
- Container volumes fell to 41,700 TEU in FY23 from 44,000 TEU in FY22.
- The port recorded 349 ship calls in FY23, an increase from 305 in FY22.

Financial performance

- Operating revenue increased to \$53.6 million in FY23 from \$48.6 million in FY22.
- Operating expenses increased from \$27.4 million in FY22 to \$30.9 million in FY23.
- NPAT decreased to \$11.7 million in FY23 from \$12.8 million in FY22.

South Port – BLU

Income Statement (\$m)	FY23	FY22
Revenue	53.6	48.6
Revenue from Port Operations	53.6	48.6
Operating Expenses	(30.9)	(27.4)
Gross Profit	22.7	21.1
Associate / JV Earnings	-	-
One Offs / Other Items	0.1	0.0
EBITDA	22.8	21.2
Depreciation and Amortisation	(4.8)	(4.4)
EBIT	18.0	16.8
Net Interest Expense	(1.5)	0.4
Taxation	(4.8)	(4.3)
NPAT	11.7	12.8
Other Comprehensive Income	-	-
Comprehensive Income	11.7	12.8

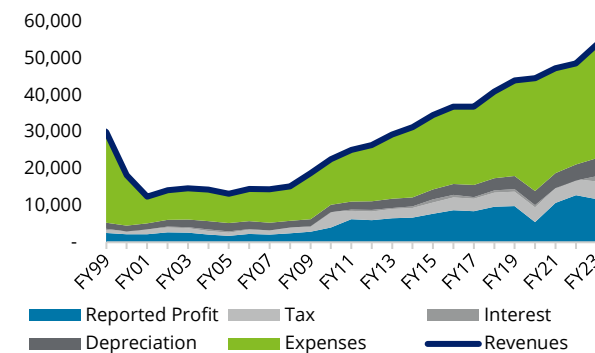
Balance Sheet (\$m)	FY23	FY22
Current Assets	8.1	8.5
Fixed Assets	87.7	77.3
Intangibles	-	-
Deferred Tax Benefit	1.1	1.1
Investments	-	-
Other Assets	0.3	0.4
Financial assets	1	1
Total Assets	97.9	88.1
Current Liabilities	12.7	7.0
Debt	25.0	25.5
Other Non-Current Liabilities	0.3	0.4
Shareholders' Funds	59.9	55.3
Total Liabilities / SHF	97.9	88.1

Cash Flow Statement (\$m)	FY23	FY22
Operating Cash Received	54.1	47.6
Operating Cash Paid	(37.7)	(33.9)
Net Operating Cash Flow	16.4	13.7
Less: Asset Purchases	(14.4)	(23.4)
Less: Dividends Paid	(7.1)	(7.1)
Funding Surplus (Deficit)	(5.0)	(16.8)
Insurance Proceeds	-	-
Proceeds of Asset Sales	0.3	0.0
Dividends from Associates	-	-
Increase in Net Debt	4.7	16.7
Equity Raised	-	-
Funding Provided	5.0	16.8

Source: Annual Report, Deloitte Analysis

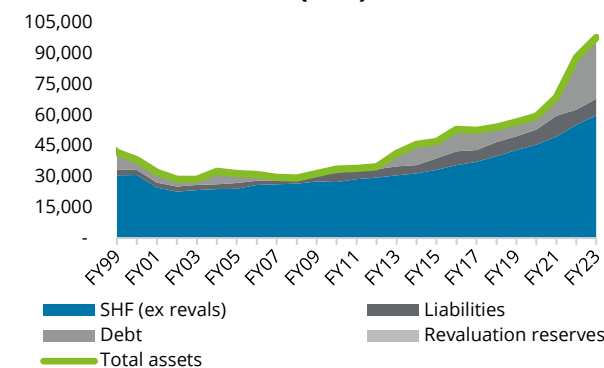


Income Statement - BLU (000)



Source: Annual reports; Note: Revenue is inclusive of one offs

Balance Sheet - BLU (000)



Source: Annual reports

Eastland Port – EST

Overview

Located in the heart of Gisborne city, Eastland Port is New Zealand's second largest log exporter and the most easterly commercial shipping port in New Zealand.

Port development

- EST's largest infrastructure project in over 100 years 'The Twin Berth project' is underway, with the rebuild of Wharf 7. An application for Stage 2 of the development has been submitted, which covers the extension of wharf 8, one hectare of reclamation, dredging the channel and harbour, and rebuilding the outer breakwater. When completed, two ships between 185 and 200 metres in length will be able to safely berth simultaneously.
- As a response to damage to the local highway network from Cyclone Gabrielle, the port handled its first containers in decades – with a temporary container charter running between EST and Napier.

Trade

- In FY23, 2.4 million tonnes of cargo were exported, compared to 2.6 million tonnes of export cargo in FY22.
- In FY23, EST exported 2.4 million tonnes of logs, 4,257 tonnes of kiwifruit, and imported 7,685 tonnes of fertiliser.
- EST handled 294 TEUs during FY23.

Financial performance

- Revenue was \$36.5 million in FY23, a ~\$2m decrease on FY22.
- Operating expenses increased to \$21.8 million in FY23, an increase from \$17.5 million in FY22.
- EBITDA fell to \$14.7 million in FY23 from \$20.9 million in FY22.

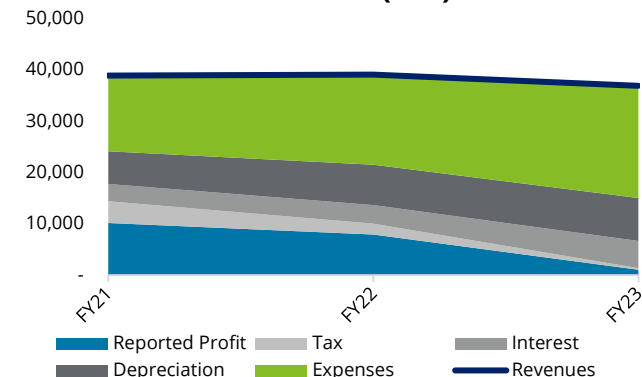
Eastland Port - EST

Income Statement (\$m)	FY23	FY22
Revenue	36.5	38.5
Revenue from Port Operations	35.5	36.5
Operating Expenses	(21.8)	(17.5)
Gross Profit	14.7	21.0
Associate / JV Earnings	-	-
One Offs / Other Items	-	-
EBITDA	14.7	21.0
Depreciation and Amortisation	(8.3)	(7.8)
EBIT	6.3	13.1
Net Interest Expense	(5.3)	(3.6)
Taxation	(0.3)	(2.1)
Finance expenses	-	-
Share of profit from JV	0.4	0.6
NPAT	1.1	7.9
Other Comprehensive Income	(0.7)	-
Comprehensive Income	0.4	7.9

Balance Sheet (\$m)	FY23	FY22
Current assets	4.7	13.9
Non-current assets	302.3	263.8
Total Assets	307.0	277.7
Borrowings	130.7	97.8
Other Liabilities	40.8	40.4
Shareholders' Funds	135.5	139.5
Total Liabilities / SHF	307.7	277.5

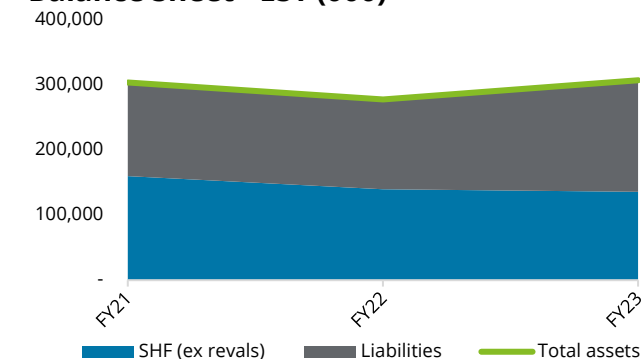


Income Statement - EST (000)



Source: Annual reports; Note: Revenue is inclusive of one offs

Balance Sheet - EST (000)



Source: Annual reports

Northport – NTH

Overview

NTH is co-owned by NZX-listed company Marsden Maritime Holdings (MMH), formerly Northland Port Corporation, and TRG in a 50:50 joint-venture. Northport also owns an interest in North Tugz which is a 50:50 joint-venture with POAL. The MMH group also owns 185ha of contiguous industrial zoned land adjacent to the port, and the Marsden Cove Marina.

Port development

- Resource consent application for eastern expansion (250m berth/13.0ha container terminal extension) was lodged in October 2022 with the hearing Oct-Nov 2023, currently in a 3-month adjournment.
- Business case, design & constructability of 175m eastern berth extension and 3.4 ha reclamation (consented and part of 270m consented berth extension/reclamation) for shareholder approval. Board approval is being sought for construction in early 2024.
- The Ministry of Transport delivered the business case analysing the viability of a drydock located at NTH to Government in late 2023.

Trade

- Bulk cargo throughput at NTH decreased to 2.59 million tonnes compared to 2.92 million tonnes in FY22, with log export volumes continuing to fall as projected in FY22.
- Annual container volumes decreased to 16,925 TEU, down from 19,100 TEU in FY22, due to two extreme weather events causing closure of SH1 at Brynderwyns and the North Auckland Line railway.

Financial performance

- Revenue (including Northport marine services revenue on behalf of North Tugz) was \$40.6 million in FY23, a 4.7% decrease on FY22.
- NPAT was \$16.2 million in FY23, a decrease on FY22's \$16.9 million.
- Comprehensive income was \$8.3 million in FY23, a decrease from \$38.9 million on FY22.

Northport - NTH

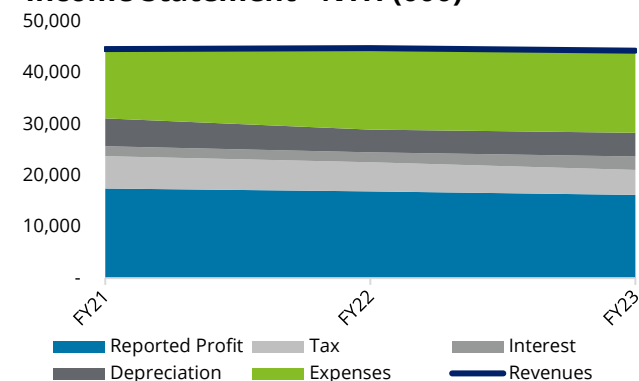
Income Statement (\$m)	FY23	FY22
Revenue	40.6	42.6
Operating Expenses	(16.0)	(15.9)
Gross Profit	24.6	26.7
Associate / JV Earnings	3.7	2.2
EBITDA	28.3	28.9
Depreciation and Amortisation	(4.6)	(4.4)
EBIT	23.7	24.5
Net Interest Expense	(2.6)	(1.9)
Taxation	(4.9)	(5.7)
NPAT	16.2	16.9
Other Comprehensive Income	(7.9)	22.0
Comprehensive Income	8.3	38.9

Balance Sheet	FY23	FY22
Current Assets	5.7	5.9
Fixed Assets	155.0	163.2
Intangibles	1.7	1.7
Deferred Tax Benefit	1.6	1.6
Investments	-	-
Other Assets	5.5	4.5
Total Assets	169.5	176.9
Current Liabilities	4.2	6.2
Debt	43.9	40.9
Other Non-Current Liabilities	57.4	65.0
Shareholders' Funds	64.0	64.8
Total Liabilities / SHF	169.5	176.9

Note: updated financial information for FY22 was provided by NTH. Information presented therefore differs to the 2023 Yearbook.

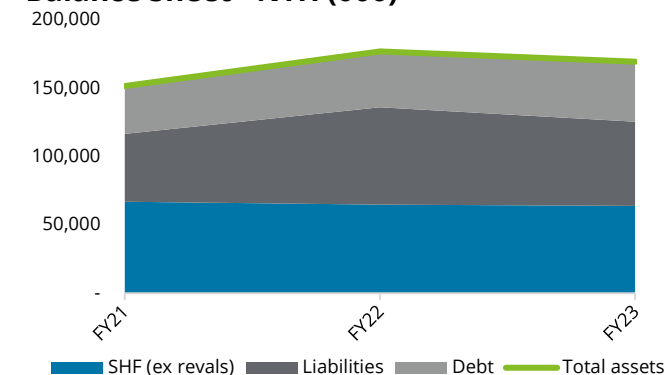


Income Statement - NTH (000)



Source: Annual reports; Note: Revenue is inclusive of one offs

Balance Sheet - NTH (000)



Source: Annual reports

07

Deloitte's Infrastructure and Capital Projects offering

Our integrated infrastructure offering

We help infrastructure owners, investors, and operators by bringing the full breadth of our capability and applying it across the asset lifecycle.

Utilising the breadth of expertise within Deloitte, we can configure and mobilise a team with the skillsets to meet your specific needs.

We can leverage our experience across the asset lifecycle – in public, private and PPP environments – to help organisations deliver and manage complex investments and assets more effectively. Our extensive range of services in management consulting, corporate finance, risk, tax and audit, enables our Infrastructure and Capital Projects (ICP) team to support clients in the planning, financing, procurement, delivery, operation and transaction of infrastructure assets and other capital projects.



Strategy and planning

We provide advice, tools and analytical skills to assist clients in developing their investment and delivery strategies.



Finance and procurement

Our specialists can advise on developing more cost-efficient project financing plans and help clients establish and manage the procurement process.



Project organisation, execution and construction

We assist clients in executing high-profile programmes with greater confidence.



Operations and maintenance

We advise on optimising the performance and value of assets in operation.



Asset recycling and concession maturity

We provide transition advisory support for investors in infrastructure assets.



Asset decommissioning

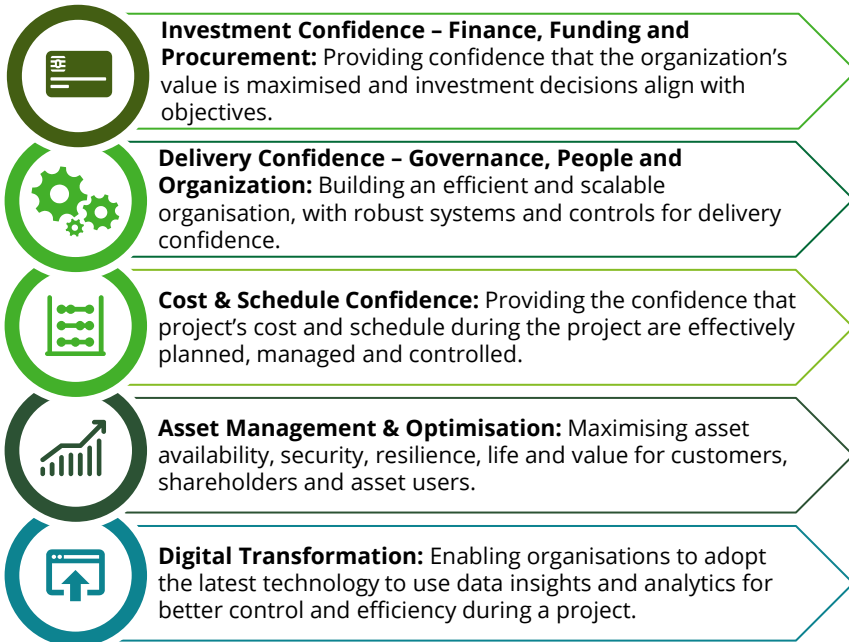
We provide recommendations on when and how to discontinue investing in an asset.



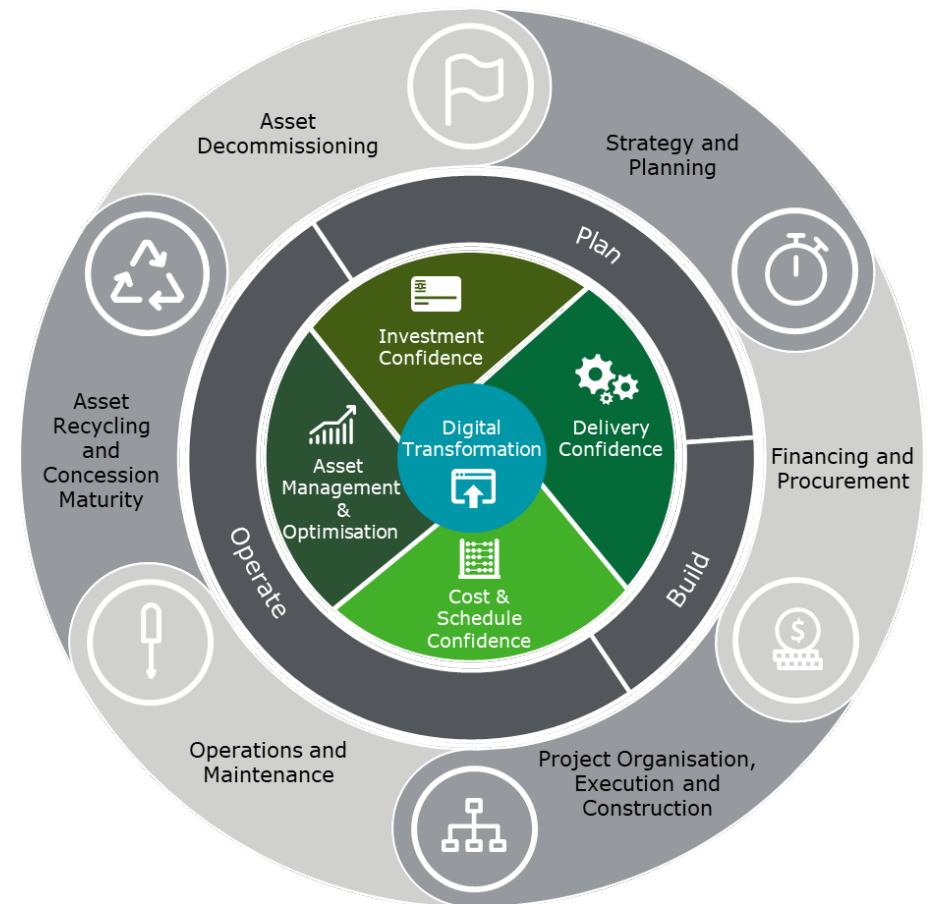
Our integrated infrastructure offering

Our Infrastructure and Capital Projects (ICP) offering is grouped around five core pillars, with each focusing on a different aspect of our clients' infrastructure challenges.

Our ICP team draws its expertise from across our national practice and service lines. It is part of Deloitte Asia Pacific and the Global ICP network, providing seamless access to skills across the world, enabling us to apply global knowledge to our local projects.



We take a lifecycle approach to improve capability and performance across the Infrastructure and Capital Projects lifecycle:



Contact us

We have an established track record in the ports and logistics sectors, offering real value by combining specialist skills with deep sector knowledge.



John Marker
Lead Partner – Critical Infrastructure
Infrastructure & Capital Projects

Auckland

Tel: +64 9 952 4220

Mobile: +64 21 558 624

Email: jmarker@deloitte.co.nz



Liza Van Der Merwe
Partner
Deloitte Access Economics

Auckland

Tel: +64 4 470 3545

Mobile: +64 21 029 11895

Email: elvandermerwe@deloitte.co.nz



Andrew Boivin
Partner
Climate Lead

Auckland

Tel: +64 9 306 4485

Mobile: +64 22 061 1646

Email: aboivin@deloitte.co.nz



Paul Shallard
Partner
Operations Transformation

Tauranga

Tel: +64 9 303 0921

Mobile: +64 21 645 203

Email: pshallard@deloitte.co.nz



Reenesh Bhana
Partner
Risk Advisory

Auckland

Tel: +64 9 3006 4421

Mobile: +64 21 056 882

Email: rbhana@deloitte.co.nz



Steve Law
Partner
National Infrastructure PMO

Christchurch

Tel: +64 3 363 3872

Mobile: +64 21 511 173

Email: stelaw@deloitte.co.nz



Norm Castles
Partner
Infrastructure Advisory

Christchurch

Tel: +64 3 363 3753

Mobile: +64 21 027 08115

Email: ncastles@deloitte.co.nz



Nichola Bennett
Partner
Infrastructure & Public Sector

Wellington

Tel: +64 4 495 3901

Mobile: +64 27 511 6581

Email: nibennett@deloitte.co.nz



Jane Fraser-Jones
Partner
Public Sector

Wellington

Tel: +64 4 470 3647

Mobile: +64 21 830 277

Email: jfraserjones@deloitte.co.nz



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organisation”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which is a separate and independent legal entity, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Bengaluru, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Mumbai, New Delhi, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s approximately 415,000 people worldwide make an impact that matters at www.deloitte.com.

Deloitte New Zealand brings together more than 1800 specialist professionals providing audit, tax, technology and systems, strategy and performance improvement, risk management, corporate finance, business recovery, forensic and accounting services. Our people are based in Auckland, Hamilton, Rotorua, Wellington, Christchurch, Queenstown and Dunedin, serving clients that range from New Zealand’s largest companies and public sector organisations to smaller businesses with ambition to grow. For more information about Deloitte in New Zealand, look to our website www.deloitte.co.nz.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organisation”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.