

November 1, 2023

**CUSTOMER NOTICE**

**Dredging Surcharge (DS) from 1 January 2024**

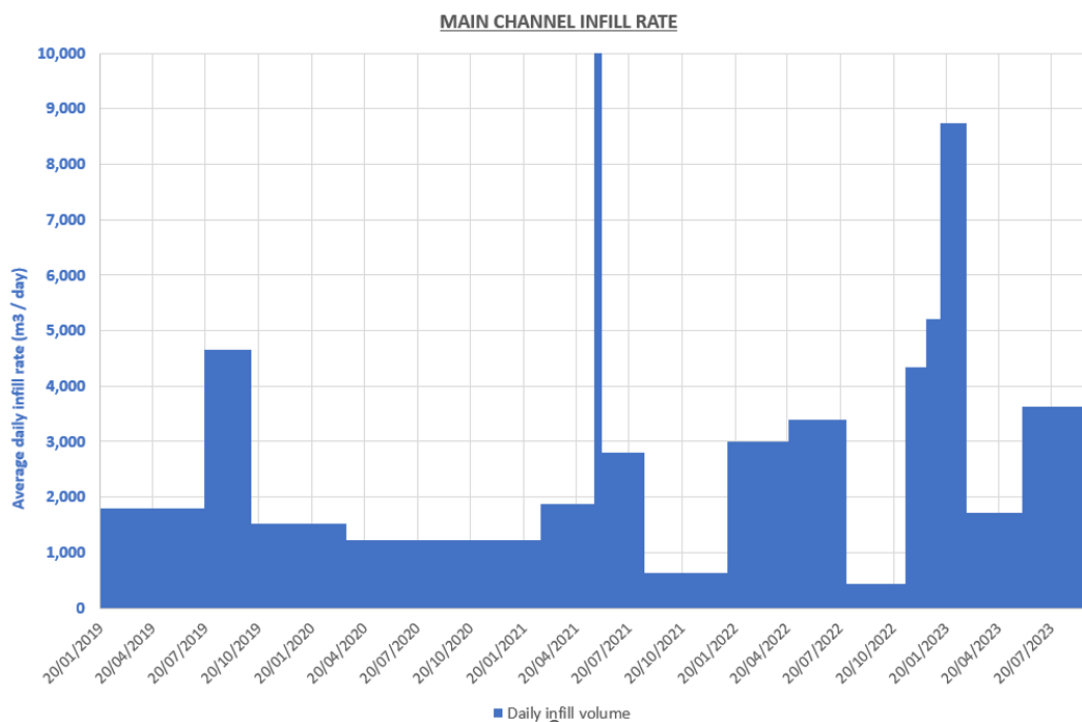
Ongoing hydrographic surveys and environmental monitoring, conducted as part of LPC’s regular maintenance dredging programme, have found that our main channel has seen historic infill rates in 2023. These record infill rates are significantly higher than the 2022 rates that saw the introduction of the Emergency Dredging Surcharge (EDS)

The annual dredging programme has begun to remove and remediate the affected areas and ensure all vessel accessibility continues and service levels remain.

In the last 12 months, multiple uncontrollable factors have significantly contributed to the infill, including 36 days of adverse weather events including:

- Tropical Cyclone Gabrielle (20/1/23) – est 400,000m<sup>3</sup> infill
- Winter Infra-gravity waves events (20/7/23) - est 400,000m<sup>3</sup> infill

The below illustrates the significant daily infill rates that occurred during these events.



To ensure that we can conduct the required dredging programme and maintain a critical port infrastructure, LPC will implement an annual Dredging Surcharge (DS). This replaces the current Emergency Dredging Surcharge EDS that ends on December 31 2023.

The charges are as follows and come into effect on 1 January 2024:

Ancillary Charge	Charge	Description
DS - Containers vessels	\$5.27 Per TEU	Charged direct to shipping lines for all containers stevedored through LPC, including import, export, trans-shipment – full and empty containers
DS - All other vessels	\$0.20 Per GRT	Charged directly to the vessel owner for all vessels over 43m (LOA), including Pilot exempt vessels

The Dredging Surcharge (DS) intends to recover the incremental costs associated with weather events that are out of LPC’s control. This year, we will dredge 850,000t compared to 643,000t in 2022.

We understand that the charge is not easy to accept; however, dredging is essential given the critical business nature of ensuring ship channels and berths are kept to their operational limits.

Abnormal weather events across New Zealand are expected to become more frequent and have significant impacts. The harbour channels and berth pockets are constantly exposed to serious damage or deviation due to severe weather.

LPC’s investment in a continued dredging programme will secure the port’s resilience and alleviate some of the effects.

If you have any further questions, please do not hesitate to contact me.

Kind regards,



Simon Munt

**Chief Customer & Supply Chain Officer**