

Community Reference Group

Minutes of Meeting held on Wednesday 2 December 2020 at 5.30pm

Venue: Microsoft Teams online meeting

Present:

| Name | Organisation |
|-----------------------------|--------------------------------------|
| Tony Gibson | Ports of Auckland |
| Matt Ball | Ports of Auckland |
| Alistair Kirk (via Teams) | Ports of Auckland |
| Rosie Mercer (via Teams) | Ports of Auckland |
| Nigel Ironside | Ports of Auckland |
| Morgan MacFadyen | Ports of Auckland |
| Adriana Christie | Waitematā Local Board |
| Ardeth Lobet (via Teams) | City Centre Residents' Group |
| Bob Tait | Friends of the Earth |
| Bruce Barton | Local resident |
| Dennis Knill | Local resident |
| Desley Simpson | Councillor, Orakei Ward |
| Jared Hepi | Local resident |
| Luke Niue | Parnell Community Committee |
| Michael McKeown (via Teams) | City Centre Residents' Group |
| Mike Blackburn | Parnell Community Committee |
| Rick Ellis | Gladstone Apartments |
| Ross Ingliss (via Teams) | |
| Stephen Wagstaff | Auckland Yacht & Boating Association |
| Tim Coffey | Local resident |
| Terry Anderson | Local resident |
| Tom Mullen | Parnell Community Committee |

Apologies: Wayne Thompson, Wayne Mills, Angelene Powell, Reinhold Goeschl, Allan D'Souza, Noelene Buckland, John Coop, Mike Lightfoot, Craig Sain, Greg Small, HOTC, Wayne Mills, Wayne Thompson, Pippa Coom, Desley Simpson, Allan D'Souza, Timothy Hannah, Cheryl Adamson, Tania, Loveridge (HOTC), Louise Davie, Shabbir Baj, Yvonne Theuerkauf

Agenda

| TIMING | AGENDA ITEM | OWNER | SLIDE |
|---------------|---|--------------------------------|--------------|
| 5:30pm | Welcome and confirmation of last meeting's minutes | Matt Ball | 1 – 2 |
| 5:35pm | General Business Update | Tony Gibson | 3 – 9 |
| 5.50pm | Annual report released | Matt Ball | 10 |
| 5.55pm | Environmental Update: Channel deepening and disposal of dredged material, Noise, Air Quality | Alistair Kirk / Nigel Ironside | 11 – 20 |
| 6.15pm | Hydrogen refuelling | Rosie Mercer / Tim Coffey | 21 – 26 |
| 6.20pm | Third main rail trunk line | Alistair Kirk / Tim Coffey | 27 |
| 6.25pm | AOB | | 28 |
| 6.30pm | Close | Matt Ball | 29 – 31 |
| 6:35pm | Travel to The Paddington for festive drinks and nibbles | All invited | |

Meeting opened – 5.30pm – Matt Ball – Slides 1-2

5.32pm Matt Ball opened the meeting physically and via Microsoft Teams.

General business update – 5.35pm – Tony Gibson – Slides 3-4

At 5.33pm Tony Gibson started the general business update.

He started with an operational overview. From a Multi-Cargo perspective, it has been a very interesting year. We've completed the car handling facility on Bledisloe which is now in operation. The car trade in general though has defied what everyone thought would happen because of COVID-19. Car imports were down 75% in May on the same time the year prior, 69% in June, but then bounced back and in November were only 1% down, approximately 18,500 cars and for December we're expecting 19,000. High-end cars are on a waiting list due to manufacturing delays, which is indicative of the demand.

To help alleviate congestion, we're also working some trans-Tasman geared ships (vessels that have their own cranes on board) at Multi Cargo when they would normally be handled at Fergusson. The congestion we're experiencing has put us in the news a lot lately. However, it's important to note that we are not the only port experiencing this; all over the world, ports including Sydney, Shanghai, Malaysia etc are congested, have backlogs, or have run out of space.

On the congestion front, the port is experiencing staff shortages. When we experienced the first COVID-19 downturn in May/June, we made the difficult decision to make some staff redundancies to get us through it, which we did, and we were again surprised by the economic bounce back. In August, soon after the redundancies, there were serious strikes in Sydney, and we were getting ships 7-14 days late that were dumping their cargo for other NZ ports here. On the 30 August we then had the fatal accident which killed one of our staff, which while being a tragedy, also meant we had an entire crane crew out, understandably. This did not help with congestion and we haven't really recovered from that. Automation is another front where we had to delay the full terminal roll-out, originally scheduled for March 2020 because we couldn't get the overseas experts in to help during lockdown.

The global supply chain also experienced issues with container space and availability, leading to price gouging. For example, six months ago, shipping lines would have been charging \$1,000 for a container from China, which is now \$6,200. This pandemic has highlighted the flaws and weaknesses with a just-in-time way of operating in the supply chain.

So, if we look to the road ahead, we're recruiting staff as fast as we can, particularly in our container terminal team and hope to have a crane group of 13 people operational by Christmas, with another in January. We're gearing up so that we can utilise our eight cranes.

From the 1 November, the average wait time for ships coming into Ports of Auckland is 8 days. To give you an idea, Port of Tauranga has a wait time is 4-7 days. Our recovery won't be until late January or early February, and we're expecting the demand for imports to carry over into February and March. In terms of our performance though once we get a ship in it's okay. Delivery on the road grid (through both the manual and

automated lanes) and through rail are good, as are our dwell times, which sit around 1.8-1.9 days. It does highlight the wider issues with the supply chain and the fact that facilities are not 24/7.

COVID-19 – Slide 5

As a port we stayed at level 3 controls until country went to level 1 to protect our staff. Frontline staff have mandatory testing – stevedores fortnightly and pilots weekly.

We still have strong controls in place, sometimes even against DHB and MOH wishes, but we did what we felt was right to protect the border.

Automation – Slide 6

Automation has not been the cause of the congestion. As of this meeting, we've had 48 vessels through the northern berth, handling approximately 45,000 containers. We've been working to slowly building up capability – we started with just 50 moves at a time, then 100 etc and are now targeting full exchanges. The issue we have is that we can't man up all the cranes due to the staff shortages. Overall, though, we are really pleased with what we're achieving, despite the external factors we can't control. During the weekend we worked one vessel with automation that achieved 26.9 moves per hour. Most automated terminals around the world get 8-10 moves per hour, whereas off the bat, we got 18 and that's now increased, so we are proud of what we're doing, but it's not easy and it's not done yet.

Strong foundations, safe people – Slide 7

Following accident, we kicked off a programme of work called Strong Foundations, Safe People to address our safety culture. This programme of work is looking at our standard operating procedures and policies, and involved lots of audits and reviews, all of which we are complying with. We and are working with all organisations involved, such as Auckland Council, WorkSafe, Maritime NZ.

We're looking at how we can work together with other ports and organisations and how we can adopt technology to improve safety.

Culture – Strategy refresh – Slide 8

The port is having a refresh of our strategy and how we're working towards our 30-year masterplan. Nothing strategically has changed, but we're addressing how we get there. So are working on revising the strategy, vision, and values.

eMPX – Slide 9

Our Master-Pilot Exchange (eMPX) application has been launched globally. It's a piece of technology we're utilising to improve the ship handling process and is being adopted in New Zealand and overseas. The application recently won Bronze in User Experience at the Best Design Awards and we're really pleased to see it getting recognition and are looking forward to watching it roll out further afield.

Annual report – 5.50pm – Tony Gibson – Slide 10

At 5.46pm a copy of the 2020 annual report was distributed to those onsite. An online version of the report is available online at <https://www.poal.co.nz/media/annual-report>. Tony summarised that, in brief, it was a lousy year. COVID-19 had a substantial impact on EBITDA. Group revenue was down 6.7% and our reported tax profit was \$23million compared to \$53million the year prior. You're not going to see much more in terms of dollars this year as the long-term impacts of COVID are still going to be felt. Tony then opened the floor to questions before he needed to depart.

Rick Ellis asked about the performance and delivery from Konecranes, the suppliers of the automated straddles. Tony responded and advised there's two components – TEAMS which is a 9/10 and the PLC, which is a 6 or 7/10 and we're working on improving that. It's important to remember this is the first brownfield site in the world doing what we're doing, but all parties are committed to getting it right.

Bob Tait asked about the fact this is the first hybrid automated terminal so how can we be best practice when there isn't best practice available. Tony responded that it takes time to refine these things and we're committed to getting it right.

Rick Ellis asked about when we can expect to have recovered lost costs from COVID-19 delays. Tony said that when we first went into lockdown, so many businesses cancelled their orders, but then once the economy picked up, they needed that stock again. This pandemic has highlighted a lack of resilience in the supply chain, so it's a good learning opportunity.

Mike Blackburn asked how robust the port's safety systems are around automation and the software. Tony explained that the systems are fail safe and there are many layers of safety and protections in place. People are always safe in the automated operation and there are no issues with that part of the system, it's just the smaller issues we're working through on the inside.

Terry Anderson asked about how the change in Government impacts the 'move the port' discussion. Tony advised he had met with the new Transport Minister and his Ministry. At this point in time it's hard to know what's going to happen there. Shane Jones and Winston Peters were the main drivers of this, so with them no longer in Government, it may be less of a priority.

Mike Blackburn asked if Auckland Council was considering selling port. Desley Simpson advised Mayor had said he was committed to not selling strategic assets – like the port.

Tony Gibson bid farewell to the group and left the meeting.

Channel deepening 5.55pm – Alistair Kirk – Slide 11

At 6pm Alistair updated the group on the status channel deepening and disposal of dredged material. In August, we were granted consent to deepen the Waitemata shipping channel. Two groups have opposed the consent and are appealing it, one is a group of Iwi and people from Great Barrier Island who are collectively referred to as Protect Aotea, while the second group is made up of people who reside on Waiheke and are referred to as Protect our Gulf. The first Environment Court assisted mediation session was held in early December, with another session to be scheduled for January. These mediation sessions are confidential and without prejudice, so we cannot go into too many details. We are open to exploring options and finding a middle ground to please all parties. If we don't get agreement through mediation, the case will likely go to a hearing in the Environment Court in either March or April 2021.

Tim Coffey asked about the timeframe for dredging, assuming the consent can go ahead. Alistair advised we would ideally start dredging in mid-2021 and that the first stage of dredging would likely take 12 months. He expressed that as a business, Ports of Auckland is under a lot of pressure to cater for these larger, deeper draft ships and we're one of the last ports in Australasia to do so. Melbourne, Sydney, Brisbane, Otago, Lyttleton, Tauranga and Napier have all either already dredged or are in the process of doing so.

The way that the consent is set up is in two stages; the first to accommodate 7-8,000 TEU ships, and the second to accommodate 9-10,000 TEU, which is the new class that's emerging as a result of the enlarged Panama canal geometry. The first stage will take approx. 12 months once started and there is immediate demand for that capacity. We expect to need the further increased capacity within the next 5-7 years. Maintenance dredging still needs to happen as well.

Tim asked what would happen with disposal of dredged material. Alistair advised we have been granted consent from the EPA for disposing of dredged material at sea, at the designated Cuvier disposal site, but that we are also looking into other alternatives, some discussion followed around alternate disposal methods. Nigel advised we're working with Council organisations and NZTA to identify opportunities that align with their work programmes.

Terry Anderson asked what the dredged material contained, to which Alistair responded marine mud.

Dennis Knill asked why people are objecting to the consents. Alistair and Nigel shared that the objection is primarily around disposal, as opposed to the dredging itself. Alistair said there's five designated dump sites around the New Zealand coastline, all outside of the 12-mile limit. The site we have consent for is 50km east of Cuvier Island, and 20km outside of exclusive economic zone (EEZ). Nothing leads us to believe the dredged material will be contaminated, as it is all pre-European deposition. We have tested the material extensively (a requirement of the consent) and evaluate the contamination, but it's basically bedrock.

Shared video supplied by Boxfish, which shows the bottom of the ocean at the disposal site.

Noise – Nigel Ironside – Slides 12-19

A 6.15pm Nigel Ironside commenced the remainder of the environmental update, starting with noise. Nigel advised that the port has been working with Marshall Day to review our port noise model and management plan. Based on the unitary plan we must comply with limits, as detailed on slide 14.

It's difficult to distinguish port noise, from general noise. So, we're updating the port noise model to take into account our equipment etc and we're measuring their outputs to figure out what our average noise signature looks like. Our consultants work with a lot of NZ ports and said our noise profile is consistent. Noise levels in NZ ports have generally remained stable, even though cargo volumes have increased. Slide 15 shows average hum from various areas.

Slide 16 shows some of the locations where monitoring occurred, and the noise averages recorded.

We have put out three ambient noise monitors from December 2019 to June 2020, this was longer than intended because of COVID-19 lockdowns. Shows hum (ambient noise) and the bangs and crashes. Detailed on slide 17.

Terry Anderson confirmed the measurements of steel being classed as daytime included the 7am – 11pm operating hours, which Nigel confirmed.

Luke Niue mentioned the noise associated with heavy plate being unacceptable and disagreed with measurements and asked if the port was going to do anything to mitigate. Mike Blackburn said their issue was with the frequency of bangs, as opposed to the volume of the bangs. Nigel Ironside said the port ensures we comply and then we also manage mitigating factors on a vessel by vessel basis, especially for these more difficult cargoes.

Dennis mentioned generator noise from some ships.

Slide 17 shows components of the noise management plan.

Dennis commented that the reduction of Hyster reversing alarms has been appreciated, especially at night. Discussion followed on the inefficiencies in the supply chain with trucks coming/going empty and how this increases overall traffic and noise.

Nigel shared that the port contributes to the NZ ship noise register, further details on slide 19.

Hydrogen refuelling – 6.15pm – Matt Ball – Slides 21-26

At 6.35pm Matt Ball provided a brief update on our hydrogen project – the port is trialling using hydrogen as a zero-emissions fuel alternative for heavy machinery.

We have now been granted consent, but it took a lot longer than we had initially hoped. Due to further contributing factors including COVID-19, budget restrictions, material shortages, etc. there have been additional delays.

What we're doing to continue project is to get a refueller on site, inside the port as opposed to the original plan to have it behind the Z station on the corner of Tinley and Quay Street, as detailed on slide 23. Nigel expanded that hydrogen will be brought into the port on the back of specialised trailers and loaded into the refueller.

Tom Mullen asked what the source of hydrogen was. Nigel and Matt were not able to confirm. Tom Mullen then made further comments about the possibility and viability of using LNG as a fuel.

Tim Coffey commented on the Hyundai Nexo review in October's *Rapport*. Tim said there was a NZ Herald article that reviewed the vehicle and it was good we're getting on the hydrogen bus – pun intended.

KiwiRail trunk line – 6.20pm – Requested agenda item by Tim Coffey – Slide 27

At 6.44pm Tim Coffey asked what the impact of construction of KiwiRail's Wiri to Quay Park line is and if there will be any construction at the port end how it will impact the local community, especially with possible construction and the timeline for the work. Alistair advised that the port doesn't have firm details at this stage, although we know there have been designers appointed to work on the project. He's not aware of there being any impact on port land and believes it is to do with the line that comes out of the port being reconfigured for the geometry and speed of freight trains joining other lines; it appears to be more of a reshuffling of the yard outside of the port where the steam trains are, so that when the CRL opens there is somewhere for the EMU units to be parked off peak.

Tim followed up asking about timings of the project as KiwiRail's messaging says it will be complete before the CRL is, to be completed before 2024. Alistair advised we have not received a construction programme or anything yet. It's still early days in terms of design and timings. There will be some closures at the Wiri end of Christmas 2020 for some preliminary work, but no further information at this stage.

Discussed that it would be worthwhile inviting KiwiRail to present at future CRG meetings.

Any other business – 6.30pm – Slide 28

At 6.50pm Bob Tait brought up a port security breach, referring to the instance where a container targeted by Customs was secreted out of port, associated with organised crime and drugs being brought in through port. Bob asked what has been done since

then to improve security. Matt advised that while we can't go into too much detail, we have made changes to ensure this doesn't happen again. We work closely with the border organisations including Customs, MPI, Police etc. and continue to work with them. The loophole has been closed and there are now procedures in case to make sure people can't unilaterally remove containers.

Meeting closed shortly before 7pm.

Next meeting: 5.30pm, Wednesday 3 March