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Press Release

From: Geoff Plunket, Chief Executive, Port Otago Limited
Date: 21 September 2009
Subject: Restructuring Announced at Port Otago

Following a marked deterioration in trading volumes, Port Otago has today announced a restructuring of its workforce that would see a reduction of up to 35 positions. The majority of positions affected are front line stevedoring roles, plus a number of supervisory and management changes.

Port Otago Chief Executive, Geoff Plunket, said the restructuring was a necessary response to current economic conditions and a downturn in ship numbers and container volumes at the port.

"After a number of years of high growth, the Company now faces significant reductions in the amount of transshipment containers handled by the port. The combined impact of shipping line consolidation, supply chain changes by major exporters and a downturn in the global economy is being felt across the sector. We are not immune to those trends which have already affected our operations.

"We recognise the proposed restructure will have a direct impact on the affected workers and their families. We had hoped to avoid this situation and prior to this announcement, undertook consultation with unions representing the workforce in an effort to mitigate the requirement for job losses.

"Regrettably, the consultation process ended without the Company being able to make tangible steps towards a more flexible workforce structure, leaving it with no option but to make today's announcement, a step which has not been required since the mid-1990s.

"The proposed redundancies are no reflection on the commitment and skill of the workers affected. However the rigid structure of our front-line workforce is not sustainable in the current economic environment and efforts to convince union representatives of this fact have been unsuccessful.

"We operate in a dynamic and highly competitive industry. Increasing flexibility will continue to be a long term need of the business in order to accommodate the variable nature of shipping operations and the future needs of our customers.

"Accordingly, we will be undertaking a thoroughgoing review of the port's labour provision model over the coming months. We expect future announcements on the outcome of that review later this year.

"We have a responsibility to all our employees to maintain the port's ongoing competitiveness and ensure we are best-placed to take advantage of future growth opportunities when economic conditions improve," said Mr Plunket.

Additional comment can be obtained from Geoff Plunket, 021 229 8886