PORTS OF AUCKLAND

WORKING WITH NEW ZEALAND
“THERE IS MORE THAT WE CAN AND MUST DO TO SHOW LEADERSHIP, BOTH WITHIN NEW ZEALAND AND IN A GLOBAL CONTEXT.”
Welcome to Ports of Auckland’s first stand-alone Sustainability Review. This Review is a demonstration of Ports of Auckland’s commitment to transparency and openness with our stakeholders. It sets out our key initiatives and performance in the areas of employment, health and safety, community relations and the environment.

Ports of Auckland has a good track record in these areas, but there is more that we can and must do to show leadership, both within New Zealand and in a global context.

Our objective is to be a respected and admired company, appropriately balancing the interests of all stakeholders. This means making a commitment to reporting on key measures annually, and demonstrating a willingness to listen, and to modify our operations and business practices where appropriate.

The world is changing rapidly. When I began my career in the international shipping industry more than 30 years ago, sustainability meant having a positive operating cash flow. Now, sustainability is focused on inter-generational equity on a range of fronts, and addressing climate change – an unheard-of phenomenon back then – is a priority for ports and shipping lines globally.

I recently attended, alongside representatives from 50 other international ports, the C40 World Ports Climate Conference in Rotterdam. It was an inspiring few days that highlighted the critical need for more collaboration in the ports, shipping and transport sectors, both within our regions and beyond.

It is vitally important that New Zealand’s port sector takes a leadership role in meeting the challenges posed by climate change, as well as responding to heightened stakeholder expectations about the social impact of our operations.

Every day, New Zealand products are competing in markets thousands of miles away. Increasingly, the consumers of those products – the people eating our lamb, seafood and cheese, or drinking our wine – are questioning the environmental impact of their purchasing decisions. This means that our supply chain must be a world class example of environmental efficiency.

Ports like ours have an important contribution to make. While, in the context of the entire supply chain, our own carbon footprint is minor, we play a vital role in supporting the exporters, importers and shipping lines grappling with the intricacies of the Kyoto Protocol.

My aim is to extend the influence of Ports of Auckland’s commitment to environmental efficiency and improved social outcomes beyond our own facility, to the wider industry and supply chain.

To this end, we continue to challenge ourselves, setting new benchmarks for performance and pushing ahead with fresh initiatives.

Over the last year, we commissioned an independent audit of our carbon footprint, have introduced plastic and glass recycling, and have added 10 more hybrid straddle carriers to our fleet.

Internally, we continued to focus on safety and rolled out ‘Compass’, a company values programme for our staff.

And for those outside the red fence, we opened our gates. In addition to our weekly community boat tours and popular Heritage Festival programme, more than 3,000 Aucklanders joined a port tour during our second annual SeePort Week in May this year.

Looking forward to 2009, we are aiming to achieve further improvements in our environmental indicators, better the quality of our workplace relationships, and engage more closely with our local communities in Auckland and Onehunga.

In conclusion, I’d like to urge you to not just read the detailed information contained in this Sustainability Review, but to also take a stroll on the new public walkway to the east of the Port of Auckland. Opened as part of our reclamation project to extend the Ferguson container terminal, the walkway boasts spectacular views of the Port and the Hauraki Gulf. Please enjoy!

Jens Madsen
Managing Director
Ports of Auckland is the country’s leading port company. Each year, we handle more containers, and more exports and imports by value, than any other New Zealand port.

LOCATION, LOCATION, LOCATION...
For New Zealand, a country highly dependent on sea trade, Ports of Auckland’s operations quite literally connect our island nation with the world. The ships that call here, and the containers we handle, carry the food, cars, and electrical and other goods we buy from overseas, raw materials for our manufacturers, and our country’s foreign exchange-earning exports.

Our efficiency as a facilitator of trade is critical to the economic health of the Auckland region, where we operate three ports: one on the Waitemata Harbour near Auckland’s CBD, a domestic port on the Manukau Harbour in Onehunga and the Inland Port in Wiri, South Auckland – close to New Zealand’s manufacturing and warehousing heartland.

At the Auckland seaport, we are using technology and reclamation to intensify our operations to the east of the CBD, freeing up land in the west for alternative use. Since 1996, Ports of Auckland has released more than 70 hectares of waterfront land, most recently for the development at Wynyard Quarter.

WHAT WE DO BEST
More than 550 full time equivalent staff (FTE) work 24 hours a day, seven days a week to service an average of five commercial vessels calling at the port each day.

At the Auckland seaport, we make use of sophisticated planning and control tools and offer our customers sophisticated e-commerce capability. We also possess New Zealand’s best crane intensity – eight container cranes across two terminals, and New Zealand’s newest, largest and most environmentally-efficient fleet of straddle carriers.

Our general cargo wharves provide facilities for a range of bulk and breakbulk (non-containerised) goods like grain, timber, steel, cars and agricultural machinery.

Our marine department provides towage, pilotage and linesman services on both the Waitemata and Manukau harbours, and also oversees logistics for the 70 or so cruise ships that call at Auckland each year, bringing valuable tourist dollars to our regional economy.

VISION FOR THE FUTURE
Our Vision is to be the best port in Australasia with world class performance. We are focused on providing port facilities, services and supply chain solutions that represent worlds best practice and balance the needs of all stakeholders, offering a fast, green and community-friendly supply chain.

“TOTAL CONTAINER VOLUMES INCREASED BY 8.8% TO 840,993 TEU REPRESENTING $23 BILLION WORTH OF IMPORTS AND EXPORTS”

We are also putting thought – and action – into preparing for the challenges presented by the global economic downturn, and the trend towards consolidation in the international shipping industry.

We continue to invest in new and smarter ways to handle and move cargo, and in plans to ensure we can meet the long-term growth needs of the region and nation. With this in mind, our Port Development Plan looks forward to 2040, proposing methods to cater for further growth by intensifying operations within our existing footprint.

YOUR PORT
Ports of Auckland, in one form or another, has been operating in the Waitemata Harbour since the early 1800s.

After delisting from the New Zealand stock exchange in 2005, today the Company is wholly owned by Auckland Regional Holdings (ARH), the investment arm of the Auckland Regional Council. Ports of Auckland’s profits, through dividends to our shareholder, are reinvested in the region to support stormwater and infrastructure projects.

We also have a 19.9% share in Northland Port Corporation, a 50.0% share of North Tugz Limited, operating out of Whangarei, and a 27.5% holding in United Containers Limited, one of New Zealand’s largest container depot operators.

OUR YEAR IN REVIEW
• 1,738 ship calls, including 70 cruise ship calls
• Total container volumes increased by 8.8% to 840,993 TEU (20-foot equivalent unit) representing $23 billion worth of imports and exports
• Bulk and breakbulk volumes increased by 2.4% (not including Wynyard Wharf volumes) and we handled 173,373 vehicles, up 3.0% on the previous year
• Earnings before interest and tax from port operations increased by 2.3% to $52.8 million
• We paid $22.8 million in dividends to ARH.
## OUR CONTRIBUTION

Ports of Auckland makes an important contribution to the economies of both the Auckland region and New Zealand.

We are New Zealand’s most significant port, handling 50% of the entire country’s imports and 24% of its exports by value in 2007. Overall, Ports of Auckland handles 37% of New Zealand’s total annual trade by value — representing nearly 1.3% of national GDP.

As well as our role as a facilitator of trade, Ports of Auckland also has a direct impact on the regional economy.

In 2008, Ports of Auckland commissioned an updated economic impact analysis. This report, by economics consultancy Covec, follows the port impact framework established by the Australian Bureau of Transport Economics.

It found that, for the year ended 30 June 2008, the overall impact of Ports of Auckland on the Auckland region was $270 million of output, $144 million of GDP, 1,002 full time equivalent (FTE) jobs and $60 million of household incomes.

Our port-related activities generated $169 million of direct output, $100 million of GDP, 568 FTE jobs and $38 million of household incomes — translating to nearly $67,000 per FTE, which is well above the national average.

Ports of Auckland also generated flow-on output of $101 million, GDP of $44 million, employment for 434 FTEs and household incomes of $22 million.

In the 12 months to June 2008 each of the nearly 1,700 freight-related ship calls to Ports of Auckland had an average impact on the Auckland regional economy of $159,000 of output, $85,000 of GDP, employment to 0.6 FTE jobs and $35,000 of household incomes.

New Zealand’s tourism industry also benefits from the 70 or so annual cruise ship visits facilitated by the Port, with each visit generating an average economic benefit of $1.1 million.

### "WE HANDLE 37% OF NEW ZEALAND’S TOTAL ANNUAL TRADE BY VALUE"

We also provide significant funding to the Auckland region for major public infrastructure improvements, via dividends to our shareholder, ARH. Over the last five years, Ports of Auckland has paid ARH dividends totalling $273.4 million, including $22.8 million this year.

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### ECONOMIC IMPACT OF PORTS OF AUCKLAND

<table>
<thead>
<tr>
<th>IMPACT MEASURE</th>
<th>DIRECT EFFECTS</th>
<th>FLOW-ON EFFECTS</th>
<th>TOTAL IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output ($m)</td>
<td>$169</td>
<td>$101</td>
<td>$270</td>
</tr>
<tr>
<td>GDP ($m)</td>
<td>$100</td>
<td>$44</td>
<td>$144</td>
</tr>
<tr>
<td>Household incomes ($m)</td>
<td>$38</td>
<td>$22</td>
<td>$60</td>
</tr>
<tr>
<td>Employment (FTEs)</td>
<td>568</td>
<td>434</td>
<td>1,002</td>
</tr>
</tbody>
</table>

Note: Excludes trade facilitation and cruise ship impacts
Ports of Auckland's people are our most important asset. As the Company sets its sights on achieving world class performance, we are also focusing more on the people that make such improvements a reality – our staff.

In this, our first dedicated Sustainability Review, we are sharing more information and statistics about the make-up of our business and our workforce, as well as introducing a range of staff-focused initiatives and programmes.

WHO WE ARE AND WHAT WE DO
We employ more than 550 staff (FTE) in a diverse range of occupations. The majority of our team work in or around the container terminals at Fergusson and Bledisloe Wharves, and in the supporting engineering, transport and marine service departments. There is also a strong corporate group, comprising highly-skilled IT specialists, finance staff and other professionals.

Around three-quarters of our staff work shifts, keeping the business running 24 hours a day, seven days a week.

Experience and industry knowledge are key competencies for Port staff and many of our staff have been with the Port for much of their career.

In 2008, the Port recruited 48 new or replacement staff, compared to 39 in 2007. The Company has a current annual turnover rate of 8.07%, which has remained largely unchanged over the last two years. However, over this time the workforce has become significantly more diverse.

"VALUES ARE THE FOUNDATION OF BELIEFS THAT GUIDE ANY BUSINESS. THIS IS ABOUT BUILDING A STRONG AND ENDURING BUSINESS, AND GETTING ALL OUR STAFF ON THE SAME PAGE."

JENS MADSEN, MANAGING DIRECTOR

CREATING A BETTER CULTURE
In August 2007, Ports of Auckland introduced Compass, a values and culture-change programme aiming to improve collaboration, leadership and productivity across the organisation over time.

Compass works to create a higher-performing culture by building trust and removing some of the barriers that exist between departments and staff.

The first step in the process was a series of business survey sessions seeking to understand what people felt was most important to them about the Ports of Auckland. From the feedback generated, five core Ports of Auckland values were shaped, forming the basis for a series of small-group workshops run by expert facilitators.

A key objective of these workshops was for staff to understand the importance of knowing their personal values and create a collective understanding of Ports of Auckland's workplace values.

During these workshops the proposed Company values were further developed and refined, providing a foundation for how staff work together, treat each other and expect to be treated.

PORTS OF AUCKLAND VALUES:
- We do what we say
- We respect and care for each other
- We do things better
- We work together
- We deliver results
REWARDING PRODUCTIVITY
A Productivity Bonus Programme (PBP) was launched in May 2008. The programme is a self-funding bonus scheme for operational staff that rewards the achievement of set productivity targets, including crane rate, staff hours per container and plant availability. Good progress is being made across the operating departments and recently our Pack facility staff celebrated their first PBP bonus payment.

GRADUATE RECRUITMENT
In 2007, Ports of Auckland introduced a graduate recruitment programme, targeting high-performing individuals with the potential to take on operational leadership roles within the industry. So far, four graduates have successfully taken up 24-month rotations within the Company. In early 2009, the first two graduates will take up international placements and another two will join the programme.

MEASURING OUR PERFORMANCE
Earlier this year, Ports of Auckland carried out the Workplace Productivity Snapshot Survey, developed by the New Zealand Department of Labour. The survey measured our performance in six key areas associated with improving productivity, as judged by Port staff. With an overall rating of 58 out of 100, we performed well in most areas but the results showed there was still much room for improvement. The outcomes were used to fine-tune and develop further initiatives to help improve productivity. We intend to run the survey each year to track our progress.

SETTLING THE CEA
Ports of Auckland’s Collective Employment Agreement (CEA) with the Maritime Union of New Zealand – Local 13 (MUNZ) expired on 30 November 2006. In late 2007 the Company experienced a series of strikes and subsequently participated in a facilitated bargaining process which culminated in a recommendation by the Employment Relations Authority for a settlement. While Ports of Auckland accepted this recommendation, MUNZ did not. Subsequently, Ports of Auckland has made a number of offers to settle the agreement and entered into a series of mediation meetings organised through the Department of Labour.

As at November 2008, the CEA remains unsettled and is, in the Company’s view, unlikely to be resolved within the current calendar year. Ports of Auckland remains concerned at the prospect of industrial action on the waterfront and its impact on the regional and national economy at a time of global economic uncertainty.

"RECENTLY OUR PACK FACILITY STAFF CELEBRATED THEIR FIRST PBPBonus Payment."

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AREAS OF WORK

<table>
<thead>
<tr>
<th>Area</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Container terminal operations</td>
<td>333</td>
</tr>
<tr>
<td>Engineering</td>
<td>66</td>
</tr>
<tr>
<td>Marine</td>
<td>54</td>
</tr>
<tr>
<td>Transport</td>
<td>32</td>
</tr>
<tr>
<td>Information Technology</td>
<td>16</td>
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<tr>
<td>Finance</td>
<td>15</td>
</tr>
<tr>
<td>General Wharves</td>
<td>10</td>
</tr>
<tr>
<td>Corporate (other)</td>
<td>11</td>
</tr>
<tr>
<td>Sales, Marketing and Logistics</td>
<td>7</td>
</tr>
<tr>
<td>Port of Onehunga</td>
<td>4</td>
</tr>
<tr>
<td>Port Infrastructure</td>
<td>4</td>
</tr>
<tr>
<td>Human Resources</td>
<td>4</td>
</tr>
</tbody>
</table>

Note: Area of work figures are based on FTE numbers which are calculated on hours worked. Age profile and gender balance graph figures represent the number of full and part-time permanent staff employed by the Company.

SURVEY RESULTS OUT OF 100

<table>
<thead>
<tr>
<th>Area</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building leadership and management</td>
<td>49</td>
</tr>
<tr>
<td>Creating a productive workplace culture</td>
<td>53</td>
</tr>
<tr>
<td>Encouraging innovation and the use of technology</td>
<td>61</td>
</tr>
<tr>
<td>Investing in people and skills</td>
<td>60</td>
</tr>
<tr>
<td>Organising work</td>
<td>53</td>
</tr>
<tr>
<td>Networking and collaborating</td>
<td>65</td>
</tr>
<tr>
<td>Measuring what matters</td>
<td>68</td>
</tr>
<tr>
<td>Overall rating</td>
<td>58</td>
</tr>
</tbody>
</table>

STAFF GENDER BALANCE

- Male: 466
- Female: 60

AGE PROFILE OF STAFF

- Under 20: 20
- 20-30: 14
- 31-40: 7
- 41-50: 139
- 51-60: 169
- Over 61: 121

- Female: 60

Note: Age profile figures are based on FTE numbers which are calculated on hours worked.
The nature of port operations means work here can be high-risk and every ‘near miss’ or incident has the potential to be very serious. For many years, the Ports of Auckland team, from management to frontline staff, has put a great deal of effort into reducing risk and eliminating Lost Time Injuries (LTI) and has seen some good results from their efforts.

This year, however, we experienced 27 LTIs, an unfortunate result after four consecutive years of improvement and of great concern to the Company.

All in all, there were 133 reported incidents, the vast majority of which did not result in serious injury or lost time. On the whole, any injuries were minor, being sprains and contusions, mainly to the back, shoulder, knee, or hand and wrist. The accidents were primarily caused by muscular stress, hitting stationary objects or falls, slips, trips and stumbles.

Ports of Auckland’s goal is for all of our staff to go home safe and uninjured. Despite a disappointing year in this regard, we are still focused on our original goal to reduce the number of LTIs each year by at least 50%, with an ultimate goal of zero.

“We’ve made real progress in the last two years, not just with our safety procedures, but also with the heights safety culture here.”

PETE BRANCH, HEALTH AND SAFETY ADVISOR

Improving the Health and Safety record has been formally identified as a priority for the coming year. It is a prime responsibility of all staff to ensure that their jobs are performed without injury to themselves or anyone else in or near the workplace.

Staff at every level, particularly managers and supervisors, and the Company’s active Health and Safety Committees, have been working hard to find solutions and get back on track. Improving personal accountability, especially from those staff in a leadership role, and reporting all incidents, including ‘near misses’, are key areas of focus. The Health and Safety Steering Committee has also been engaged specifically to identify strategies to reduce incidents and harm.

AIMING HIGH

Extra-special attention and care is required in some operational areas; in particular, for stevedores and engineers who spend much of their time working at significant height – whether it be driving a straddle carrier, working on a ship or repairing a crane.

A review and programme to improve safety at height precautions and procedures was actioned following the serious injury of an engineering staff member in 2007. A team of container terminal and engineering staff worked together and with outside agencies, such as the New Zealand Fire Service and specialist consultants. A new and extensive set of practices, including maintenance procedures to safeguard engineers and a new medical emergency procedure, now complement existing emergency measures that are well practised.

A recent and ongoing initiative put particular focus on the cranes, with all areas being considered and fitted with a range of height safety gear. A range of self-rescue devices are currently being trialled.

Good progress is also being made in other areas of safety, such as with the implementation of the Company’s new Zero Tolerance Hard Hat Rule at the container terminals and further development of the lashing training programme.

TOP MARKS

In May, we successfully completed the Accident Compensation Corporation Audit of our Occupational Health and Safety system, retaining our tertiary rating – the highest level possible. This audit confirms that our systems are of a high standard and that our focus needs to continue to be on the cultural change required to support our aim of a zero LTI record.

KEEPING WELL

Tailored superannuation arrangements, family medical insurance and a staff gym, as well as a calendar of family events and a sports sponsorship programme, are some of the benefits that Ports of Auckland’s permanent staff have access to and enjoy.

We have a well-utilised employee assistance programme to provide support for staff on a strictly confidential basis for personal problems ranging from relationship break-ups through to addiction problems.
Connecting New Zealand with the World

Ports of Auckland’s role in the supply chain – from manufacturer to consumer, here and abroad – goes far beyond our operations behind the red fence.

We aim to form enduring partnerships with customers and the wider port, shipping and supply chain sector, collaborating on ways to move Auckland and New Zealand’s goods as efficiently as possible.

The challenge in front of us is significant: New Zealand’s ‘freight task’ is estimated to increase by 70% to 75% over the next 25 years. New port, road and rail infrastructure, while needed, will not be enough; to cater for this enormous projected growth, we must also work smarter and more efficiently.

Trend Towards Hubbing

The port of Auckland is quickly developing as the major hub port for New Zealand. In the last five years, we have recorded a 150% growth in trans-shipments – when cargo destined for another port is transferred from one ship to another. In 2008 alone, trans-shipments increased by 55.5%. This is one area of significant growth that will not impact infrastructure outside the Port. It is a trade of vital importance to New Zealand, enabling larger container ships to hub off Auckland and connect to other New Zealand ports with coastal feeder ships.

Helping to secure a hub port in our own country is paramount for our trading nation, as we otherwise risk delays to important incoming and outgoing cargo through an extended supply chain.

Coastal Shipping

This year was notable for the release of the Government’s Sea Change strategy document to lift domestic sea freight capacity, of which Ports of Auckland has been very supportive.

Increased coastal shipping will help take pressure off the nation’s roads and, by giving the major shipping lines more options for moving cargo around New Zealand, will create a more robust, resilient supply chain. Moving goods by sea is also more environmentally friendly and efficient than taking them by road or rail.

We look forward to welcoming new coastal feeder services early in 2009.

A Lean, Green Supply Chain

In partnership with ONTRACK, KiwiRail and the wider freight sector, our inland port at Wiri, South Auckland, is helping to create a more sustainable and efficient supply chain for the upper North Island.

Once our planned rail exchange is operational in mid 2009, Wiri will realise its potential as a stepping stone to help road carriers transport goods to port without coming all the way into central Auckland. For example, businesses in the Waikato will have a great opportunity to hub off Wiri – making their lives easier and taking truck traffic off Auckland’s roads.

There will be a cost to use the rail service, but it will be more cost effective and efficient than having to truck the goods all the way into the city – and possibly travel back again empty. With Wiri fully operational, we hope to lift the proportion of port cargo carried by rail from 10% of throughput to 30%.

Adding rail capacity to Wiri will also eventually reduce Auckland city truck moves by as many as 100,000 per annum.

Removing Waste

In another collaborative initiative, we are exploring ways to take waste and cost out of the supply chain by increasing the proportions of trucks carrying full loads, both to and from the Auckland seaport. At present, only 20% to 30% of the trucks entering the port are fully loaded on both journeys. We see collaboration in this area as a significant opportunity to increase supply chain efficiency, reduce cost and improve environmental outcomes.

Shared Responsibilities

National security and biosecurity does not rest with government alone. Industry has a crucial role to play and co-ordination between government agencies and organisations like Ports of Auckland is vital. We work closely on a daily basis with a range of agencies, including Maritime New Zealand, Customs and MAF Biosecurity.

Customer Commitment

Close collaboration with companies like Nestlé, Turners and Growers, and Panasonic has produced efficiencies and benefits that flow through the entire New Zealand supply chain.

“Instant Soups Need Instant Turnaround.”

Geoff Harper, Manager Supply Chain for Nestlé

Nestlé uses Ports of Auckland’s Wiri Inland Port and after-hours services to avoid peak time congestion on the roads, reduce transit times and cut emission costs.

“We Can’t Afford Any Slip-ups or Our Product Perishes.”

Alistair Petrie, General Manager NZ Markets for Turners and Growers

A highly perishable product needs a high-performance supply chain. Recently, Turners and Growers switched to importing bananas in containers in smaller, more frequent shipments, which, with our help, can be delivered within 1.5 hours of arrival at the seaport.
**Our Community**

Ports of Auckland has an active community relations programme that gives our neighbours and members of the wider Auckland community an opportunity to get to know the Port better. We are committed to transparency and dialogue with our community stakeholders.

**Getting to Know Us**

In 2008, Ports of Auckland provided more public tours of the Auckland seaport than ever before. We hosted just over 100 free tours on foot, by ferry and by bus and enjoyed record-setting participation by the community.

This year our boat tour programme also marked its eighth successful year. The programme offers free tours of the Auckland seaport by ferry on a weekly basis to the general public and school groups. Exploring the city Port by ferry offers a unique waterside view uninhibited by the security and bio-security regulations that apply inside the Port’s gates.

In May 2008, Ports of Auckland brought back SeePort Week for a booming second year. An expanded nine-day, festival-style programme of tours and displays led to more than 3,000 Aucklanders joining in – a 40% increase in attendance over the inaugural 2007 event.

SeePort tours by ferry and bus, with our knowledgeable staff as guides, took Aucklanders as close as possible to ships, cranes and straddle carriers – and brought the facts and figures about the Port to life.

**Celebrating Our City**

The Port’s history is Auckland’s history and celebrating this shared heritage is an important aspect of our community relations programme. A series of historically-focused ferry and walking tours along the red fence during the Auckland City Heritage Festival each September provides a glimpse into early Auckland and some insight into how the past has shaped our present-day Port and city.

Ports of Auckland also sponsors local events such as the Auckland Anniversary Regatta, which celebrated its 168th birthday in 2008, and associated Anniversary Weekend events on the Waitemata Harbour. In January 2008 the Company again celebrated the city’s founding by presenting ‘Symphony on the Sea,’ a free water-themed performance by the Auckland Philharmonia Orchestra, to thousands of Aucklanders.

Other sponsorships include a five-year commitment to the University of Auckland Business School providing funding for the Chair in Logistics and Supply Chain Management, support of the ‘Atamira – Maori in the City’ exhibition, and a donation of $50,000 to Cure Kids through an industry golf and charity event.

In 2008, we also resumed our participation in the Onehunga Community Festival, along with maintaining a public viewing platform at South Head, looking over the infamous Manukau Bar and entrance to the Onehunga Port. The platform boasts views of the present-day signal station and a replica of the historical Awhitu Lighthouse.

**Being Seen, Not Heard**

Noise from port operations is controlled and reduced where possible and we do our best to stay within prescribed parameters. Our round-the-clock noise hotline, on 09 913 9848, provides an easy way for the public to advise us of unacceptable noise levels. We investigate all reports, taking action to stop or reduce the particular noise where feasible.

We continue to work to reduce operational noise. Ships are berthed stern seaward whenever possible, angling engine and generator noise away from city dwellers, and ships only sound their horns for safety, such as on very foggy mornings. The Port’s engineering department has employed various noise reduction measures on machinery and is also currently trialling a range of warning sounds that will be less audible to our neighbours while still satisfying safety requirements.

<table>
<thead>
<tr>
<th>Noise Indicator</th>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
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<tbody>
<tr>
<td>Noise complaints</td>
<td>23</td>
<td>25</td>
<td>29</td>
</tr>
</tbody>
</table>

**Opening Up the Waterfront**

Another historical milestone for Auckland was marked in March this year, when Managing Director Jens Madsen joined Auckland Regional Council Chairman Mike Lee and Auckland City Mayor John Banks in officially opening the new public waterfront walkway along the eastern edge of the Port’s Fergusson container terminal.

Auckland’s new inner-city waterfront walkway boasts 400 metres of spectacular views, with panoramas of the sparkling waters of the Waitemata Harbour on one side and bustling port operations on the other. Views of the neighbouring heliport are also a highlight, especially for young children.

"The Walkway is our gift to the people of Auckland."

**Jens Madsen, Managing Director**

Constructed as part of the Fergusson container terminal extension, the walkway is our gift to the people of Auckland, having been formally transferred to the Department of Conservation.

Provision of this new walkway is also a demonstration of Ports of Auckland’s desire to provide as much waterfront access to the public as is possible, without adversely affecting core port operations.
Port Development

Over the years, the Auckland Port has progressively moved its operations towards the east, releasing land holdings in the west – a total of more than 70 hectares since 1996, including 26 hectares at the Western Reclamation or ‘Tank Farm’ – for alternative use.

This year we also published a review of our Port Development Plan – a high-level strategic view of how the Port could develop over the years to come. The updated Plan follows the Auckland Regional and City Councils’ 2040 Vision document and aims to strike a balance between operational needs and public interest in accessing waterfront land.

There is considerable public interest in the possible release of the three finger wharves – Queens, Captain Cook and Marsden. In the Port Development Plan we indicated a willingness to release Queens Wharf for public access within two to three years, and Captain Cook Wharf within approximately 10 years, assuming suitable terms and conditions relating to timeframes and sale are met. Marsden Wharf is required indefinitely as a buffer between port and other uses.

We are committed to being part of the solution, not the problem, and to working constructively with all stakeholders. We recently welcomed an announcement by the Auckland Regional Council of a joint feasibility study into the development of a cruise ship facility on Queens Wharf, as part of a solution that would see continued use of the wharf for cargo handling.

You can read more about the Port Development Plan in the Annual Review or view the document and find more information on our website.

GOOD VIEW ON THE HORIZON

In 2009 we are refreshing and refocusing our community relations programme to provide more opportunities for dialogue and face-to-face engagement between Port staff, neighbours and other stakeholders. Record uptake of our port tours during 2008 showed us that there is a strong desire and interest from the community to be more involved with Ports of Auckland.

That’s why, in the coming year, we are recommencing our community newsletter, under the new name ‘Rapport’, to keep you up-to-date on Ports of Auckland and the many happenings behind the red fence.

Other priorities include a public opinion survey and a project to improve the way we manage complaints and feedback from the public.

A review of our sponsorship portfolio will also continue in the coming year. This review is designed to ensure our various sponsorships both achieve our objectives and meet the needs of our stakeholders.

PORT DEVELOPMENT

Over the years, the Auckland Port has progressively moved its operations towards the east, releasing land holdings in the west – a total of more than 70 hectares since 1996, including 26 hectares at the Western Reclamation or ‘Tank Farm’ – for alternative use.

This year we also published a review of our Port Development Plan – a high-level strategic view of how the Port could develop over the years to come. The updated Plan follows the Auckland Regional and City Councils’ 2040 Vision document and aims to strike a balance between operational needs and public interest in accessing waterfront land.

There is considerable public interest in the possible release of the three finger wharves – Queens, Captain Cook and Marsden. In the Port Development Plan we indicated a willingness to release Queens Wharf for public access within two to three years, and Captain Cook Wharf within approximately 10 years, assuming suitable terms and conditions relating to timeframes and sale are met. Marsden Wharf is required indefinitely as a buffer between port and other uses.

We are committed to being part of the solution, not the problem, and to working constructively with all stakeholders. We recently welcomed an announcement by the Auckland Regional Council of a joint feasibility study into the development of a cruise ship facility on Queens Wharf, as part of a solution that would see continued use of the wharf for cargo handling.

You can read more about the Port Development Plan in the Annual Review or view the document and find more information on our website.
### OUR ENVIRONMENT

Ports of Auckland is committed to operating sustainably and has a superb track record in environmental management. This year we achieved further improvement in key performance indicators.

### ENERGY AND WATER USE

The majority of Ports of Auckland’s operational emissions are directly related to diesel and electricity use. Three of the largest energy users are our marine floating plant, such as tug and pilot boats, our cargo-handling machines – cranes and straddle carriers – at the container terminal, and refrigerated containers, many of which carry important New Zealand exports.

Our electricity use per 20-foot equivalent container unit (TEU) has decreased this year, and water usage has remained unchanged. Diesel usage was also reduced for the first time in many years, and was proportionate to that used in 2005 despite significant volume growth.

Considerable investment in hybrid diesel-electric straddle carriers, including 10 machines this year, is one aspect of operations being credited for the reduction in fuel use. The straddle carriers generate 90% less particle emissions, use 20% less fuel and make less noise than previous diesel-only models.

A recently installed real-time monitoring system, SCADA, is helping to identify opportunities for improvement and waste reduction in electricity and fuel consumption. The engineering department has also achieved 25% energy saving by improving workshop lighting and compressed air systems as part of a wider energy conservation programme. The team is now working with other departments to look at opportunities in their respective areas.

**"WE TAKE PRIDE IN HELPING NEW ZEALAND BUSINESSES OPTIMISE ENVIRONMENTAL EFFICIENCY THROUGHOUT THE PRODUCT LIFE-CYCLE."**

**JENS MADSEN, MANAGING DIRECTOR**

<table>
<thead>
<tr>
<th>ENERGY AND WATER USE INDICATOR</th>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity used by port operations (kWh)</td>
<td>23,916,123</td>
<td>26,255,982</td>
<td>27,368,446</td>
</tr>
<tr>
<td>Electricity used by port operations (kWh) per TEU</td>
<td>34.86</td>
<td>33.96</td>
<td>32.54</td>
</tr>
<tr>
<td>Diesel used by port operations (litres)</td>
<td>3,519,950</td>
<td>3,608,034</td>
<td>3,413,842</td>
</tr>
<tr>
<td>Diesel used by port operations (litres) per TEU</td>
<td>5.13</td>
<td>4.67</td>
<td>4.06</td>
</tr>
<tr>
<td>Water used by port operations (cu m)</td>
<td>115,700</td>
<td>87,950</td>
<td>89,440</td>
</tr>
<tr>
<td>Water used by port operations (cu m) per TEU</td>
<td>0.17</td>
<td>0.11</td>
<td>0.11</td>
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</tbody>
</table>
### REDUCING, REUSING AND RECYCLING

Recycling paper products is a mainstay of the Company’s daily environmental efforts, and this year, cans, glass and plastics were added to the mix with good results across the Port so far.

The Company also has programmes in place for the reuse and recycling of oil, scrap steel and copper wire among other materials, while a recent efficiency project has achieved 25% to 50% increases in tyre life.

Recycling has also been a feature of the Fergusson reclamation extension, with hundreds of thousands of cubic metres of low-impact dredgings and around 40,000 cubic metres of rock from the Wiri Inland Port being recycled to form new land. Around 1.8 hectares of pavement have also been reused within the Port facilities.

### TRANSPORT

In 2008, the 8.8% increase in container volumes through Ports Auckland saw growth in the number of containers moved both by rail (up 4.1%) and by truck to and from the Auckland seaport (up 6.6%). However, the biggest increase was seen in volumes of trans-shipments, with a 55.5% increase in the number of containers moved from one ship to another.

Off peak truck moves increased significantly in 2007 and remained steady this year. Transporting containers outside peak traffic times is positive for the community and the environment, as well as helping to smooth workflow at the Port.

#### REDUCING, REUSING AND RECYCLING INDICATOR

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<tr>
<th></th>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paper recycled at main building (tonnes)</td>
<td>20.0</td>
<td>25.0</td>
<td>25.0</td>
</tr>
<tr>
<td>Cans, plastic and glass recycled (tonnes)*</td>
<td>n/a</td>
<td>n/a</td>
<td>2</td>
</tr>
<tr>
<td>Total dredgings used as environmentally friendly fill, including mudcrete (cu m)</td>
<td>810,000</td>
<td>90,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Total pavement recycled for re-use at the port (ha)</td>
<td>0.5</td>
<td>0.7</td>
<td>1.8</td>
</tr>
</tbody>
</table>

*Note: Cans, plastic and glass recycling introduced in January 2008

#### TRANSPORT INDICATOR

<table>
<thead>
<tr>
<th></th>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
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<tbody>
<tr>
<td>Total containers moved by truck (TEU)</td>
<td>554,030</td>
<td>563,196</td>
<td>600,476</td>
</tr>
<tr>
<td>Containers trucked off peak (TEU)</td>
<td>187,670</td>
<td>230,665</td>
<td>246,631</td>
</tr>
<tr>
<td>Containers trucked off peak as % of total containers moved by truck (TEU)</td>
<td>34</td>
<td>41</td>
<td>41</td>
</tr>
<tr>
<td>Total containers moved by rail (TEU)</td>
<td>65,660</td>
<td>80,338</td>
<td>83,639</td>
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<tr>
<td>Rail moves as a % of total land-side moves to/from the Port</td>
<td>11</td>
<td>12</td>
<td>12</td>
</tr>
</tbody>
</table>

*Note: Volumes refer to the Auckland seaport only. Off peak is defined as 7pm to 7am weekdays and all day on weekends.
MEASURING OUR FOOTPRINT
In 2008, Ports of Auckland became one of the first ports in Australasia to measure and audit its greenhouse gas emissions and carbon footprint.

Ports of Auckland’s total emissions for 2007 were estimated at 29,647.4 tonnes of carbon dioxide equivalent (CO₂e, a composite measurement of the six gases listed in the Kyoto Protocol).

The upcoming 2008 calendar year measurement has been identified by the Company as the basis on which further performance and improvements will be measured. Meanwhile, plans to reduce emissions are both in place and being developed further, including sustainable purchasing guidelines.

The inventory of total greenhouse gas emissions, audited by PricewaterhouseCoopers, is an important step for the Company as it provides a benchmark for future measurement and management of our environmental impacts.

While in terms of the entire supply chain, from raw material to finished product to final consumer, Ports of Auckland’s contribution to any product’s total carbon footprint is relatively small, it is nonetheless important.

In fiercely competitive global markets, where consumers are increasingly questioning the environmental impact of products, Ports of Auckland recognises the importance of reducing its carbon footprint, and therefore that or the cargo it handles.

"IN 2008, PORTS OF AUCKLAND BECAME ONE OF THE FIRST PORTS IN AUSTRALASIA TO MEASURE AND AUDIT ITS GREENHOUSE GAS EMISSIONS AND CARBON FOOTPRINT."

СПILLS
Ports of Auckland works closely with the Auckland Regional Council Harbormaster’s Team to identify and clean up occasional spills of diesel, bilge or other liquids from commercial shipping into the marine environment. This year there was an unfortunate increase in spills. Three of the four spills were unsourced. Ranging between 5 and 30 litres, all were considered minor.

PROTECTION FROM PESTS
Ports of Auckland continues to work closely with Biosecurity New Zealand to implement measures to protect New Zealand from harmful pests and diseases. Activities include regular biosecurity training for operational staff, employing an entomologist to maintain controlled habitat traps and conduct routine checks for exotic mosquitoes, support of re-ballasting regulations and supply of an on-wharf decontamination facility for cleaning of vehicles and machinery. Several BioVapour heat treatment units are also being trialled onsite as an alternative to methyl bromide fumigation when it is required by MAF Biosecurity.

<table>
<thead>
<tr>
<th>SPILLS INDICATOR</th>
<th>FY06</th>
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<th>FY08</th>
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</thead>
<tbody>
<tr>
<td>Environmental spills</td>
<td>5</td>
<td>2</td>
<td>4</td>
</tr>
</tbody>
</table>
PEOPLE COMPASS VALUES PROGRAMME HEALTH AND SAFETY PRODUCTIVITY BONUSES VISION GRADUATE PROGRAMME ENVIRONMENT CUTTING ENERGY USE SUSTAINABILITY RECYCLING CARBON FOOTPRINT COMMUNITY WATERFRONT WALKWAY SEEPORT WEEK