





he idea is to create a central distribution hub using land, sea and air.

Successful international examples range from airport-based hubs in the United States, to individual companies like the multi-million dollar Federal Express Corporation, a business that revolutionised the concept of freight delivery

Central to Manawatu's plans is land at Palmerston North Airport - the only site in New Zealand offering road, rail and airfreight at one location.

The Manawatu hub would operate as an inland port utilising a central warehouse base, with distribution centres leading to the lower North Island, as well as providing air and land freight distribution channels

Manawatu is already a base for distribution by road and rail, with most major transport companies operating (at varying degrees) out of the region. There are huge growth opportunities for land and rail distribution, and with cargo distribution comes the potential for property development.

Warehousing inparticular is a growth area and something Palmerston North Airport is developing with its "freight gate" initiative. Already an international airport, it will be a pivotal component of the multi-modal cargohub, says Gary Goodman, the airport company's chief executive.

"Our freight gate development is already expanding the airport as its own freight hub, with warehouse leasing suiting all modes of transport, located right next to the airport."

Palmerston North has attracted DHL, Danzas-AEI Ltd and Transotway freight/transport operators. Goodman believes there is an opportunity to attract new business and offer changes to the way companies work.

Although not directly related to the cargo-hub idea, 95 hectares of rural land at Longburn, (north-east of the airport), is being considered for rezoning as industrial land, by the Palmerston North City Council.

Suitable for light industrial use, this land could provide more space for the airport's "freight gate".

Palmerston North consultancy

says Vision Manawatu's chief executive Ian Reid, who stresses they wouldn't just be confined to the Manawatu The lower North Island has a population of about one million and produces goods and services to the value of more than \$20 billion roughly the same as for the whole of the South Island.

The benefits would spread much wider to encompass the central/lower North Island - and they're not just

"It's interesting to note that 99.5% of New Zealand's imports and exports were transported by sea last year. A cargo-hub in the Manawatu would provide a consolidation point from where there's a choice of ports."

Corporate Logistics, has been commissioned by Horizonsmw to carry out a feasibility study on the cargo-hub concept. Findings are due this month.

Although supported by the district at large (including the various economic development agencies, Horizonsmw and the Palmerston North City Council), some real evidence of its viability is needed, says Horizonsmw policy and information manager Jeff McNeil.

That said, it is unlikely the feastbility study will bring any surprises rather it will provide the final hard evidence needed to back up what key stakeholders already believe is an economically viable and beneficial development for the region

The benefits would be enormous.

economic, but strategic as well, says Reid. "The Hub will allow for a range of initiatives such as new markets for food production exports" These exports would include short-hfe food products such as mushrooms from Wanganui; high value herbs and asparagus; stone and berry fruit from Hawkes Bay; cut flowers and fruit from Horowhenua.

Vision Manawatu. (the regions economic development agency), sees the cargo-hub among the regions key supporting economic sectors, alongside agriculture/horticulture, defence, tourism, sports/events and government services

It has been involved in developing the original cargo-hub concept, as well

as researching and promoting the for the past three years. It has succepyrighted the brand name last New Zealand Ltd. So it is not surprising that Vision Manaveries strategic plan identifies "the establishment of an inter-regional gateway/cargo-hub initiative" 45 It its key projects.

Some of the biggest opportunity will be in the "new age" distribution models, such as the hubbing/distribution centres, says R which he believes are likely 10 be developed soon.

Both Ports of Auckland and.
Centreport (Wellington) have had a close look at an inland port structure similar to Auckland's Metroport at Palmerston North. In addition, probably every cool-store operator in the country has some presence in the Manawatu.

There is also the potential for "smart freight operation", where there are efficiencies to be gained from cooperative development, says Reid.

These operations can be managed by a logistics company rather than the manufacturer or supplier - who can then make decisions about the level of stock, demand and the options for delivery One slight problem is competing products ending up on the same truck out of town.

As the issue is much bigger than just the Manawatu, the strategic development side of the idea has been passed over to Horizonsmw. Vision Manawatu is now working in an informal partnership with Horizonsmw, Palmerston North International Airport and other industry players.

Spread over 170 hectares of land, just five kilometres north-east of central Palmerston North, the airport is a Curgo-hob prolyces from left: Parmerston Nurth Auport CSO Gar; Goodman, Night Hadigeneral manager Blake Pemingron and tan Beri Vision Manay ato a chief executive Central to Manawatu's plans in land at Palmerston North apport - the only site in New Zooland offering rood, raif and an heigh, at one location.

significant asset to the region. A 1998 study by Philip McDermott estimated about one quarter, or \$1 billion, of Manawatu/Wanaganui's regional income is in some way sensitive to the operations of the airport. As the major shareholder (86.5%) in Palmerston North Airport, an investment valued at several million dollars, the Palmerston North City Council and ratepayers have a vested interest in the airport's role in the cargo-hub

The airport has also done its own research to support the cargo-hub, says Goodman. This is based on the fact there is a large amount of economic activity in the lower North Island. "It's interesting to note that 99.5% of New Zealand's imports and exports were transported by sea last *year*. A cargo-hub in the Manawatu would provide a consolidation point from where there5 a choice of ports."

Palmerston North International Airport is already well placed to provide the air-freight component of Cargo Hub NZ The airport's main runway is designed for Boeing 737s and was lengthened to 1902m in 1998. It operates 24 hours a day, seven days a week.

The work done for Vision
Manawatu estimated 18,000 tonnes of
air freight imports from Australia were
destined for business in the lower North
Island, and 8000 tonnes of air freight
exports destined for Australia in
1997/98 were sourced in the area.
"Gwen this, there is the potential for
Manawatu to become a distribution
centre for inbound goods as well," says
Vision Manawatu's Reid

New operator Night Fleet, is a company wanting to take advantage of air freight opportunities and has been working closely with Vision Manawatu to turn the cargo-hub concept into a reality.

Night Fleet is setting up an international airfreight operation out of Palmerston North Airport. Due to start with one plane in spring, services will initially be Trans. Tasman focused, says general manager Blake Flemington. The company is negotiating to secure a 737/300 freighter aircraft for the Trans-Tasman business, until it is able to acquire a larger aircraft to operate further afield.

Research shows there is still a demand for Trans.Tasman air freight to be shifted (approximately 177,000 tonnes last year). Currently it is moved out of Auckland, as there is no air capacity at Wellington Airport.

Palmerston North is well positioned to fill this gap, stresses Goodman.

As for Ohakea, Goodman says it is not a matter of choosing one airport over the other, but he certainly sees Palmerston North as the central provider with Ohakea perhaps supplementing distribution in some

Vision Manawatu's Reid, sees
Ohakea playing an important role, but
just exactly what that might be is
unclear. In the short-term he says any
trade is likely to be Trans-Tasman and
operating out of Palmerston North
International Airport, while in the
medium-term the issue is between
Ohakea or Palmerston North. "There
are strong arguments for each location and it is something that will be
addressed in the Horizonsmw study."

Meanwhile, the Ministry of Economic Development 15 conducting its own feasibility study on the use of Ohakea as a civilian airport. A \$20 million upgrade of its runway is scheduled for the summer.

Story by Georgie Bonifant.

