

Community Reference Group

Minutes of Meeting held on Wednesday 18 September 2019 at 5.30p.m.

Venue: Tamaki Room, Ports of Auckland Building

Present:

Name	Organisation
Tim Coffey	Auckland City Centre Residents Group
Greg Small	Dockside
Joel Williams	Queens Wharf container village
Tom Mullen	Parnell Community Committee
Paul McLuckie	148 Quay Street
Mike Blackburn	Parnell Community Committee
Yvonne Theuerkauf	Mirage Apartments
Wayne Thompson	Ports of Auckland
Allan D'Souza	Ports of Auckland
Diane Edwards	Ports of Auckland
Jordan Hurinui	Ports of Auckland
Morgan MacFadyen	Ports of Auckland

Apologies: Tony Gibson, Matt Ball, Craig Sain, Reinhold Goeschl, Alistair Kirk, Angelene Powell, Rosie Mercer, Nigel Ironside, Michael McKeown, Ardeth Lobet, Luke Niue, Dennis Knill, Desley Simpson, Sally Giles, Lyn Eden, Terry Anderson, Ross Inglis, Graham Bush, Pippa Coom

5:30pm

Welcome, Slide

Wayne Thompson

At 5.36pm Wayne Thompson opened the meeting.

5:35pm

Update on Master Plan Project – Roof Top Park Consultation, Slide

Jordan Hurinui

Jordan Hurinui suggested moving this item to later in the meeting as a few members who had expressed an interest in it had not yet arrived. The group agreed.

5:45pm

Update on Master Plan Project – Automation, Slide

Wayne Thompson

At 5.37pm Wayne Thompson shared an update on our container terminal automation project. He advised that the project is running well and we are planning to roll out the first phase of our go-live plan in early 2020. It is currently planned that in late February 2020 we 'switch on' the automated terminal in the northern end of Fergusson which is roughly a third of our container volume. In preparation for that, there is a lot of testing currently underway, called Live Equipment Testing (LET). LET is where Ports of Auckland staff are doing the testing to make sure everything works the way it should when it's a part of standard operations, as opposed to the manufacturer Konecranes doing the testing, which has already been completed – this involved Individual Acceptance Testing (IAT) for each automated straddle carrier (A-Strad) and System Acceptance Testing (SAT) for the system as a whole. LET currently involves our new cranes being used to load and unload containers from a barge while the existing manual straddles (M-Strads) and A-Strads carry out the landside moves as they will when we go live.

Once the northern berth goes live, we then assess it. We will effectively be running two terminals at this time; the northern portion will be an automated terminal and the rest will remain a manual operation. There's a lot of work that has gone into ensuring the exchange between the two is effective. The reason for this phased approach is so that if anything unplanned occurs, we will still have the manual terminal able to carry out operations. However, the shorter the period of time we're operating in the dual terminal space, the better. So once the northern automation looks good and is working as it should, we'll roll it out to the rest of the terminal. Ideally that will be mid-year so that by the second half of the year we'll be up and running with a settled degree of productivity.

Tim Coffey asked about the new cranes at the northern end of Fergusson and when they would actually be moving as there had been a lot of speculation and discussion in the media and the surrounding communities. Wayne Thompson responded and addressed the rumours stating that the cranes and the wharf are very much fine and working with no problems; they're currently 'moving' as we're testing them. The cranes will be operational

and thus servicing commercial vessels at the same time as automation goes live, so late-February as the cranes will feed the automated berth when that goes live. Wayne Thompson added that we did have a small cyber security issue a number of months ago that was dealt with and we have moved on from.

Mike Blackburn followed up seeking confirmation that there were no issues with the cranes. Wayne Thompson responded and reaffirmed that the cranes and wharf are fine and operationally sound. The commissioning process for machinery of this size can take a fair amount of time though.

Paul McLuckie asked if the cranes are automated. Wayne Thompson responded no; the cranes have lots of bells and whistles and can be operated remotely, but are not automated. More information about the cranes is available on our [website](#) and on our [YouTube](#).

Tim Coffey asked about the aforementioned cyber security issue with the cranes and what protective measures have been put in place. Diane Edwards responded and shared that the port has gone 'cyber-heavy' and we take cyber security very seriously. Cyber security is about more than just protecting our hardware, it's about protecting our business as a whole because we, and the wider supply chain, can't afford to be shut down. It's also a health and safety measure due to the interaction between people and machinery. We have a dedicated cyber security team and are working to back-engineer all of our systems to ensure we're protected. The cyber issue we did have was isolated in a small area and was a good learning opportunity for us, but it proved that our protective systems worked as they should. We are working with a company called CyberX who are based in Israel and they are helping to monitor our systems and are at the forefront of the industrial control cyber space.

Mike Blackburn asked if we did suffer a serious cyber attack that took down our systems, would we be able to operate manually. Wayne Thompson responded and said no, not really. We could kind of get by manually with radios, but even now our operations use systems and programmes, hence the need to have such a heavy emphasis on cyber security.

Greg Small asked for a bit more explanation and background around automation as he wasn't familiar with the project. Wayne Thompson explained that the port needs to operate in order to make more effective use of the existing space in order to support Auckland's growing population – the automated straddles can stack four containers high, while our current manual straddles stack three high, which will effectively give us a third more capacity. The type of automation we're implementing is unique as not only are we automating an operating terminal – a good analogy is that it's like performing heart surgery on someone while they're playing tennis, but our end-state will be a partially automated terminal, as we'll still have manual straddles and people will still be involved in the operation. We're currently deep in the testing phase, LET is currently happening for roughly eight hours a day but in the next few weeks this will be for 16 hours a day; we're a 24 hour operation so we need to ensure our testing is realistic.

Mike Blackburn asked about the interaction between people and automated machinery. Wayne Thompson explained that in the automated areas where the A-Strads will be

operating, people will not be able to enter. The people driving the M-Strads in the terminal will have an interchange area where both M-Strads and A-Strads will operate in, but the system we're using effectively creates a buffer around machines, so if a M-Strad is in a particular row, an A-Strad is not able to enter the same row and vice versa. We take safety very seriously and there are many layers of systems and processes to ensure everything is safe.

Mike Blackburn asked if as part of the wider political discussion around the port moving if anyone had broached the question of whether the automation or automated process would also move to a new port. Wayne Thompson said a new port is likely 20-30 years away and it would make sense to move as much equipment to a new facility as possible, but we did not know if that would necessarily involve automation.

General discussion about moving the port, moving the car trade, Northport and Port of Tauranga ensued.

Tim Coffey asked about the barging of cars from Auckland up the Tamaki Estuary. Wayne Thompson said we were not working on that, but a car transporter was exploring the option.

Jordan Hurinui then shared a [video](#) showing the automated straddles unloading three 20-ft containers from a truck and reloading it with a 40-ft container during testing.

Tom Mullen then asked about shift patterns for staff once automation goes live. Diane Edwards and Wayne Thompson advised we're a 24-hr operations and for most operational areas run two 12-hr shifts.

5:50pm

Annual Results, Slide

Wayne Thompson

At 5.55pm Wayne Thompson talked about our annual results. He advised that our dividend to Auckland Council would be down this year due to a number of contributing factors. Following the straddle accident and death last year our productivity dropped, we lost a major Maersk service and while we're automating we've also taken a dip in productivity as well as it being a major investment, meaning we've had to take a hit financially our P&L will not be below zero, but it will be lower than last year. Wayne then explained that we have negotiated with Auckland Council to reduce our dividend for the next two and a half years. He then explained that he's been at the port for 15 years and this is the third time he's seen this cycle of investment, which is normal. With a port, you don't want to invest in infrastructure and changes too soon or too late, and when you do make those investments, they're big. Typical CAPEX for us could be \$8-10 million and now we're \$550 million. We're in a cycle of investment and while we do borrow as much as we can, we do need our shareholder to take a smaller dividend for now to allow us to invest and then that dividend will increase over time as we see the benefits of those investments.

Tom Mullen then commented on how we're currently in a political cycle and talked about the value and dividends from Ports of Auckland and Auckland Airport as both were owned by Auckland Council Investments Limited (ACIL) prior to it dissolving recently.

Mike Blackburn commented on how the dividend is a targeted rate and asked what the benefits the community would see from a lower dividend. Wayne Thompson said the port is fully consolidated into Auckland Council, so when you look at their group results, there's no dividend shown. If we were to give a dividend at the same rate as previous years, we would need to borrow more money from council, so net-net it is no different.

Tom Mullen then brought up the difference in financial results between Ports of Auckland, Auckland Airport and Port of Tauranga. Wayne Thompson said it can be tricky to compare us with the airport as we're different businesses and a comparison with Port of Tauranga would be fairer since we're in the same industry.

Mike Blackburn then said that there are positive benefits for the city from Ports of Auckland such as upcoming rooftop park, SeePort, Round the Bays and other community initiatives. Wayne Thompson responded and said that we take our social license to operate very seriously and we want to contribute positively to the city. Our position in the industry can be unique and because of that we're happy to invest in sustainability and community initiatives like electric tugboats and SeePort – which we would anyways since they're good for business – but other ports don't necessarily do.

Discussion then followed around the sustainability of handling various products across New Zealand's ports including containers, logs, coal and breakbulk commodities.

6:00pm

Port Update – Electric Tug, Slide

Allan D'Souza

At 6.04pm Allan D'Souza discussed the new electric tug. He said that it should arrive in Auckland around August 2021. While the upfront cost of the e-tug will be high, over the lifetime of the tug, the electric tug will be cheaper than that of a diesel tug. The operational profile of the tug will match our existing tug *Hauraki*, and will have a 70t bollard pull. It will be able to operate for 3-4 hours, with shipping moves taking approximately one hour each this will allow for 3-4 moves and a fast charge will take about 2 hours. He commented on how an electric tug is even more attractive now given what's happening in Saudi Arabia. You can read more about our e-tug [here](#).

Tom Mullen asked about the battery make up and Allan said he didn't have the specific details with him.

Mike Blackburn asked about the expected lifespan of the tug. Allan D'Souza responded and said it will be around 25 years, the same as our existing fleet. We have a good relationship with Damen the manufacturers.

Wayne Thompson commented on how this was a testament to our commitment to sustainability and investing now for a better future for the business and the community.

Tom Mullen asked about the bollard pull of the tug, what back ups will be available and what safety measures will be in place. Allan D'Souza said the e-tug will have a 70 tonne bollard pull as we wanted a tug that could keep up with our needs and not reduce operationality. There will be two 1,000 kW back-up generators on board. They provide enough power for the tug to operate at 40 tonnes bollard pull in the event of an electrical system failure or if the vessel needs to operate for a longer duration. The generators are fully IMO Tier III compliant engines and therefore the greenest option currently available. There are many layers of safety features involved including keeping the batteries at optimal temperature. This tug will replace our oldest diesel tug, *Daldy*, which has a 23 tonne bollard pull.

Tim Coffey asked about recharging and if it was in any way connected to shore-power which had been discussed as a potential option for cruise ships. Wayne Thompson said the two were not related, but we are still exploring shore-power as an option for ships.

Mike Blackburn asked where the tug will plug-in and if new infrastructure was needed. Allan D'Souza said new infrastructure would need to be installed and the tug would be berthed alongside the rest of our tug fleet. Jordan Hurinui said he would point out where it would be during the evenings activity.

Paul McLuckie asked about the electrical current and Allan D'Souza said it would be 11kVA that will go through a transformer and feed 1000volts DC current to the tug.

Tom Mullen then commented on how LNG was getting extremely popular in Europe as an alternative fuel source.

6:05pm

Port Update – Upcoming Events, Slide 13

Jordan Hurinui

Did not discuss due to time constraints.

5:35pm

Deferred item: Update on Master Plan Project – Roof Top Park Consultation, Slide

Jordan Hurinui

At 6.15pm Jordan Hurinui discussed the car handling building we are constructing on Bledisloe and showed a recent image of the site. The construction is due to be completed in mid-late 2020.

Mike Blackburn asked if there was a construction start date for the public park and how the community engagement would work. Jordan Hurinui advised the start date will be determined once the construction of the car handling building itself is complete. Earlier this week s meeting was held with Ports of Auckland, Plus Architects and LandLab, they will create a number of design options which will then be presented to three main groups: residents, businesses and schools to get feedback and generate ideas.

Mike Blackburn shared how in a community park project he had been involved in previously the community consultation for design had convoluted the process and caused some issues. Jordan Hurinui said we would be careful with this project and the public feedback process was to gauge what people wanted, not to design them, e.g. tell us how much seating you'd like available, and the professionals will then design it.

Joel Williams asked what the objective of the space is. Jordan Hurinui explained that historically, the port has been seen as a separate entity from Auckland, separated by the red fence, with no integration with the city. This is an opportunity for us to integrate with the city; we've listened to what the public want – they said don't encroach on the harbour, so we've ended reclamation. We still need space to operate though, so have gone up instead of out. Council have also had issues with not enough green public spaces, so this is our contribution to changing that.

Paul McLuckie asked how the public would access the space and Jordan Hurinui said that would be part of the engagement and design process, but likely by a bridge from Quay Street. Tim Coffey emphasised that this was something the community wanted to be a part of.

Tom Mullen mentioned how there are discussions and speculation around where the car trade will be and whether it will stay in Auckland. Allan D'Souza advised that we don't determine the volumes of vehicles that come through the port, that depends on the shipping lines, but we have a need for this structure with our current and projected numbers.

Mike Blackburn asked if occupancy rates of the CHB were known. Jordan Hurinui said we don't know at this stage as the nature of shipping is hugely changeable.

Paul McLuckie then asked the capacity of the CHB. Jordan Hurinui said 2,000 – 2,500 vehicles depending on if they're new or used vehicles.

Joel Williams asked how tall the CHB would be and how that compares to the silos in Auckland. Jordan Hurinui advised it would be five storeys, 17m high, not including the park on top. For comparison, the Britomart carpark is 20m and silos are 35m.

Mike Blackburn asked if a variety of renders of the building and park would be available and Jordan Hurinui said yes.

Discussion around the apparent lack of an overarching master plan for the port and Auckland as a whole ensued.

6:15pm

Any other business, Slide

Wayne Thompson

At 6.33pm Wayne Thompson opened up the meeting to any other business members wanted to address, but advised the discussion be held in the van on the way to the tug otherwise we would miss the window of availability to head out on the tug. The group agreed.

6.30pm

Close

Wayne Thompson

Wayne Thompson closed the meeting at 6.33pm

6.30pm

Port Activity – Tugboat Experience

Jordan Hurinui

At 6.30pm Jordan Hurinui took all interested parties out on a Ports of Auckland tug boat around the Waitematā.

Next meeting: 5.30pm, Wednesday 11 December