

Port Shift to Northland Probably Impractical/Uneconomic

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A decision to shift Auckland's Container Port to Northland/Marsden Point needs better analysis and less obfuscation and politics.

In the 1970s, as an economist with NZIER, I did a number of economic studies for NZ ports, including a number on Whangarei, Marsden Point and other potential port development locations in Northland (for the Northland port authority). I also modelled an optimum freight distribution system for New Zealand, surveyed Northland's forestry logistics as a director of Carter Holt Harvey and was otherwise involved in ship building/chartering/operating decisions. I was also a director of the Ports of Auckland for 7 years and worked on various strategic issues, including collaboration with Tauranga and Northland.

In the late 1990s/early 2000s I initiated and led the Bream Bay Power Station project for Rio Tinto. As the MD of Comalco New Zealand I had a close interest in electricity supply and demand and the Electricity Sector Reforms. A critical issue for a major electricity consumer like the aluminium smelter was the many risks to the stability and reliability of the system and particularly the high dependence and risk of transmission to Auckland from the South. Against this background I became aware that a Special Industrial Zone had been established at Marsden Point and that thermal generation of electricity was a permitted use. A small team scoped a possible project, concluding that a large coal fired power station with shipping access via Marsden Point had excellent potential. So we bought all of the land between the oil refinery and the two small Marsden A & B power stations and undertook a detailed assessment of a potential project, using a number of NZ and overseas consultants/experts.

The power system modelling was very positive. It would be simple, economic and very attractive financially to reverse/upgrade the existing 132KV transmission line for mainly North to South flows at a higher voltage - and the Northern terminal of this line was on the land we now owned! Coal from Indonesia (Kaltim Prima) would be economic (much better than Australia or NZ) using large international ships and an easement for a coal conveyor was already provided for in the local Plan. The conclusion was that an initial power station of 1000mw, expandable to 2000mw was viable and attractive.

However, it quickly emerged from the consultants work that shipping and related issues would be critical. The Marsden Point deep water berthing was primarily the refineries with limited room for expansion with depth for larger vessels. The other Marsden Point berths were constrained by draught, potential berth size, ship manoeuvring room,

competing wharf users, lack of land for hard standing, proximity to spreading housing and so on and the high environmental sensitive of the whole port/Bream Bay marine and land area which would make development dredging on a sufficient scale difficult/impossible.

Having produced many cubic meters of data/analysis the decision was made that the physical constraints of the area available for port facilities and the environmental/ etc constraints on large scale capital and maintenance dredging were prohibitive and the project was abandoned - in spite of its very substantial private and public benefits.

I have seen no evidence that this situation has changed, that an objective economic and environmental study of a port - shifting project has been done, or that the physical and environmental challenges can be overcome. I know it is fashionable these days not to do proper analysis of projects and that politics prevail but New Zealand's fundamentally weak economy is increasingly proving inadequate to deal with the country's many major social, economic and environmental problems - and closing the refinery might not be a smart move!

Moreover, Auckland is increasingly a low productivity, non-tradable goods millstone around our neck and moving the port risks further major National economic detriments. I did a study some years ago which concluded that the South Island would be much better off economically without the North Island. The dotted line now is probably the Bombay Hills!)

In fact a shift to Northland looks like the worst of a number of options, which include off-shore hubbing (Australia or SE Asia) and/or a much better utilisation of existing ports with a very different shipping system.