



# Ports of Auckland

## Auckland Unleashed - The Auckland Plan Discussion Document

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# 1.0 Introduction

Ports of Auckland (POAL) welcomes the opportunity to provide feedback on *Auckland Unleashed: The Auckland Plan Discussion Document*, and looks forward to further engagement with Auckland Council over the development of the Auckland Plan.

POAL supports the Mayor's Vision for "the world's most liveable city" and acknowledges the effort that has gone into producing a commendable discussion document, within a constrained timeframe.

*Auckland Unleashed* is a useful basis for the ongoing development of the Auckland Plan, identifying the current strengths, weaknesses and opportunities for Auckland, and the key issues for Auckland's future growth and development.

POAL notes that under the legislation setting up Auckland Council, the Auckland Plan is required to address the long-term social, economic, environmental and objectives for Auckland and its communities. The Auckland Council proposes that the Auckland Plan will be a bold 30-year strategy underpinned by the Mayor's vision for Auckland to become the world's most liveable city. It is intended that the Auckland Plan will be adopted by the end of 2011 in order to give a basis for the 2012/22 Long Term Plan and help inter-related projects and programmes get underway promptly.

*Auckland Unleashed* sets out ideas and initial proposals for feedback to help prepare the draft Auckland Plan for detailed and formal consultation later this year. The document asks questions and indicates that the Mayor and Councillors are looking for as wide a range of views and comments as possible.

We note that there will be an opportunity to make a formal submission on the draft Auckland Plan later this year. Accordingly, POAL's feedback on the discussion document is limited to mainly high-level matters most relevant to POAL, and where we have specific expertise and interests.

POAL's comments below are intended to be constructive and helpful input which we consider will assist in ensuring the Auckland Plan provides the necessary foundation for the achievement of the Mayor's Vision.

## 2.0 Background

POAL is the owner and operator of the seaport facilities at the Port of Auckland on the Waitemata Harbour and at the Port of Onehunga on the Manukau Harbour. Other company holdings include:

- a 19.9% stake in Northland Port Corporation (NZ) Ltd, which part-owns Northport Ltd;
- a 50.0% share of North Tugz Ltd;
- and a 27.5% holding in United Containers Ltd, one of New Zealand's largest container depot operators.

Ports of Auckland is also part of:

- Seafuels, a joint venture with Pacific Basin Shipping, operating the Awanuia tanker to provide a re-fuelling service for cruise ships and commercial vessels calling the Waitemata Harbour
- Conlinxx, a joint venture with NZL Group, operating the Wiri Freight Hub (land holdings owned by POAL).

POAL is a limited liability company and is 100% owned by Auckland Council Investments Limited, a Council Controlled Organisation.

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Since POAL delisted from the sharemarket in July 2005, dividends and in specie distributions paid to its council shareholders (Auckland Regional Holdings, and more recently Auckland Council Investments Limited) have totalled \$519,504,000.

POAL is a key part of New Zealand's supply chain and trading infrastructure. By value, POAL handles 40% of New Zealand's total imports and 21% of New Zealand's total exports. POAL is the dominant player in the New Zealand container market, holding 63% of the upper North Island market and 37% of the total New Zealand market.

By value, Port of Auckland handles the greatest throughput of international trade of any New Zealand port facility: some \$24.5 billion annually. This figure represents around 13% of national GDP - roughly equivalent to that handled by the ports of Whangarei, Tauranga and Lyttelton combined.

## 3.0 General Feedback

POAL considers there are two key requirements which need to be reflected in the draft Auckland Plan in order for it to be a successful basis from which to achieve the Mayor's vision.

- (1) Underpinning all of the goals or elements of the Vision, such as quality of life, environment, "place", and underpinning the fulfillment of the values, such as inclusiveness, fairness and innovation, is the fundamental need for a strong and growing economy. Without this, the vision cannot be achieved. The realisation of the Vision, and the timeframe in which it can be realised, are both dependent on the region's economic prosperity.

*Auckland Unleashed* recognises this principle to some extent. However, POAL considers that economic impact needs to be elevated in the draft Auckland Plan, as both:

- A key driver of the Plan; and
- A filter through which the elements of the Plan are considered.

- (2) For the Auckland Plan to be a vehicle to achieve the Vision, and to gain widespread confidence in the community that it can and will be implemented, it is critical that the draft Plan for consultation sets out a clear understanding and supporting schedule of what will be implemented.

A consistent failing in past planning for the region has been implementation. Without the confidence that the Auckland Plan can and will be implemented, it will not gain the credibility and support needed to underpin its implementation over an extended period.

Furthermore, in order to create widespread confidence in the implementation of the Auckland Plan, three inter-related requirements need to be met. These are:

- i) *Alignment with central Government*

Central Government is an indispensable partner if the Mayor's Vision is to be achieved. Therefore central Government needs to agree with and endorse the Auckland Plan. Lack of alignment between local and central Government has been a key failing in past planning and to achieve this may require compromise.

At present, there is a perception that in many aspects *Auckland Unleashed* is not aligned with central Government thinking, for example with regard to land use and



investment in transport infrastructure.

To this end, POAL believes that the draft Plan for consultation should highlight alignment with central Government thinking and that central Government feedback on *Auckland Unleashed* should be reflected in the draft Auckland Plan. Having central Government feedback in the draft Auckland Plan will assist submitters to make fully informed submissions.

It is essential that any disconnects between local and central Government thinking are rectified in the final Auckland Plan.

ii) *“Honesty” in regard to funding*

A key failing of past planning has been that plans and associated projects and programmes have not been funded or indeed fundable.

POAL would like the draft Auckland Plan to include a pledge that only projects that are supported by a funding plan or programme will be included in the finalised Auckland Plan. Such a funding plan should demonstrate convincingly that the Auckland Plan can be funded, how it can be funded, and the timeframe over which it can be funded.

Our observation is that existing revenue sources are insufficient to fund even a modestly ambitious Auckland Plan. Therefore, to achieve the Mayor’s Vision, new revenue sources will need to be identified.

Mention is made in *Auckland Unleashed* of Tax Increment Financing and Development Contributions. Rigorous and realistic analysis is required of the amount of sustainable additional revenue that would be available from these sources. In our view, a realistic assessment is likely to demonstrate that some form of road pricing will also be required. POAL would be supportive of this.

When analysing different funding options, affordability to consumers and ratepayers is also a vital consideration. It is important that Auckland’s attractiveness as an affordable place to live, work and do business is maintained and enhanced.

iii) *Evidence-based prioritisation*

While *Auckland Unleashed* does a commendable job of putting forward ideas and priorities for discussion, the final Auckland Plan, and any funding plan, should also recognise the need for trade-offs and for prioritisation of spending. Furthermore, to the extent that a programme of projects is articulated in *Auckland Unleashed*, its prioritisation does not appear to be rigorously evidence-based.

In POAL's view it is imperative this prioritisation is both evidence-based and transparent. This rigour is essential to achieving alignment with central Government. It is also essential in gaining the support and confidence of the wider community in the Auckland Plan.

It is POAL's expectation that the draft Auckland Plan should provide transparency over this prioritisation process, including setting out what principles were applied in the decision-making process, and what economic benefit assessments have been undertaken. It must also reflect an integrated and coordinated approach to planning and implementation.

With reference to Section 3 (1) above, it is also POAL's expectation that high priority projects will be able to demonstrate how they will help to achieve the desired step-change in Auckland's economy mentioned at point 228, pg 77 of *Auckland Unleashed*.

It is also our position that, in determining priorities, Council should place a strong emphasis on value for money, and on making the best use of existing networks, resources and infrastructure. This last point is consistent with the proposal within *Auckland Unleashed* to "build Auckland as one of the world's premier eco cities where ecological protection and economic development prosperity go hand in hand."

In summary, to enable informed submission and comment on the draft Auckland Plan, POAL urges Council to clearly articulate in it a broad, prioritised programme, demonstrate that the choices made are evidence-based, and to accompany it with a credible funding plan.

## Economic Development

POAL notes the statement in *Auckland Unleashed* that "the Mayor and Councillors see the opportunity to create the world's most liveable city by ensuring Auckland is an internationally competitive, prosperous economy for all Aucklanders" (point 228), and that:

*This will be achieved through an investment in a step change in Auckland's economic performance, especially through exports and internationalisation.*

POAL is pleased to see the emphasis put on growing Auckland's export sector in *Auckland Unleashed*. Trade through POAL is currently weighted towards imports (55%). As well as contributing to increased prosperity, a strengthened Auckland export sector would also have a positive impact on the regional supply chain and productivity outcomes.

POAL suggests the addition of a further strategic priority to those proposed at point 228, with an



explicit focus on the provision of effective transport linkages, and on ensuring the region's road and rail freight transport networks have sufficient capacity in place to support the priority placed on growing Auckland's exports.

### **Economic Performance Goals**

POAL notes the performance goals proposed in *Auckland Unleashed* for the region's economic development:

- *an annual increase of regional exports of between 6.8% and 7.5%*
- *an annual real GDP increase of between 5.1% and 6.2%*
- *an annual productivity growth of between 2.2% and 5.5%*

In POAL's view these are ambitious and challenging targets. If these performance goals are achieved, the Auckland economy would improve 20 places in 20 years against other OECD cities, and increase its relative contribution to New Zealand's real GDP from 34% to between 39% and 44% of national GDP by 2031.

Growth of this magnitude would require POAL to increase its capacity and productivity at a faster rate, and to a greater level, than currently envisaged. Refer to our comments in section 4.0, below.

### **Marine Sector - Potential Priority Area**

POAL also notes and is supportive of the identification of the marine sector as a potential economic development priority sector area for Auckland. POAL agrees that Council has a role to ensure the right infrastructure is in place for the marine industry to grow and in facilitating a skills pipeline.

However, POAL would suggest that the definition of the marine industry be extended further than the current focus on boat building, to include the wide range of business and light industrial activities that support the working waterfront and, more broadly, shipping. There is an acknowledged international shortage of skilled staff in the maritime industry, including ship officers, marine pilots and marine engineers.

## 4.0 The Place of the Port

### Economic and Trade Role of the Port

*Auckland Unleashed* makes reference to the important role POAL plays in the regional and national economy, noting that:

*“As the economy grows, the capacities of the Ports of Auckland and the Airport will also need to grow. Ports of Auckland will need to handle the projected increase in freight volumes – the last 20 years saw a doubling of import and export tonnages, and this trend is projected to continue.” (p. 48).*

While we welcome this endorsement, POAL would like to see the statement strengthened in the draft Auckland Plan, and consequent clear conclusions about POAL's footprint and strategy to intensify its operations drawn from this fundamental premise.

### Economic Importance

Auckland was founded in its location largely for its sea connections. The port began to be developed in the 1840's almost at the same time as city development began. Substantial development of port facilities and port reclamation occurred over the succeeding 170 years, with development adjusting to changing cargo handling needs over time.

The cruise industry, which POAL is integral in supporting, provides significant economic benefits. The most recent economic impact report commissioned by the Ministry of Economic Development shows the cruise industry generates approximately \$190.9m to the New Zealand economy annually, with \$63.0m in Auckland. With 51% of direct expenditure, Auckland is New Zealand's leading cruise port and the main beneficiary of the economic benefits of the business.

POAL is also New Zealand's largest container port by volume, handling around 870,000 TEU (20-ft equivalent units), more than 1,600 ship calls and 2.8 million tonnes of break-bulk (non-containerised) cargo per annum. It is the only New Zealand port company ranked among the world's top 120 container ports, is New Zealand's leading import port and a key partner to export and import industries. It is also New Zealand's major cruise port and vehicle import hub.

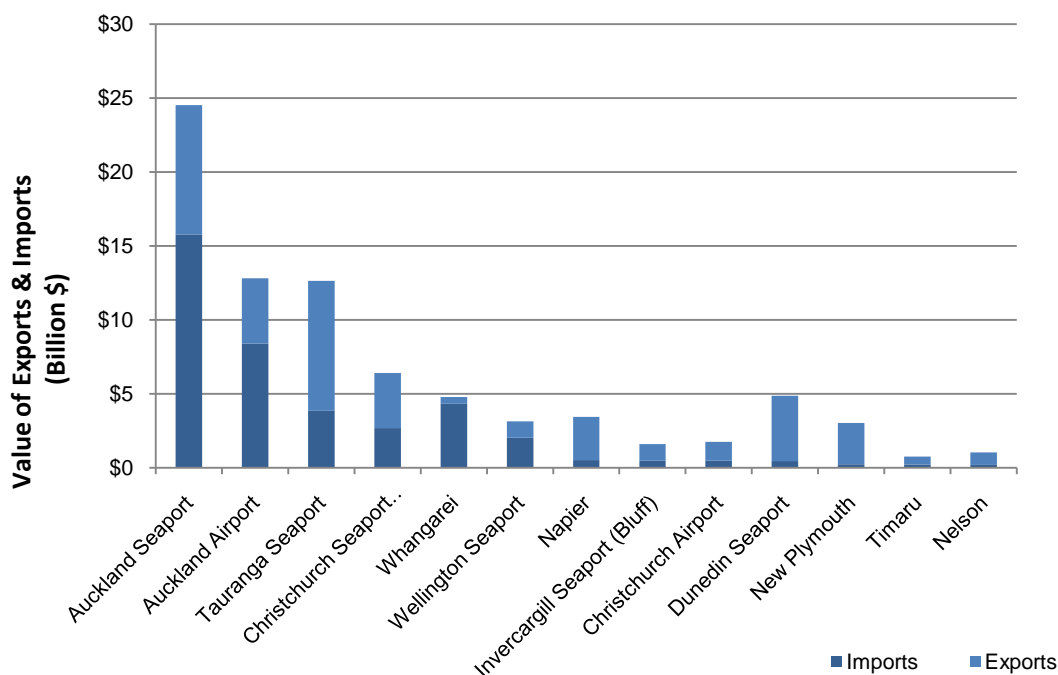
POAL is a key part of New Zealand's supply chain and trading infrastructure. By value, POAL handles 40% of New Zealand's total imports and 21% of New Zealand's total exports. POAL is the dominant player in the New Zealand container market, holding 63% of the upper North Island market and 37% of the total New Zealand market.

Over the past twenty years, container volume growth has averaged 6-7% pa (compounded) effectively doubling throughput every twelve years.

The following graph shows trade measured by value through facilities nationwide. By value, Port of Auckland handles the greatest throughput of international trade of any New Zealand port facility: some \$24.5 billion annually. This figure represents around 13% of national GDP - roughly equivalent to that handled by the ports of Whangarei, Tauranga and Lyttelton combined.

POAL's dominance in terms of the value of trade handled underlines both the national and regional economic importance of the port. Interestingly, the next largest facility by value of trade is Auckland International Airport, at \$12.8 billion p.a., followed by the Port of Tauranga (POT), at \$12.6 billion p.a.

**New Zealand Trade by Value, 2009/10 (Statistics New Zealand data)**



POAL's most recent economic impact study (year ended 30 June 2008) said the port's overall impact on the Auckland region was \$270 million of output, \$144 million of GDP, 1,002 full-time-equivalents jobs, and \$60 million of household incomes. These figures include direct impacts, generated by the ports itself and indirect impacts which are the flow-on effects due to port activity.

As a remote trading nation, having a deep water port in the country's largest city, Auckland, is of immense strategic importance for New Zealand's international competitiveness, economic growth and prosperity.

## Future Upper North Island Port Infrastructure Capacity

A further relevant issue is the need for future upper North Island port infrastructure capacity.

Port infrastructure capacity comprises two critical elements – berth length, and back-up land behind the berthage. Both are required, in balance, to provide for port capacity.

Trade data for the 2009/10 year shows that 58.7% of national container throughput is located in the upper North Island. \$54.7 billion of trade by value is handled in the upper North Island, which constitutes 67.8% of the national total. The bulk of this is handled at the two ports of Auckland and Tauranga.

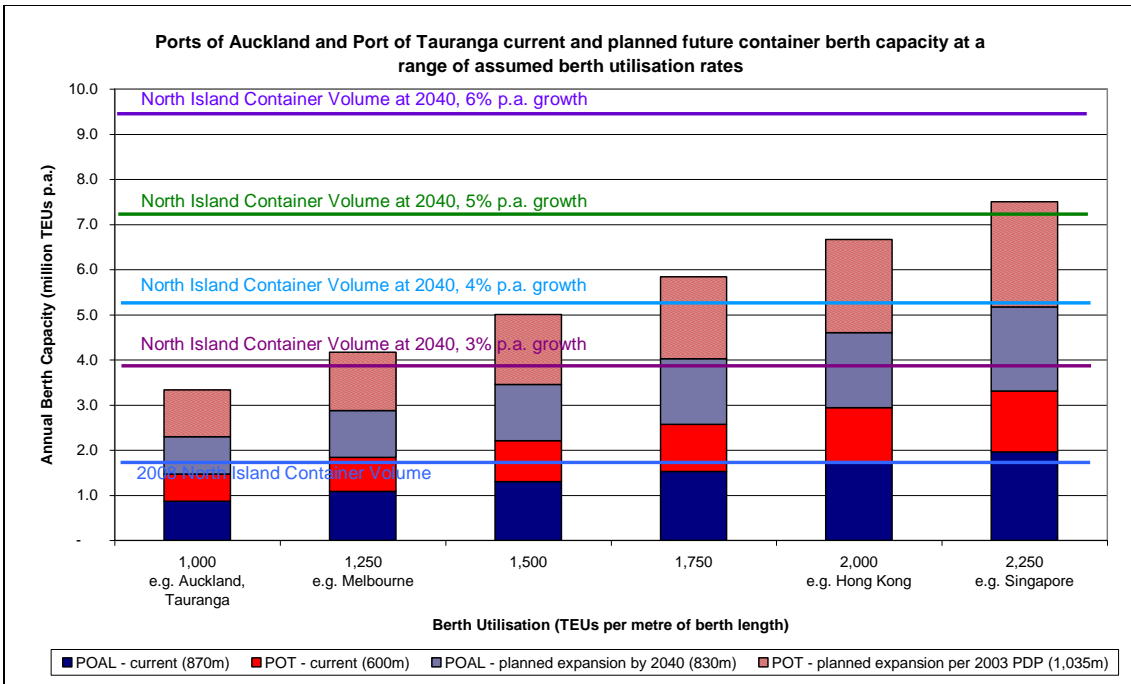
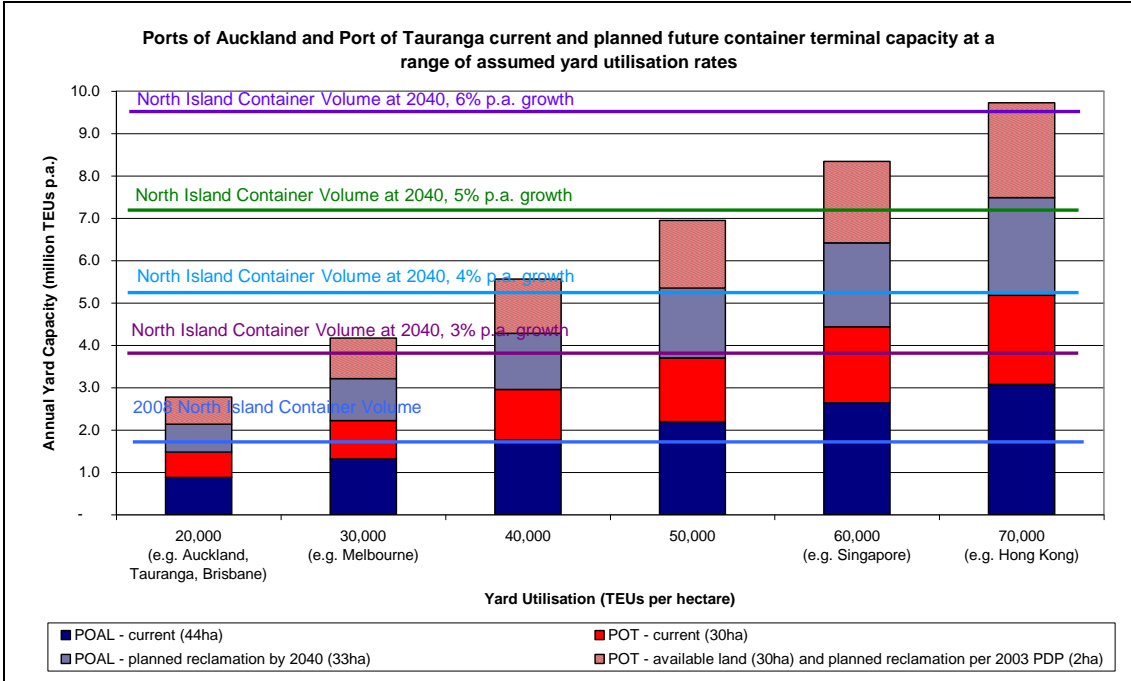
A study on Upper North Island port capacity (Auckland Regional Holdings, 2009) analysed the future demand and supply of port capacity in the upper North Island. The two following charts below summarise the findings of this study.

The bars show existing port capacity at POAL and POT (blue and red respectively), as well as future capacity at each port (hatched blue and red respectively), based on the published expansion plans for each port.

Effectively, the bars show the available combined capacity of the two ports, when fully-developed. The different bars (from left to right) represent a range of levels of efficiency of utilisation of the port infrastructure. These range from the current scenario, to a scenario where efficiency of utilisation matched that of Hong Kong and Singapore, which have advantages of scale 15 or 20 times that of New Zealand ports. The coloured horizontal lines show the freight demand in 2040, based on varying assumed growth rates. Where the bars exceed the horizontal lines, available capacity is sufficient for the assumed level of demand.

These charts show that under any reasonable assessment of demand and supply, by 2040 there will be insufficient combined capacity at POAL and POT to meet the upper North Island's freight needs. At this point it is likely that further development will be required in Northport at Whangarei.

POAL recommends that the draft Auckland Plan not only underline the economic importance of the Waitemata seaport to Auckland and the consequential need for it to be protected and sustained, but also that it underlines the critical need to allow for and protect planned port expansion within Port Management Area 1A in the Regional Coastal Plan.



## City Centre & Waterfront Development

*Auckland Unleashed* proposes nine key goals to underpin the Mayor’s vision of Auckland becoming the world’s most liveable city. These goals include:

- *An outward-looking global city with a productive, high-value economy, supported by a world class international city centre; and*
- *A place enabled by world-class infrastructure and supporting services.*

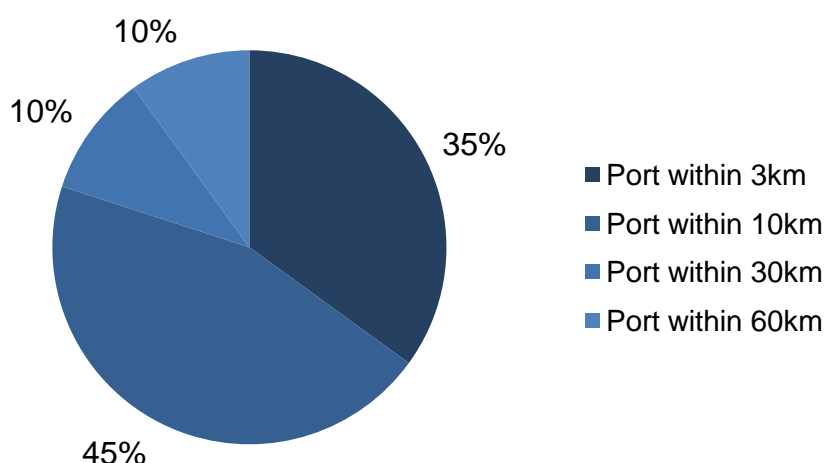
*Auckland Unleashed* also proposes the development of a **world class city centre** as an action area (point 240), and identifies the city centre and waterfront as major economic development priorities for Auckland. It proposes *investment in achieving a step change in Auckland’s economic performance, especially through exports and internationalisation.*

POAL is supportive of these goals and proposals, and notes the integral role it has to play in achieving them.

A second 2009 study by Auckland Regional Holdings is relevant to this point, demonstrating the importance of having a major container port in close proximity to a city’s central business district (CBD), if a city is to be economically successful.

The study looked at all waterfront cities, within the world’s top 100 cities, by gross domestic product. Of the 52 waterfront cities researched, 35% had a deep water port within 3km of the city centre and 80% were within 10km of the city centre. All of the waterfront cities had deep water ports located within 60km of the city.

**Location of Port in Relation to City Centre,  
ARH Waterfront Research 2009**



In instances where a CBD port had been relocated or a new port established outside the CBD, the distance of the new port from the CBD was typically only 5-20 km. The overarching reason for port relocation was the increase in volume of container trade leading to requirements for more space and in deeper water. What we are also now seeing is some ports (for example London) moving back closer to the city.

Looking specifically at container ports, the research found that all of the world's major coastal cities were located within 100 kilometres of a container port. It found that of these coastal cities, 51% had a major container port (defined as >500,000 TEU p.a.) within 10 km of the central business district, including 17% within 3 km of the CBD. No major coastal city relied on a port 150 - 200 km away (which, incidentally, is effectively what is being proposed by advocates for a reduction in scope or closure of Ports of Auckland in favour of routing cargoes through Port of Tauranga or Northport.)

POAL believes the draft Auckland Plan should explicitly recognise that it is possible and desirable for Auckland to have both waterfront redevelopment, and a major and growing port, within its wider CBD waterfront. These components, in balance, are an essential part of achieving the desired step change in Auckland's economic performance.

## POAL's Footprint on the CBD Waterfront & Role of Bledisloe Wharf

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With the Ministry of Transport estimating a 75% increase in the total New Zealand freight task by 2031 (National Freight Demands Study, 2008), an increasing trend to trans-shipment of container volumes, and estimated population growth of 900,000 in Auckland by 2051 (Auckland Regional Growth Strategy, 1999), POAL will need to expand and intensify its operations in order to meet regional and national demand.

POAL's long-term development and capacity enhancement plans are outlined in the 2008 Port Development Plan, available on [www.poal.co.nz](http://www.poal.co.nz). The Port Development Plan is broadly aligned with the 2040 Waterfront Vision and Auckland City Waterfront Masterplan. POAL has previously participated in consultation over these documents and is supportive of them.

As detailed in the Port Development Plan, over the past 15 years, POAL has progressively concentrated its activities and development focus in the eastern port, relinquishing over half of its land and wharf space in the centre and west of the CBD waterfront. Looking forward, POAL will continue to expand and intensify its operations in the eastern port, from Bledisloe to Fergusson. At some future point, POAL envisages being able to make Captain Cook wharf available for redevelopment and public use.

However, for this balanced planning approach to work, the inclusion of Bledisloe Wharf (which is sometimes the target of suggestions that it should be released for redevelopment) within the core port precinct is critical.

POAL's ability to meet projected regional and national freight demand is fundamentally dependent on the availability of the full Bledisloe western berth length and yard space, south to Quay Street. This berth length is needed to enable further reclamation to be useable. The flow-on consequence of removing Bledisloe from the port precinct would be to effectively halve POAL's future capacity, fundamentally changing the port's role in the regional and national supply chain and creating significant downstream economic consequences. It would also have a negative impact on productivity levels.

Bledisloe's criticality arises from three vital roles. These are:

1) Essential third container berth capability

The third container berth provided by Bledisloe is essential to current and future port operations. POAL is currently experiencing, and in future expects to experience to an even greater extent, significant fluctuations and peaking factors in demand for container ship servicing.

The third berth at Bledisloe enables POAL to offer security of service to our customers, by accommodating regularly scheduled arrivals for certain berth windows where Fergusson's two berths are occupied, and equally importantly to accommodate out-of-window arrivals when the two Fergusson berths are similarly occupied. Without this surety of service, container services could not rely on the port to the extent they are currently able to.

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2) Future primary role as the vehicle trade hub

With the sale and transfer of Queens Wharf in April 2010, approximately half of POAL's capacity to handle the car trade was removed. The southern part of Bledisloe now caters for this trade, along with Captain Cook and Marsden wharves.

In the medium term, the ability to keep extending POAL's vehicle servicing area into the northern part of Bledisloe is constrained by the need to maintain its functional third container berth capacity.

Eventually, there will be a need to enhance capacity in the southern Bledisloe area. A further role for Bledisloe in the future will be to provide (through redevelopment) a car ship berth, to enable the current premium car ship berth at Captain Cook Wharf to be relinquished, and that wharf made available for sale and public access.

3) Future capacity expansion

Future development of the port is planned to be constrained within Port Management Area 1A. This means that Fergusson Terminal cannot be expanded further north once the current reclamation there is completed. The bulk of the future development

potential of the port is based on Bledisloe (to its north and east). Without Bledisloe, the development configuration would not be practicable. As a result, the bulk of the port's future capacity development potential would be eliminated.

## Demand for CBD Waterfront Space

In considering the place of the port in Auckland, it is important to factor in the actual, substantiated demand for CBD waterfront space for worthwhile and desirable alternative uses.

The plan below shows land and wharf space on the CBD waterfront which has been relinquished by POAL to alternative ownership and use since 1995. From an original Port footprint stretching from the Harbour Bridge to Teal Park and encompassing some 150ha, approximately half, some 77ha, has been made available in this fashion.



Looking forward, a key consideration in looking at CBD waterfront uses is the need for activation. People do not expect to find remote coastal wilderness in the CBD. Rather, CBD waterfronts work best and are most attractive, when they are busy and activated. Examples of successful activation include the landings between Princes Wharf and the Ferry Terminal, and the northern-eastern corner of the Viaduct.

The Waterfront Development Agency is currently at various stages of planning and developing other waterfront space to meet a demand for CBD waterfront uses. These include the Jellicoe Street Precinct in Wynyard Quarter, and Queens Wharf. Jellicoe and Queens are exciting developments, and constitute around 6ha of land and wharf space. As well as Jellicoe and Queens, a further 23ha of space remains to be incorporated and developed in the total Wynyard Quarter precinct over the next 20 years or so. Determining the uses and ways to activate these future areas of redevelopment is, we consider, one of the Waterfront Development Agency's key tasks and challenges.



POAL broadly supports the Waterfront Development Agency's submission on *Auckland Unleashed*, and its efforts in thoughtfully redeveloping former port land and wharves. We note that the area already being developed by the Waterfront Development Agency is substantial. POAL finds it difficult to envisage a city of Auckland's size being able to sustainably activate additional areas on top of those already earmarked, while still achieving optimal economic outcomes.

It is noted that one of the Waterfront Development Agency's key premises in planning such redevelopment, is the concept of a "working waterfront" – i.e. that existing marine and port activities continue to provide activation, authenticity and character to our waterfront. POAL is supportive of this premise and of the concept of marine sector developments that are complementary to its own activities being encouraged in areas neighbouring the port.

## Port Cooperation

It is also important to note the references in *Auckland Unleashed* to the potential for cooperation between the ports of Auckland and Tauranga. Whilst POAL does not oppose such consideration, and is on the record as acknowledging the benefits to the region and its shareholders of a port merger, it is important to recognise that the capacity analysis outlined above shows that those benefits do not extend to enabling a reduction in port footprint or capacity in Auckland, if future regional and national freight needs are to be met.

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## Port Relocation or Reduced Scope

In the light of the strong and positive role that Ports of Auckland plays in Auckland (and New Zealand's) economy and employment, it is disappointing to us that there remains a persistent and vocal constituency in favour of reducing the scope of the port or removing it entirely from the Waitemata Harbour.

A previous study of possible new port locations within the Auckland region (Beca, 1999) has shown that for both economic and environmental reasons, there is no viable location within the Auckland region for a replacement port. The resulting conclusion is that those advocating for a closure of the port or the redirection of cargos elsewhere are placing Auckland's future reliance for port infrastructure on the Port of Tauranga and or NorthPort, both 150-200km away.

The capacity analysis outlined above demonstrates that the lobby seeking to close or curtail the Port of Auckland, not only plays "Russian roulette" with region's economy today, but would also consign the region to a certain and looming national infrastructure deficit in the future. We have already been able to observe how deficits in critical regional infrastructure such as in electricity and transport, have impacted on Auckland. It is astonishing that a lobby exists which wishes to extend this deficit in the future to port infrastructure.



Any serious consideration of relocating the port or reducing its scope would need to consider:

- The direct consequences for the regional and national supply chain, economy and trade from such a major change in deployment of port capability and infrastructure
- The area already available, or available in the future, for waterfront rejuvenation to the west of Bledisloe; the rate of uptake or demand for such rejuvenation which can be supported given the city's size and rating base; the extent to which the areas already available have been or are being utilised in a co-ordinated and integrated manner; and the realistic timeframe necessary to see these areas fully utilised before ad hoc and unplanned additions are contemplated.
- The costs of extending into previously unplanned areas for waterfront rejuvenation, the nature of the uses intended, and whether these constitute sound and considered use of the resource
- The direct impact on city revenue and expenditure, from both the reduction in income streams from the port, and the public costs of redevelopment (which in the experience of waterfront development both in Auckland and elsewhere, nearly always exceed the ability of the private sector to support).

Reducing POAL's role or using parts of its infrastructure/footprint for other purposes would inevitably threaten its productivity and competitiveness, and put Auckland's and New Zealand's long-term ability to service its freight needs at risk.

The Auckland seaport also provides critical support to the high-value cruise industry. It is worth noting here that given the high costs of dredging the harbour, and maintaining navigational infrastructure and capability, it would not be economic to separate out this part of the operation.

## Conclusions on the Place of the Port

POAL welcomes the strong endorsement of the Port's role in *Auckland Unleashed*, and looks forward to this vital dimension being strengthened in the draft and finalised Auckland Plan.

The draft Auckland Plan must be mindful of the vital importance to Ports of Auckland of being able to retain enough land to run an efficient and highly productive port which is capable of meeting both Auckland's, and New Zealand's, trade needs. POAL believes the draft Auckland Plan must make it clear that any future plans for the development of the Auckland waterfront need to preserve the port's long-term strategic requirements for an adequate footprint and its ability to expand and intensify its operations within the existing port zone. Our expectation is that the finalised Auckland Plan will provide Ports of Auckland with surety over its footprint in the CBD waterfront and thus a basis on which it can make firm long-term customer and investment commitments.



## 5.0 Transport Infrastructure

### Background

POAL is vitally interested in Auckland's transport systems and infrastructure.

POAL notes and is supportive of the acknowledgement of the importance of road and rail freight services in *Auckland's Unleashed*, point 475.

At a high level, POAL has concerns relating to the economic impact of deficient transport capacity in Auckland. Studies have shown there is very significant economic impairment resulting from traffic congestion in Auckland.

Of particular concern to us is that a thriving and successful port business requires efficient transport linkages to and from the port (both road and rail).

Concern at the debilitating and mounting congestion on Auckland roads, and the lack of any plan to address this, led to a number of businesses forming the Auckland Business Forum in 1999. POAL was an instigator of the Forum, and remains a member today. The Forum is providing feedback on *Auckland Unleashed*, of which POAL is supportive.

### “Road v Rail”

Part of the concern which led to the formation of Auckland Business Forum was the prevalence within councils in the region of an ideological antipathy towards road-building, and an almost exclusive reliance on public transport, and rail in particular, to address Auckland's chronic congestion issues.

The Forum sought to promote the completion of Auckland's strategic motorway network, which had been planned in the 1960's but never delivered.

Since 2005-06 there has been a 'moving on' from rigid ideological positions. There is widespread recognition that a balanced approach, with both roading solutions and public transport solutions, is needed for Auckland to prosper and to grow. It is hoped the planned completion of the strategic motorway network will be realised in the foreseeable future, as the result of the completion or commencement of a number of major road-building initiatives. At the same time, passenger transport capacity and passenger movements have grown significantly, with rail playing an increasingly important role.



POAL agrees with the viewpoint expressed in *Auckland Unleashed* (paragraph 456) that it is time for Auckland to move away from the arguments of cars versus public transport. Instead, it is time to plan and fund one integrated transport network – one that supports the growth and the outcomes that Aucklanders are looking for, with prioritisation of all transport projects being evidence-based.

Ports of Auckland notes the extensive references to the Regional Land Transport Strategy (RLTS) in *Auckland Unleashed* and the fact that the updated version of the RLTS recommends that all high cost projects undergo wider economic benefit assessment to identify productivity and value for money benefits. We are supportive of this.

### Importance of Completion of the Road Network

Approximately 87% of container movements to and from the Port of Auckland are by road, with 13% by rail. It is expected that the proportion moved by rail will continue to increase over time, perhaps reaching 30% or more in the longer term. However, ongoing volume growth means that road movements will continue to increase, and an efficient road network will remain critical to the ongoing operation of the Port.

In 2009, recognising the importance of an evidence-based approach to transport issues, POAL commissioned a study by Beca, to analyse this impact of roading improvements on traffic congestion to or from the Port. It was considered important that solid evidence informed the debate, rather than the ideologically-inspired mantra, that “there is no point building more roads because they just fill up”.

The study used the Auckland Transport Model to calculate travel times to and from the Port on selected key freight routes, comparing 2006 travel times with modelled predictions for 2021. The study showed that if then-planned road improvement projects were completed, travel times on all but one of the key routes would not be materially worse in 2021 compared to 2006.

The BECA "Travel Time Assessment of Auckland Strategic Roding Improvement Projects" study provides a compelling case for the need to maintain progress on roading projects.



## Protection of Rail Capacity

Of similar concern and importance to POAL to the completion of the strategic motorway network is the need to protect and enhance the rail network to accommodate the expected growth in rail freight movements. As more use is made of POAL's Wiri Freight Hub, and as more long-haul freight movements take place through Auckland, rail traffic will naturally increase proportionately to road movements. By 2020 POAL anticipates that as much as 30% of throughput could be on rail (currently, rail carries around 13% of throughput).

(As a point of interest, barriers to quicker uptake of rail as a freight option by the port's customers include, at the present time, highly competitive pricing by road transport carriers in the Auckland market. We also note that the implementation of southern rail access at the Wiri Freight Hub has been deferred by KiwiRail until January 2012. Lack of available suitable rolling stock also means heavier rated containers cannot always be carried on rail and instead have to move via road.)

Noting that most volume growth in rail freight will be carried on existing lines, and that a recent Ministry of Transport and Treasury review of the CBD rail link recommended Council begin the implementation of large scale residential developments along the rail corridors to capitalise on the current upgrade and electrification, we also suggest that the draft Auckland Plan includes objectives and policies regarding reverse sensitivity, to protect higher utilisation of existing rail corridors.

Furthermore, it is critical that, in planning for growth in passenger rail in Auckland, the rail network's capacity to handle freight movements is maintained and enhanced, and not reduced. This means planning for rail capacity enhancements which may be required, including signaling improvements and, eventually, a third line between the Port and Southdown. It is POAL's expectation that the draft Auckland Plan will recognise the need to take account of and counterbalance the impact of increased passenger rail movements on rail freight capacity.

It is also vital that the Auckland seaport itself retains sufficient land space to service the increased forecast growth in rail freight. As well as requiring sufficient access to the Auckland rail network, POAL must retain sufficient on-port rail grid capacity to turn around an increased number of freight trains daily.

In this context, POAL notes and welcomes the recognition given to rail freight in *Auckland Unleashed* at point 475, and suggests the following amendment to 475 (iii), point 2:

*Recognise the role of, and safeguard where appropriate, freight distribution infrastructure locations in Auckland's commercial areas and ensure their efficient connectedness to the **rail and** roading system, including motorway connections to neighbouring regions.*



## Port Traffic Impacts

It is important to note that Port traffic is not a significant contributor to traffic congestion. It is a myth that removal of port traffic would make a material difference to road congestion in Auckland. A study commissioned by POAL (Traffic Design Group, 1999) showed that less than 2% of truck movements in Auckland were generated by the Port. (The percentage of port-generated traffic to total vehicle movements is of course much less than 2%).

The percentage of port-generated truck traffic to total truck traffic does increase above 2% on certain key routes – in particular the Strand and Stanley Street. Approximately 90% of port-generated truck traffic uses the Grafton Gully route to and from the Port, underlining the criticality of this key transport corridor for freight. Whilst the study has not been updated since 1999, it is unlikely that the conclusions will be any different today.

## Prioritisation of Transport Projects

Reference is made to Section 3 above. POAL's view is that:

- Funding for transport projects is insufficient;
- New revenue generators will need to be identified in the draft Auckland Plan – probably including some form of road pricing – in order to enable funding of even a moderately ambitious range of projects. POAL is supportive of such measures;
- Prioritisation of projects will still be required as well as new revenue, and it is critical that this prioritisation is evidence-based.

POAL notes that the New Zealand Council for Infrastructure Development (NZCID) has done considerable analysis of the “funding gap” for infrastructure projects, and the need and options for generating new revenue, and commends this work to council.

POAL is of the view that the case for rail to the Airport, and rail to the North Shore, has not been substantiated, and in the absence of a comprehensive business case it is premature to elevate these aspirations as projects in the draft Plan.

Conversely, a number of critical projects have been or are likely to be shown to be of significant benefit, and POAL strongly advocates for their assessment and inclusion in the Auckland Plan. In particular, POAL proposes the following projects for highest priority:

- SH1-20 East-West and AMETI corridors
- CBD-Mt Eden rail tunnel loop
- Third Waitemata Harbour Crossing
- 3-Laning: WRR, Victoria Park Tunnels, Newmarket viaduct, Mt Wellington overbridge, Constellation-Greville
- Interface projects: SH20A Kirkbridge Intersection; Grafton Gully Stage 3

The last project (Grafton Gully), including separation of port traffic from general traffic, is of particular relevance to the Port. It is important not just for the general and freight traffic benefits which it would provide, but also for the amenity benefits which would accrue, and which would consequently support the continued operation and expansion of the Port in its current location.

It is POAL's expectation that all major projects will be supported by a business case. Reference is made to the feedback of the Auckland Business Forum for further comment on prioritisation and also suggestions to assess alternative funding mechanisms

### **Third Harbour Crossing – Bridge vs. Tunnel**

*Auckland Unleashed* specifically seeks feedback on views about a third harbour crossing and preferences for either a bridge or a tunnel option.

POAL is committed to working closely with the New Zealand Transport Agency, Auckland Council and Auckland Transport to investigate the implications of the bridge or tunnel option for the future plans for POAL, Wynyard, Westhaven and the wider waterfront.

An additional harbour crossing is a major strategic initiative. It is important that an agreed position is reached by Cabinet and Auckland Council in 2012, as plans to successfully develop Wynyard Quarter will falter if this uncertainty remains.

At this early stage, POAL broadly supports a cross harbour tunnel which would occupy less land, avoid impacts on Westhaven Marina and generally have less impact on the harbour itself, amenity and land values. It is our view that a second bridge would compromise the development of the western waterfront to such an extent that it would significantly increase pressure on POAL to further reduce its existing waterfront footprint in the east.

We also note that there are significant (but not unmanageable) risks with the bridge option from a vessel navigational point of view.

POAL also supports the exploration of a Grafton Gully tunnel alignment. It is our view that such an alignment could provide the greatest overall benefit to the transport network and the regional economy.

We understand that a tunnel option is currently considered to be more costly than a bridge. However, it is also our understanding that the downstream costs of further enhancements to SH1 required under a bridge option have not yet been factored into the relative overall project costs. This calculation should be understood and factored into decision-making.

## 6.0 Conclusion and Summary of Key Points

To enable informed submission and comment on the draft Auckland Plan, POAL urges Council to clearly articulate in it a broad, prioritised programme, demonstrate that the choices made are evidence-based, and to accompany it with a credible funding plan.

The draft Auckland Plan must be mindful of the vital importance to Ports of Auckland of being able to retain enough land to run an efficient and highly productive port which is capable of meeting both Auckland's, and New Zealand's, trade needs. POAL recommends that the draft Auckland Plan not only underline the economic importance of the Waitemata seaport to Auckland and the consequential need for it to be protected and sustained, but also that it underlines the critical need to allow for and protect planned port expansion within Port Management Area 1A in the Regional Coastal Plan.

POAL believes the draft Auckland Plan should explicitly recognise that it is possible and desirable for Auckland to have both waterfront redevelopment, and a major and growing port, within its wider CBD waterfront. These components, in balance, are an essential part of achieving the desired step change in Auckland's economic performance.

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POAL believes the draft Auckland Plan must make it clear that any future plans for the development of the Auckland waterfront need to preserve the port's long-term strategic requirements for an adequate footprint and its ability to expand and intensify its operations within the existing port zone. The inclusion of Bledisloe Wharf (which is sometimes the target of suggestions that it should be released for redevelopment) within the core port precinct is critical.

Our expectation is that the finalised Auckland Plan will provide Ports of Auckland with surety over its footprint in the CBD waterfront and thus a basis on which it can make firm long-term customer and investment commitments.

With regard to rail, POAL would like to see the draft Auckland Plan include objectives and policies regarding reverse sensitivity, to protect higher utilisation of the existing rail corridor; recognise the need to take account of and counterbalance the impact of increased passenger rail movements on rail freight capacity; and to note that POAL needs to retain sufficient on-port rail grid capacity to turn around an increased number of freight trains on a daily basis.

POAL urges support to be given in the draft Auckland Plan to the completion of the strategic roading network, including Grafton Gully Stage 3. At this stage POAL broadly supports a cross-harbour tunnel over a bridge option.