

30 March 2026

# focus

## Connecting New Zealand's Trade with the World

Interview with  
Leonard Sampson,  
CEO of Port  
of Tauranga



**...the IPO (initial public offering) and listing on the share market in 1992... brought discipline to capital management and a very strong commercial lens and customer focus...**



*Port of Tauranga has consistently improved its position as New Zealand's largest port by cargo volumes over the past few decades. What have been the key strategic decisions that have enabled that growth?*

There are a number of structural decisions, going back to port reform and the establishment of Port of Tauranga in 1988 from the Bay of Plenty Harbour Board.

Then there was the IPO (initial public offering) and listing on the share market in 1992. That brought discipline to capital management and a very strong commercial lens and customer focus.

There has also been real value from having Quayside as a cornerstone shareholder. Quayside is an intergenerational fund for regional ratepayers. It has a commercial mandate, which has meant local government politics has not flowed through to the port company. The focus for Port of Tauranga is on running a good port operation.

Beyond that, benefits have included the natural proximity to key export cargoes; a strategic approach to developing infrastructure, particularly the container terminal development, MetroPort, Ruakura, and the capital dredging that enabled bigger ships; key partnerships with our customers—long-term agreements linked to service delivery and capital development. Overall, it has been a combination of partnering and working with customers to grow, while providing the necessary infrastructure for the port gateway.

*Does scale matter for ports?*

Yes, no question. We're fortunate to have over 25 million tonnes of cargo through the port, and that helps when you consider the scale of capital investment required—whether you're building a berth in Tauranga or Auckland, the capital required is big. Creating economies of scale for our customers and being able to spread the required infrastructure investments across a larger cargo

base is helpful. We're of the view that this is why the logical place to make those investments is in Tauranga due to the sheer scale and volume of cargo. We're roughly four times the size of the next largest port.

*Ports are long-dated, capital-intensive assets. How do you balance short-term earnings performance with the long-term infrastructure investments required to stay competitive?*

That's one of the challenges for long-run infrastructure businesses like port companies, especially as being listed can mean shareholders are focused on quarter-to-quarter earnings rather than long-run strategic returns.

One benefit of having Quayside as a cornerstone shareholding is that it has tended to take a longer-term view. The capital is always lumpy; you build a new berth and it's a 50 to 70-year asset. You spend the capital and then returns come over time as volume grows. The key is being clear and deliberate about communicating strategy, so shareholders and stakeholders have confidence that the strategy is sound and robust, that there's a pathway for growth, and that there's a path to earn an economic return on the capital invested.

*The port sector in New Zealand is relatively fragmented. How do you think about competition versus collaboration with other ports around the country?*

We're better than we used to be as a port sector. There's a scarce amount of capital across the various owners, and there were historical investments that simply can't be repeated.

The example is when shipping services increased from around 1,500–2,000 TEU vessels to 3,500–4,000 TEU vessels: there was a lot of investment across multiple New Zealand ports. (A TEU is a twenty-foot equivalent unit equal to one standard shipping container.)

Now we're heading toward another step-change over the next three to five years, and there simply isn't the capital for all 13 ports to invest to cater for those larger ships. That creates an opportunity to collaborate more closely. It's not that you don't need all those ports, but their function may change, with some acting as coastal feeder ports rather than international hubs. Having 13 ports taking 8,000 TEU vessels isn't an effective use of capital. Having three or four that can take them and using others as feeders is a better way to collaborate across the sector.

*Shipping lines are consolidating, and vessel sizes continue to grow. How does that influence your investment decisions and infrastructure planning?*

It's one of the key inputs into decisions around future capital investment and infrastructure planning, alongside clear signals and direction from our partners, like Kotahi, Zespri, and Oji, who want to access the benefits of larger vessels. Those benefits include a lower carbon footprint from shipping emissions, lower fuel costs, and ultimately lower commercial costs or freight rates.

We also see the order books for container lines in terms of the number and size of vessels coming on stream. If you look at history, vessels have continued to cascade into New Zealand/Oceania trade routes from other trade routes, for example, from South America, as the Panama Canal widened. Right now, the average vessel size here is the old Panamax class (around 3,500 to 5,000 TEU). They're about 25 years old; in our view, it is inevitable that the next class of vessels will continue to cascade as they have done before.

*Port of Tauranga and the broader industry's current earnings growth appears to be largely a function of pricing. If we look 10 years ahead, does growth at the port come primarily from volume, pricing, productivity gains, or something else?*

It's a combination of all three.

At the moment, we're capacity constrained, so the focus is on earning the required level of return on the capital we've invested to justify the next step of capital investment. That next step is front-loaded and significant, so we need a base case today that is an appropriate return on existing capital before we embark on future expansion.

When we do make that next step, we create capacity to grow again because, right now, particularly at the container terminal, we have very limited ability to grow. So, the aim is to get an appropriate return on the business today, spend the capital, build the capacity, then grow the volume, become more productive and efficient, with pricing also playing a part.

*There have been numerous studies and reports written over the last couple of decades around the longer-term solution for the upper North Island ports space. How do you see it evolving over the next 30 to 50 years?*

I'm of the view that the previous 26 studies are probably enough reference points: another one

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is probably not the answer at this point. From an upper North Island perspective, Auckland, Northport, and Tauranga all have a part to play.

Northport has the ability to help with population growth in the upper North Island, particularly around Auckland and the Northland region. We've consolidated the ownership, so Marsden Maritime Holdings and Northport (the port company) are now a single entity, bringing 180 hectares of industrial land and the port company together. We also now have consents for Northport to effectively double its size with berth extensions and reclamations. Given Auckland's footprint, capacity constraints, and expected population growth over the next 20 to 30 years, we think Northport will have an enormous role to play in the upper North Island supply chain. Road connections are currently being built to connect Auckland to Northland, and the rail spur at Marsden Point is crucial. We're confident it will be a big part of the future.

With Northport, Auckland, and Port of Tauranga developments, depending on growth rates, we believe there's around 35 to 45 years of headroom capacity for container growth. Traditionally, container growth runs at two times GDP; however, since COVID, it has flattened. As population grows, we expect container volumes to continue to grow.

*You're well placed to answer this next question, having joined Port of Tauranga from KiwiRail in 2013. How do you view the future of rail in New Zealand, and what role should it play in supporting efficient freight movements to and from the port?*

KiwiRail has a major role. It's a significant part of New Zealand's transport infrastructure, and we think it will have an even greater role in the future, particularly from a port perspective as a hub-and-spoke model emerges, aggregating cargo via rail to and from hubs in smaller regions, in conjunction with coastal shipping. Overlaying the

decarbonisation lens strengthens the case. We're a significant rail user. Nearly half of all rail freight volume on the network comes to and from Port of Tauranga, and around 8.5 million tonnes of rail volume came through the port last financial year.

*Trade volumes tend to follow economic cycles. How resilient is Port of Tauranga's earnings through downturns, and what levers can you pull when volumes soften?*

We're subject to broader economic cycles, but our resilience comes from the sheer volume of our cargo base and diversity of cargoes. Over the years, we've seen downturns in container trades while some bulk trades, like logs, have increased, and vice versa. Right now, there's some softening in log exports, while commodity prices for dairy, red meat, and kiwifruit look strong, which provides a nice hedge. We move significant bulk volumes, around 13 million tonnes a year, alongside the container terminal, and that diversity is invaluable.

Another element is the cargo commodities, particularly primary sector exports, which typically have a limited shelf life and generally need to be shipped every year into increasingly diversified markets. That also supports resilience through broader commodity price and market cycles.

*The past few years have exposed vulnerabilities in global supply chains. What lessons did you take from the COVID period and subsequent congestion?*

It highlighted that New Zealand is a long way from international markets, and when global congestion hits ports, the flow-on effect on services to and from New Zealand was significant. What it really showed was the lack of resilience in New Zealand's port infrastructure sector. In Tauranga's case, we didn't have spare berth capacity to handle vessels arriving off schedule. That's one of the areas we can address through new consents and new berth infrastructure we want to build. Inland ports like MetroPort and Ruakura also have a bigger role to play in helping manage shocks in global supply chains. Aggregating cargo to and from inland ports can help buffer shocks and reduce bottlenecks at the port gateways.

*Technology, automation, and digitalisation are reshaping global ports. How do you think about the balance between technology investment and operational flexibility?*

Ideally, it's the best of both worlds. You don't want to automate in a way that removes flexibility, particularly around customer service and responding to what might need to happen from time to time.

From a Port of Tauranga perspective, we have a culture that is special, a can-do attitude, and if customers ask us to do something, we always try to find a way. With the deployment of automation like auto-stacking cranes, the goal is to retain flexibility to respond to short-term customer requirements.

Automation is inevitable, and it brings significant benefits: more consistent service delivery, operational performance improvements, lower operating costs, health and safety benefits, as well as decarbonisation. It also changes the nature of traditional port work from operating equipment to operating remotely from an office.

*Picking up on your reference to culture, how would you describe the culture at the port, and what role does culture play in delivering long-term shareholder returns?*

Culture is front and centre. I have been fortunate to be in the business for a while now and to see it evolve firsthand. The average tenure is probably close to 25 years, which reflects that it's a special business and a special bunch of people. People join not just for a job, but because there's a career and a pathway to move throughout the organisation. Our culture is customer-centric, and we describe it as having a can-do attitude. Some of that comes from the journey over the last couple of decades, starting a container port from zero, growing it, and becoming New Zealand's largest container port. Most of the people here today have been part of that journey. There's a bit of debate on the exact year we became the largest container port; however, in 2016, the port hit a million TEU, which was a first for a New Zealand port.

*Earlier you referred to some of the advantages of having Quayside as a majority shareholder. There's been some discussion about the potential sell-down by Quayside. Do you see potential benefits in having a greater free float to a broader shareholder register?*

There's certainly a lot of interest. There isn't a lot of liquidity in the shares currently, so a greater free float could be attractive from a market perspective. But ultimately, it's a decision for individual shareholders as to what they see as an appropriate

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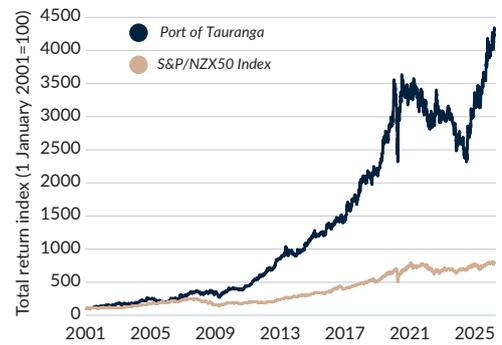


shareholding. From our perspective, Quayside has been a great strategic cornerstone shareholder.

*Are there any final thoughts or comments you'd like to leave with our investors?*

Port of Tauranga's fundamental reason for being is to connect New Zealand's trade with the world, and we're very well positioned over the long term to provide the infrastructure New Zealand needs to be competitive in a global market. We're very positive about the future and the strategy that the port is pursuing over the coming years. We think we're well positioned. It's a special business with fantastic people and great partnerships with our customers.

### PORT OF TAURANGA HAS DELIVERED IMPRESSIVE LONG-TERM RETURNS FOR SHAREHOLDERS



Source: Workspace, Forsyth Barr analysis

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