

# WHANGANUI PORT REVITALISATION

## FREIGHT & LOGISTICS SPECIAL INTEREST GROUP MEETING AGENDA

**Date:** 3<sup>rd</sup> April 2017

**Time:** 12.00pm

**Location:** Committee Room 2

**Present:** Bill McDonald, (Vapour Consultants) Chris Miles (Vapour Consultants) Neville Johnson (Midwest Ferries Ltd) , Warwick Walbran, Nik Zangouropoulos Bernard Corkery, Cass Alexander (WDC, Comms) Sarah Pomeroy (WDC, Comms) Bill Carswell (WDC), Rowan McGregor (WDC)

**In attendance:** Merle Benson (WDC, minutes)

**Apologies:** Phil Wardale, Graeme Young, Matthew Doyle, John Jarvis, Tamahau Rowe, Rowan McGregor (for lateness)

| Item  | Discussion/Outcome   |
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| Welcome   | Bill welcomed everyone to the meeting and asked if there were any additions anyone would like to add to the agenda. There were no further items to be added to the agenda.   |
| Minutes   | The Minutes of the last meeting held on 1 February 2017 were accepted.   |
| Nik Zangouropoulos (Consultant for Midwest Ferries Limited) | <p>Bill McDonald invited Nik Zangouropoulos, who is preparing a Feasibility Study for Midwest Ferries Ltd, to provide an update on progress.</p> <p>Nik commenced by advising that the Midwest Ferry Team met 2 weeks ago with Council staff and the Port Revitalisation Project team to discuss providing draft deliverables by 24 April 2017 and the final Feasibility Study to be available by 1<sup>st</sup> May 2017.</p> <p>Once the Feasibility Study from Midwest Ferries Limited is received, the Port Revitalisation Masterplan will be updated and the Port Revitalisation Business Case finalised for presentation to government.</p> <p><b><i>Rowan McGregor joined the meeting at 12:13 pm</i></b></p> |

Neville advised that as mentioned in previous meetings, the Feasibility Study will not now be completed by AUT. Warwick Walbran added that Tourism Resource Consultants will be providing the impact an increase in Tourism could have in the Whanganui area in the Feasibility study.

The Port Revitalisation Business Case is to be ready for presentation to government by 1 June 2017.

Rowan added that Council may approve “in principle” at its May meeting, the purchase of a travel lift and runway for the Marine precinct. This would become stage one to attract private and government investment.

Bill McDonald added that the PCG were looking to ensure that decisions on development did not compromise future development where possible.

Nik continued advising that Warwick and himself have been working on a wide ranging proposal to bring a sensible viable proposal to Council. However Nik advised there are some issues raised around their proposal such as the Port itself including the design and marine operational issues. There is a need to flesh out how a large vessel will operate in the area and what infrastructure will be required. Nik and Warwick are engaging with people to make out how this will work.

Nik informed the group that a 150m vessel is virtually impossible to find on availability. However, a 180m vessel has availability but different specifications, is a much bigger vessel, with greater draft and berthing requirements. Nik is now assessing how a vessel of this size would be berthed and what the wharf requirements are. Nik is talking to ship masters to gain more details on what is required to operate a vessel of this size out of the Whanganui Port. He said he is also talking to Maritime NZ about these matters and will have a substantial advancement on this proposal by 17 April.

**A 180m vessel** – what does this mean commercially:

- It would need to be serviced in a dry dock outside of NZ so would be out of service for 3-4 weeks each year.
- A 180m vessel is 25-26m wide
- Dredging would be needed to a depth of 8 m allowing for 1-1/2 metres below the keel; i.e. 6.5m draft.

This size vessel effectively doubles the capacity but not the running cost. If the berthing controls can be comfortably sorted, this will be a major positive for the project.

Information on the regional impact this project may have was responded

to by Warwick who explained there will be a reduction in CO2 and travel time.

Nik provided a breakdown of the project into stages:

- Stage 1, is Pre- Feasibility Study is the work Neville completed before Nik and Warwick were engaged.
- Stage 2 – is the Pre-Feasibility Study – Due 1 May 2017
- Stage 3 – is the detailed Business Case. Over an 18 month period each component will be looked at in depth.
- Stage 4 – Information Memorandum –seeking private investors
- Stage 5 – Implementation

Nik said the proposition is looking promising. However the Midwest Project will not be looking for the port owners to invest upfront to upgrade the port to operate, but do not believe this is a government function. The Midwest team also expect “no berthage” charges and a Long Term Agreement, enough to make the investment viable. It is hoped that a full shipping operation will work alongside the ferry operation.

#### **Market**

Warwick provided a brief outline of the freight market share, the size of the market, the number of trucks, passengers and cars etc that may use the service. He estimated the market share for breakeven to be around 16% of the current market. Travel costs would be less and looks promising for short haul trucking. It is estimated that 25k passengers may use the service which is less than 3% of the current market. There would still be a savings from an Auckland haul, is achievable and would be beyond the break-even point.

One ship could work, but two ships could be introduced over time.

Warwick explained that the 16% of truck movements is based on a National Freight Demand Study. The Midwest figures are based on this study and indicate what % of the national freight would be required to make a service viable.

Warwick added that Freight Operators operate on a rationally based operation, by considering the easiest and most suitable route. He added that the freight business is viewed from a truck operator’s perspective rather than a road owner’s perspective. It is less common for trucks to be held up on the Parapara’s (SH4). From a truck owner’s perspective there is a real possibility of being able to do an Auckland to Whanganui return

trip within a 13 hour time frame before a driver must have a compulsory rest period of ten hours.

Freight movements by road and region have been collecting data since 2008. 60% of freight from Auckland goes to Canterbury and from Canterbury to Auckland. If a Ferry Service operated from Whanganui, these long hauls may choose to use a Whanganui to South Island service instead of Auckland to Wellington. Auckland to Whanganui will save around 260 kilometres.

Nik spoke of his understanding of the 5 ferries that now provide services from Wellington. He said that one ferry is due to be replaced and it is unlikely that a rail ferry will be replaced, thus reducing the number of ferries across Cook Straight to four ferries.

Doug Smith (Coastal Shipping) mentioned the need to not overlook the concerns he has of wave surge in the harbour basin and across the bar. He expressed his concern that surge information at the bar is extremely important for any skipper to know the depth of the swell as a boat comes across the bar. It is really important to know the consistency and availability of the Port.

Warwick added the swell on the bar will change once the bar is dredged. It would be advantageous to have wind, ocean and bar monitoring equipment installed close to the moles.

Tallies and Affco offer a huge growth potential and have an interest in the Port development and ferry service.

Warwick added that product movement from Auckland to Christchurch is either moved early in the morning or late afternoon. If Whanganui becomes a possibility for transportation of product to the South Island, the return to the North Island journey could be programmed to take up to ten hours, which provides the compulsory rest period for drivers.

Warwick advised that a previous report has suggested 10,000 tonne vessels are capable of operating from the Whanganui port.

Chris Miles asked about modelling and sensitivity around:

- a) What are the market share requirements and port costs;
- b) What is the extent of risk around vessel availability;
- c) Fuel
- d) Port dredging, design engineering;
- e) Reliability of the service.

**Physical Constraints:**

What are they, how do you overcome them.

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|               | <p>Rowan McGregor mentioned that this project is unique in that the physical challenges at both ports need to be identified, quantified and proposed development and marine operational measures explained as part of the feasibility study. Rowan also spoke of the list he had previously provided to Neville and asked him to also address the Maritime NZ issues and the Regulatory issues.</p> <p>Neville mentioned that the accessibility of the Whanganui Port has been elevated after the recent event at CentrePort in Wellington which highlighted the vulnerability of the Wellington Port if another earthquake should occur.</p> |
| Next Meeting  | 17 April 2017   |
| Meeting Close | The meeting closed at 1.20 pm   |