

+64 7 572 8899  
port-tauranga.co.nz

2 Salisbury Avenue  
Mount Maunganui  
New Zealand

Private Bag 12504  
Tauranga Mail Centre  
Tauranga 3143  
New Zealand

30 October 2024

## **Submission from Port of Tauranga Limited on the Proposed 2024 Amendments to Climate and Assurance Standards (Consultation document) from the External Reporting Board**

### **Introduction**

Thank you for allowing Port of Tauranga Limited (POTL) to submit on the proposed 2024 Amendments to Climate and Assurance Standards. It is appreciated that the External Reporting Board (XRB) has listened to business and recognised that Climate Reporting Entities are facing challenges with resourcing, obtaining reliable data, and how to disclose in the absence of comprehensive guidance on certain topics.

POTL has found our first year of complying with the mandatory Climate-related Disclosures (CRDs) to be both onerous and expensive. POTL is especially concerned over the upcoming requirements to report on mandatory scope 3 GHG emissions, as we foresee accurately calculating and disclosing these greenhouse-gas emissions along our varied supply chains will be very difficult.

This document contains our feedback on proposals as per your Consultation document.



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## Complexities POTL will have in measuring scope 3 GHG emissions

POTL is New Zealand's largest sea port which handles approximately 38% of New Zealand's exports, 22% of New Zealand's imports and 32% of all New Zealand's total trade in terms of tonnage<sup>1</sup>. Import and export commodities and goods that cross our wharves belong to an indeterminate number of value chains.

POTL is also New Zealand's most integrated port company and holds numerous investments in other New Zealand logistics companies as shown in our group structure diagram below.



POTL faces the following **complexities** and **timeframe challenges** in respect of measuring and reporting on scope 3 emissions.

### Complexities:

- From our perspective, emission standards appear to be written more for organisations that create and sell products and can (generally) easily identify

<sup>1</sup> Source: Statistics New Zealand: Overseas Cargo Statistics for the 12 months to June 2024.

their supply chain. These emissions standards however create challenges for organisations such as ports, which are infrastructure providers that sit in the middle of many numerous and varied supply chains. At our Mount Maunganui multi-cargo wharves, our company is not responsible for moving goods to or from the Port, nor do we load or unload cargoes to or from vessels – we just provide the required infrastructure for third parties to use. At the Tauranga Container Terminal, POTL operates a totally different model, where we are the operator and do undertake the loading and unloading of containers to and from vessels (via contracted suppliers), as well as transporting containers via rail to and from our inland ports.

- There is a lot of complexity and resources involved in the calculation of certain emissions sources. To give two examples:
  - *(1), POTL is currently looking at calculating shipping emissions for vessels calling at the port. Our initial understanding is that any shipping emissions calculation methodology would most likely need to follow USA EPA methodology (we believe that this is the expectation from our Auditor and appears to be the go-to method). This methodology is highly complex, requiring up to 20 data points for each vessel and requires around 18 calculations for each vessel. POTL had 1,427 vessels call over the 2024 financial year, plus additional vessels that also called at our 100% subsidiary, the Timaru Container Terminal. POTL first needs to establish how to best access this vessel data in the first instance, which is a challenge in of itself. This information becomes an enormous data set, with gaps in data anticipated and there is multi-faceted methodology involved in “filling the data gaps” as well.*
  - *(2), Another challenging emissions source will be calculating the emissions associated with trucks that come on Port – largely due to the sheer quantity of them, which could be in the order of 500,000 truck movements per year. POTL has no, or at best very limited, information as to where trucks have come from or where they go to. POTL does not engage these transport operators and has no contractual relationship with them. POTL also has no current systems capturing the required data.*
- Potential costs involved in accessing some data sources as well as challenges addressing data availability and quality issues.
- POTL also foresees challenges with different assurance providers being able to agree on consistent operational boundaries for sea-port businesses, as the operations and business models differ significantly between different ports.

#### **Timeframe challenges:**

- Time is required for implementing the collection of third-party data sources and internal data sources throughout the business. POTL also has to undertake data collection for three other entities which are within our organisational boundary.
- Time is required to establish consistent processes to avoid the double counting of emissions between spend-based methodologies (i.e. from finance system data), and activity/supplier specific data, as there are overlaps.
- Time is required for implementing carbon accounting software across our business to consolidate all of the above information, as well as the time required



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for staff to learn how to use the system. This software will further need to be integrated with other existing software to prevent inefficient duplication and the double entry of data.

- Time is required for further developing understanding of the scope 3 calculation requirements in the organisation (i.e. building our climate literacy). If consultants become involved in this process, to assist, it also takes time to develop their understanding of the complexity of Port value chains.
- Once these timeframe issues and challenges are all overcome and complete, POTL will then need time to put together a coherent report for external release that consolidates and presents all of this information per GHG Protocol and CRD requirements.

### **Proposal 1: Delaying mandatory scope 3 GHG emissions disclosure**

*Question 1: Do you agree with Proposal 1 to extend Adoption Provisions 4, 5 and 7 for scope 3 GHG emissions disclosures from one accounting period to two accounting periods?*

POTL is highly supportive of delaying the mandatory scope 3 GHG emissions disclosure. Our strong preference would be to further delay all scope 3 GHG emissions disclosures for a two-year period.

### **Proposal 2: Delaying mandatory scope 3 GHG emissions assurance**

*Question 2: Do you agree with Proposal 2 to add a new Adoption Provision 8 that gives relief of one accounting period before scope 3 GHG emissions assurance is mandatory?*

POTL is highly supportive of delaying the mandatory scope 3 GHG emissions assurance requirement.

*Question 3: Do you agree that a one-year delay for scope 3 GHG emissions assurance is sufficient to enable systems to mature to support the availability of sufficient reliable data and to enable increased consistency across the assurance market?*

POTL believes that a one-year delay for scope 3 GHG emissions assurance is not a long enough delay and that the XRB should instead provide a two-year delay period.



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### **Proposal 3: Delaying anticipated financial impact disclosure**

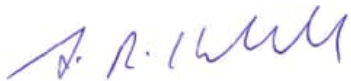
*Question 4: Do you agree with Proposal 3 to extend Adoption Provision 2 for anticipated financial impacts from one accounting period to two accounting periods?*

POTL is highly supportive of delaying the anticipated financial impacts disclosure.

### **Proposal 4: Delaying transition planning disclosures**

*Question 5: Do you agree with Proposal 4 to extend Adoption Provision 3 for transition planning from one accounting period to two accounting periods?*

POTL is highly supportive of delaying transition planning disclosures.



**Simon Kebbell**

Chief Financial Officer



**Port of Tauranga**

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