

Auckland Council Long-Term Plan 2024 - 2034 Feedback Port of Auckland submission

Introduction

Auckland Councillors have decisions ahead that will impact the future of Auckland for generations to come. Key questions include when Aucklanders want to see returns from the port, and whether Aucklanders want ongoing input into port operations.

As Councillors assess feedback from Aucklanders and make their decision about the future of Port of Auckland (POAL), we want to make sure we've helped explain some of the wider context about the port, its operations, and the value the port provides Auckland.

Port of Auckland's contribution and impact

We look at the port's operation through the lens of how it serves our many stakeholders. In no particular order, this includes:

Aucklanders

We are focused on being a good neighbour to Aucklanders. We know it's a privilege to operate where we do and are acutely aware of the significance of the port's location. That's why we operate on the smallest site possible and have already returned 125ha or around 60% of wharf and land space back to Auckland Council. We are very aware of ongoing pressure around access to the waterfront and thus pressure on our footprint. For a city of this size, we already operate off a small area – our current 77 hectares is only 40% of the Port of Tauranga operational area, and 75% of the Lyttleton Port operational area.

As New Zealand's largest import port, we play a strategic role in New Zealand and Auckland's supply chains. Due to our ownership, we make decisions based on what's best for Auckland. Aucklanders continue to have a say in our operations via our commitment to consultation, our community engagement programmes and the input we receive from Councillors.

We are also acutely aware of the significance of its location; the whenua Port of Auckland resides upon. As many as 19 Iwi whakapapa (trace) back to this reclaimed land. Our Taura Herenga Waka framework and objectives see us actively engaging and supporting Māori within and outside the organisation.

Auckland and Upper North Island Businesses

We are vital to Auckland businesses, and businesses across the Upper North Island. We handle more than 850,000 or around 25% of New Zealand's three million, twenty-foot equivalent units (TEU) per year, and around 60% of POAL imports end up within a 40km radius of the port. Due to our central location, the port is the lowest emission, quickest and most reliable supply chain link into Auckland region.

Our operation also facilitates cruise ships supporting more than 300,000 tourists to Auckland annually, injecting up to \$660 million into New Zealand's economy. We hear regularly from local CBD

businesses how important cruise is to their trade, as well as those businesses supplying cruise ships with provisions – from Waikato beer and lamb, Northland honey, to milk and cream from farmers nationwide, to name just a few. We are also acutely aware of the impact cruise can have on Auckland commuters and have a plan for a staged exit from the ferry basin.

Current and future team members

We are a port deeply committed to health and safety, and continue to work towards becoming a safer port. We directly employ around 780 people, a large majority of whom are based in South and West Auckland, and approximately 3,000 people access the port for work each day. We take safety on the port very seriously.

In recent years we have built strong relationships with our Unions. We do this because we know how important our people are to our business. Our Whanaungatanga strategy of embedding a High Performance, High Engagement culture is delivering not just improved employee engagement and safety but also productivity improvements.

The current management approach has also provided stability for the market through our stronger and more collaborative Union relationships. We know the significant impact port strikes and lockouts can have on our city, like we've recently seen in some Australian ports.

The benefits of a strong partnership with our Unions, leading to stability for our business, customers, and community have been recognised. In the past year the port is proud to have had our efforts to improve safety and workplace culture (Whanaungatanga) recognised independently. Awards include:

- The Collaboration Award at the 2023 Safeguard New Zealand Workplace Health and Safety Awards. This award was for establishing the Stevedoring Code of Practice with Maritime Union of New Zealand (MUNZ) and our third-party stevedores, C3 Limited and Wallace Investments Limited.
- The HR NZ Future of Work award for promoting strong collaborative relationships between management, Unions, front-line workers, and the Taumata responsible for Māori and Pasifika outcomes.
- In December 2023 Port of Auckland was proud to win the Deloitte Top 200 Business Awards for Most Improved Performance, for improving financials, Union relationships, health and safety practices and operational performance.

Environment

Our current trajectory puts us on track to achieve zero emissions by 2050 based on replacing vessels, vehicles and equipment, and is in line with Auckland Council Policy. We also know that having a port in Auckland is the best option for a resilient low carbon supply chain, according to the Government-commissioned Sapere report in July 2020.

Alongside emissions, we have also made significant commitments to restoring native forest at our Mahaniani property at Manukau Harbour's South Head, have committed \$1.5 million to protecting and restoring the Hauraki Gulf, and take an active role in protecting the Brydes' whales.

Ratepayers

Every single dollar of Port of Auckland's dividend goes to funding Auckland Council. We are making solid progress in improving profitability of the port, towards a fair return for our Council owner.

Our commitment to deliver \$52 million or \$1 million per week in dividends in FY26 represents about 2% of Auckland Council's annual rates revenue.

Auckland Council has the potential to make more money from us in the long-term as we continue our growth trajectory and operational improvements.

Bledisloe Wharf's critical role in Auckland's future

Port of Auckland strongly disagrees with the proposal to transfer Bledisloe Wharf from Port of Auckland within 15 years, a timeframe that exceeds that of the 10-year Long-Term Plan, and therefore, does not take any implications – logistics or cost – into consideration.

Alongside our stakeholders, we look at the port operation through the lens of our long-term strategic plan to deliver higher returns to our shareholder, Auckland Council. Our plan for Bledisloe North Wharf and its impact on an integrated transport plan for Auckland are of particular relevance to the proposals in front of Councillors.

We must retain Bledisloe Terminal and need to complete Bledisloe North Wharf, constructing the Northern berth for the following reasons:

- To allow us to berth a new generation of 300m+ vessels on Bledisloe Northern berth, so we can significantly reduce the number of cruise ships using the Princes Wharf ferry basin. We see a future where Port of Auckland's cruise ship operation makes an even greater contribution to tourism in our city, with less impact on commuter ferry traffic.
- To berth cargo ships that are currently using our smaller finger wharves – Captain Cook Wharf and Marsden Wharf (see below for discussion on transferring these wharves to Auckland Council). Construction of the new Northern berth will allow us to return Captain Cook and Marsden wharves without reducing Port of Auckland's profitability or significantly impacting operations.
- Sale of Bledisloe Terminal to Council will lead to reduced ability to bring key trades supporting the Auckland region in through the port. This will lead to reduced profitability for Port of Auckland, and as noted by Council in the Long-Term Plan consultation documents, is therefore likely to negatively impact on Port of Auckland enterprise value in Council's balance sheet by an estimated \$300 million. It is also worth noting that the Port Companies Act requires the Port of Auckland to operate as a successful business. Should Council proceed with the proposal to remove Bledisloe Wharf from the port, the Port of Auckland board would also have to seek fair market value from Council, or it would then need an exemption by the Minister of Transport.
- Without Bledisloe Wharf, cargo destined for Auckland would be forced to arrive by road rather than sea. That means more trucks on the southern motorway or via the Brynderwyns, leading directly to more carbon emissions, more road deaths and injuries, more congestion, more cost for cargo, more time in supply chain due to extra distance, and thus more risk of product outage for industry or consumers.

- Construction of the Northern berth completes and caps the Bledisloe Terminal footprint, and does not require any additional reclamation from the harbour. We anticipate that the berth could be constructed and operational within two years of obtaining resource consents.

Captain Cook and Marsden Wharves

Port of Auckland is supportive of the proposal to transfer Captain Cook and Marsden Wharves to Auckland Council for public use. However, this support is based on the proviso that Port of Auckland can obtain resource consents and build the Bledisloe North berth within the same timeframe.

Without the consents for Bledisloe Wharf’s Northern berth, Port of Auckland would require Captain Cook and Marsden Wharves to maintain the two roll-on roll-off cargo berths and the required vehicle handling facilities.

If Port of Auckland can obtain the relevant consents, then Captain Cook and Marsden Wharves can be sold to Council for public use. Aucklanders will reap the benefits of a profitable business that keeps cargo moving, while also being able to access the beautiful Waitematā and having recreational use of the wharves.

The Port Companies Act would require Council to pay fair market value for the two wharves, if transferred to Council.

Port of Auckland’s Vote

As a result of the aforementioned information, we are voting as follows:

4b	Which option do you prefer for the future of Port of Auckland?	Other. Port of Auckland considers lease or status quo a shareholder decision for Councillors to make, and we therefore do not express a view in our submission.
4c	If the council group continues to operate the Port of Auckland, how would you prefer the profits and dividends to be used?	Other. Port of Auckland commits to paying our Council shareholder the dividends agreed annually in our Statement of Corporate Intent, however it is a shareholder decision as to how to use those funds.
5a	What option do you prefer for Captain Cook and Marsden wharves?	Proceed with the proposal to transfer Captain Cook and Marsden wharves from the Port to Auckland Council so they can be used for something else that provides public benefit. Provided the Port of Auckland is able to obtain resource consents for Bledisloe North Wharf.
5b	What option do you prefer for Bledisloe Terminal?	Keep Bledisloe Terminal as a Port of Auckland operational area. See submission for further information.

We hope this has been helpful context and as always are happy to answer any questions from Councillors as they decide how they will vote on matters related to Port of Auckland in the 2024-2034 Long-Term Plan for Auckland.

Ends