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MEDIA RELEASE

LPC DEFERS CRUISE BERTH DEVELOPMENT

Lyttelton Port of Christchurch [LPC] has announced it will defer a decision on starting the development of cruise berth facilities.

In late 2010, the company announced plans for a \$13.7million purpose built cruise berth facility.

The devastating earthquake on 22 February 2011 and the subsequent major aftershocks prompted a comprehensive review of all pending development and enhancement plans around the port given the overall damage suffered - which is in the hundreds of millions of dollars.

This review included reassessing the original cruise berth plan and the proposed designs in light of the seismic activity. This modification has increased costs by approximately 40% to around \$20 million.

Chief Executive Peter Davie says the decision to defer the start of the cruise berth development has been difficult but is right for both the Port and the Cruise Industry in New Zealand at this time.

"When we do this cruise berth development, we need to do it right. If we don't get this right and fail to provide an experience of international standard then we not only put at risk the reputation of Lyttelton but also of New Zealand as a cruise destination."

Peter Davie says the design and construction review had to be done to ensure the safety of the cruise berth ships and their guests.

"LPC is simply not prepared to take short cuts on or risks with the design and construction given what we now know about seismic activity in this region and impact on physical structures."

The cruise berth facility would have needed to be complete by October and that timeframe was looking increasingly challenging. It was also becoming more unlikely that the supporting infrastructure such as roads and parking for coaches and the cruise berth terminal would have been completed by then.

Some cruise lines had already decided to continue calling at Akaroa for at least another year anyway given the risk and uncertainty around the completion date for the Lyttelton cruise berth facilities.

Peter Davie says LPC must be financially responsible at a time when it is facing a massive rebuild of the port operation.

"LPC has ongoing discussions with its insurance company over its complex and challenging claims. The current uncertainty of funding has contributed to this deferral decision." (Further details on insurance have been advised in our recent media release on the financial results to 31 December 2011).

Peter Davie says the cruise industry remains a priority for recovery of tourism in Canterbury and LPC will play a role and will still cater to small cruise vessels that can berth in the ports Inner Harbour.

"We have to do it right first time around and we have to be fiscally responsible. It has been a difficult decision but in the long run will prove to be the right decision."

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