

Community Reference Group

Minutes of Meeting held on Thursday 8 December 2022 at 5.30pm

Venue: Motuihe Room – Ports of Auckland

Present:

| Name | Organisation |
|----------------------|---|
| Roger Gray | POAL – CEO |
| Julie Wagener | POAL – Head of Communications |
| Harriet Somasundaram | POAL – Communications Specialist |
| Nigel Ironside | POAL – Head of Sustainability and Environment |
| Alistair Kirk | POAL – GM Infrastructure |
| Avinash Murthy | POAL – Head of Marine and Cruise Operations |
| Luke Niue | |
| Rob McKnight | |
| Bruce Burton | |
| Mike Blackburn | |
| Bob Tait | |
| Tamati Stevens | |
| Ardeth Lobet | |
| Michael McKeown | |
| Gayle Bennet | |
| Tom Mullen | |

Apologies: Paul McLuckie, Tim Coffey, Dennis Knill, Jarrod Hepi

Agenda

| TIMING | AGENDA ITEM | OWNER | SLIDE |
|--------|--|--------------------------------|-------|
| 5:30pm | Welcome and confirmation of last meeting's minutes | Roger Gray | |
| 5:35pm | General Business Update | Roger Gray | |
| 5:50pm | Infrastructure & Environmental Update | Nigel Ironside & Alistair Kirk | |
| 6:00pm | Cruise Update | Avinash Murthy | |
| 6:10pm | Any other business | | |
| 6:30pm | Port tour | Julie Wagener | |
| 6.30pm | Close | | |

Open:

Alistair Kirk opened the meeting at 5:35pm – we confirmed the minutes from last meeting.

General Business Update – Roger Gray – CEO

A group of port CEOs met today (Thursday 8 Dec) and agreed to a national noise standard for shipping in NZ. Ports will monitor ships as they come alongside for the first time, give them a score (based on a European standard) that score will determine whether the noise is acceptable, or has work that needs to be done. As a sector we will then say to the shipping line they have work to do to get the ship up to standard. If this cannot happen within the expected time, we have agreed as port CEOs that there will be a blanket ban in place on the shipping line if it doesn't adhere to noise standards.

Roger was pleased to see great consensus around all ports that NZ is currently receiving some of the worst ships in the world. This is the smallest market in the world (3 million TEU in NZ).

There is added pressure coming from Maritime New Zealand around the condition of ships and the safety to be able to work them. We will start seeing a crack down on the condition of ships to send a message to the shipping lines to stop sending us the terrible ships.

We are working on the noisy ship issue and it was a big step today to get agreement across the sector.

Dredging

We have settled our disputes with Protect Aotea and Protect Our Gulf. They have now withdrawn their objections to our dredging and sea-based disposal. Off the back of this settlement, we will start dredging in the next year or so to take

the channel and berth pockets down to a capability of 13.5m and we will be doing sea based disposal of the dredged material. We will also be examining alternative uses for this dredged material.

Mike Blackburn asked – Will the settlement be publicly available?

Roger Gray answered – We will be making announcements, but in summary, what we've agreed is to form a trust which Ports of Auckland will fund for 15 years. The port will give \$100,000 a year to fund joint harbour health initiatives co-designed by ourselves, mana whenua and other interest groups. As part of this funding we will also be funding two PhD scholarships in marine research and harbour health.

Sparky

Sparky is now fully operational. She is our primary tug of use. Won two awards since the last CRG

1. TIME top 200 inventions in the world of 2022
2. Outstanding Collaboration Award at the Sustainable Business Network Awards for our collab with Damen.

Commercial

The port continues to come back from where we were. We are consistently processing 15,000 TEU (twenty-foot equivalent units) each week. That's up from when Roger arrived when it was around 12,000 TEU. We have improved training, increased our stevedoring workforce, and you'll now regularly see 4 cranes working simultaneously, and on occasion 5 cranes. We aim to get to around 17,000 TEU a week. The barrier that we are hitting to further throughput is the inability of the NZ supply chain to evacuate the product and store it. Warehouses are full. NZ has massively over ordered inventory, demand is falling.

We are ahead of budget and confident we will get a much stronger return and increase our dividend to council significantly. We are very confident we can do our bit to chip into the Council's 2024 fiscal hole.

Mike Blackburn asked - Are those TEU volume numbers in comparison to pre covid times?

Roger Gray answered – Yes, it is. Effectively at 17,000 TEU a week we can reintroduce berth windows, so we have the ships turning up on time, on schedule, we can match the labour to the ship, reduce delays. Then we can see the volume sit there like pre-covid times. We've had three years of disruption, but by March 2023 we plan to be back to where we were pre-covid.

Mike Blackburn asked – What is the predicted maximum you can put through if everything was going perfectly?

Roger Gray answered – Per annum? When we can implement the blue straddles we will be able to stack 4 containers high, so we can run 1.2 million TEU which will take us to 2035 and beyond. Post 2035, we will need to install automation but most likely something like rail mounted gantries which would then see us stacking 6 or 8 high, without increasing our footprint.

Auckland Council

The mayor has asked Roger to lift the financial performance of the port. This is a very fair request. Mayor Brown has asked us to look to non-essential assets and dispose of those - Roger was already doing this so there is alignment in that. Council have asked us to look at opportunities to reduce our footprint in order to improve our return on assets and to see if there is any opportunity to provide more public access to the waterfront progressively. We are now starting this work with the Mayor. One of the precursors is that we will need to finish the wharf at Fergusson North – we need to connect the end of FN to the dolphin (a small corner that we need to close off).

In order to fulfil some of the Mayor's objectives, we may have to build a wharf on the end of Bledisloe to allow us to further lift the level of intensity and to potentially open up space for increased ferry operations. This is currently a plan, nothing is set in stone, we have to sit down with Council and plan this out. There is no plan to reclaim more land. We are going to have to work this block of land harder.

Bruce Burton asked – What about the new admin building?

Roger Gray answered – It won't happen. The Engineering workshop is necessary because the straddles are higher, but it is unlikely any of us will see a new office building at Fergusson. This (Fergusson) building was the old Air NZ TEAL workshop – we won't tear this building down.

Mike Blackburn asked – Is there a masterplan that they can access?

Roger Gray answered – No there is no master plan right now because we are in negotiations with new ownership to get a new plan.

Mike Blackburn asked – Do you have a demarcation line where you say we can't give away land if we are going to reach certain targets.

Roger Gray answered – Yes, we can't give up everything. Interesting fact - in the last 25 years we have given back 117 hectares to Council. Significant amounts of that land is yet to be developed. Wynyard Quarter, Port of Onehunga at the request of Council was returned to public land, yet continues to be used as a storage depot or a port but run by Council and not POAL.

Michael McKeown asked – The two wharves that Mayor Brown has asked the port to return, these were talked about in the Auckland 2012 master plan. They

were going to become a cruise ship wharf. Is this something that is still talked about? Will cruise ever grow to the demand that once existed?

Roger Gray answered – Cruise is coming back and stronger than ever. In the next 12 months we expect to see record cruise levels in excess of 120 ships a year. I don't want to pre-judge the conversation I am going to have with the Mayor, but we have got to have a discussion around how do we keep enough land to run a profitable port for New Zealand. So I'm not going to answer this question until I give the Mayor the respect of having a discussion about this.

Luke Niue asked – East of Queens wharf to Bledisloe – is this the land the Mayor is talking about?

Roger Gray answered – Yes he has mentioned this publicly, but prior to us (POAL) having any engagement with the Mayor. Mayor Brown is very intelligent and highly commercial, so I want to pay him the respect of having that fact-based discussion with him. The area is Marsden, Captain Cook and Bledisloe, but we need to have a discussion with the Mayor about this.

Environmental Update – Nigel Ironside – Head of Sustainability and Environment

Noise Update

We have an iron plate shipment coming in. This will start on Monday 12 December We had this 6 months ago and did some monitoring on this. This is about the noisiest we get at the port in normal usual operations. Normal operating hours are 7am to 7pm, Mon-Sat.

We have two ships of most concern at the moment, the Maersk Nadi and the Jogela. The Jogela turned up out of the blue on us about 3-4 weeks ago and has left a trail of complaints across NZ. We are working with the shipping lines and owners to come up with solutions. Roger talked about the CEO agreement for a joint industry approach to managing noise – the low thud thud thud noise.

Bruce Burton asked – Is there going to be a standard way of measuring the noise?

Nigel Ironside answered – We've come up with a standard methodology so when the vessel is in port, we will take the measurements from the crane boom to the rare of the vessel, at the same height as the funnels. Our standard methodology goes along with the standard specification for noise.

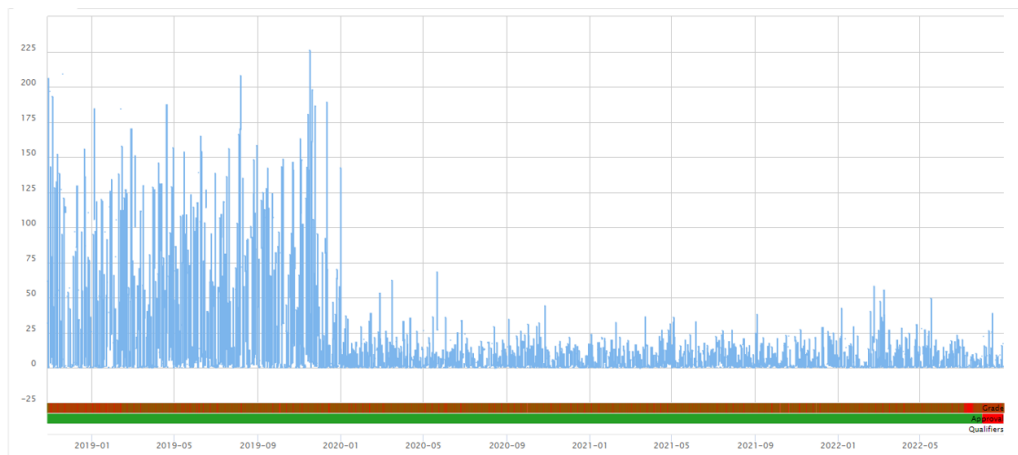
Bruce Burton asked – does this reflect the same noise we are hearing up in Parnell?

Nigel Ironside answered – Yes, this is an indicator of the noise heard up in Parnell.

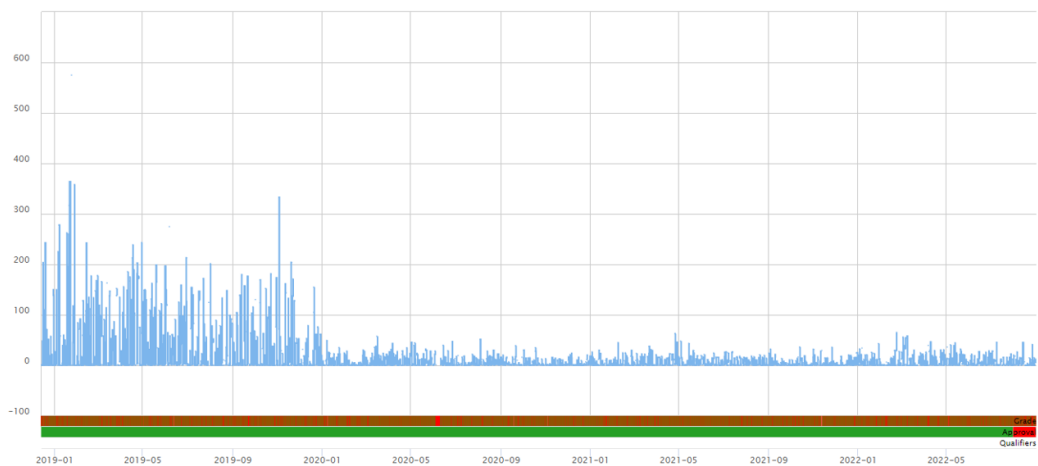
Air Quality

This is a good news story/bit of background. It is difficult to determine much of a pattern, but the [blue graphs below] are from a report we did. During the first lockdown, we went back and look at the air quality record from Auckland council and we thought we discerned a reduction in sulphur dioxide (SO₂) in the air. If you remember in 2020 the lock down was early March. The IMO regulations came in January 1st.

SO₂ Railyard South

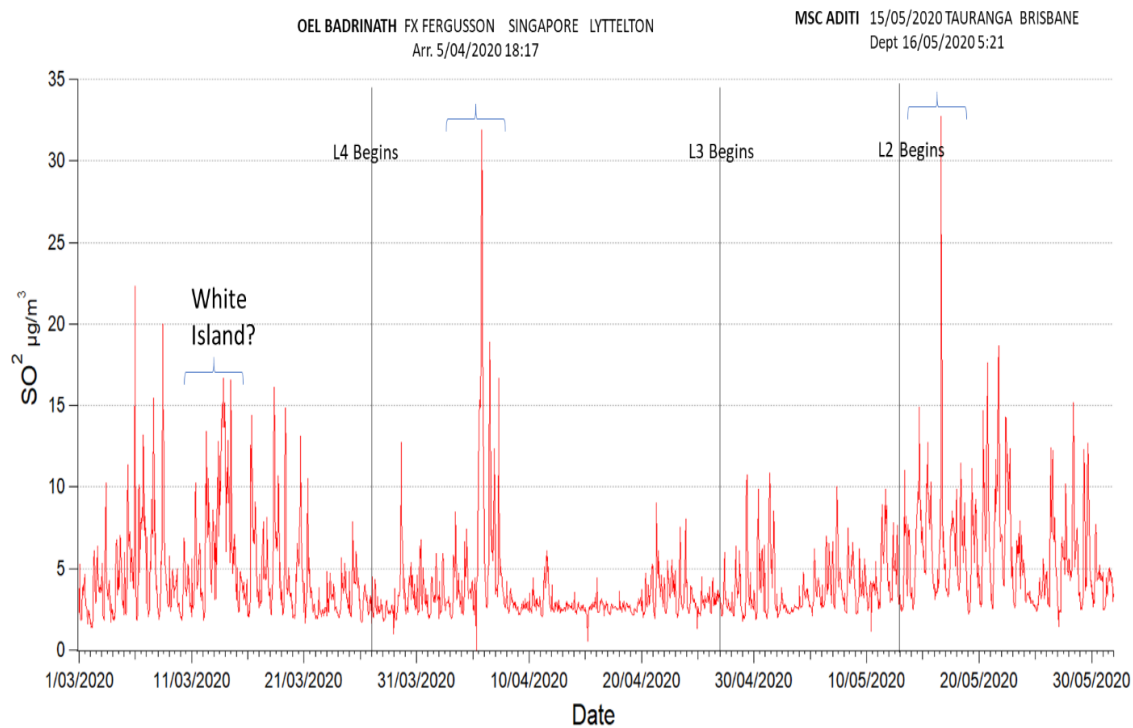


SO₂ Rata Street



Blue graphs show evidence of SO₂ improvement from Port Tauranga.

The red graph (below), shows a tentative indication that IMO (MARPOL) regulations has had a meaningful improvement in the reduction of sulphur and you can see it through the ambient air quality monitoring. Once we have a good data set including cruise, we will go back in a couple of years and review the data to confirm this reduction in sulphur dioxide.



The blue graphs (above) are from data taken at two sites near the Port of Tauranga and show a significant reduction in sulphur dioxide in the air. The drop in sulphur dioxide is seen post January 2020 – when the IMO regulations came into effect. We expect these reductions to be happening here [in Auckland] as well. We haven't had cruise back for long enough to get a good data set. We will keep monitoring to get a good data set, including cruise, and do the same evaluation as Port of Tauranga.

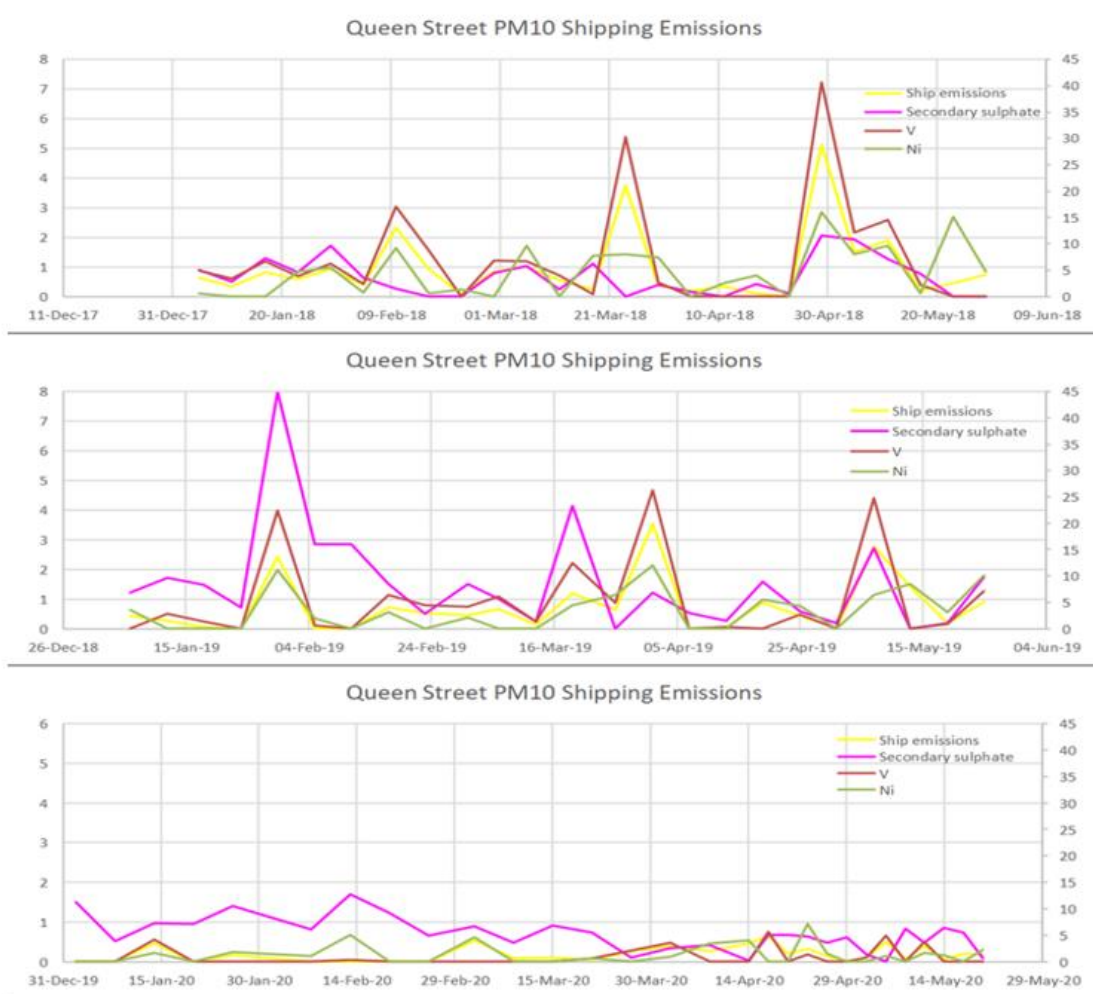
Luke Niue asked – Where will you place the monitoring equipment?

Nigel Ironside answered – We will use the Auckland Council's one, on Albert street – it's very close to the cruise berths.

Source Apportionment Study

We are trying to characterize ship emissions in neighbouring air shed to see where the particulates come from, including black carbon, nickel. We will be able to show what comes from ships, what comes from trains, trucks, city, natural elements, marine ecology etc. Depending on climate, wind direction, we can differentiate any sources and characterize what comes from the port and what comes from elsewhere. The below graph is from an initial assessment we did for three years. You can see some of the peaks are related to shipping which is the yellow, others are related to sea salt etc. So with this study we will be able to

determine exactly what the particulates are and where they came from. Whether it's a natural process from sea salt, biology, ecology. A lot of the marine ecology can give off sulphur as well.



We have three temporary monitoring sites plus councils long term Queen st site – Parnell (National Storage site), Z petrol station (near Tinley street port entrance), Albert St. Sites shown in the aerial image below.



Mike Blackburn asked – For example, could you have three ships that don't emit a lot, but a big peak could be just one ship?

Nigel Ironside answered – Yes.

Alistair Kirk added – once we get the data there will be a report and we can correlate the data with what ships were in port at the time.

This is part of our ongoing programme of understanding air quality.

Infrastructure Update – Alistair Kirk – GM Infrastructure

Engineering Workshop

We took the concept of the new Engineering workshop to the council's Urban Design Panel (UDP) some time ago and they came back with feedback – they wanted the façade more see through. They also asked if we could reduce how much of it was presenting to Quay Street.

With the changes to us not pursuing the straddle automation, and deciding not to relocate the office building, we could adjust the dimensions of the engineering workshop. We have worked up a design and a façade with Ngati Whatua Orakei – symbolizes fishing net and shore line. The netting design wraps around the side of the building like a fishing net, as this used to be a fishing site. The up and down design symbolizes the old shore line that was located here. This image is taken from the strand over pass looking out towards the container terminal.

Bruce Burton asked – What is the height?

Alistair Kirk answered – The height of the building is 20.5m. It's the height of the blue straddles plus a little more. The height of the workshop is to allow for higher straddles.

We took the current design back to the UDP earlier this week and the feedback was favourable. We will be taking the design back to council next year for resource consent. We will release the image design when we get the resource consent.

Someone in the group asked for the estimated cost and Alistair said we will not discuss the cost at the moment.

Gayle Bennett asked – how will the noise be contained if it's glass?

Alistair Kirk answered – The engineering work is not particularly loud. It's people doing oil changes. It's not gas cutting or welding.

Mike Blackburn asked – Was the concept presented to the UDP? Sometimes the UDP according to my planner says that's not required. He said the UDP is not necessary but sometimes they slip it to the UDP because it's got to be notified. The council can then notify it if you don't present something to the UDP. There's no notification required in that is there? It's all permitted.

Alistair Kirk – We still need resource consent, but this is low level standard consent.

Mike Blackburn asked – Did you present to UDP or did they request it?

Alistair Kirk answered – We presented. We did the same with the Bledisloe car handling building, and we did this as part of our commitment when we developed our master plan that we would take these major designs to the UDP. The panel is there to critique our design to make sure we don't put up a big concrete slab. That we are bringing some quality to the designs and how the port looks.

Roger Gray – If I wanted to get going and save money, we'd have a big concrete shed. Alistair is taking the process through the panels.

Cruise Update – Avinash Murthy – Head of Marine and Cruise Operations

We want to highlight the process each cruise line has had to go through since cruise has returned. Health NZ and Auckland Regional Public Health Service (ARPHS) has approached each individual cruise line to present their vessel management plan. This outlines how the cruise lines handle any positive cases on board, what testing regime they follow. These systems are vetted by Health NZ.

On August 12 we had the first ship, now the season has kicked off officially in October. As part of the vessel management plans, each vessel coming into NZ has to provide a situation report from last port to next port. Between ports they are required to report the of health status of passengers, how many people are tested, if there are any positive cases onboard, if passengers are isolating – this happens on a daily basis. ARPHS prepares themselves and advises the port if we need to do anything.

Tom Mullen asked – How do you deal with a situation like Sydney with 800 people testing positive on cruise ship?

Avinash Murthy answered – The ARPHS has plans for this. As part of their vessel management plan, the cruise liner will have provisions to isolate the staff and/or passengers on the ship in a special area.

Tom Mullen asked – Can you (the port) handle 800 positive cases on a ship?

Alistair Kirk answered – Every ship has to declare if there are any diseases on board, this has been happening long since pre-covid times. ARPHS will make a call to let the ship into the port based on the data provided by the ship.

Roger Gray – All decisions around passenger health, letting ships in, is made by Health NZ, not Ports of Auckland. We bring the ship alongside. We don't make recommendations about ships with covid positive passengers.

Any other business

Bob Tait asked – I brought this up previously. In the past, a container was fraudulently signed off to leave the customs area by a POAL employee, and that container contained drugs. The employee engaged their family member to drive the truck out. I made the comment that with Ports of Auckland there is infiltration by organized criminal groups. We couldn't discuss this much back when it occurred, but I'd like to get some reassurance that this is not going to happen again.

Roger Gray answered – I don't disagree that that breakdown in the past was disturbing. We will not be discussing any matters of security and Customs in forums like this. Ports of Auckland work hand in glove with Customs. When you have a failure in a process, you look to correct it.

Bruce Burton asked – Traffic management/transport plan. To what extent is there a coordinated plan between what is happening with rail, Auckland transport, port transport in the area. Is there something the community can do?

Roger Gray answered – There is no coordinated plan. Speak to your local boards and local councillor and write to the Mayor. Get central government to get involved. There needs to be coordination.

Michael Mckeown suggested joining the CRL newsletter to stay informed on rail line updates.

Luke Niue asked – Where was the person standing when they drew up the Engineering workshop?

Alistair Kirk answered – They were on The Strand overbridge. We will find out how high the Engineering workshop is from the strand overbridge/the footpath.
The building is 13m high from The Strand overbridge.

Bruce Burton asked – On Mayor Brown and port profitability - to what extent do you look at the overall profit and volume, you must have a very long tail.

Roger Gray – I have five major trades. I look at profitability by trade, and then I understand profitability by the customers within that trade. I am addressing the least profitable elements of that now.

Bruce Burton – I would assume the least profitable is causing the most congestion in the transport system.

Roger Gray - The container terminal is less profitable than our car handling. The reason being it has the most capital committed, highest labour required, and artificially low prices that have been driven down by shipping lines at a point when they pitched ports against each. That's all changing – since I arrived here access charges into the port to pick up a container have risen from \$8 to \$65. I do not plan to make a loss in container operations, or have a poor performing port.

Tom Mullen – For a number of years I have said the prescribed fuel for shipping should be LNG and methanol has surged through in the last couple of years. These micro plants and bunker plants are appearing all over the world. You don't have to buy them you can just rent them. Have you got any other plans to do anything like that? Particularly when you get to ships carrying 8,500 TEU.

Roger Gray - No, we don't have any plans because we don't currently get any ships like that in NZ.

Tom Mullen – The bulk of Norwegian new builds are LNG.

Roger Gray – These types of ships won't come to NZ in the foreseeable future, and the Auckland rate payers do not want me tying up money in capital in emerging technologies. I have a commercial organisation. In this market currently there is no demand. The majority of ships you are referring to travel east to west in the northern hemisphere, not to the south.

Tom Mullen – I would dispute that. They are talking about 23,000 TEU against 8,500 TEU, they're travelling north to south into Australia.

Roger Gray – There is only 3 million TEU in NZ. The shipping lines have said if you are lucky to get an 8,000 TEU ship, that will be it. There is only one 10,000 TEU ship coming and it will go to the Port of Tauranga, and it will come from South America, swing past and be off. They will not come to Auckland.

Julie Wagener thanked the group and the meeting ended at 6:30pm. Some of the group went on a tour of the port.