



A better future: PrimePort and Port of Tauranga joint venture

Benefits for South Canterbury region and South Island business

The proposal to establish a joint venture with Port of Tauranga will deliver significant economic, social and environmental benefits to Timaru, the South Canterbury region and the wider South Island economy.

It will position PrimePort Timaru as the key South Island partner to New Zealand's leading port as the primary marshalling point for South Island cargo and transit point for coastal freight to Tauranga. Port of Tauranga is the acknowledged New Zealand leader in container terminal operation and has the highest productivity of all ports in the country. It will bring that operational expertise to Timaru to compliment and augment existing operations.

Importantly, the proposal will secure the immediate and future development of PrimePort and its associated transport infrastructure.

The benefits to PrimePort and the regional community are manifest: Timaru District Holdings retains ownership of its investment properties and remains a full partner in the operational land, buildings and port infrastructure. The value of these assets is likely to appreciate in value in the longer term. PrimePort maintains operation of its non-containerised breakbulk cargo, such as logs, fish, fuel, grain, fertiliser and marine services. The deal provides guaranteed revenue for the local community through long-term lease arrangements of up to 35 years and a half-share of profits from the new initiatives and growth opportunities in container movements.

The benefits to the South Canterbury community are even bigger: Development and expansion of the container facilities will provide significant employment opportunities. This will involve direct employment growth at PrimePort, where its staff's 'can-do' culture is a significant part of the attraction to Tauranga, but also indirect growth. Standard economic multiplier effects mean these benefits will be transmitted through the community in a ripple effect that will increase prosperity across the region. Timaru is already the second fastest growing city in New Zealand and the extra jobs and associated development activity will accelerate that trend.

PrimePort's existing and future business clients will benefit from an improved and expanded port service, with choices that far exceed other ports in the South Island, increased frequency of sailings, greater flexibility and superior efficiency in getting cargo to international markets. Coastal shipping is recognised as the most efficient and environmentally friendly form of transport, compared to road and rail. This benefit is further enhanced by linking with more efficient, larger ships at Port of Tauranga. South Canterbury and South Island businesses using PrimePort will reduce their costs and environmental impacts, while enjoying world class service on their doorstep.

This is a true partnership that harnesses the capabilities, skills and assets of two equal partners to benefit Timaru, South Canterbury and the wider South Island economy.

A brighter future: development plans to shape export trade

The proposal for a joint venture is one of national significance and is aligned to port consolidation and efficiency recommendations from the NZ Shippers Council, representing the country's largest exporters, and the Productivity Commission. It is also consistent with the Government's clearly enunciated view that it is the market, not Government, who will decide how reform of the national supply chain is instituted.

PrimePort Timaru is ideally placed for growth. The South Canterbury region delivered export growth of 4.4% last year, compared to the national average of 2.9%. The port is the South Island's most centrally located port, with 75% of the population within 200km. The surrounding region represents the largest irrigated area of arable land in New Zealand. Clandeboye, the second largest dairy factory in the world, is on its doorstep, as is the largest wool scour in the Southern Hemisphere.

Within 100km of PrimePort are five export meat processing plants, two export vegetable processing plants, three export fishing companies and six timber exporting companies. Its cold storage capability is 100,000 tonnes, the largest cold storage capacity of any port in New Zealand and more than five times what is available at Port Chalmers, Tauranga or Lyttelton. With total land area of 80ha, there is massive scope for expansion on PrimePort's 50,000 tonne food grade dry storage and 50,000 tonne general dry storage. PrimePort is beside State Highway One and is the only South Island port through which the main trunk line passes.

Together, the owners will develop a world class, full-service port offering to South Island exporters and importers that will reach international markets, via Port of Tauranga. PrimePort will deliver a supply chain solution offering wider choice and providing significant benefits to exporters and importers through more frequent shipping services and, eventually, larger ships that berth at Tauranga.

Port of Tauranga will, over the near to medium term, develop and expand the container facilities through its wholly owned subsidiary, Timaru Container Terminal Ltd, to accommodate the expected uptake in demand from new customers.

The partners will institute talks with a number of important stakeholders, including shipping lines, freight forwarders and managers, large commercial entities and business organisations.

It is important to note that the proposal retains PrimePort's debt free position, there are no immediate significant capital requirements for the business and future investments will be funded by internal resources.

PrimePort has a proud 135-year history starting in 1878 with the construction of the 700m southern breakwater. The port is inextricably linked to the development of New Zealand's agricultural sector.

The port is now entering a new and exciting phase of development and growth that will position it as a key South Island full-service commercial port facilitating and creating employment and prosperity across the South Canterbury region and beyond.