

Media Release

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**Auckland Regional
Holdings**

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Ports merger requires more detailed scrutiny

Auckland Regional Holdings (ARH), the owner of Ports of Auckland has requested more specific, detailed information on the business case of a potential merger with the Port of Tauranga, as the information provided so far is inconclusive.

Auckland Regional Holdings, the statutory investment management entity which owns 100 per cent of Ports of Auckland (POAL), says it requires a greater level of financial and economic analysis of the business case before it can consider the merits of a merger.

POAL, which at 30 June 2006 was valued at \$797.4 million, makes up 56% of ARH's asset base and is its cornerstone investment.

ARH Chair Judith Bassett says her board needs to undertake more robust scrutiny of the economics and competition consequences of any proposed merger before it can be in a position to consider an agreement in principle.

"The importance of this decision demands that the ARH Board be totally satisfied that it has carried out its duties in relation to proper governance and the future prudent management of its major asset – and this we will do," says Mrs Bassett.

She says while discussions between POAL and the Port of Tauranga (PoT) have been in train for some months, the need for extra information to enable the ARH Board to more fully scrutinise the proposal is fully justified given the importance of POAL to ARH and the Auckland region.

"We will not be influenced by any pre-conditions or suggested ownership structures which might be attached to the business case," says Mrs Bassett.

"Until such time as the ARH Board decides on whether or not this is a good business decision for ARH, those issues are secondary. We will deal with them at the appropriate time."

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Key facts about ARH

- Auckland Regional Holdings (ARH) is a statutory investment management entity established under the Local Government (Auckland) Amendment Act 2004
- As a statutory entity, ARH is not a company, although it has an independent Board
- It has assets of \$1.4 billion, including 100% ownership of Ports of Auckland and property in the Viaduct Basin and a large treasury portfolio
- The sole beneficiary of the ARH fund is the Auckland Regional Council which uses money from ARH's investment returns to fund regional transport and stormwater programmes
- ARH plans to distribute \$1 billion to the ARC over the next decade
- In the past two years, ARH has distributed \$167 million to the ARC. In the last financial year it distributed \$90 million. Since inception it has achieved a 13% annualised return
- ARH is part of the ARC Group; it has certain statutory financial and governance responsibilities and obligations to the ARC

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