



PORTS OF
AUCKLAND

TĀMAKI HERENGA WAKA

Interconnect

September 2014

In this Issue

A Year of Records

Building Regional Connections

Gearing Up for Growth

CONTENTS

- 2 **POAL Focus**
- 4 **Operations Review**
Gearing Up for Growth
- 8 **Port Development**
Catering for Larger Ships
- 8 **Supply Chain**
Building Regional Connections
- 10 **Market RoundUp**

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Tony Gibson
CEO Ports of Auckland

POAL Focus

We've had a good year. Records have been broken:

- We handled a record 968,741 TEU (20-ft equivalent unit)
- We handled a record 5,679,325 tonnes of bulk and breakbulk cargo
- That included a record 207,591 cars
- We reported a record profit with record dividends for Auckland ratepayers

Three times this past year, we broke the record for the number of containers handled in a month at a New Zealand port. We handled over 10,000 vehicles in one week, another record. And MoT statistics show that POAL still has the highest ship rate in New Zealand, turning container ships round faster than any other New Zealand – or Australian - port. All this is thanks to a reorganised, more streamlined POAL and to our hardworking and innovative staff who made a concerted effort to do things better.

With Auckland growing rapidly, the rising volume looks set to continue and so the port continues to gear up for growth

and the arrival of larger ships. Not just container ships, but cruise, car carriers and other ships are getting bigger on average.

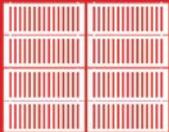
We are making a big investment in the Supply Chain by linking our inland freight hub at Wiri to a new freight hub and inland port at Longburn, near Palmerston North. This site is well positioned to take advantage of growing agribusiness in the region and is well connected by road and rail. We are doubling our use of rail to reduce congestion on the roads. As we prepare for growth, we have invested in a new, larger tug, new straddles and cranes and we will soon commence a 50 metre extension to Fergusson Wharf to enable simultaneous handling of two of the larger container ships. We will continue to lift productivity with improving the way we work and by building a larger truck grid for faster, smoother turnaround and to accommodate increased volume.

We can't rest on the laurels of a good past year. The next one will bring its challenges not least with the recent Maersk, Kotahi, Port of Tauranga deal,

Key Highlights

968,741

TEU



\$66.6m

DECLARED DIVIDENDS
TO COUNCIL UP 125.76%



\$84.5m

EBIT



89

CRUISE SHIP VISITS



27.27%

INCREASE IN VOLUME OF
BULK AND BREAKBULK
CARGO



33.49

MOVES PER HOUR – CRANE
RATE (AUSTRALASIAN
WATERLINE STANDARDS)



207,591

CARS – UP 25%



1,541

SHIP CALLS



69,585

TEU MOVED BY RAIL



which has meant the loss of a Maersk service to POAL. However, we believe the exclusivity of that deal holds opportunities for other shipping lines to attract volume from shippers who don't want their goods delayed by an increased

transit time and the corresponding increased cost and carbon miles, between Auckland and Tauranga. Why do that when they can ship their goods faster and directly in and out of Auckland where shippers have a choice of shipping line and service?

Did You Know ...

- Auckland, and other New Zealand ports, can accommodate SAMMAX ships of up to 8600 TEU. Specially designed for shallow South American ports, these vessels draw only 11.9 metres, which our shipping channels are already able to handle. Auckland can also handle ships with deeper drafts at high tide, without any further deepening works.
- Although cruise ship visits to Auckland in 2013/14 were down 11% from 2012/13, passenger numbers have remained relatively the same.
- Car volumes at Auckland's Port went up by 21.5% in 2013/14.
- Auckland is looking to increase its number of rail shuttles to 16 services a week, in the near future.

Gearing Up for Growth



As part of a multi-million dollar investment programme to prepare for growth, Ports of Auckland has expanded its tug fleet with the acquisition of a larger, more powerful tug.

Called the *Hauraki* in honour of the Gulf it serves, the new-build, Azimuth Stern Drive tug arrived at POAL last month. With its 68 tonne bollard-pull, the *Hauraki* is now the strongest tug in the POAL tug fleet.

POAL Senior Manager Marine Services, Allan D'Souza, says

the new tug is the perfect vessel to handle POAL's steady volume growth. "Bigger ships are on the way to POAL, containers, cruise, cars and bulk ships are all getting bigger. So we need to be ready with more power and manoeuvrability on the water".

He says the *Hauraki* will eventually replace the smaller *Tamaki* leaving POAL with a tug fleet comprising:

- *Hauraki*, 68 tonne bollard-pull
- *Waipapa*, 51 tonne bollard-pull
- *Waka Kume*, 51 tonne bollard pull
- *Daldy*, 24 tonne bollard-pull.

SPECIFICATIONS:

The ASD 2411 tug was built by Dutch shipbuilder Damen at its Changde, China facility.

It has 68 tonne bollard-pull, is 23.98M long, 11.33M wide, a draft of 5.35M, two Caterpillar 3516C TA HD engines with total output of 4180 kW at 1600 rpm.

Two Rolls Royce US255 thrusters deliver the tug's power and manoeuvrability.

New Straddles

Operating the largest straddle carrier fleet of any NZ port, POAL has further invested in the expansion and upgrade of its straddle fleet. Two new straddles have already arrived with four more joining the fleet in late November when the POAL straddle fleet increases to 41.

Replacing older straddles, the new Terex Eco-drive SC634E diesel-electric straddles are equipped with highly sophisticated technology. POAL Manager Engineering, Mike Osborne, describes the new straddles: “They have lower fuel consumption, lower emissions, make less noise and have the latest safety and driver-assist technology. Their high level intelligence systems mean we can monitor machine condition remotely. They also have the ability to advance to PDS –Position Detection System - which monitors the position of the straddle and its container location placement. We’ll be trialling the new machines and their systems and applications over the next six months after which we may look to apply their more advanced technology across the entire Straddle fleet”.

He says the new straddles provide greater capacity for increased throughput and productivity: “The new machines will have longer mean time between maintenance and refuelling. They also have the ability to convert to four-high container stacking as compared to our current three-high stack. This is a future-proofing investment”.



Dry Container Repairs at Wiri Inland Port

To make more efficient use of its prime waterfront land and to handle growing volumes, Ports of Auckland has closed its Dry Container repair operation at the seaport. Alternative container repair services will be handled at Wiri Intermodal Freight Hub in South Auckland.

“Shippers and Cargo Owners have indicated this is a more convenient location for this type of service,” commented Matt Kidman, POAL Manager Commercial Relationships.

Export Container Pre-advice

A reminder to shippers that from 1 October containers arriving at POAL without Electronic Pre-Advice will incur a Pre-Advice Fee of NZ\$20 + GST to cover the cost of POAL staff entering this data.

This charge can be avoided by completing an Export Pre-advice prior to the container arriving at the POAL Container Terminal. For further information contact POAL Customer Service.



Bigger, Better Truck Grid for Increased Volume

In consultation with the New Zealand road transport community, Ports of Auckland is converting its Fergusson Container Terminal Truck Grid to a new layout designed to improve truck throughput efficiency and to accommodate increased volume. As container volumes continue to grow at POAL, the new truck grid will cater for the increased

volume with more lanes and a more efficient layout that gives better utilisation of space.

Volumes have doubled since the old grid was built in 1996. The new grid increases capacity to 18 truck lanes, each with its own kiosk located on a raised platform behind a protective pole. In line with international safety regulations,

the new layout requires trucks to reverse into the lane rather than drive front-in as drivers have been used to doing with the old grid.

Alistair Kirk, POAL General Manager Infrastructure and Property, explains that this removes the risk of truck drivers and straddle carriers crossing paths as they did under the original layout. “In addition, the new layout will have four grid lanes especially designed to cater to longer, higher capacity trucks, that will be able to use the lanes without having to reverse in”.

He explains that the approach for reversing into the new grid’s standard lanes is an entirely new approach for the drivers and will therefore take a bit of getting used to. “For that reason, with the completion of the first stage of the new layout, we have been working with selected companies on familiarisation training. That’s enabled them to get used to the new layout and us to identify and rectify any problems at this initial stage.”

POAL General Manager Operations, Raoul Borley reports a ‘highly positive’ customer response to the first stage trials and to the recent New Truck Grid Open Day held by the Port for

transport companies. With those completed at the end of August, he says that the existing Grid will be closed off for conversion to the new configuration.

“The conversion of the old grids will be done progressively by taking out a few lanes at a time, so that impact on our customers is minimal”.

Looking ahead to completion by mid-October, he confirms that customers will get many benefits from the new layout: “The old Ports Grid could get overloaded at peak times causing congestion and queues. The new system should easily accommodate the volume without risk of overflow and extensive queuing. With more lanes and more straddles handling more trucks simultaneously, we will have a much more efficient operation and increased throughput and the bonus for POAL is that the new design releases additional space for container stacking.”

“This new layout also lends itself to the optimisation we will get through Gate Automation and the use of Optical Character Recognition systems to be implemented towards the middle of next year,” he says.



Wharf Extension for Larger Container Ships

Over the past few years, POAL has been investing in increasing capacity and preparing for larger container ships. In 2012, the port company completed berth deepening works at Fergusson Container Terminal and has since begun works to extend the terminal.

POAL in July awarded the Fergusson Wharf Extension Contract to HEB Construction, a leading New Zealand civil construction company.

The extension will increase the length of the berth at the port's flagship Container Terminal by 50 metres to provide a total berth length of 660m.

“The extension will enable us to fully service longer, larger container

ships at the berth and specifically, it will allow us to handle two vessels of around 4,500 TEU simultaneously,” says Alistair Kirk, POAL General Manager Infrastructure and Property.

He reports that procurement of materials for the extension is underway with piling expected to start in September to prepare for an extension programme completion date of August 2015.

“The berth extension compliments our other investments including berth deepening, new straddles, new cranes, a new truck grid and a bigger, more powerful tug. It ensures we are well prepared to handle more growth and bigger ships.”



Building Regional Connections

Site preparations underway at Longburn.

Ports of Auckland has unveiled a dynamic new Supply Chain strategy that includes the formation of an equal Joint Venture investment company with the Port of Napier and cold storage specialist Icepak. The Joint Venture will develop a new Inland Port at Icepak's coldstore site at Longburn outside Palmerston North in the Manawatu.

POAL General Manager Business Development and Chief Financial Officer Wayne Thompson, told

Interconnect the new Inland Port development will include an empty container yard for container receipt and a cross-dock facility to be run by Icepak. "We are also well advanced in negotiations to form another JV in a 50/50 ownership with a leading 4PL logistics solution provider who will offer distribution services" Wayne Thompson said.

POAL had considered Palmerston North as a central North Island distribution hub for many years. "It's been on the back burner

while we organised our own patch on the waterfront and while we got our Inland Port at Wiri in South Auckland up and running. A Supply Chain only works if you can connect the parts all together. With Wiri in place, it's now timely for us to invest to play a central role in the Supply Chain, to get our ducks in a row with a beginning, a middle and an end. Our key objective is to ensure that POAL is the primary Import Port of choice and to facilitate continued export cargo volume growth."

POAL's chosen Supply Chain role will be as Landlord with the port company investing in facilities and services it will lease out to third party operators. "We have already moved down this path at Wiri where we have just signed with Scales Group company PolarCold to build a cold store. We are also in negotiation with a number of companies to participate in the development of a cross-dock operation at Wiri where we will build the facility and lease it to nominated cross-dock operators".

The Supply Chain strategy is all about offering a greater choice for shippers with faster, direct transfers: "For our shipping line customers it brings the confidence that when the containers are unloaded from their ship at Ports of Auckland, they are giving their customers - the importers, the fastest, most direct transfer opportunities for moving their cargo down country. Importers benefit from a streamlined Supply Chain with their containers coming into Ports of Auckland, moving across to our rail grid and transferring directly down country to Longburn where the shipper has the option of using the onsite distribution service. And on the flip side, it also gives mid

North Island exporters, faster direct transfers with improved rail options to Auckland."

POAL's regional investment is timely coinciding as it does with a new, Government-sponsored drive to optimise economic growth in the Manawatu region with its agribusiness economy based primarily on dairy and meat production. The common goal is to strengthen the region's economy, further develop the agribusiness sector and explore the potential for export growth.

On the relationship with competitor Port of Napier: "Forming a Joint Venture with Port of Napier is interesting as obviously we are competitors but this is more about combining our strengths to work together for the benefit of importers and exporters. And it's all about providing choice to cargo owners rather than dictating which service and provider the customer has to use. "

As for timing, Wayne Thompson says the Inland Port at Longburn with its various service options, is expected to be open and up and running by 1 December this year.

Rail on the Rise at POAL

POAL Commercial Relationships General Manager Craig Sain reports a significant increase in the number of containers moving by rail between its seaport and Inland freight hub at Wiri in South Auckland. "Working closely with KiwiRail we have doubled the number of trains serving the port. We are looking to increase further to 16 services a week soon. With our new Palmerston North development and those taking place at Wiri, this is just the start of our plans to make more effective and increased use of rail to release space at the seaport for the anticipated increased container volume."



Swire Chooses Auckland for New Breakbulk Service

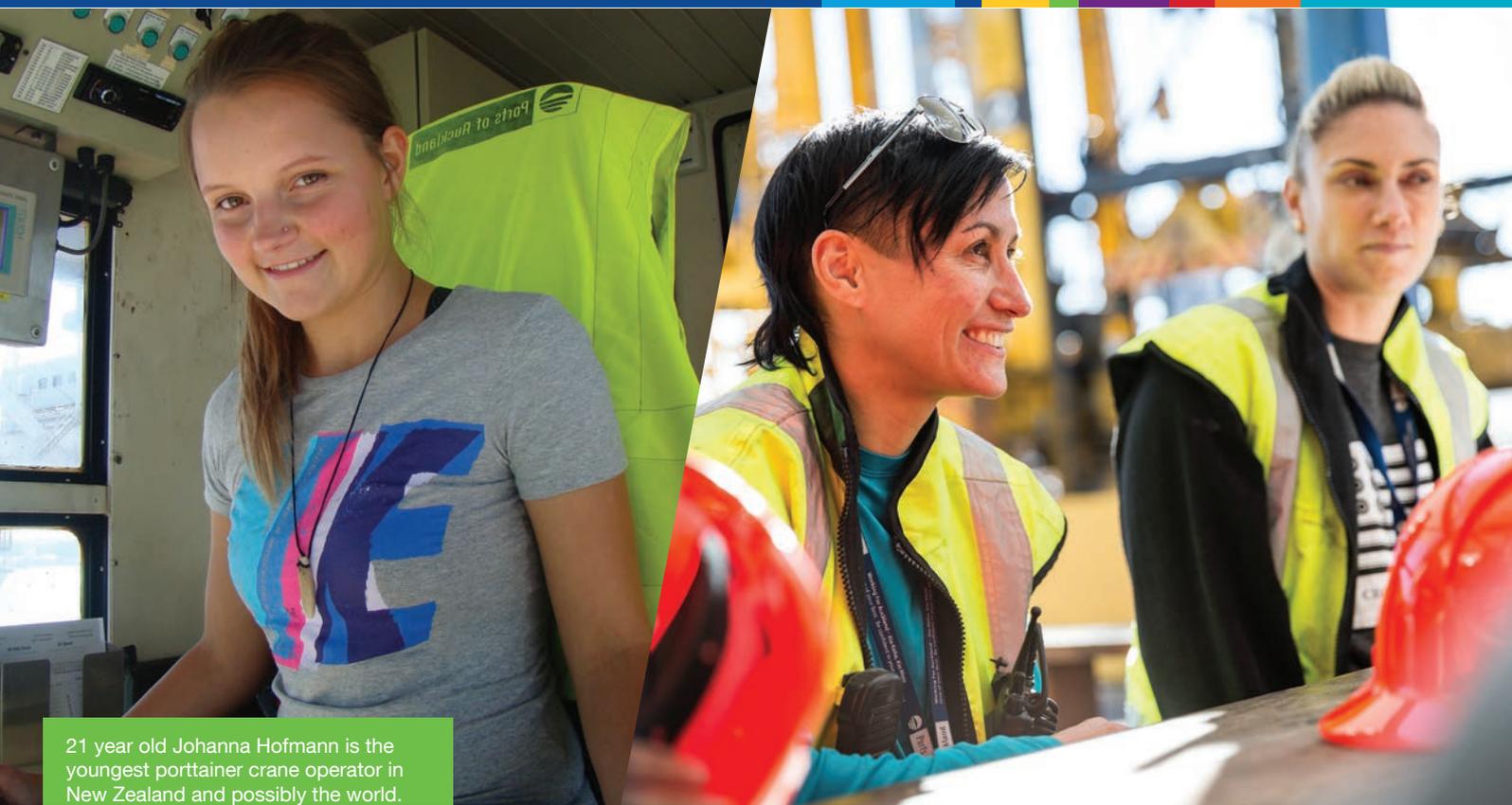
With its dedicated four wharf Multi-Cargo operation, Ports of Auckland has been selected as the only NZ port for Swire Shipping's new Japan/NZ/Australia bi-monthly, break-bulk service. Swire Shipping Commercial Manager NZ, Tony Spelman said the increased demand for Japanese steel and machinery exports had driven development of the service, which has been introduced on a trial basis. It links the Line's North Asia/NZ and TransTasman multi-purpose liner services. Swire Shipping is a major customer at POAL Multi-Cargo which enjoyed record volumes over the past year of 5,679,325 tonnes of bulk and break-bulk cargo.



Picture courtesy: Maersk Line

ArtBoxNZ, the 40ft Maersk Line reefer container painted by NZ street artists for POAL and Maersk, continues to be tracked on its journey round the world. According to a recent UN Report, 80% of world trade is now shipped on container vessels although the general public is generally unaware of containerisation's dominance in world trade. ArtBoxNZ was conceived as a way of lifting container shipping's profile and its value as a driving force in

connecting world markets and creating economic growth. The ArtBox began its journey from Auckland in February with a cargo of Coromandel mussels for New York. From there, the box carried a cargo of military supplies to Dubai where it was filled with chocolates for Casablanca. In Morocco, it was off with the sweets and on with frozen fish for Tema in Ghana. See ArtBox updates on twitter or POAL Facebook Page.



21 year old Johanna Hofmann is the youngest porttainer crane operator in New Zealand and possibly the world.

Women High Flyers at POAL

Following changes in recruitment and assessment processes, POAL now has 20 women stevedores working as straddle and crane drivers.

POAL People and Processes General Manager Diane Edwards says the Company has focused on removing barriers to the employment of women stevedores and on changing

the mindset that port work needed to be male dominated.

“We have also introduced flexible contracts to assist women who are juggling careers and families. Where the job allows, some are now able to work from home for some of the time,” she said.

The Port also offers part-time work and flexibility around days

worked for selected roles where being on-site is not always a requirement. Although this flexibility was designed to reduce barriers for women, they are also open to men. In all cases, eligibility is dependent on the nature of the job as not all jobs are suited to this type of contract.



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