Strengthening Inter-Island Shipping & Logistics in the Pacific Islands
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Suva, Fiji

Bim Tou
General Manager
Ports Authority
COOK ISLANDS
Presentation Outline

- Country Overview
- Economy – Snapshot
- Domestic Shipping Services
- International Shipping Services
- Ports Infrastructure
- Conclusion
- End - Questions
Cook Islands
Cook Islands became a British protectorate in 1888. By 1900 administrative control was transferred to New Zealand. In 1965 Cook Islanders chose self-government, in free association with New Zealand. About 70% of the population of approximately 15,000 are domiciled on the capital of the Cook Islands, Rarotonga.

Rarotonga is the main commercial and government centre, and hence the country’s dominant driver of economic growth. The Southern Group islands are within 300 km of Rarotonga.

The remote Northern Group islands are, more than 1,250 km from the capital, is made up of seven low lying, sparsely populated, coral atolls and sand cays, with little arable land.

Continuing depopulation is a significant threat to the development of the Cook Islands by Cook Islanders.
## Economy - Snapshot

### Economic Activity

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<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal GDP ($’000)</td>
<td>345,380</td>
<td>356,960</td>
<td>377,540</td>
</tr>
<tr>
<td>Real GDP (at 2006 Prices, $’000)</td>
<td>285,310</td>
<td>293,450</td>
<td>303,040</td>
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<tr>
<td>GDP per capita</td>
<td>15,282</td>
<td>15,795</td>
<td>16,705</td>
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### Productive Sector Indicators

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<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
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<tbody>
<tr>
<td>Visitor Arrivals</td>
<td>99,400</td>
<td>106,000</td>
<td>111,500</td>
</tr>
<tr>
<td>Est Visitor Expenditures ($’000)</td>
<td>209,900</td>
<td>225,100</td>
<td>241,500</td>
</tr>
<tr>
<td>Total Exports ($’000)</td>
<td>5,827</td>
<td>5,746</td>
<td>5,717</td>
</tr>
<tr>
<td>Total Imports ($’000)</td>
<td>349,936</td>
<td>361,674</td>
<td>382,526</td>
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</table>
Domestic Shipping Services

• domestic shipping operations in Cook Islands are providing an unacceptable services to the outer islands from the main capital Rarotonga.

• Ensuring the provision of adequate, efficient and reliable domestic shipping services is one of the most difficult and perplexing challenges facing Cook Islands.

• In many cases, services of the quality that are expected by residents of remote islands are not commercially viable; but the delivery of these services is a political, social and even arguably an economic imperative.
Domestic Shipping Services

- This service is currently being operated by a private limited shipping company with another company commenced recently providing similar services.

- Service schedules are frequently poorly maintained, and it is not uncommon for services to be suspended for weeks.

- The ships employed are typically old, poorly maintained and in poor condition. Vessels safety standards is questionable.
Domestic Shipping Services

- Financial constraints have a severe impact on the quality of domestic shipping services.

- Shipping operators have problems in accessing finance for repair and replacement. Commercial banks do not find the domestic shipping sector an attractive area for lending because of the high risk and lack of adequate collateral for loans.

- Under the present circumstances the shipping sector is locked into a situation where old vessels are replaced by other old vessels and there are no prospects of reducing the high average age of the fleet.
Over the last eight years demand for shipping services has remained reasonably constant, container volumes averaging 2,433 TEU per year.

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<th>2011-12</th>
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<tbody>
<tr>
<td>TEU</td>
<td>2,406</td>
<td>2,455</td>
<td>2,438</td>
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</table>

Break-bulk cargo has averaged 396 TEU equivalents per year over the period. There has been no growth in cargo volumes. The seasonality peak is about 130% of the average monthly volumes.
International Shipping Services

- A major constraint to efficient shipping services in the past has been the restriction on size of ships that can call at Avatiu Harbour in Rarotonga.

- The harbour has recently completed a redevelopment allowing an increase in the size of ships. This has reshaped the whole structure of shipping in the Cook Islands.

- It allows larger ships to combine economically with other trades such as Tahiti, Tonga and Samoa, enabling more than two ships to service the Cook Islands.
International Shipping Services

• Aitutaki also provides international services at roadstead but cannot sensibly be serviced by these larger ships.

• It is often too dangerous for the persons working in the barge alongside these ships.

• Matson however has continued to call with their large vessel called MV Olamana previously called MV Southern Reef.
Port Infrastructure

- Avatiu Harbour recently completed a redevelopment.

- It was handed over to the Port Authority on time on 23 August 2012.

- The larger vessel 116 m LOA did in fact make a call on 12 August prior to handover, as the harbour basin dredging was at that time completed to the design depth.
Length of ships and depth of water

- The port has had its turning circle increased to 135m, and depth in the entrance and berth half of that circle to 8.0m below CD.
- The depth in the other (western) half of the turning circle has been increased to 7.0m below CD.
- The maximum size of ship is 120m LOA for ships that need to turn in the basin. Ships that can either back in or back out such as some cruise ships can be up to 157m LOA.
- The wharf has been improved so that it is a single, aligned berth of 270m in length, 210m of which has a depth of 8.0m below CD.
Lifting of Avatiu Port Constraint

- Ships of the size of Olamana are providing Pacific Trades.
- Matson has provided services to Rarotonga in combination with other trades.
- Cost analysis shows that the full cost of carrying cargoes to Rarotonga could be reduced by about 20% if such larger ships were deployed. This represents approximately NZ$2 million a year in reduced freight cost.
Conclusions

• The completion of improvements to Avatiu Harbour has enabled the ship size constraint to be lifted.

• This in turn presents an opportunity for Rarotonga’s trade to be combined with trade from other places such as Tahiti, Tonga or Samoa.

• The consequence is that more than two ships could call at Rarotonga without compromising their financial viability.
END/QUESTIONS