

**Ports of Auckland Customer Christmas function  
1 December 2010, 7:00pm**

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**Jens Madsen speech**

Tēnā koutou, Tēnā koutou, Tēnā koutou, katoa.

Good Evening Ladies and Gentlemen, and a warm welcome to you all. Thank you for coming and helping us to celebrate the year.

It is the end of 2010 and we have almost completed the first decade of the new millennium.

As you know, it has been a decade of major change.

In the last 10 years Ports of Auckland has been focusing on supporting growth, with developments such as the channel deepening and the Fergusson reclamation projects, along with major capital investment in land, plant and service capabilities.

It hasn't always been easy.

Like everyone else, we have had to weather the storm of the global financial crisis.

But with hard work and a talented and dedicated team at Ports of Auckland we were still able to achieve a 3% growth in container volume in the past financial year, handling a record 867,000 TEU, and with an increase in bulk and breakbulk volume of 6.7%.

Cruise visits are on the increase – from 62 in the last financial year, to 79 visits planned for the current year.

Further growth ahead means that it won't be many years till we crack the 100-visits milestone, and that is why discussions around a dedicated cruise ship terminal are appropriate, and something we look forward to working on with the Auckland Council and its other agencies.

Seafuels – our joint venture with Hong-Kong based Pacific Basin – and the bunker vessel *Awanuia*, has enjoyed a most successful year and is now handling in excess of 90,000 tonnes of fuel and diesel per annum.

This year we also joined forces with NZL Group to form a new logistics subsidiary called CONLINXX limited. This partnership transformed the Wiri Inland Port into the Wiri Freight Hub.

In fact, container volume handled by the Wiri Freight Hub increased by 48.5% in the last financial year.

In March there was another landmark when, along with KiwiRail, we officially opened the rail link from Wiri to the seaport.

This has already helped increase the overall volume of freight handled by rail, and we look forward to further developments such as integrating Wiri with rail services south to the Waikato. This will happen from the second half of 2011.

This initiative is just one demonstration of our resolve to drive further efficiencies in the Supply Chain – and I would like to take this opportunity to thank all those who have helped make this venture come off to a successful start.

We look forward to your continuing support in the coming years as CONLINXX continues to expand its scope.

Faced, as everyone was, with the impact on trade of the Global Financial Crisis, the process of consolidating our previously separate Bledisloe and Fergusson Container Terminals' stevedoring teams generated immediate, tangible benefits.

This major advance has enabled us to work smarter and more effectively at the Port, providing advantages to our customers and helping us to contain costs.

Combined, these initiatives contributed to a much improved profit result. Our net profit after tax (NPAT) was \$37.2m for the financial year ended 30 June 2010, with normalised earnings\* after taxation at \$24.4m, up 55% on the previous financial

year. This represented a return on closing shareholders' equity of 6.1% (compared with 4.6%).

And good progress is continuing.

Ports of Auckland finished the first quarter of the new financial year on a positive note with container volume up nearly 8%, imported vehicle units up by over 25% and trans-shipments up by over 15% - a sure reflection of the growing use of POAL as NZ's premier North Island hub port.

Importantly, and thankfully, however, life and business is not just about the numbers.

Our friends from Ngati Whatua o Orakei finished a letter to me recently with the words – "If you should ask me what is the main thing in this world?

I will say to you: It's the People; It's the People; it's the People".

Indeed it is. And we are extremely fortunate at Ports of Auckland to have an excellent pool of talented people: talent we intend to continue to foster.

Our Graduate Leadership Development Programme is in its fourth successful year, and I anticipate that the calibre of future participants will remain of the highest standard.

We also have a participant in the Future Auckland Leaders Programme, Alistair Kirk - our Civil Engineer in Port Infrastructure. The Future Leaders Programme is about organisations investing in developing the leadership talent of young promising Aucklanders – a programme we are proud to support.

Amongst our staff members we continue to have a team of truly committed people.

Many help out with our community involvements that I will refer to later.

But an example brought to my attention recently involved a request from Belgium, a family asking about a family member who worked at the Ports in the early 1950's.

Apparently he was in charge of the port, according to what he told his relatives.

Rather than just put the query aside as not important the team followed up and discovered that in fact the family member in question did work at the port.

Our investigations showed that he was the gatekeeper – so I guess, in a way, he really was in charge of the Port (!).

Anne-Marie (from our Comms team) is still in contact with the family and continues to help them in their search for more information.

For me, this demonstrates two points:

1. How people are proud of their roles here, and
2. How everyone at the Port strives to give to the best of their ability, tackling large and small tasks alike. No detail is too small, and no effort too great!

There are, however, still plenty of challenges to tackle.

Ports of Auckland always strives to turn ships around as quickly as possible, and we continually review our operational and workforce processes to ensure we have the plant, equipment and people in place to service all demands.

That is not always as easy as it sounds, but is an area we simply need to improve.

With the trend towards slow steaming, part of the shipping industry's own justifiable response to the global trade slow down, we have faced the challenge of schedule integrity.

I anticipate in the future that there will be more schedule and rotation changes due to slow steaming, however I am confident that Ports of Auckland will emerge and be able to rise to each challenge, providing world class service to shipping lines.

Already, it is looking like 2011 will be yet another busy year. Ships are increasing in size, cargo flows are becoming even lumpier and peaks and troughs more noticeable.

There has been much talk about the imminent arrival in New Zealand of 7,000 TEU ships, and I would like to comment briefly on that.

My view is that some of the talk (particularly the timing) is probably a bit too optimistic, and I see the change that will affect New Zealand trade most within the next few years being the stepped increase in the medium-sized vessels serving NZ.

Currently our most regular visitors are in the 2,800-4,100 TEU range. These vessels look set to increase to the 3,500– 5,500 TEU range within the next three to five years. We will of course see the 7,000 TEU type one day, the question is when...

In preparation, Ports of Auckland has gained project consent to deepen the berth alongside Fergusson wharf, and construction of the final design (to 15 m depth) will be timed to meet demand.

In the interim, I am pleased to announce that the berth will be deepened to 13.5 metres and a new northern dolphin constructed in 2011 to allow two longer, larger vessels to work the berth simultaneously.

Also, we have plans drawn up for a new berth along that northern end of the Fergusson terminal which will be able to facilitate even larger vessels and higher capacity.

“The Question of Big Ships” report released by The New Zealand Shipper’s Council in August certainly received a lot of attention and contained a lot of good stuff.

I am pleased that it noted that the port in Auckland does have significant advantages - just as William Hobson suspected when the city was founded on the Port.

The challenges, it noted, are, however, to a very large extent a reflection of the overall challenges Auckland faces as a city.

Securing and enhancing our transport corridors – not just for people, but for freight too – is critical so that the supply chain linking the Auckland region to the world is as efficient as possible, thereby supporting productivity and economic growth.

That is the challenge for Auckland.

Ports of Auckland understands it is a city port, and I am sure that Auckland also is prepared to make the most of being a world class port-city.

Certainly the Port looks forward to a constructive dialogue with the City on this topic.

Being a city port, we enjoy the interaction that we have with our neighbours and the opportunity for participation in many notable community events.

As you are no doubt aware, we are the naming rights sponsor for the Ports of Auckland Round the Bays run.

We were pleased to see a fantastic turnout in March this year – 72,000 runners. We hope many of you will join in the fun run on 13<sup>th</sup> of March 2011 and if you do participate, I invite you to come by our tent at the end of the race.

Ports of Auckland also has a tradition of participating in the Auckland Anniversary Weekend celebrations and the Auckland Heritage Festival.

In September it was a great honour to provide free tug tours on the historic William C. Daldy for the Auckland Heritage Festival, especially as the William C. was one of the Auckland Harbour Boards original steamship tugs.

For me, this was another demonstration of how much the city and the port are intertwined in each other's history.

We continue to offer free weekly boat tours of the Port to both the public and schools, and recently we held the SeePort Festival, providing an opportunity for the Auckland public to come behind the historic red fence to see the port operations from a different angle.

However, being a part of the community is not just about hosting events. Ports of Auckland is aware of the impact we have on neighbours of the Port, and in 2009 we started the Community Reference Group to facilitate dialogue between ourselves, neighbours and other key stakeholders.

Through this initiative we have been able to deal with issues arising such as the noise from vessels in port, noise from other port operations, emissions ... and even to provide a forum to educate about marine life in the Waitemata Harbour.

I would like to thank those of you here tonight who have participated in the Community Reference Group – from both the industry and community perspectives – your commitment is incredibly important to the success of the Community Reference Group, and it has been your dedication that has helped us resolve numerous issues this year.

We also work with the Schools and Business programme – formally Ed& Co – through which we help support Wiri Central School, located near the Wiri Freight Hub, and Te Papapa School, close to the Port of Onehunga.

These are important partnerships for us, and we look forward to further growing our relationship with both schools in 2011.

I couldn't conclude a summary of the year without noting the historic change to one unified Auckland Council.

For Ports of Auckland, that means a new shareholder: Auckland Council Investments Ltd – a Council Controlled Organisation, or CCO, within the Auckland Council structure.

I would like to acknowledge representatives from ACIL here tonight.

Ports of Auckland looks forward to working with you... for Auckland — helping the region to prosper and grow into the great international port city that it has the potential to be.

Our role as a gateway is fundamental. And we are continually trying to build on that.

That is why I am proud to announce that Ports of Auckland will be hosting the 11th Asia Oceania Regional Forum and Meeting of the International Association of Ports & Harbours from the 9<sup>th</sup> to the 11<sup>th</sup> of February 2011.

This is a great opportunity to deepen international supply chain relationships, and share best practise among the major ports operating in our corner of the world.

On a final and more personal note as many of you already know, I will be leaving Ports of Auckland early next year.

My five years at the Port Company have been a very important and rewarding stage of my career, and Junko's, our children's, and my family's life.

I have very much enjoyed working for this fantastic Company, with the customers and all my great colleagues. I love the history of the Ports of Auckland and I love the people.

There is truly no workplace in the world like working at a sea port.

My thanks go to you all for your support both in our commercial and personal relationships which I value highly.

Seasons' Greetings to you all, and thank you once again for your loyalty and support, and the Team and I wish you a very successful end to this year, and a prosperous and fulfilling 2011.

Cheers!

(Jens Madsen addressing Client Function – Wednesday 1 December 2010)