

Port report

Wendy McGuinness and Bob Frame provide a case study on the Port of Tauranga's process towards writing its first sustainable development report

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THE Port of Tauranga's first attempt at producing a sustainable development report (SDR), in the company's 2002 annual report, was highly commended by the Institute at the 2003 Annual Report Awards. This article looks at why the Port of Tauranga made the journey towards SDR and what it learnt in the process.

The report

The cover of the Port of Tauranga's annual report gives a clear understanding of the company, and its impacts on people and the environment. It also promotes a partnership between business, the community and the environment, which lays the foundation for the rest of the report.

In the report, it is difficult to determine where the impetus for a sustainable development approach began. But it is clear that the company adopted an all-encompassing approach, as typified in the Chair's report, the Chief Executive's review, and the actions of staff and the wider community.

"The world is now requiring increasingly higher standards of corporate behaviour. The adoption of triple bottom line (TBL) reporting delivers a clear response to this requirement, as well as being a move that makes business sense," says Chair Fraser McKenzie.

"Internationally, there has been a strong trend for leading companies to follow this approach. Studies show that this is a feature increasingly sought by investors looking to identify companies that can achieve consistent growth through genuinely sustainable operations."

The report places a strong emphasis on benchmarking key performance indicators (KPI) to provide ongoing public measures to show how well the business is performing against social, environmental and economic objectives.

In reading the report, it becomes obvious that the approach has been ongoing. From as early as 1990, annual photographic records have been kept of Motuotau Island to ensure dredging sediments do not affect the rocky reef communities. The report states: "The triple bottom line reporting process codifies our longstanding

which was mostly prepared by two senior managers – Terry James, Corporate Services Manager, and Kiri McRae, then Business Development Marketing and now with Owens Cargo Company, a Port of Tauranga subsidiary. Three events then occurred to support further comprehensive SDR.

1. An encouraging response from shareholders to a questionnaire in the 2001 annual report
2. Membership of the New Zealand Business Council for Sustainable Development (www.nzbc.org.nz)

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commitment to being proactive and fully responsible in addressing environmental issues. It sets a number of KPIs to ensure we are focused on achieving improvements... We continually strive to improve the efficiency of resource usage, though our absolute consumption levels will also be significantly influenced by the ongoing growth of our business."

The process to SDR

This process began more than two years ago in what Chief Executive Jon Mayson described as a mixed climate of enthusiasm and scepticism, as directors and management grappled with an appreciation of the benefits over and above financial performance.

The 2001 report contained some initial environmental and community material,

3. Attendance at two Landcare Research Workshops on TBL reporting in Tauranga, 2001.

From this, a team was put together involving management and operational staff, plus an external consultant (Leanne Holdsworth initially, then Ian Whitehouse of Landcare Research and the architect of its award-winning reports).

The constitution of the committee and presence of Mr Whitehouse started the process of real dialogue over the concept of SDR. It was decided to clearly focus on relevant and meaningful information, and to categorise information under each of the three silos – social, environment and economic information. The content of the report is shown in *Table 1*.

Stakeholders' response

- Shareholders were very positive about the report, as 10% returned the comments card – a remarkably high number compared with the normal response rate for similar surveys. The Port sees this as a vindication of its position on sustainability reporting.
- Institutional investors, through their board representatives, were equally favourable. For example, Lloyd Morrison, Director of Infratil Limited, a 10% shareholder in the Port, said of the Port's foray into SDR: "Port of Tauranga's commitment to SDR is as much a pragmatic decision as anything. There has been a fundamental shift in stakeholders' expectations, with stakeholders requiring companies to report on their impact on the community as well as the financial impact of their operations. In my view, Port of Tauranga has outperformed over the years because it has anticipated trends in the marketplace. Its commitment to SDR is a reflection of its forward-looking approach."
- Stakeholders, other than shareholders, made a number of comments directed towards their particular areas of interest.

- Staff feedback was also sought through an independent survey of staff attitudes. The response indicated overwhelming support for the company's performance while identifying areas for improvement.

"We believe this approach, which highlights our social, environmental and economic performance, supplements our traditional financial reporting. It gives our shareholders an additional insight into the work we are doing to ensure the long-term success of the enterprise," says Chief Financial Officer Colin Boocock.

Lessons learnt

The five key lessons learnt were:

- Adopting the silos approach was a good starting point.
- Selecting the most relevant and cost-effective KPIs was critical. This required the Port to prioritise (and staff needed to consider):
 - What information was important to what users
 - What information was available
 - If not currently available, to what extent could this information be cost-effectively collected
 - How this information should be best measured (tonnes, dollars or hours)

- Determine the appropriate benchmark (industry or previous years)
- Agree how to best report this information to annual-report readers.
- Focusing on long-term sustainability, responsible growth and consulting widely increased public engagement and public trust.
- SDRs must be presented for readers in a clear, concise, measurable and attractive manner.
- Public perception of the Port lies beyond that of its legal responsibilities.

The future

The Port plans to focus on designing better recording and reporting systems to ensure accurate and relevant information is provided to stakeholders.

To this end, it expects that KPIs will change over time and will include reporting on actual against budgeted results. As the major employer for the city, the Port is learning to take heed of local opinion and to consult more widely. It bodes well for the future.

The Port of Tauranga annual report is available on its website – www.port-tauranga.co.nz

Table 1: Port of Tauranga's KPIs

Social silo	Environment silo	Economic silo
<p>Local community</p> <ul style="list-style-type: none"> • Vessel movements by week day <p>Staff development and safety</p> <ul style="list-style-type: none"> • Hours lost through injuries • Number of serious injuries • Wages per week compared with industry average <p>Length of service</p> <ul style="list-style-type: none"> • Casual employment vs permanent <p>Staff gender</p> <ul style="list-style-type: none"> • Female vs male <p>Sponsorship</p> <ul style="list-style-type: none"> • By dollars and type • Community involvement • Front-line actions 	<p>Waste and recycling</p> <ul style="list-style-type: none"> • CO₂ emissions quantified and benchmarked <p>Resources</p> <ul style="list-style-type: none"> • Comparison of resources used between years in units (eg, litres of petrol and kW-hours of electricity) <p>Dredging activity</p> <ul style="list-style-type: none"> • Review adverse effects <p>Resource consents listed</p> <ul style="list-style-type: none"> • The Port as a neighbour • Noise plan and complaints <p>Biosecurity</p> <ul style="list-style-type: none"> • Quarantined garbage and disposal <p>Dotterel recovery</p> <ul style="list-style-type: none"> • Monitoring sea life 	<p>Economic impact study</p> <ul style="list-style-type: none"> • Past and proposed <p>Export activities</p> <ul style="list-style-type: none"> • By container volume <p>Business efficiency</p> <ul style="list-style-type: none"> • Log transportation – imports and exports by year • By net container moves per hour in comparison with Australian data <p>Rail and roading</p> <ul style="list-style-type: none"> • Lists submissions made <p>Airport</p> <ul style="list-style-type: none"> • Future potential effects

Source: Annual Report 2002