

Before the Hearing Panel

Under the Resource Management Act 1991
In the matter of the Greater Wellington Proposed Natural Resources Plan - Hearing
Stream One - Overall Plan Framework, Beneficial Use and Development, and Areas
and sites with significant mana whenua values

Between

Greater Wellington Regional Council

Local Authority

and

CentrePort Limited

Submitter 121 and Further Submitter 40

and

CentrePort Properties Limited

Submitter 141 and Further Submitter 49

**Statement of Evidence of Anthony Delaney on behalf of
CentrePort Limited and CentrePort Properties Limited**

6 June 2017

BELL GULLY

BARRISTERS AND SOLICITORS

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Thorndon / Te Aro area where it remains today. The initial port was expanded significantly by various reclamations over the years.

8. In 1988 the port was corporatized from a local authority, going from the Wellington Harbour Board to Port Wellington Limited. In 1999 Port Wellington Limited changed its name to CentrePort Limited. CentrePort is a Port Company under the Port Companies Act 1988 and is registered under the Companies Act 1993. It is owned by Greater Wellington Regional Council (76.4%) and Horizon's Regional Council (23.6%).

Important Functions and Key Facilities

9. CentrePort is central New Zealand's most strategically situated intermodal hub, linking road, rail, domestic and international shipping services.
10. CentrePort has port facilities situated in Thorndon (the main port site), Seaview and Miramar; and provides intermodal freight transport sites throughout the lower North Island and upper South Island.
11. The port's facilities comprise a modern, fully equipped container terminal, container repair and storage depot, international cruise ship terminal, and facilities equipped to handle and store specialist cargoes such as cement, forestry products, fresh produce and bulk liquids, including chemicals and petroleum. CentrePort also provides the Wellington infrastructure for two inter-island ferry services.
12. The 2016 Kaikoura Earthquake caused extensive damage to CentrePort's main port infrastructure which I will describe later. CentrePort is continuing to assess the extent of the damage, meantime most port services are operating. CentrePort's intention is to repair and rebuild the port to enable it to continue to serve the port needs of central New Zealand.

18. During the year ended 30 June 2016, CentrePort collected \$73 million in revenue from port operations, and provided 240 jobs. According to an economic benefits report by BERL in 2016, CentrePort currently contributes \$2.5billion in GDP and supports 21,350 full-time jobs.⁴

Main Challenges

CentrePort's Infrastructure following the Kaikoura Earthquake

19. Port infrastructure suffered significant damage as a result of the Kaikoura Earthquake on 14 November 2016, and while we have been able to maintain most port services for our customers, we face many years of repair and recovery work.
20. In particular, the 20ha Thorndon Container Terminal reclamation was affected by liquefaction and lateral spreading, and piles under Thorndon Container Wharf have been severely damaged. Temporary repair work to part of the wharf is underway to enable reuse of the ship to shore container cranes, however the wharf will need to be demolished and rebuild.
21. Elsewhere across the port, buildings, pavements and underground pipelines have been damaged. A programme of building demolition is underway to make areas safe and remove obstructions to critical lifelines and ongoing port operations.
22. The rail link span and gangway used for leading road and rail freight and passengers onto Aratere was damaged. Rail wagons could not be carried across Cook Strait for two weeks. Before the earthquake, 112 wagons travelled in each direction per day.
23. Parts of the Bluebridge operational area and wider port were also damaged, resulting in very restricted vehicle access and loss of marshalling space, particularly for freight vehicles. The heritage listed Shed 35 was so significantly damaged that it became an obstruction and had to be demolished under Resource Management Act 1991 emergency works provisions.

⁴ BERL Report, May 2016, page i.

28. Enabling CentrePort to accommodate larger ships will maintain, and provide for the future connection of, Central New Zealand's cargo links to the world.
29. If Central New Zealand cannot provide a cargo connection with the world that cargo connection will move north. For businesses in Central New Zealand this will significantly increase internal shipping costs reducing returns and jobs. There will be a point beyond which the increase will result in businesses either changing their business activity, moving their business closer to the hub port (and away from Central New Zealand), or closing their business. Producers who cannot readily shift closer to hub port, or who are time sensitive, such as the agriculture base of Central New Zealand, will be particularly vulnerable to this change. Consumers in Central New Zealand will face increasing product costs reflecting the significant increase in shipping costs for imported goods.
30. Should CentrePort not be able to accommodate larger ships then the Wellington Region will be the most affected in New Zealand by increased total cargo costs resulting from the arrival of larger ships. For the Wellington Region, the change from the status quo port structure would involve an increase in total cargo costs by 50-100% if Port Napier becomes larger ship capable, and greater than 100% if not, with reduced, but still significant, increased total cargo costs for the Manawatu, Taranaki and Tasman/Nelson/Marlborough regions.⁶

Opportunities

Improved Connectivity

31. There are a range of opportunities for improved connectivity for CentrePort's land and infrastructure on the Wellington Waterfront, including options for an Overseas Passenger Terminal, connectivity to the Railway Station, and the potential for new inter-island facilities at Kaiwharawhara. As noted above, the current inter-island facilities are reaching the end of their lifespans and need upgrading to improve Wellington's resilience.

⁶ Future Freight Scenarios Study, November 2014, Figure 28.

38. All major NZ ports are preparing for this change and the Port of Tauranga and Port Otago have commenced dredging to enable larger ships. The first stages of these deepening programmes were completed in late 2016.
39. Larger ships also require significantly upgraded infrastructure to, and at, ports to efficiently aggregate and shift large volumes of cargo. The 2014 Future Freight Scenarios Study concluded that the potential benefits of larger ships on the New Zealand economy were outweighed by the infrastructure costs.⁷ However, CentrePort benefits from a naturally deep harbour and its excellent (and improving) rail and road connections. It is only the current harbour entrance shipping channel, berth and berth approach depths that restrict ships with draughts over 11.6m. Except for deepening the shipping channel at the harbour entrance, and at the berth, CentrePort already has the port infrastructure capable of handling larger ships. This makes CentrePort the least cost port to develop to service larger ships.
40. While CentrePort has consents in place (since 2003 and 2005) to deepen shipping channels they are to insufficient depths and volumes to meet future needs. New consents are therefore required and it is important to CentrePort that future consents are sufficiently flexible to enable channel deepening to occur when required, to the optimum depths required and in the most economic manner.
41. The outcomes of the 2014 Future Freight Scenarios Study show that without a Central New Zealand port call Central New Zealand shippers face significant increases in costs, with the Wellington Region the most affected. CentrePort currently contributes \$2.5billion in GDP and supports 21,350 full-time jobs. If the Shipping Channel Deepening Project does not proceed, CentrePort's commercial viability will be significantly affected.

⁷ Future Freight Scenarios Study, November 2014, prepared for the Ministry of Transport by Deloitte. This adverse effect on the New Zealand economy of bigger ships was reduced by retaining a Central New Zealand port.