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## **Public Excluded**

### **Report PE02.580**

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Report to the Policy, Finance and Strategy Committee  
from Greg Schollum, Chief Financial Officer

## **Port Sector Opportunities**

### **1. Purpose**

To advise the Committee of a recent meeting of shareholders of CentrePort and Port of Napier to discuss port sector issues.

### **2. Public Excluded**

Grounds for the exclusion of the public under section 48(1) of the Local Government Information and Meetings Act are:

*That the public conduct of the whole or relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for the withholding exists (i.e. to preserve commercial confidentiality).*

### **3. Background**

Councillors will recall the workshop held on 22 August 2002 in relation to the review of Council's investment in CentrePort. At the workshop reference was made to the desirability of port sector rationalisation, in both the 1999 exit strategy (provided as background material for the workshop) and during my presentation.

I indicated that despite the matter being discussed in the past, nothing in the way of port sector rationalisation had occurred since Port companies were established in 1988.

#### 4. **Recent Initiative by Horizons.mw to rationalise the Port Sector**

Horizons.mw (the Manawatu-Wanganui Regional Council) currently owns 23% of CentrePort and 8% of the Port of Napier. On the basis of having a shareholding in both ports, Horizons.mw considered that they were well placed to act as facilitator between Hawkes Bay Regional Council (92% shareholder in Port of Napier) and WRC (77% shareholder in CentrePort) in a discussion on opportunities for port sector rationalisation.

To this end, Horizons.mw arranged a meeting on 5 September 2002 of the three interested shareholders in the two Ports. The Council Chairperson, General Manager and myself attended the meeting. My notes taken at the meeting are attached as **Attachment 1**, along with the briefing notes prepared by Horizons.mw before the meeting (refer **Attachment 2**).

Since returning from the meeting I was interested to read an article on the Manawatu cargo hub, (refer **Attachment 3**) which appears in a large part to have been the catalyst for the discussion on 5 September.

The meeting on 5 September was very amicable and all parties agreed to take the matters raised back to their respective Councils.

On 26 September 2002 the Directors of Port Investments Ltd considered the matter and resolved:

- (1) *That the report be received and the contents noted.*
- (2) *That the Directors advise the Council that Port Investments Ltd supports further investigation work being undertaken on options for port sector rationalisation.*
- (3) *That the Directors suggest the Council Chairperson discuss the matter with the CentrePort Chairman prior to responding to Horizons.mw.*

#### 5. **What happens next?**

The key question appears to be, does the Committee see merit in recommending to the Council that it should support further investigation into the options for rationalisation which were discussed on 5 September?

My advice to the Committee is that further investigation of the options should be supported.

#### 6. **Recommendations**

*That the Committee recommend to Council that it:*

- (1) *Receive the report and note its contents.*
- (2) *Support further investigation work being undertaken on options for Port sector rationalisation.*

- (3) *Request that the Council Chairperson discuss the matter with the CentrePort Chairman prior to responding to Horizons.mw.*

GREG SCHOLLUM  
Chief Financial Officer

**Attachment 1:** Notes taken of shareholder meeting – 5 September 2002 (WRC)

**Attachment 2:** Background meeting notes – 5 September 2002 (Horizons.mw)

**Attachment 3:** Article on Manawatu cargo hub