

LOCAL GOVERNMENT FORUM

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New Report on Ports Industry Released

The Local Government Forum released today a report on the performance of New Zealand ports, which are a vital link in the transport chain between New Zealand and the rest of the world.

Entitled *Port Ownership and Performance: An assessment of the evidence*, the study was undertaken by Dr Brent Layton, a researcher and former director of the New Zealand Institute of Economic Research.

Forum chair Charles Finny said that there had been major improvements in the efficiency of New Zealand ports following reforms in the late 1980s and early '90s. These included the corporatisation of the former harbour boards, partial listing of some port companies on the sharemarket, and waterfront labour reforms. At the time it was expected that most port companies would eventually be privately owned.

The NZIER study finds that efficiency improvements in the industry appear to have stalled, with some evidence suggesting New Zealand ports may rank towards the bottom end of the ports of developed countries. Reforms in Australia, including the privatisation of most port operations, have seen the efficiency of Australian ports improve and exceed that of some major New Zealand ports.

Contrary to some views, the study finds that the industry's problems are not mainly an inadequate return on capital. Most ports have made positive economic returns, although there has been a sharp deterioration in the economic returns of Ports of Auckland, particularly since it was effectively nationalised by the Auckland Regional Council in 2005.

Rather, the study finds that the problems of local authority ownership are reflected mainly in the barriers to port rationalisation and the introduction of experienced international operators into the management of ports.

Dr Layton said: "Most New Zealand ports have considerable scope to improve their efficiency and the quality of their services and become more competitive and commercial in their pricing.

"The study suggests four policy options for examination, namely,

- increased information disclosure
- contestability in container stevedoring where practical
- separation of the roles of port landlord and stevedoring services as in Australia, and
- divestment of shares in port companies to encourage more efficient operations and rationalisation.”

Mr Finny said that improvements in port industry performance were imperative to improve international competitiveness and export growth. The NZIER study's conclusions were consistent with the advice of the OECD in its last report on New Zealand.

“The Forum will be presenting the report to ministers responsible for infrastructure, transport, agriculture and local government and asking them to give it serious consideration”, Mr Finny concluded.

For further information contact Charles Finny on 027 544 1547, Roger Kerr on 021 555 323 or Brent Layton on 021-384-147.

Go to <http://www.localgovtforum.org.nz> for information on the Local Government Forum and a copy of the report.