



PORTS OF
AUCKLAND

TĀMAKI HERENGA WAKA

Interconnect

December 2014

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POAL Logistics With Nexus

New Customers & More Volume

Auckland – Pacific Islands
Hub Port

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Editorial: Anne Hunter

Back cover photo: Cranes at dawn
from Ben Wilkinson, Cruise Manager,
Ports of Auckland



Tony Gibson
CEO Ports of Auckland

POAL Focus

The Team at
Ports of Auckland
thank you for your
support this year.

We wish you a
Merry Christmas.



PORTS OF
AUCKLAND

TĀMAKI HERENGA WAKA

2014 has been an outstanding year for the Port. It's nearly four years since we started restructuring and the results are showing. Productivity is up and it has been the key to our record breaking success right across the port this year. Container volumes roared back, leaping 18% in the financial year and helping us maintain our position as NZ's largest container port. Breakbulk surged even more strongly, up 26% overall with

car imports up 22%. In large measure, our success is down to our customers having confidence in our ability to meet their needs. Thank you for your support. In 2014 we launched our new Supply Chain strategy. Our first step was the formation of the Joint Venture with Port of Napier and cold storage company Icepak to develop a new Inland Port at Longburn in the Manawatu region. We are also developing our existing Inland Port at Wiri.



We have signed a deal with Polarcold to run a new cold store facility and that will be complemented by a new cross-dock facility. Rail services to Wiri have quadrupled this year, making it a truly intermodal freight hub with fast, frequent connections to our sea port. Our most recent Supply Chain initiative is the formation of 4PL logistics and distribution company Nexus Logistics, a joint-venture between Ports of Auckland and

Netlogix, an established, leading logistics solutions provider. Nexus Logistics provides us with the unique opportunity to leverage the considerable empty capacity that is *the* major challenge to the NZ supply chain. The aim is to drive value, reduce waste and take cost out of the supply chain by finding and matching cargo to the empty capacity for exporters and importers up and down the country. We believe Nexus Logistics will be offering

a customer solution hitherto unmatched in NZ. (see pg 8). My thanks goes to all our hard working and innovative staff for their help in these achievements. Late this year we welcomed a new customer to POAL – China Shipping Container Lines. We thank them and all our customers for their support. I very much hope we have demonstrated that we are now a port that puts its customers first; that you have recognised our advances and experienced the improvements. There is more to come – we will continue to invest wisely to lift productivity further. We already have a new tug, new straddles and a larger truck grid. Fergusson wharf extension will be completed in 2015 and work on Holcim's new cement silo will start soon. We are finalising plans for improvements that will benefit our Multi-Cargo customers and will announce those early in 2015. We believe our investment in to the Supply Chain will deliver greater efficiencies and cost savings for all parties in NZInc. I wish you all a happy and relaxing Christmas with our very best wishes for a productive and rewarding 2015.



POAL Increases Pacific Islands Tranship Volume

The spotlight was on the Pacific Islands in 2014 when Maersk pulled its own service out of the trade, Neptune Pacific Line acquired Polynesian Shipping and Pacific Forum Line, and Fiji and New Caledonia were dropped from the ANZEX service when it was revamped into the China New Zealand Service (CNS) launched in late November by China Shipping, CMA CGM, OOCL and PIL.

The changes have meant increased transshipment cargo over Auckland to bolster Pacific Island regional carrier volumes and significant volume increases for Ports of Auckland cementing the port's position as a key NZ/Pacific Islands hub.

Replacing the former CMA CGM/ OOCL ANZEX/NZN service, the new China NZ (CNS) rotation is operated by larger tonnage – seven 4,250

TEU vessels, Pacific Island direct calls were dropped in the service – The end result is that in addition to the NZ/Pacific Islands export volume, imports from Asia for the Islands will now come into Auckland for transhipment over POAL onto regional carriers including Neptune Pacific and Sofrana. Maersk has slot charter agreements for the Pacific with both carriers and Pacific Direct Line. CMA CGM has confirmed it

has made 'alternative arrangements' with Sofrana for New Caledonia over POAL and with NPL and partners (Pacific Direct Line – PDL, and Sofrana), for Fiji.

To cater for the additional volume, Neptune and partners are increasing the frequency of NZ/Fiji from fortnightly to weekly and doubling capacity with the introduction of a second vessel, the 938 TEU *Capitaine Cook* which joins the 1,116 TEU *Capitaine Wallis*.

At POAL, Matt Kidman, Manager Commercial Relationships, says the industry has welcomed the Pacific Island shipping restructuring which was felt would bring a higher level of 'sustainability' and commitment on the trade. "POAL has had a long engagement with the Pacific Island trade which we see now as maturing with an improved, high level collaboration between blue water carriers and the dedicated regional lines. That should provide a much more solid platform for continuity and the reliable shipping services that the Pacific Islands need." He also said NPL was an established and valued POAL Multi-Cargo customer. "Obviously the weekly frequency and the increased capacity is going to mean a lot more business for Neptune and Ports of Auckland Multi Cargo. POAL has traditionally been the NZ hub port for the Pacific Islands. The recent rationalisation further cements our position in that role."

Pre-Advice a Winner

Since the introduction of the requirement for Pre-Advice for all export containers arriving at POAL Container Terminal, POAL reports the 'fantastic' compliance level of 95% within the first month of implementation.

"We are absolutely ecstatic with that uptake especially when you consider that we set the 95% goal for the year end. So, in fact we achieved that in four weeks rather than 12 weeks" reports a delighted Matt Kidman, POAL Manager Commercial Relationships.

Pre-Advice was introduced to speed up export container handling into and through the container terminal for the benefit of all parties. For the exporter, it ensures the container is 'gated in' with the correct information and will be loaded correctly. For the port, it ensures the correct data is available for planning; it reduces

double handling and optimises yard stacking for vessel operations. For transport operators, it means drivers spend less time at the port.

Since 1 October, containers arriving at POAL Container Terminal without Pre-Advice have incurred a service fee of \$20+GST for POAL staff to enter the information required on behalf of the customer. (To date, Pre-Advice may be completed for Multi-Cargo containers but is not yet mandatory).

Matt Kidman reports that POAL will continue working with parties in the supply chain responsible for the outstanding 5% of non-compliant arrivals that incur the fee. "This is a great achievement from all parties who are all beneficiaries of course because the end result is faster turnaround which is in everyone's interest".





Investing for Growth

2014 has been a year of significant investment and development at POAL. Recently completed, an upgraded truck grid at Fergusson Container Terminal provides 18 lanes including new, extra-wide lanes and wider turning spaces. The new layout is designed to give a better utilisation of space, to improve truck throughput efficiency as well as accommodate the increasing container volumes forecast for POAL. Alistair Kirk, POAL

General Manager Infrastructure and Property, says customers are already benefiting from the advantages of the new layout: “This system accommodates the volume without risk of overflow and extensive queuing. We’ve got more lanes and more straddles handling more trucks simultaneously. We have a much more efficient operation and increased throughput and the new system also releases additional space for container stacking so that’s a bonus.

Wharf Extension Underway

Piling has commenced in preparation for the extension to Fergusson Wharf which serves POAL Fergusson Container Terminal. Alistair Kirk reports that contractor HEB Construction, is ‘on track’ and that the extension should be completed mid to late 2015. It will increase the length of Fergusson Wharf by 50M to provide a total berth length of 660M.

The extension is one element in POAL’s programme to prepare to handle the next generation container ships and the increased container volume the port anticipates over the next decade. “The extension will enable us to fully service, longer, larger container ships at the berth. Most importantly, it will allow the simultaneous handling of two next generation container ships” explains Alistair Kirk.

Cranes, Strads & Tug

By the year end, POAL will have taken delivery of six new eco-straddles – all highly fuel-efficient and equipped with the latest driver-assist technology to improve productivity and keep the Port's carbon footprint down.

Other strategic capital investment during 2014 included a powerful new tug – the 68 bollard-pull *Hauraki*. Already in operation, the *Hauraki* has replaced the smaller *Tamaki* in the tug fleet that includes the *Waipapa*, *Waka Kume* and the *Daldy*. There is more investment to come, including a new crane for the terminal once the Fergusson wharf extension is complete.



Craig Sain (POAL General Manager Commercial Relationships) and Mike Lightfoot (Milmeq CEO) at WestpacAKI Business Awards South.

Celebrating Business Excellence

Again this year POAL sponsored the Excellence in Exporting category in the annual Westpac Auckland Business Awards for the Central, North and South Auckland regions. The Awards recognise excellence in business and the value it brings to Auckland city. The winners in the Excellent in Exporting category were:

South: Auckland-based, international engineering

company Milmeq Limited (also took out the Supreme Business Excellence Award)

Central: Utility billing solutions provider Agility CIS (also won the Supreme Business Excellence Award)

North: SnapComms: Employee communications software developer (also won Excellence in Innovation Award).





Investing in the Supply Chain to Drive Value for NZ Inc

The creation of Nexus Logistics in September, represents Ports of Auckland's second big step in its new Supply Chain Strategy. It is the outcome of the port company's commitment to invest in ways that improve the efficiency of the cargo flow and to drive value by removing waste.

Nexus Logistics is a 50/50 Joint Venture between POAL and established 4PL provider, Netlogix. From its 'collaborative NZ Supply Chain network', it will

supply independent container logistics and distribution services across the country.

Nexus will in effect matchmake import and export cargo with the plethora of empty capacity that trundles up and down NZ as an expensive waste of hot and cold air! As a market, NZ is seriously challenged by waste through the ever prevalent empty capacity (empty containers and empty transport capacity) arising from the inherent geographical import/

export imbalance. "There's an incredible amount of potential in the NZ Supply Chain that's not realised because of the widely acknowledged inefficiency of empty truck and container movements out of import dominant Auckland to meet the export container requirements all over NZ" observes Tony Gibson, Chief Executive of POAL. That inefficiency comes at a cost which is borne directly or indirectly, by all stakeholders in the export/import Supply Chain.

Nexus aims to tap into this hitherto wasted capacity – all those empty boxes of hot and cold air, roaming about the country looking for their export loads. It will ‘broker’ or sell the capacity on an open platform, through its 115 or so nominated national, intermodal transport partners utilising an optimal mix of road, rail and coastal transport capacities and services. Its customers will be all stakeholders in the Supply Chain – cargo owners – importers and exporters, freight forwarders and transport companies. “All those parties that both Netlogix and Conlinxx already work with today” adds Stephen Owles, CEO of Conlinxx, one of the two operating partners in Nexus.

The other partner is Netlogix which is run by two of New Zealand’s logistics ‘royalty’, Chin Abeywickrama and Paul Harper both of whom have extensive experience in running NZ logistics and distribution systems for majors such as Fonterra and Carter Holt Harvey which is today a Netlogix cornerstone client. Netlogix provides ‘a full suite’ of freight transport services over a strong nationwide network.

POAL company Conlinxx which runs the Wiri intermodal Freight Hub (WIFH), becomes a fully owned Nexus Logistics subsidiary. It will be the Greater Auckland supplier of Nexus services and continue its management of the WIFH.

Stephen Owles, insists that Nexus Logistics will be neutral across the board. “The prime objective is to give customers more choice and to sell the services at a nationwide level. Conlinxx will supply transport and other services in the Auckland region but it doesn’t negate Nexus Logistics buying alternative or additional transport capacity from others in the region. Similarly, we are port neutral and so, while POAL would ideally like to drive volume and customer choice through Auckland as export port, if the customer has a requirement elsewhere – be it Port of Lyttelton, Napier, Wellington or wherever, at a container or intermodal level, then Nexus will procure those services from specialist carriers in the area.”

In his endorsement of the neutrality of the service, Netlogix’ Chin Abeywickrama confirms that ‘a key aspect of the Nexus Logistics model is maximising

customer choice, underpinned by a strong open market principle and a commitment to operator independence”.

Nexus Logistics is organised to provide the total 4PL service – the transport, the crossdock and inland port services according to Tony Gibson who describes it as ‘groundbreaking’. ‘With Nexus Logistics we’re connecting the dots – POAL’s partnership with Napier Port and Icepak in Longburn where we are opening a new Intermodal Freight Hub, the new coldstore at Wiri run by Polarcold and the crossdock facility being built at Wiri – all this combines to create an optimised and open Supply Chain”.

While the ‘dots’ are being connected, Stephen Owles explains that Nexus Logistics can operate between the dots as well: “We will offer a single segment solution through to the entire end-to-end logistics solution – whatever the customer wants.”

With 15-20 people employed in marketing, sales, business development, finance and management, Nexus is operating out of the Wiri Intermodal Freight Hub.

China Shipping Opens NZ Office

To support its entry to the NZ trade, China Shipping Container Lines (CSCL) has opened up shop in Auckland where **Graeme Brown** has been appointed the Line's first NZ Manager. CSCL also has an office in Sydney. For the past 10 years Graeme Brown has been National Sales Manager for CMA CGM where he is replaced by **Matt Devitt**, former Senior Account Manager for CMA CGM NZ.

CSCL is the world's 8th largest container shipping line and (with its Ocean Three partner, United Arab Shipping Company-UASC) among the fastest growing, with a fleet of 149 vessels. In November, CSCL took delivery of the first of five X 19,000 TEU box ships to take over the record from Maersk - according to Alphaliner, which says the CSCL vessels are 700 TEU larger than Maersk's 18,300 TEU Triple E ships. CSCL calls at 180 ports in over 60 countries and regions.

POAL Welcomes New Shipping Line and More Volume

The November launch of the China/NZ service (CNS), marks the entry of China Shipping Container Line (CSCL) to the NZ trade as a new customer to Ports of Auckland. The joint service was launched in November on the China/NZ trade by CSCL, CMA CGM, OOCL and PIL. Starting in Shanghai, CNS was born out of the former ANZEX/NZN service offering from CMA CGM/OOCL on which PIL bought slots. The lines say this is an 'enhanced' service that increases capacity from seven X 2,400 TEU--2,700 TEU ships to seven X 4,250 TEU in a seven week rotation. CMA CGM

is the major contributor with three vessels, two from OOCL and one each from PIL and CSCL. CMA CGM subsidiary ANL remains a slot charterer. The service introduces an Australian call at Brisbane enroute from China and because of increased tonnage, drops the Pacific Island calls of Fiji and Noumea (which means more volume for POAL. See Pg 4). The full port rotation is Shanghai/Ningbo/Chiwan/Kaohsiung/Brisbane/Auckland/Port Chalmers/Lyttelton/Napier/Tauranga/Hong Kong/Shekou/Keelung/Shanghai.

Shipping & Related Appointments

Ports of Auckland Board's new Director is **Jon Mayson** – former Chief Executive of Port of Tauranga. He is past chair of NZ Trade and Enterprise and today holds several other prominent directorships. At Swire Shipping, longstanding NZ Country Manager **Brodie Stevens** moves across the Tasman starting in the New Year to become Country Manager Australia for Swire Shipping. He will be replaced in NZ by **Chris Blake** who has held executive positions with Swire Shipping in Singapore and Australia and most recently in Auckland as Commercial General Manager. Maersk Line has appointed **Lars Mikael Jensen** as Regional CEO for Asia Pacific based in Singapore. He is responsible for Maersk day-to-day business operations in South East Asia, Australia and New Zealand.



Hamburg Sud and UASC in New Relationship

Longstanding POAL customer Hamburg Sud, has signed a global co-operation agreement with United Arab Shipping Company (UASC), the UAE-based 18th largest container line in the world. As other major lines jockey for new alliance positions, the Hamburg Sud/UASC tie-up is significant on various fronts including for NZ/Europe where shippers get another service choice. Initial co-operation will see Hamburg Sud (11th in the international container line league) enter the Asia/Northern Europe and Asia/US trades while

UASC moves into the Europe/South America East Coast and Asia/South America East Coast trades mid 2015. On the expansion trail with 17 X14,000 TEU and 18,000 TEU newbuildings ordered to supplement its existing fleet of 43 vessels, UASC's network includes Asia, Middle East, India, Europe, West Africa, Americas and Australia. It recently became a member of the Ocean Three alliance on the key East/West trades with CMA CGM and China Shipping Container Lines.

New Service for APL

POAL customer APL (American President Line) a Neptune Orient Line subsidiary, has left its ANL/ Hanjin NZ/Asia Express alliance to join vessel-sharing carriers, PIL, OOCL, NYK and MOL in the Kiwi Express Service (KWX) which links Auckland and other NZ ports with Brisbane, North Asia and South East Asia via Port Klang and Singapore.

Round the Bays Charity Run

A reminder that registrations are open for the Ports of Auckland Round the Bays 2015. Being held on Sunday 8 March, the fun run raises funds for over 130 charities. Your team entry can contribute in a number of different ways. Go to www.roundthebays.co.nz for details and entry forms.



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