

# POSITION PAPER

## MARCH 2015

## AUCKLAND PORT



### Situation

There is a tension between the Port of Auckland's significant growth over the last 10 years and its planning for forecast future growth with a desire by the city to provide greater public access to the waterfront.

To manage this tension the City Centre Integration Group which comprises CEO's from across the Auckland Council Group considered all feasible options and made recommendations which concurred with the ports own management's proposals.

In summary these were to remove Marsden Wharf, invest in cruise ship infrastructure and the removal of vehicles stored on Captain Cook Wharf, currently visible from Queens' Wharf to meet public demand for greater access to the waterfront. To address the lost POAL cargo wharf capacity the recommendation was to undertake some reclamation at the end of Bledisloe Wharf to enable the port to meet the needs of its customers.

The Shippers Council believes the work of the City Integration Group has produced a set of balanced and considered recommendations that balance the need for greater public access to Auckland City's waterfront and the growth in POAL's operations. This view is reinforced when a clear set of facts are considered about the economic value of the port to Auckland and the New Zealand economy and the significant national investment required to develop an alternate option to the Port of Auckland at its current location.

### Consideration

As one of the largest ports in the country, Auckland Port is both a local and national piece of strategically significant infrastructure and as such the need to meet the requirements of all stakeholders must be carefully managed. The impact on the nation's supply chains, if the port is not able to grow in a sustainable manner to meet future demand, will result in serious disruption, additional costs and lost New Zealand jobs for importers and exporters alike across New Zealand.

Annually the port handles over \$31 billion dollars of cargo which equates to circa 17% of the country's GDP across its general and container wharves, \$6 billion of which is export cargo. The annual direct and indirect benefits to the economy, measured in total GDP, has been estimated at circa \$12.5 billion for the Auckland economy and \$21.5 billion for the national economy and supports over 336,000 jobs across the country. The port's productivity has increased significantly in the last 10 years and now stands in comparison with the leading ports in New Zealand and Australia, it is using its current footprint in a highly efficient manner.

Additionally central government has a target to increase the nation's exports from 30% of GDP currently to 40% by 2025. Capacity constraints at Auckland Port will put this target at risk as congestion and additional costs erode exporter's competitiveness.

There has been much debate regarding accommodating future port growth in an alternative location.

Developing a new port in Auckland is simply not an option from both an economic and environmental perspective and needs to be discounted as a possible solution. The question then is whether one of the ports located outside the region could take up the cargo that Auckland would not be able to handle if the proposed and legally consented developments did not proceed. A number of options have been identified.

Firstly, develop Northport at Marsden Point, which would require the port precinct to be expanded to handle Auckland's displaced general and container cargo. The delivery of this solution is highly questionable and would require significant investment in port, road and rail in the order of billions of dollars. It would also have significant local environmental impacts and add to our carbon footprint. It would be fair to assume that in the event that central government did not provide the funds, then this investment would have to be borne by the cargo owners. It is a certainty that these costs would render the cargo uncompetitive with resulting impact on the economy and jobs, both locally and nationally.

The second alternative to accommodate displaced cargo and future growth is to make greater use of the Port of Tauranga. Given that Tauranga has a capital investment programme to accommodate its own expected future growth in both general cargo and containers and is itself constrained in its ability to expand over the long term, it is unrealistic to expect Tauranga to accommodate displaced Auckland cargo which by necessity would only bring forward the date by which Tauranga itself becomes capacity constrained. This again would present environmental issues that Tauranga would have to address in order to expand.

### **NZSC Requirements**

POAL is a major cargo gateway not only for Auckland but also for New Zealand, with \$31 billion dollars of trade annually passing over the wharves. This, together with almost 100 cruise ship visits means its ability to meet current and future demands across all its business streams is vital for the efficient functioning of the economy.

The City Centre Integration Group reviewed options to develop the port and made recommendations which were aligned with the port's own position. As a result the port applied for and received the consents which are now the subject of much public angst. It is imperative that these consents are allowed to be carried out not only for the benefit of the port but also to respect and uphold the consenting process. As such the NZSC needs to see a fully functioning and efficient port to support the current and growth aspirations of exporters and importers.

### **NZSC Position**

Trade is the lifeblood of our economy and a smart working supply chain is critical in enabling trade to be transacted in a competitive way which supports economic growth.

Whilst it is self evident that the Port's central city location is not ideal, it has coexisted with the city for 175 years and it is vital that the current consented development plans are allowed to proceed.

The NZSC supports the plans to redevelop the central city wharves which will see the public gain greater access to the waterfront, more and bigger cruise ships to visit the city and cargo to continue to move through POAL.

Mike Knowles

Chairman

### **New Zealand Shippers Council**

About The New Zealand Shippers' Council [www.shipperscouncil.co.nz](http://www.shipperscouncil.co.nz)

The Council is a not-for-profit organisation representing the supply chain interests of major New Zealand shippers with members across all export sectors including Beef & Lamb, Dairy, Forestry, Fruit, Manufacturing, Construction and Industrials.

If you would like more information, please contact Peter Morris at [NZSC.ExecutiveOfficer@Gmail.Com](mailto:NZSC.ExecutiveOfficer@Gmail.Com) or on 021564154