



CHAIR'S STATEMENT

The 2020 financial year has been interesting and challenging for Ports of Auckland.

It has been a year of two halves. The first half we were making very good progress with our investment upgrade programme; the second half was dominated by the impact of the novel coronavirus pandemic (COVID-19).

The company's response to COVID-19 was exceptional. Our priorities were to keep our people safe and to ensure that essential freight continued to flow to the people of Auckland and the rest of New Zealand, and we delivered. We also took on a leadership role, working with industry stakeholders and Government ministries to keep our borders open to freight and closed to the virus. I am proud of the achievements of our people during this time and the Board thanks them for their outstanding efforts and everything they did.

Despite the interruption from COVID-19, good progress has been made on our 30-year master plan and its associated investment programme. The three big projects underway at present – automation, construction of a new car handling building and an application for consent to deepen Auckland's shipping channel – are all progressing well.

Our financial performance was adversely affected in the first half of the year by higher costs and lower volumes as we operated with reduced yard capacity while we undertook the automation project, and in the second half by the impact of COVID-19. Our response to COVID-19 involved incurring additional costs for personal protective equipment for staff and altering the way we worked during lockdown to safeguard both staff and our operations. Multi-cargo, cruise and container volumes were significantly affected as parts of the economy were closed down during the various Alert Levels, which had an adverse impact on profit.

COVID-19 has highlighted what is at the heart of our business. We are Auckland's port. It is a major infrastructure investment owned by the people of Auckland. We are here to serve the people of Auckland by ensuring the goods they want and need always get through. Our role is to deliver those goods quickly, efficiently and cost-effectively, which also means minimising the costs we impose on the environment and our surrounding community. We must also provide a financial return to the people of Auckland. We belong to Aucklanders, no-one else.

To meet those goals, we are looking far ahead into the future and planning to ensure security of supply for Aucklanders and appropriate financial contributions to the city. We operate in an uncertain environment, which is why our 30-year master plan is so important. Having this plan ensures that we are, as the saying goes, not like the seagull tossing and turning its head at every wave, but like the rock, steadfast against the surging sea.

One of the great uncertainties about being the port for Auckland is our location. For many years it has been a matter of debate, which has not been good for our business. I am pleased therefore that the latest report on this topic recently released by the Ministry of Transport provides such a sober and unbiased assessment of the situation. It found that all relocation options are more costly than leaving the port in its current location. It found that there is no urgent need to relocate because the port will not reach capacity until the 2050s. It also found that because of this capacity there is no urgency to push for a relocation decision. There is plenty of time to look thoroughly at all the options and make the right choice.



To give further reassurance I should point out that 'reaching capacity' does not mean the port will cease to function; it simply means it can't grow. It could, if the people of Auckland wish it, continue to operate on its current site indefinitely, just with its capacity capped. When you look at it that way, it becomes clear that if the port is moved from its downtown site, it will be more to do with how it looks than how it works. And it will involve great cost to do so, reduced returns and adverse environmental impacts, depending on where it might be shifted to.

Ports of Auckland is committed to good governance. The Board is focused on providing strategic input to support management in delivering on our growth plans. We have a strong, diverse and well-balanced Board with strategic, commercial and operational experience across local and international markets. We have a number of long-serving and experienced Board members and over the next few years we will work on a succession plan to refresh the Board.

Despite the challenges of this year, Ports of Auckland is in an excellent position. We have a very strong team, we are

trusted by our customers and our research shows we are consistently trusted by the majority of Aucklanders. I would like to thank my fellow Directors, our Chief Executive and our whole team for their contribution to a challenging yet positive year. As we look to the future, it appears that the global pandemic will be with us for some time and we must therefore continue to be vigilant and maintain our robust safety standards. At the same time, we look forward to finishing the delivery of our major upgrade projects and continuing to serve the needs of Auckland and the country as we rebuild our economy this year and in the years to come.

Liz Coutts Chair



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