

DEVELOPMENTS AT PORT OF NAPIER

We watch with interest the discussion taking place around ownership of the Port of Napier - recognising that the outcome may have a significant impact on shippers.

Hawke's Bay Regional Council is recommending to its 70,000 ratepayers that the Council sell up to 45 percent of the Port of Napier in order to free up capital and diversify the council's investment base. Chairman Rex Graham has said the port is too vital to the region to have its growth constrained. While we don't have an official position on ownership options NZSC agrees that investment in port infrastructure, underpinned by a sound business case, is vital to handle increasing freight volumes efficiently.

The port has documented that it needs to expand to cope with massive growth in apple and log exports from the region and the increasing demands of the cruise ship industry; recording a 25% increase in cargo volumes over the last two years.

Earlier this year NZSC submitted in support of the port's resource consent application for a \$142 million berth extension to reduce congestion and respond to this growth. The port wants the berth extension commissioned by 2022.

According to the port this is just the start of an investment programme needed to cater for a projected 57 percent increase in export volumes by 2028, driven by more logs and fruit. Total investment in the coming decade is estimated at up to \$350 million, including the berth extension, other asset replacement, and growth projects.

NZSC's view is that fundamentally shippers' require ports that are reliable and efficient so that we can get our goods to market in a timely fashion. Equally we don't want to see the cost of port expansion detrimentally impacting shippers; undermining our international competitiveness. Any port investment must be sustainable and able to stand on its merits.