

PORTO

ISSUE: 1



OCTOBER '18
STAKEHOLDER
NEWSLETTER

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9023
New Zealand

IN THIS ISSUE:

- Commercial Manager appointed
- People vs mobile plant: Physical barriers installed
- Fresh look for safety
- Port commits to Wildlife Hospital Dunedin
- Photo essay: Arrival of the Takutai
- Q+A with D-Shed Store

TAKUTAI SETTLES INTO HER NEW HOME

Below: The Takutai arriving into Dunedin harbour after her 10,000 nautical mile journey from France, aboard a massive heavy-lift vessel.

Port Otago's new \$8 million backhoe dredge, the Takutai, is undergoing the last of her fine-tuning, before joining the workforce next month. Takutai replaces an old bucket dredge, the Vulcan, which had reached the end of its working life.

Marine and Infrastructure General Manager Sean Bolt says the backhoe dredging mechanism is ideal for the fine silt in the Upper Otago Channel and for undertaking the upper and lower channel widening work.

"Takutai will play a major role in setting up the Port for future growth, by deepening and widening the channels to facilitate larger ships being able to come and go from Port and improve safety."

Takutai's 10,000 nautical mile journey from France to New Zealand made the international "Tugs Towing and Offshore" Newsletter – somewhat of a coup for the humble dredge.

See page 6 for more photos of the Takutai

TAKUTAI SPECS:

Length:	35m
Weight:	730 tonne
Crew:	Two people
Dredging depth:	Down to 19.8m
Propulsion:	None. Takutai has three 13m legs which allow the Takutai to "crab" along the seafloor.
Excavator:	Liebherr P984C hydraulic
History:	Formerly known as the Kostaldea (Basque for coastline), the dredge was built in 2013 for a project in France, but was only needed for one year's work. She was used for minor projects in the meantime, before the Port Otago purchase.
Name:	"Takutai" – Maori for coastline.





CHIEF EXECUTIVE FROM THE BRIDGE

Kia ora

Time flies when you are having fun. It doesn't seem like a year since I started at Port Otago. I'm proud to be leading a talented group of people who have embraced change, got on with looking after our customers' cargo and have executed our plan – delivering a great financial result.

Financial results for 2017/18

The Port Otago Group delivered a tax-paid profit of \$43.9 million for the year ended June 2018 – up 13% on last year's \$38.0 million profit. Revenue from port operations was up 10% to \$74.9 million, driven by a 15% increase in container throughput to 204,700 teu and a 10% lift in bulk cargo volumes to 1.7 million tonnes.

Full container export and import volumes were up 10%, mainly due to increased activity from the dairy and sawn timber sectors. Tranship volumes increased as shipping lines focused on optimising their networks to improve efficiency, choosing to use Port Otago as a hub port linking services to international markets for our customers.

The Port Chalmers and Dunedin Bulk Port moved a record 1.06 million log tonnes, up 12% on last year. This is the first year that more than 1 million tonnes of logs have transited across Port Otago's wharves. It's great to see Statistics New Zealand calculations forecast a cruise ship passenger expenditure of \$56 million across Otago, an increase of 40% on last year.

Chalmers Properties Limited (CPL) EBIT contribution to Port Otago Group's performance was significant for the year, at \$18.4 million. The investment property portfolio also delivered a further \$22.0 million unrealised revaluation gain, compared to \$19.9 million last year. Before unrealised revaluations and tax, the group operating profit was up \$6.5 million on the previous year, to \$29.9 million. This is a pleasing result, given the unbudgeted cost of \$2.9 million to remove asbestos from the group's Fryatt Street sheds.

Keeping our people safe

During the past year, several new safety initiatives have been rolled out:

- A new health and safety Runanga forum meets monthly and includes safety

GROUP FINANCIAL RESULT

	2017 \$m	2018 \$m	%
Revenue	\$89.5	\$109.4	+22%
EBIT			
Port Operations	\$12.5	\$12.7	+2%
Investment Properties	\$11.9	\$14.6	+23%
Developed Land Sales	\$1.5	\$5.4	+262%
	\$25.9	\$32.7	+26%
Revaluations	\$19.9	\$22.0	+11%
Interest	(\$2.7)	(\$2.9)	-9%
Surplus before tax	\$43.1	\$51.8	+20%
Tax	(\$4.4)	(\$7.9)	
Group NPAT	\$38.7	\$43.9	+13%

representatives, line management, leadership team members and directors. The Runanga focuses on driving improved safety and wellbeing across the business.

- During the year, \$2.4 million was spent upgrading the Dunedin Depot to improve safety. New hard stand and permanent barriers were installed to separate man and machine.
- In addition to preventative safety investments and trials, we have installed 11 defibrillators across the business including our entire floating plant fleet.
- To improve the visibility of shifts, changing patterns and the potential for roster-related fatigue, a rostering project team was formed to source a software solution. TimeTarget was selected as a staff app solution and should be "live" before Christmas.
- Port Otago has been working towards becoming a smoke free workplace and achieved this at the end of June 2018.

Being a good neighbour

From a community perspective, the year's highlight was undoubtedly our transport partners supporting the voluntary speed limit of 30km/hr through the main street of Port Chalmers. Our neighbourhood is now a safer place to live and work in, thanks to the understanding of our partners.

Port Otago upgraded its two existing noise monitors to real-time recording linked to a central database. These have been augmented with a permanent monitor in



Carey's Bay and a control monitor within the container terminal. The recordings that trigger a set dBA threshold are time stamped, which allows our operational teams to listen to the noise and track down its cause. This data is able to be linked to our on-port camera system and the telemetry systems within straddles and sideloaders. This has provided valuable information to help minimise noise in our daily operations. We provide the actual data to the Port's Noise and Environment Liaison Committee and are working towards publishing a live feed to our website, so all neighbours can access the data at any time.

Investing in our infrastructure

The 135 metre wharf extension project at Port Chalmers is on track to be completed ahead of schedule around Labour weekend. Port Otago is expecting a record 117 cruise ships during the season ahead (a 30% increase) and this multi-purpose wharf extension will provide extra flexibility to accommodate them.

To support the strong growth of our logging customers, we moved our transport joint venture, Icon Logistics, from Fryatt Street to Parry Street. The \$1.7 million capital investment frees up much needed additional space for log storage and for NFA Holding's scaling operation, which can now handle 14 trucks within the facility, reducing queuing on Fryatt Street.

The year ahead

Our focus for the year ahead is to engage with our customers to understand your business, challenge ourselves on how we can remove waste from the supply chain and get to know you.

I look forward to seeing you all in due course.

Nga mihi

Kevin Winders
Chief Executive



COMMERCIAL MANAGER APPOINTED

Craig Usher has been appointed Port Otago's new Commercial Manager and started this month.



For the past five years, Craig has been Commercial Manager for Auckland-based supply chain logistics company Kotahi, looking after customers, including Sealord and Silver Fern Farms. Prior to Kotahi, Craig spent 11 years with Maersk and PIL, working in all aspects of the business – sales and ops, and across containers and bulk. With a Masters in Supply Chain Management from Massey University, Craig is looking forward to the breadth of his new role. "This is a change for me, after 17 years on the container side of things. While I'll still deal with containers, there is also forestry, the cruise ship industry and fuel to handle. Port Otago has a good base of customers in the south and I'm looking forward to building long-term relationships and providing continuity of service."

Ultimately, the commercial manager's position is about growing the business. "I'm used to having to think outside the box and challenging the norm. I ask questions and keep asking them until I get an answer. I'll be making sure we're creating efficiencies, where we can."

Craig, wife Monique and their two boys aged 8 and 11 are excited about the big move south and looking forward to experiencing the southern way.

Port Otago Chief Executive Kevin Winders says "I'm looking forward to Craig becoming the voice of the customer around the leadership team table, ensuring we are connected to our customers and our decision making reflects that."

Pedestrians vs mobile plant: Physical barriers installed

Port Otago is installing hard barriers to eliminate 'People vs Mobile Plant' risks in depot areas. Previously, cones offered a visual guide between trucks, forklifts, light vehicles, and pedestrians. Now, six-tonne concrete barriers create safe working zones.

The hard barriers form three sides of a rectangle, with a Spanguard net barrier on the fourth entrance/exit face. When the net barrier is up, it stops machines from entering the area and signals that people are working on the ground.

Process Improvement Leader Ben Mulvey says engineering out the risk removes the human risk factor of administrative risk controls.

"When people work next to moving vehicles every day, they can become normalised to the risks," he says.

"The hard barriers clearly define and separate areas, removing all options but the safe one."

Teams are reporting an increased feeling of security. The remainder of the barriers will be rolled out port-wide as fast as the Cromwell factory can make them.



Te Rauone development plan

Dunedin City Council and Port Otago are working together to restore and develop the Te Rauone beach and reserve over the next three years.

During the past century, the sea has eroded the beach, causing significant issues for the environment and community. The adjoining reserve is the only public area available to the Otakou and the lower

Peninsula community and is popular for recreation and viewing shipping.

Port Otago Chief Executive Kevin Winders says the port's investment will focus on re-instating the beach and its ongoing maintenance. "We have worked with engineering consultants BECA to design a groynes rock wall configuration that will sustain the beach as much as possible."



FRESH LOOK FOR SAFETY

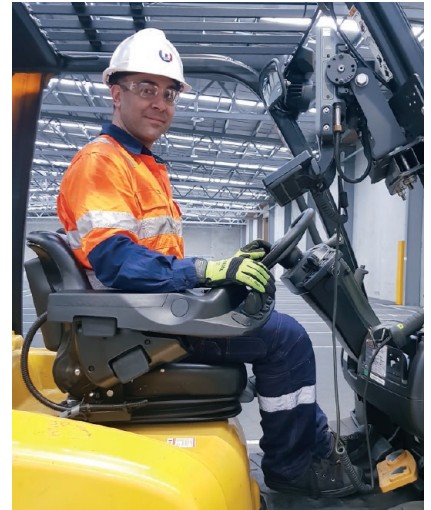
Operational staff at Port Otago will soon be more visible, thanks to 3500 new items of safety clothing arriving on site over spring.

Port Otago Executive Assistant Jodi Taylor is leading the project.

"We've gone for orange and navy to get a good mix of practicality and high-visibility. The cargo-style pants and shirts are made from 100% cotton rip-stop fabric, feature over-shoulder, torso and leg bands of reflective tape and will all be branded with the new Port Otago logo."

Jodi says the Port's terminal operations, marine and warehouse teams were able to select what worked best for them from a range of items, including the popular bib overall.

"Our people have welcomed the flexibility and choice, and know we will continue to assess suitability of the clothing range and trial new items."



To keep the new gear "fresh, clean and visible", Port Otago will replace worn and damaged items, and regularly dry-clean heavy-duty items, such as overalls and jackets.

A home for Halo Project

The Halo Project is a community-based initiative that has been inspired by the success of Orokonui Sanctuary. It encourages households and landowners around the sanctuary to trap pests, so birdlife can more safely move beyond the predator-proof fence and enhance the wider community.

Port Otago is housing the Halo Project team at no cost in Scott Base.

Project Manager Rhys Millar says the location is ideal – right in the heart of the West Harbour community, opposite the Port Chalmers library – and Halo is grateful for the Port's practical support.

"We are normally open 9am to 5pm Monday to Friday, but we're often out and about helping people with their Halo Project activities – whether that's trapping, monitoring lizard populations or planning for new sites."

The Halo covers an initial 4000 hectares around Orokonui Ecosanctuary. It will then be extended outwards to cover an area of 12,500 hectares – from Heywards Point, to the edges of North East Valley.

Find out more at haloproject.org.nz



Golf Club enjoys new 4WD utility vehicle

Port Otago's focus on safety knows no bounds.

Chief Executive Kevin Winders recently met with Port Chalmers Golf Club committee members to talk about the Port Otago's strategy and its place within the local community.

Course Convenor Duncan Harvie says that it was during this meeting that Kevin learnt volunteers used a quad bike and trailer to move materials and tools around the course.

"The club had identified the 4-wheel-drive Rough Terrain Vehicle as a much safer replacement, but needed funding. The Port kindly agreed to purchase the vehicle on our behalf to keep our members safe."

Duncan says the RTV is a great improvement over the quad bike. "It's not only safer, but has a tipping tray which makes it much easier to cart and tip sand, soil and gravel around the course. It can also handle the undulating terrain in all weather conditions."

Port Chalmers Golf Club is a nine-hole course located in Sawyers Bay, wholly run and maintained by volunteers. The club is over 100 years old and has a long association with Port Otago, as many of the members past and present work or have worked at the Port. Port Otago sponsors an annual tournament where Port employees play the club members for the Port Otago Trophy.



Port commits to Wildlife Hospital Dunedin

Taking care of the South Island's injured wildlife is an expensive business.

The Wildlife Hospital Dunedin opened in January and needs about \$350,000 annually to operate successfully. Port Otago has committed \$15,000 annually for an initial period of three years. The contribution is being used towards underwriting a vet nurse salary. Chair of the Hospital Trust and West Harbour Community Board Steve Walker says Port Otago – being a water-based operation – was an obvious business to approach.

"From the outset, they've been extremely enthusiastic in their support. I'm impressed with their progressive, forward-looking attitude towards our native flora and fauna, and their desire to advocate for us, beyond their financial donation."

Steve says the three-year commitment is especially valuable. "Any multi-year commitment makes it far easier for us to calculate our long term sustainability."

Find out more at wildlifehospitaldunedin.org.nz





Photo essay: **Arrival of the Takutai**

The June arrival of the Takutai has provided Port Otago with no shortage of opportunities for some great photos. Thanks to staff members Brian Corson and Brandt Leeuwenburg for sharing these with us.





A:

The Takutai – still wearing her old name, the Kostaldea – sitting on board the specialist 143m heavy-lift Fairpartner (Netherlands). You can see the Liebherr P984C excavator clearly and the spuds (part of the specialised mooring system) being carried on board.

B:

The spuds were removed and stored for transport and this image shows them being re-installed. Each is 1.3m square and weighs 30 tonnes; they are powered by hydraulically-driven wire rope winches (the large red boxes on deck). During operation, the spuds are driven into the sea floor to moor the vessel and provide a stable platform for dredging.

C:

The Takutai is not self-propelled, so she requires a tug to travel more than a very short distance. Here, the tug Arihi tows her to Dunedin, to complete commissioning works.

D:

The Takutai heads out into the Otago Harbour for dredging training. During her commissioning phase, Takutai was fitted with some new features, including safety improvements, such as installation of fire suppression systems and an operator interface, which gives Takutai's operator an accurate bucket position relative to the surveyed sea floor.





Q+A: D-Shed Store

During a recent visit, a large-customer representative commented that Port Otago's D-Shed Store was the best store operation he'd seen in New Zealand. We ask D-Shed Store dispatch team leader Margie McNamara three questions.



Q: What it takes to impress your biggest customer:

Margie: I believe it's our attention to detail, which involves more than being 'clean and tidy'. Our team recently labelled 70,000 milk powder products for Fonterra – no small task. We link our Port Otago operating system with those of Fonterra and MPI, for full traceability and retrieval at every step – so it's truly 'farm to customer'.

Q: How else does the team stand out?

Margie: After Fonterra's massive Darfield store, we're the second biggest dry store in the South Island. Being on-port means our team can pack closer to sailing cut



off times and provide other efficiencies – shifting containers within the port by straddle crane and returning otherwise empty rail containers (loaded with lactose) to Fonterra's Edendale factory.

Q: How do you maintain high standards?

Margie: We're audited frequently, internally and by MPI and Fonterra. In Fonterra's latest six-monthly audit, we achieved 98%.

PORT OTAGO LEADERSHIP TEAM



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