BEFORE THE WHANGĀREI DISTRICT COUNCIL AND NORTHLAND REGIONAL COUNCIL

IN THE MATTER	of the Resource Management Act 1991 ("RMA")
AND	
IN THE MATTER	of a resource consent application by Northport Limited under section 88 of the RMA for a port expansion project at Marsden Point
APPLICATION NO.	APP.040976.01.01 LU 2200107

STATEMENT OF EVIDENCE OF JONATHAN JAMES MOORE

(NORTHPORT – CORPORATE OVERVIEW)

24 AUGUST 2023

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INTRODUCTION

Qualifications and experience

1. My name is Jonathan James Moore. I am the Chief Executive Officer of Northport Limited ("Northport"). I have been in my present role since June 2007.

2. I started my career in the shipping industry in 1975, I joined the British Merchant Navy as a navigation cadet and over the following 14 years worked my way up through the ranks achieving a Master Mariners Foreign Going (unlimited) Certificate of Competency and sailing as Master.

3. In 1988 I left the sea and started a pathway ashore that has resulted in the position I hold today at Northport. This journey started with a Port Operations role in Port Moresby, PNG where I was responsible for the day-to-day operations of the multi-cargo wharves and container terminal. On my return to the UK, I took a role as navigation officer with Thames Water, requiring a pilot exempt licence for the Port of London and River Thames.

4. In late 1989 I accepted a role with a US based company as their Cargo Operations Supervisor, responsible for cargo loading and discharge operations, draft surveys and cargo loaded & outturn calculation; this role covered the southern US states and South Korea. While working in the USA I was offered a position as Marine Survey & Consultant with Noble Denton & Associates, a world-wide offshore consultancy. In this role I was responsible for oil rig positioning, platform installation, on/off-hire of marine plant, wet and dry ocean tows, offshore heavy-lift operations, condition and suitability surveys of associated plant & equipment, risk assessment, and valuation surveys. A further component of this role was providing expert advice to the shipping and offshore sector operating throughout Canada, Arctic, USA, Central & South America, Europe & the North Sea, and SW India.

5. In 1994 I moved to New Zealand, accepting a role with NZ Stevedores initially in Whangārei as Operations Manager and, after two years, moving into the Manager role; responsible for all stevedoring operations at Port Whangārei for the JV Company, including break-bulk, bulk, heavy lift, and container cargoes. After six years the company relocated me to Nelson to manage the stevedoring branch at Port Nelson; this was a similar role which involved more container operations with the company operating their own container depot.

6. After eight years in stevedoring, I accepted the position as Regional Harbourmaster for the Bay of Plenty, while managing navigation safety and oil spill response for the entire

region, there was a primary responsibility for navigation safety within the Tauranga Harbour and approaches working closely with the Port of Tauranga. In 2006 I accepted the role as Deputy Harbourmaster/Port Operations Manager at Fremantle Ports, Western Australia; this position was responsible for the navigation safety of all shipping movements within the Inner & Outer harbour and approaches, harbour control, pilot and tug contracts, maritime and port security, vessel berthing and mooring operations, cargo storage allocation, and container terminal contracts.

7. In 2007 I accepted the position as Chief Executive Officer at Northport and have been in this role for 16 years. The role encompasses a wide range of corporate responsibilities including strategic planning and preparation of in-depth board proposals and associated business cases.

8. As part of my personal social responsibilities, I have been involved with Coastguard Whangārei as VP and now commercial advisor, and Chair of the Mission to Seafarers, Marsden Point (Seafarers Community Centre) since 2007, a Trustee of the Bream Head Conservation Trust for four years, and recently appointed as Trustee of the R Tucker Thompson Sail Training Trust.

9. I also represent the 13 NZ ports on the NZ Port & Harbour Marine Safety Code Steering Group, and the NZ Ports Health & Safety Leadership Group.

10. I have extensive knowledge and experience in the shipping and port sector, ranging from a career at sea and considerable time ashore working in most areas of the port industry.

11. I am authorised to present this evidence on behalf of Northport.

Involvement with the Project

12. I have been involved with Northport's Vision for Growth project ("the Project") in a strategic and steering capacity since it was first proposed internally in 2010, through its public announcement in 2017, subsequent feedback and refinement, and recent lodgement of resource consent applications with Northland Regional Council ("NRC") and Whangārei District Council ("WDC"). Due to the Project's importance to Northport, and the Northland region, I have stayed abreast of the Project's development and have been actively involved in bringing the Project to its current stage.

13. My involvement in the Project has included, together with other members of the Northport management team and the Board, attendance at many internal strategic and technical project discussions and workshops, as well as external consultation events including

public information days, expert information sessions, and meetings / hui with mana whenua representatives.

14. I believe strongly that the Project represents a necessary and positive step in enabling Northport to develop infrastructure essential to the Northland and north Auckland regions, and that it will have significant social and economic benefits including for local businesses, workers, and consumers.

SCOPE OF EVIDENCE

15. In my evidence, I:

(a) provide a summary of Northport, its corporate structure, the Project background, and discuss the port's strategic location at Marsden Point and the recent investment in the site;

(b) briefly summarise the changes in Northport's freight tasks over time and the associated opportunities for diversification;

(c) outline the rationale for the Project and its importance to Northport, and by extension, the Northland region;

(d) describe the evolution of the Project over time, and briefly summarise the alternative designs considered;

(e) summarise Northport's approach to environmental management and corporate responsibility;

(f) briefly discuss the approach Northport has taken to community engagement in respect of the Project; and

(g) set out my conclusions.

NORTHPORT: SUMMARY

16. Northport is New Zealand's northernmost deep-water port and is among the most modern ports in New Zealand. It is the only port that has been constructed entirely under the RMA and is designed to meet very stringent environmental controls.

17. Northport has three berths available for handling dry cargo vessels, with a total linear berth length of 570 m. The Northport facility totals 49.1 ha of land, including over 40 ha

that is paved and used for cargo operations. Of the existing 49.1 ha footprint, 33.6 ha is reclaimed land.

18. Northport operates 24 hours a day, seven days a week to meet the trade demands of Northland and the wider Auckland region. Northport handles domestic freight and international imports and exports. Logs, woodchip and processed timber for export have comprised the bulk of cargo handled by the port. Other export items include kiwifruit, cement and manufactured goods. Imports are also an important part of Northport's business and include fertiliser, gypsum, coal, steel, project cargo, and animal feed supplements. As I note later in my evidence, Northport made an investment in container-handling equipment in 2015, which has seen an uptake in coastal and international container trade.

19. Northport is a key partner with NRC and its harbourmaster due to the functions Northport carries out, which assist the safety of all marine craft navigating the harbour. These functions include responsibility for aids to navigation within the commercial channels, dynamic under-keel clearance system (DUKC), hydrographic survey, Whangārei harbour radio and local port service (LPS) for commercial operations. Northport is therefore important to the commercial operations of other operators, including Golden Bay Cement and Channel Infrastructure.

20. Besides directly employing a total staff of 36, Northport facilitates a range of jobs (c.285 FTE) in areas such as pilotage and towage, stevedoring and marshalling, transport, logistics, storage, fumigation, safety, shipping agency and marine surveying. These and other activities are required to operate the port successfully.

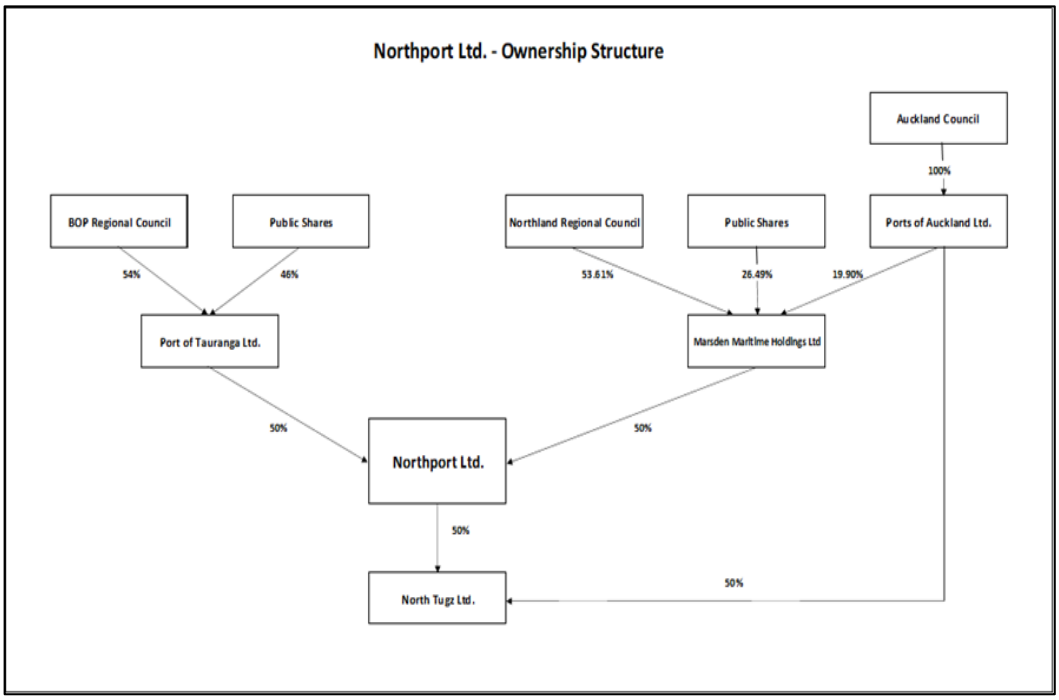
21. The cruise industry has been actively engaged with Northport to include Whangārei as a new cruise destination, the Hundertwasser Art Centre being Whangārei's point of difference. Northport will berth vessels at the facility and enable disembarking/embarking directly to the shore, instead of vessels anchoring in Bream Bay and shuttling passengers by tender. Three vessels are now scheduled for the 2023/24 season, and already future bookings are six for 2024/25, and three for the 2025/26 season.

22. Northport holds a very important role in Northland's regional economy, supporting import and export activity. This role has expanded and diversified significantly since Northport began operating in 2002. Beyond its local and regional importance, and due to its integration into the NZ port network, Northport is significant nationally for its commercial, transportation and infrastructure functions.

Corporate structure

23. Northport's shareholding is equally owned by Port of Tauranga Ltd and Marsden Maritime Holdings Ltd ("MMH"). MMH was formerly known as the Northland Port Corporation, and its majority shareholders are NRC and Ports of Auckland Ltd.

Figure 2: Northport corporate structure



24. Northport is managed by a streamlined but experienced management team, with oversight and corporate direction provided by its Board of Directors.

Project background

25. Originally selected due to a range of physical, nautical, financial, and social advantages, construction of the Northport facility proceeded in an iterative manner.[1] This enabled Northport to make design responses to evolving demand, and other external factors.

26. In its original constructed form, the port offered two berths with an adjacent 'lay-down' area for bulk cargo storage and support facilities. Designed according to the expected vessel size and forecasted shipping trends at the time, Berths 1 & 2 represent an as-built 390m linear berth. Berths 1 & 2 were completed via dredging and reclamation in 2002; providing a total port footprint of 46.2ha.

[1] For a comprehensive discussion of the history of Northport, refer to section 4 of Northport's 'Issues and Options Report', October 2022, forming Appendix 2 to the AEE.

27. Berths 1 & 2 are shown in Figure 3 below.

Figure 3: Aerial photograph showing Berths 1 & 2 c.2004.

28. Following construction of Berths 1 & 2, Northport explored options for best continuing to develop the port facility. This was in response to both demand and a range of external factors, including the closing of commercial shipping at Port Whangārei. Resource consents were granted in 2004 (Stage 2) which authorised construction of Berths 3 & 4.

29. Construction of Berth 3 was completed in 2007. This involved dredging and reclamation to construct a 180m and 2.9ha extension to Berths 1 & 2; resulting in 570m linear wharf and a total port footprint of 49.1ha.

30. An aerial image showing the current Northport facility, Berths 1-3, is shown in Figure 4 below.

Figure 4: Aerial photograph of Northport showing storage density at the current facility c.2021.

31. Since the completion of Berth 3, Northport's management team and Board of Directors have continued to assess the business case to fully implement the 2004 consents by constructing part or all of Berth 4. To date, Berth 4 has not been constructed – but, as I go on to discuss below, further expansion forms an integral component of the Project.

32. In 2010 a detailed review was undertaken of the current and consented infrastructure, what options there were to configure the built areas, and what potential there was for future expansion; a range of options were then presented to the company Directors to enable a robust strategic plan covering the next 30-plus years. Northport's strategic plan was informed and shaped by several studies, including:

    (a) The Upper North Island Strategic Alliance (UNISA)[2] report[3] into increasing demand for ports in the Upper North Island, which identified that the UNI port network had the capacity to meet the projected freight task, provided that efficiency gains, and incremental investments in infrastructure are undertaken

[2] UNISA is an inter-regional body, with membership comprising Northland, Waikato and Bay of Plenty Regional Councils, Auckland Council, Whangarei District Council and Hamilton and Tauranga City Councils.
[3] 'Report for the Upper North Island Strategic Alliance: How can we meet increasing demand for ports in the Upper North Island?', PwC, 2012.

in a planned and timely manner. The report also identified that the greatest opportunities for efficiency gains were in the container trade.

(b) A Freight Availability Review, commissioned by Northport because log volumes for the Northland region were close to reaching the maximum forecast levels. This report,[4] in conjunction with the UNISA report, provided strong guidance for a review of Northport's strategic plan, including its freight projections.

(c) A 2014 review of the Northland Forestry and Log Availability,[5] which identified that Northland was heading towards a major downturn in log availability.

33. This strategic review process prompted the company to investigate options that would enable it to sustain the projected period of reduced volumes, and in 2015 the decision was made to invest in plant, equipment, and additional paving for container handling.

34. To better enable this opportunity, the development of container terminal capability was included in the strategic plan. The 'Vision for Growth' project was launched and consultation with the port's community, local Iwi and commercial stakeholders commenced.

35. Originally based on coastal container trade,[6] kiwifruit exporters recognised an opportunity to make Northport a direct port call. This meant Northport was the last port call on the NZ coast for the international lines, so our ability to get the produce onto the ships before they departed NZ waters was extremely important for those exporters. To provide exporters and the container lines with reassurance and the certainty they were looking for, a second crane was ordered by Northport. It was delivered in 2020.

36. Throughout COVID ports remained open. However, significant port congestion developed worldwide as ports dealt with COVID restrictions, labour availability and increasing freight demand. Ports of Auckland and Port of Tauranga were no different, and in late 2020 several container lines looked north to Northport for solutions. The first ad-hoc international call with Auckland-bound imports arrived on 6 December and discharged 1,358 units (2,019 TEU). These vessels have continued to call at Northport, with significant interest from shipping lines to establish regular services.

37. However, as is evident from Figure 5 below, the current port layout at Northport has space limitations for growing container volumes.

[4] 'Review of Freight Availability 2012', Forme, 2012.
[5] 'Review of Northland Forestry & Log Availability', Forme, August 2014.
[6] Predominantly bulk cement in containerised tanks.

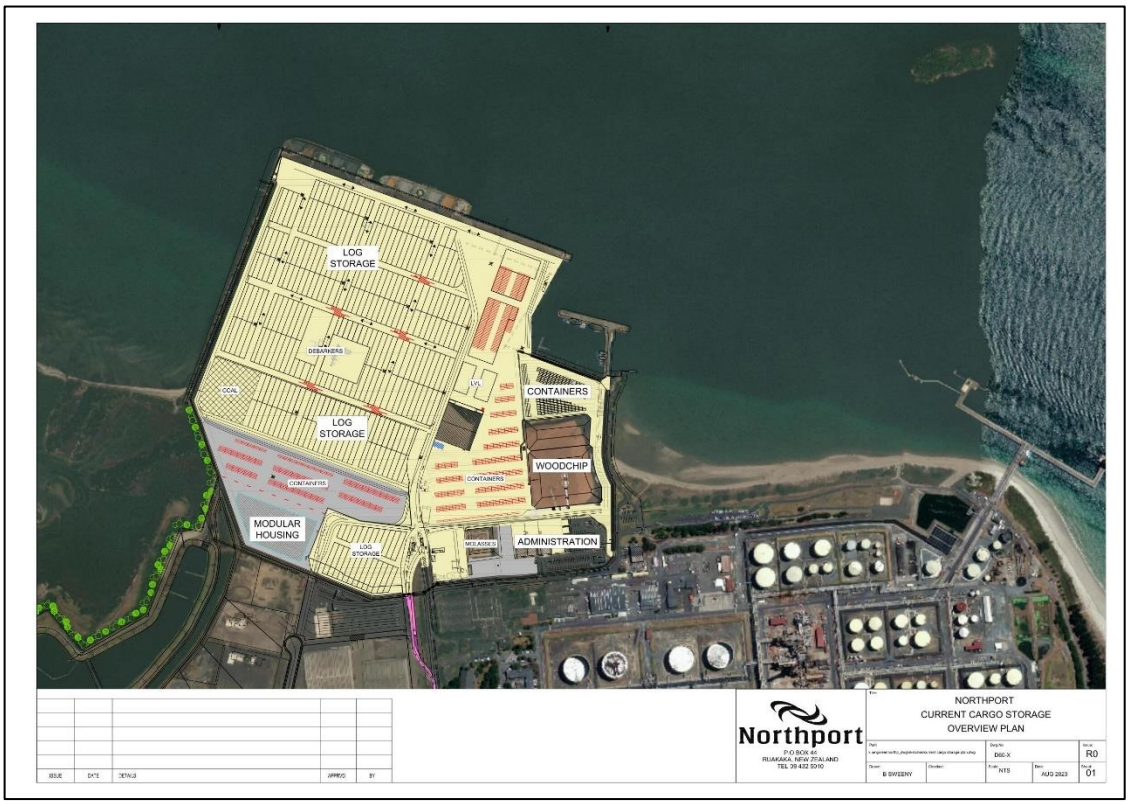


Figure 5: Current port layout (2023)

38. To enable regular international calls with imports for Auckland, a review of the port's berthing and storage capability was once again undertaken, and a project was approved to explore the concept and provide Directors with a cost-to-build estimate and robust business case for a concept design and limited additional construction (175m berth extension and 3.8ha reclamation) to provides for container growth *within the port's consented footprint* (i.e. authorised by the 2004 resource consents). This represents a mid-term container terminal solution that will enable Northport to accommodate regional and North Auckland container growth for the next 10-15 years.

39. The limit of the proposed terminal's capability is only c.100,000 TEU to a maximum of c.160,000 TEU per annum (TBA report: Northport Interim Berth & Yard Extension – Capacity Assessment). The concept, which we refer to as the 'Berth 3 extension', is shown in Figure 6 below.

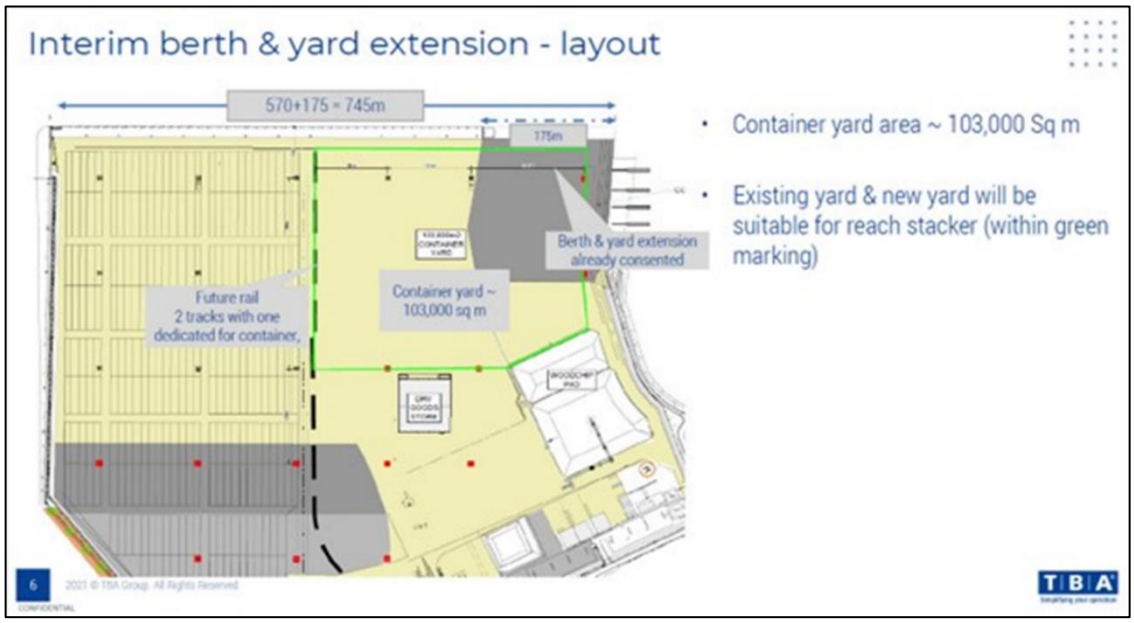


Figure 6: Consented Berth 3 extension – berth and storage yard layout

40. In April 2023, the Northport board approved the next phase of the Berth 3 extension project to complete the detailed design, construction methodology, and cost to build. This work commenced on 1st May with a 9-month programme. The final business case and recommendation to build will be presented to Directors at the February 2024 Board meeting.

41. This phase of the port's growth will enable the projected freight demand from Northland and North Auckland for the next 10 plus years. However, as the increased container volumes start to impact on the terminal's capability, the current level of export log volumes are projected to return, this will require some of the container terminal storage to be returned for logs prompting further extension of the port facility. This will drive the business case for future growth: and the need to build the area which is the subject of this consent application.

Location and neighbours

42. Northport is located at the mouth of the Whangārei Harbour, proximate to a natural deep-water channel, within a sheltered harbour, and served by state highway transport routes to Northland and North Auckland (State Highway 15 runs right to Northport's entrance) and KiwiRail has designated a rail line to connect Northport to the rail network.

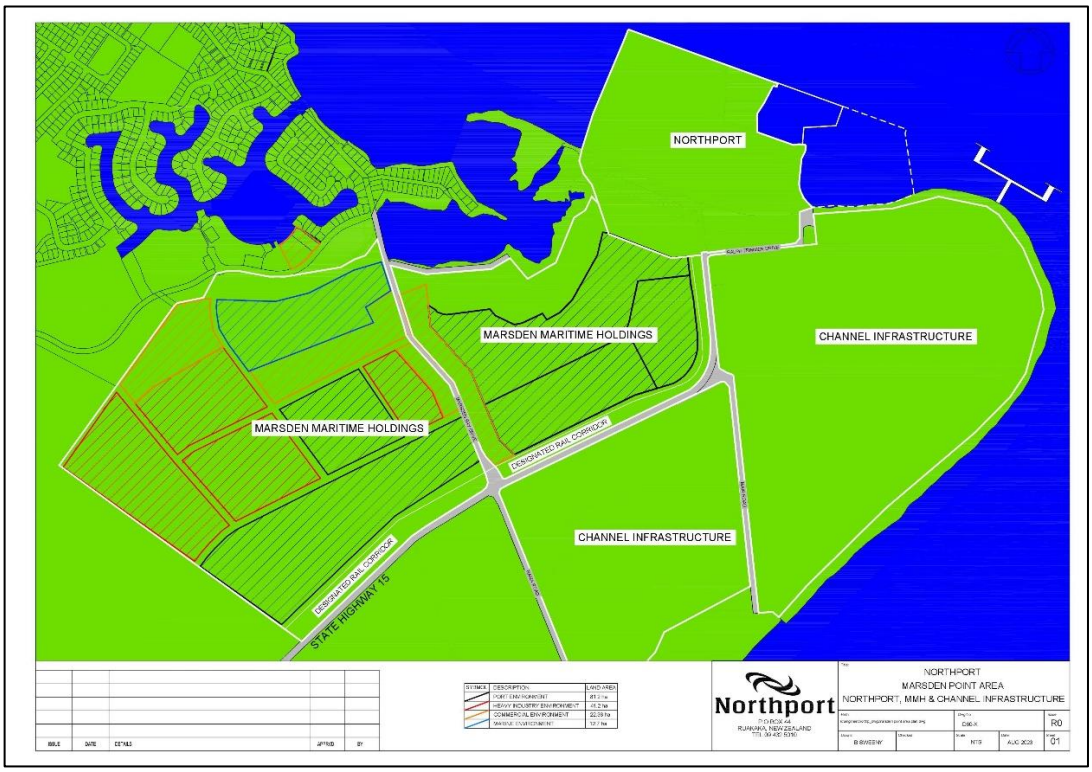


Figure 8: Location map identifying Northport, Channel Infrastructure and MMH land

43. Northport's site was originally selected due to a range of physical, nautical, financial, and social advantages. Construction of the Northport facility proceeded in an iterative manner.[7] This enabled Northport to make design responses to evolving demand, and other external factors.

44. Northport is zoned for port operations. It is adjacent to, and forms part of, a heavy industry hub at Marsden Point. In particular:

(a) Adjacent to Northport to the southeast is Channel Infrastructure[8] which owns and operates an oil import and distribution terminal. Northport has a constructive working relationship with Channel Infrastructure, and the entities have worked together on a range of matters. Channel Infrastructure has been consulted during the development of the Project.

(b) To the southwest of Northport is land owned by MMH. This land is largely undeveloped or underdeveloped – being a combination of pasture, commercial or

[7] For a comprehensive discussion of the history of Northport, refer to section 4 of Northport's 'Issues and Options Report', October 2022, forming Appendix 2 to the AEE.
[8] Formerly Refining NZ.

industrial premises, or warehousing. Much of the MMH land is zoned 'port management' in the Operative (in part) District Plan.

45. I wish to make three comments with respect to the Channel Infrastructure and MMH-owned land.

46. First, it is very important to understand that the land owned by Channel Infrastructure and MMH is not under the control of Northport. Those are distinct entities with their own objectives, duties, and obligations. Northport cannot simply acquire or utilise their land without their agreement.

47. Second, and irrespective of ownership, this third-party land is located beyond the physical footprint of Northport and it is not possible or practicable to use that land for port operations. This is for numerous reasons fundamental to port design discussed in the application,[9] and can be summarised in that proximity to the berth frontage is critical to port terminal efficiency. The location of the berth frontage itself is dictated by the location of the deep-water shipping channel. Any increase in the distance from the berth frontage very quickly becomes uneconomic, requiring either i) extended transport by specialist port equipment, and/or ii) an additional double handling of containers; extending ship exchange times and compounding to limit overall terminal storage/handling capacity. Even if either of these land options were available, it would make the costs of cargo handling outweigh the margin on all but the highest-value goods.

48. Third, it is recognised that over time, the MMH-owned land may be utilised for businesses ancillary to, or which support Northport, including the potential to provide services such as workshops, engineering, warehousing, log scaling, logistics and freight forwarding. Improved utilisation of this land would likely attract significant regional investment (with a consequential increase to Northland's rating base) and present opportunities for skilled employment. Personally, I would like to see some of this land developed into a maritime innovation hub, with a focus on technical training and development of specialist expertise in marine engineering and logistics. Such outcome is of course well beyond the scope of the Project and would likely require input and commitment from others such as local government, business leaders, NorthTec and mana whenua.

49. Simply put, Northport cannot utilise the surrounding land for port operations. If it is to increase port capacity and introduce a dedicated container terminal, the only viable option is to reclaim land immediately adjacent to the extended berth frontage.

[9] Refer in particular to the Northport 'Issues and Options Report', October 2022, at section 8.6.

Recent investment

50. Northport constantly strives to increase its efficiency, reliability, and safety. The port undertook a major $30M investment project in 2005 in response to growing demand and to help meet a regional need – in much the same way as it is doing today. This provided for an additional 180m of berth front and 2.9 ha reclamation and paving to create the third berth.

51. Other infrastructure and handling capacity has since been progressively upgraded and modernised:

    (c) $1.4M buildings, new and upgraded, to accommodate a growing number of port users and service providers (2008, 2010, 2012 and 2015),

    (d) $14.1M log storage and scaling, enabling significant growth in Northland log exports (2012, 2013, 2017 and 2022),

    (e) $2.1M cargo handling plant and equipment (2007, 2014, 2015, 2017, 2020, 2021 and 2023), and

    (f) $1.1M anti-corrosion technology to provide integrity & longevity of the berth face (2014).

52. Stormwater storage, processing and monitoring has also been an area of focus; Northport has expanded the storage capacity of its stormwater ponds, introduced electronic technology to enhance the frequency and accuracy of its stormwater sampling, and introduced improved sumps and canal linings to deal more effectively with suspended solids .

53. The company has upgraded buoys, beacons and other navigation aids (2010-2023) to take advantage of emerging technologies such as its Dynamic Under-keel Clearance System (2004).

54. In recent years Northport has invested significantly in its container handling and logistics capability. This has seen it invest around $18M in two mobile harbour cranes, other plant and equipment, and paved container storage areas (2015, 2017, 2020, 2021/22 and 2023).

55. The existing Northport facility has an estimated replacement value of c.$400M.

56. The Vision for Growth Project is the latest major investment proposed by Northport to improve its capability and efficiency of operations. The estimated cost of the Project at today's costs is, Berth 3 extension c.$65M, Berths 4 & 5 c.$235M, plant & equipment costs expected to reach c.$200M: a total estimated cost of $500M.

57. In the context of this level of investment, it is imperative that Northport continues to undertake long-term planning that enables the port to meet the future needs of the community and the economy. It must also operate in an integrated manner with the national port network and as a component part of the Upper North Island Supply Chain ("UNISC"). I go on to discuss the rationale for the Project in the specific context of the wider national port network.

CHANGES TO FREIGHT NEEDS AND OPPORTUNITIES TO DIVERSIFY OPERATIONS

58. The changes in Northport's freight tasks over time and the associated opportunities for diversification are outlined in the application.[10] I very briefly summarise those matters:

Forestry industry fluctuations

59. When Northport began operating in 2002, its primary purpose was to facilitate forestry exports at Marsden Point. Forestry exports are expected to remain an important part of Northport's business, although the forestry industry naturally experiences fluctuations in harvesting and wood availability.

60. Total annual harvest is projected to reduce gradually and then plateau until approximately 2035/36 before starting to rise.[11] It is expected that pressure on Northport's log processing facilities will mirror these projections.

61. While Northport will continue handling logs into the future as a key part of its business, it is important that the port is enabled to diversify beyond forestry, not only to provide a buffer against projected troughs between forest rotations but also to cater for a simultaneous growth in the demand for container traffic outlined below.

General increases in container freight volumes

62. Container volumes flowing through Northport have grown from c.806 TEU in 2016/17, to over 19,000 TEU in 2021/22, with contents ranging from horticulture and timber products

[10] Refer in particular the Northport 'Issues and Options Report', October 2022.
[11] Refer the study 'Northport Wood Availability Forecast', 2022, by Forme Consulting Group, an independent forest consultancy firm.

through to bulk cement. This demonstrates significant growth. Northport's recent 5-year budget forecasts expect container growth to reach c.53,000 TEU by 2027/28.

63. Northport has sufficient port area to handle up to 50,000 TEU per annum. However, this is dependent on the forecast log downturn releasing some of the current log storage areas. To increase Northport's container capacity and handling efficiency, the proposed (and consented) Berth 3 extension is required – as noted earlier, subject to Board approval for the detailed design and final business case, this will be constructed.

Alternative freight streams

64. Northport has a track-record of supporting economic growth in Northland through facilitating new or alternative imports and exports. For example, kiwifruit exporters were able to start high-value containerised exports from Northport in 2018, because of a trial 'direct ship call' to Northport that has since become a scheduled seasonal service. This freight stream is expected to grow and expand to other crops.

65. Northport also has potential to operate as a hub for imported vehicle arrival, storage, pre-delivery inspection services, preparation and distribution. Northport has access to proximate commercially affordable land for vehicle storage which is not available at other upper North Island ports.

66. Northport is also well positioned to cater for a growth in North Auckland freight demand, a demand that is already being felt. In order to cater for this, Northport needs to plan for the necessary handling infrastructure. Additional berth space will be required to enable efficient vessel scheduling, along with land adjacent to wharves for storage, reefer-points, and efficient handling to expedite export of these perishable products to their international markets.

Cruise vessels

67. Northport also has scope to host cruise ship calls, presenting an opportunity to diversify into a new market for the port and helping to grow the Northland tourism industry.

68. Cruise vessels can, and do, berth alongside commercial wharves so there is no need for a dedicated cruise vessel berth. However, Northport's limited capacity (with a total wharf length of just 570 m) restricts the number of bookings it can accept. Expanding the wharf length and increasing the number of berths will help alleviate future pressures and allow Northport comfortably to accommodate both cruise and commercial vessels.

RATIONALE FOR THE PROJECT

69. Existing and projected growth in freight traffic in Northland and north Auckland, together with a diversification of freight types, means that Northport's current facilities are under pressure and nearing their functional capacity.

70. The Aotearoa New Zealand Freight and Supply Chain Strategy,[12] outlines the challenge we face as a nation when it comes to freight logistics. Both our national supply-chain infrastructure, and that serving the Upper North Island, are widely regarded as, at best, under pressure (and, to some, unfit for purpose). Yet this key strategy document prepared by the Ministry of Transport states that freight volumes are expected to increase 55 percent from 2012/13 to 2042/43.

71. Capacity to service this forecast growth, and to develop supply-chain efficiencies, alternatives and resilience, are key drivers behind the Project.

72. Northport continually pursues improvement initiatives to maintain or lift its operational performance and improve its competitiveness. This is evidenced by the level of ongoing investment (see my paragraphs 50-57 above), the decision to create container-handling capabilities, and the current steps to implement the Berth 3 extension.

73. That said, Northport is not currently developed to its full potential or in a way that can effectively accommodate other freight streams; for example, containers, cars, and cruise vessels. Northport needs to expand in order to accommodate the changes in freight tasks outlined above and to enable opportunities for regional economic growth.

74. As discussed earlier, Northport is already reaching storage capacity. The planned and consented Berth 3 extension project allows the port to use the downturn in log exports to create an initial container terminal. This is a two-year design and build project, with a maximum 10-15 year capacity once open for business.

75. Around 2040, which coincides with the projected point that Northland log volumes return to peak, there is forecast to be a significant shortfall in port storage capacity. At that point, availability of berth space and appropriate handling infrastructure to efficiently load and unload container freight will constrain Northport's ability to handle increased cargo volumes and more diverse cargo types. Storage space immediately behind the wharf will already be reaching capacity.

[12] Ministry of Transport, August 2023, available at https://www.transport.govt.nz/area-of-interest/freight-and-logistics/new-zealand-freight-and-supply-chain-strategy/.

76. Northport is in the unique position of having the essential attributes to enable an increase in port capability and efficiency, to provide additional freight capacity to Northland and the Upper North Island. The port is located within a sheltered, natural deep-water harbour with good navigability and proximity to road and rail transport networks.[13] The port is adjacent to large quantities (circa 700 hectares) of undeveloped and under-developed commercial, industrial, and port-zoned land which could accommodate developing ancillary and support businesses, thereby attracting regional investment.

77. Northport's objectives for the Project are:

    (a) To create a modern efficient terminal with a 700m-long container berth and sufficient terminal area to be able to initially handle 250,000 TEU/annum, with up to c.500,000 TEU/annum in the longer term, subject to considerable investment in specialised handling equipment, such as STS cranes, automated trucks, and RTG container handlers.

    (b) Locate all container operations on the proposed dedicated terminal to enable growth and diversification of other freight on the remaining footprint.

    (c) Incorporate best practice operational and environmental controls to minimise effects on the surrounding environment and community.

    (d) Allow for the integration of rail freight following the construction of the Marsden Point spur.

Planning for the long-term need: 'building for tomorrow, not today'

78. Planning and development of port infrastructure in this country takes many years.

79. The development process alone for this Project will likely span 9-14 years:

    (a) Consenting pathway: 5-7 years (including consultation and application/hearings).

    (b) Business case and detailed design: 1-2 years.

    (c) Build using local/NZ capability: 3-5 years.

80. Port infrastructure investment is, inevitably, prohibitively expensive. Infrastructure is built with a 50-year design life, with planned maintenance programmes enabling up to 100

[13] Planned improvements to rail connectivity are currently in the detailed design phase.

years. Buildings are commonly designed for a 25-year operational life, with planned maintenance extending this to perhaps as much as 50 years. Plant and equipment are purchased with an expected operational life of 15-25 years.

81. Timeframes of this order are standard in planning for port infrastructure. The recently released Aotearoa New Zealand Freight and Supply Chain Strategy adopts a 30-year planning horizon “to position New Zealand for the future.”

82. With these extended planning and construction timeframes in mind, Northport has been required to anticipate developments over a 30-50 year timeframe, including, but not limited to:

    (a) Projected population growth in Northland and North Auckland.

    (b) Associated growth in demand for both freight volumes and logistics.

    (c) An inevitable requirement for Ports of Auckland to reduce its footprint.

83. Northport’s long-term planning and forecasting has also factored in government and Crown Agency plans and initiatives (realised, announced, and anticipated) to better connect Northland with Auckland, the Upper North Island, and the rest of the country, including:

    (a) Rail: North Auckland Line – line and tunnel heights upgraded to accommodate increased axle weight to 18t and high-cube container traffic (c.$190M investment).

    (b) Rail: Northland Line – rejuvenation of the line north of Whangārei, as far as Otiria (c.$40M investment), with stated plans for a distribution hub at Otiria for logs and other freight.

    (c) Rail: Marsden Point spur - $40M investment in land acquisition and $60M invested in detailed design. Build cost estimated at $450M plus contingency, over three to five years.

    (d) Rail: Southdown (Onehunga) to Avondale – investment in developing the business case for this line that will better enable the flow of rail freight from the North, through Auckland to south Auckland.

(e) Road: proposed investment announced by both National and Labour in four-laning additional stretches of State Highway 1 north of Warkworth (Whangārei to Ruakaka stretch estimated investment of $1.4B).

(f) Coastal shipping: continued growth in the value of freight transported around New Zealand by coastal shipping (c.$30M in 2022/2023).

84. As Mr Jagger outlines in his evidence, given this extended planning horizon, it is essential that Northport is enabled, through having the necessary consents in place, to develop: i) the business case and ii) the long-term planning necessary to build the infrastructure that will meet the long-term strategic, commercial and economic needs of all stakeholders – not just customers and other businesses, but also communities, local and regional authorities, economic development agencies and Crown agencies.

85. The importance/need for the consent to be obtained well ahead of the business case is obvious: without the consent in place, it will be impossible to meet the requisite timeframes to build the infrastructure necessary to meet the long-term needs of these stakeholders, and freight demand.

Northport's role in the Northland economy

86. Mr Akehurst, in his evidence, outlines some of the economic effects associated with the Project. I wish to expand on that, by traversing some of the wider issues in relation to Northport's role in the Northland economy, the importance to Northland businesses in having a modern efficient container port in Whangārei, and the role that an expanded port could play in enhancing the resilience of the Upper North Island's supply-chain.

87. In economic terms, a port is an enabler/facilitator of economic growth; for the most part it does not make or produce anything. Northport is widely acknowledged as an important facilitator and enabler of economic growth in Northland and this role is outlined in the application.[14]

88. Northport's ability to contribute to Northland's economic growth is amplified by the potential of Marsden Point as a hub for regional investment. As mentioned earlier in my evidence, there exists abundant space for a wide range of businesses, from general industry to port-related businesses and support service providers, to establish themselves near the port.

[14] Appendix 22: 'Economic Assessment'.

89. However, in order to realise this potential Northport must ensure it can provide the facilities required for import/export volume demand and growth.

Supply-chain resilience

90. More than 20 studies have been conducted on the future of the Upper North Island Supply Chain (UNISC) and the potential future and implications for Ports of Auckland, the Port of Tauranga and Northport.

91. These studies have reached many different, and frequently competing or contradictory, conclusions. But generally, they all agree that the UNISC is under pressure and additional container freight capacity and resilience is needed in the medium to long term.

92. Most of the port studies, including the UNISA UNI Port Study, and the recently released Aotearoa New Zealand Freight and Supply Chain Study that are referenced earlier in my evidence, maintain that there will be a port in Auckland for the next 30 years or more.

93. More than 75 percent of New Zealand's population growth over the next three decades is forecast to take place in the geographical region loosely termed 'the Upper North Island'. Two of the three areas identified in Auckland Council's 30-year plan as those with the highest projected population growth, Rodney and Upper Harbour, lie north of the Harbour Bridge. This growth is likely to place significant pressure on the capacity of Ports of Auckland and, to a lesser degree Port of Tauranga, to service the future freight needs of the region. Further, increasing urban congestion will mean that goods trucked between Ports of Auckland and North Auckland (including Warkworth and Wellsford) will face increasingly long delays, especially in peak times.

94. I see Northport's future as being part of a resilient and geographically astute upper North Island supply chain, using the capabilities of all three of the region's ports: Ports of Auckland, Port of Tauranga and Northport. This Project is not a replacement for Ports of Auckland but enables an alternative for growth north of the Harbour Bridge - bringing road, rail and coastal shipping into a resilient supply-chain solution for the Upper North Island.

95. Northport as it stands today is not equipped to handle this ongoing expansion of freight demand – particularly container freight.

96. The port coped admirably well with the unexpected, premature growth of container traffic resulting from the COVID pandemic and subsequent disruption to supply chains. However, this 'ad hoc' response highlighted the fact that there is critical need for a 'third-

port' solution to provide resilience to the current two-port arrangement that has served the Upper North Island reasonably well for decades. In short, Northport can play a more meaningful, planned and sustainable part in 'de-stressing' the upper North Island's increasingly congested logistics and supply network.

DESIGN EVOLUTION AND ALTERNATIVES CONSIDERED

97. Northport has developed this Project over many years of design development and assessment of alternative options. The Project's design progression, alternatives assessed, and the preferred design are set out in the application.[15]

98. Any expansion and redevelopment of Northport is required to integrate with existing port operations and surrounding constraints. After obtaining independent expert advice on the various design options, and using selection criteria including user requirements, physical and practical constraints, several of the early alternative design options were considered and discounted.

99. Since the initial concept design was carefully considered, weighed and assessed as far back as 2010, the Project has been re-considered, re-weighed and re-assessed at regular intervals. Mr Blomfield describes in more detail the process of the design evolution in his evidence.

100. The resulting concept design has advanced sufficiently so that all relevant effects can be appropriate considered and assessed. As appropriate (and necessary) for any infrastructure project of this size and nature, matters of detailed design will be left to be determined prior to construction.

ENVIRONMENTAL MANAGEMENT

101. Northport is extremely conscious of its corporate and community responsibilities in terms of environmental sustainability.

102. Working at the mouth of the Whangārei Harbour, Northport is strongly committed to protecting the local environment. In pursuit of continuous environmental improvement, Northport is committed to minimising adverse effects on the environment as well as enhancing the natural surroundings in which it operates.

[15] Refer the Northport 'Issues and Options Report', October 2022.

103. Northport operations are carefully managed to avoid, remedy or mitigate any adverse effects on the environment, including through: Operational Policy & Procedures, Safety Management Systems and Risk Assessments for Port & Harbour Marine Safety (including ship & wharf simulation), Health & Safety Requirements for Port Users, Fumigation Requirements, Emergency Response Plans, the company Environmental Management Plan, Business Sustainability Plan, and strict compliance with resource consent conditions.

104. Northport's Safety Management Systems are externally audited by peer review and the regulator, environmental consent conditions are reported on annually to NRC, and overall compliance and/or exception is reported to the Northport directors as part of the Chief Executive's monthly reporting regime.

105. Northport instils in its staff, and encourages all port users to adopt, a similar approach of continuous environmental improvement.

106. Examples of Northport's pro-active approach to environmental management include the following:

(a) Stormwater management: including an extension to the storage pond, regular pond maintenance, electronic monitoring, sampling and reporting, lining of canals to enable regular cleaning, and installation of in-line sumps to collect suspended solids.

(b) ICCP (Impressed Current Cathodic Protection) to reduce galvanic and microbial corrosion of port steel structures in the marine environment: this also deters harmful marine organisms growing on these structures.

(c) LED lighting replacement programme: provides high-performance in relation to lumen output to energy consumption, with significantly less light spill.

(d) Light Tower refurbishment and visual impact programme: the light towers require on-going maintenance and as part of this programme the visual impact of 35m high white light towers was identified and a recessive colour chosen.

(e) Navigation Buoys and Beacons replacement programme: a full re-cycled plastic replacement programme is underway removing the steel buoys/structures that require leeching paints to provide anti-fouling and rust protection.

(f) Dust mitigation and monitoring: regular dust monitoring undertaken at specific and random sites, dusty cargo operational limits, dust suppression by constant port sweeping and disposal of bark residues to a local garden mulch-supplier.

(g) Noise monitoring and management: introduction of on-line electronic risk assessment and notification to port operators. In December 2022 Northport along with all NZ ports committed to a “Ship Noise Specification” encouraging shipping lines to prioritise quieter ships on NZ shipping routes, this uses NEPTUNE guidance to benchmark ship noise levels.

107. In accordance with the vision and objectives of its Environmental Plan, I reiterate that Northport is committed to the long-term health of the environment. Against that, I am confident that this Project has been comprehensively designed and assessed by a team of highly qualified and experienced independent experts to accord with the commitments of environmental stewardship and achieve good environmental outcomes.

108. I wish to briefly address effects related to climate change. Northport is acutely aware of the importance of a move towards future de-carbonisation. It has, and continues to, actively explore how Northport may contribute to the reduction in emissions. This has included projects to improve efficiency, reduce waste, and by progressively upgrading equipment to achieve technology gains. In particular, and while the technology is not yet economic, Northport is committed to the use of sustainable fuels and/or electrification of its vehicle fleet over time. The Gottwald-Konecranes purchased in 2015 and 2020 are both capable of being upgraded to shore-power connection, removing the need for the onboard diesel generator. Smaller port service vehicles have been replaced with EVs and the latest edition to the small vehicle fleet is a hybrid. Larger plant, such as container handlers, are not readily available fully electric and while alternative fuels are being explored by the industry these are not yet available. Notwithstanding, Northport has embarked on a replacement programme using Euro-5 engine technology to improve emissions; two Konecranes reach-stackers were purchased in 2022 and an additional two are on order, with delivery early 2024.

COMMUNITY ENGAGEMENT

Engagement on the Project

109. Northport’s social and economic impacts have already been felt by at least two generations of Northlanders and these will continue for many years into the future. We

understand well that with this impact comes a need for integration with our communities. We cannot and do not stand apart from these communities.

110. It is for this reason that Northport has shared publicly this Project's design evolution and iterations so comprehensively and from such an early stage. We consciously and deliberately selected an engagement process that would ensure the greatest degree of community involvement and participation.

111. Proactive, voluntary, and deliberately early community engagement around Northport's planned Vision for Growth started in late 2017 with the publication of the concept via media and the website www.visionforgrowth.co.nz. This website has evolved over the years to keep pace with Project design changes arising from early consultation and stakeholder input, and progression in terms of expert studies and other relevant documentation.

112. The Board and Northport's management team have been engaging with the community proactively about our Vision for Growth across multiple channels since late 2017. Mr Blomfield will further detail the extensive engagement that has occurred in his evidence.

Wider engagement

113. Just as Northport is committed to the environment, it is equally committed to the social and economic wellbeing of its surrounding communities. The company places great emphasis on being a fair and caring employer as well as a sensitive corporate citizen and a good neighbour / community member. It looks to develop mutual partnerships where it can, to learn through dialogue; and the sharing of knowledge, expertise, and labour. Northport has formed strong relationships with local government, iwi, community, business and conservation groups.

114. I wish to make the point that it is not possible to make a distinction between Northport and 'the community'. The port is an integral part of the local communities and will be for the long term – the people who work at Northport all live, work and play in and around these communities. Environmental stewardship and community integration are fundamental issues for the people who work at the port. They are the port's litmus test for what is and what is not acceptable to the local communities. If the port was to do something to the detriment of the environment and/or the local communities, the people who would let Northport's management team know first would be the very people on whom our business succeeds or fails – the people who work here.

115. Northport supports, or has supported in the past, a variety of local entities; from schools and clubs through to community groups, local conservation initiatives and volunteer groups – including the local Coastguard. This support is both financial and material, and includes volunteering undertaken by members of Northport's small but dedicated team.

116. The company also maintains a Community Liaison Group as a channel for two-way communication between the leadership team and its surrounding communities. This group was established as a condition of Northport's original consents during construction of berths 2 and 3. Consent conditions required only that the group should remain active during construction but, on completion of this project, Northport decided that it was an important communication channel and that it should remain a part of the company's communication and relationship management activity.

117. Northport has been involved in a voluntary capacity in the social and economic development of the Ruakaka region since 2006, when Ruakaka residents and ratepayers initiated moves to ensure growth in the area takes place in a planned way instead of through ad hoc development. This led ultimately to the formation of the Ruakaka Economic Development Group, now a sub-set of the Northland Chamber of Commerce, Northport has representation on its Steering Group and on its committee.

118. One of the ways to ensure continued jobs at Northport is by remaining competitive through projects such as this Project. Northport is always supportive of using local resources for activities, where practicable. This fact is reflected in the numerous submissions received on this resource consent application by providers of services to Northport, some of whom we have long-standing and valued relationships with, dating back to the original construction of the port in 2000-02. These include:

(a) Local based construction: United Civil Construction Ltd., Fulton Hogan Ltd., Heron Construction Company Ltd., Trigg Construction Ltd., Culham Engineering Company Ltd., Northland Sand Supplies, Hansen Drainage & Earthworks, McKay Limited, and Northpower.

(b) Local based service providers: North Tugz Ltd., Lucas Marine Services, Bream Bay Merchants, Northern Forklifts, Forest Loaders, Marine & Industrial Rebuilds, Wright Technologies Ltd., Marsden Metals Group Ltd., Clements Contractors, Circa Marine, BDX, Active Refrigeration, Firewatch, Marsden Point Welding, Marsden Print, Northland Cleaning Solutions, Northpest, Ocean Diversity, SMW (Specialised Maintenance & Welding), T&T Property Care,

Technical Edge Solutions, Work Injury Care, Staffcare, Wrack Auto, Wortelboer Motors, Pacific Motor Group, etc.

119. I wish to be clear however, that there is no guarantee that work resulting from the dredging and construction project will go to locals. While it is our preference to do so, we can only use providers with the requisite capability, experience, and equipment. Subject to this practical caveat, Northport will endeavour to use local contractors for some, or all, of its dredging and construction requirements.

Mana whenua

120. Northport has an established relationship with mana whenua and seeks to work together in a spirit of kaitiakitanga (guardianship, protection) to protect and enhance our local environment.

121. Northport and local hapu, Patuharakeke, have a special relationship which is recognised by a Te Whakahononga, or Relationship Agreement.[16] The relationship agreement records the shared values and principles that represent the hononga (relationship) between the parties, and reflects how the parties will work to achieve each other's expectations, visions and aspirations. This includes working together to achieve economic, cultural, environmental, social and community outcomes that advance the interests, and recognise the responsibilities, of both parties. At the core of that relationship agreement is a focus on environmental responsibility.

122. A similar form of relationship agreement is under review by Northport and Te Parawhau.

123. As part of a long-standing commitment to help young Māori achievers, Northport provides funding to Patuharakeke scholars to enable them to continue with their studies.

124. Northport has over the years, and continues to, support a number of cultural initiatives through its relationship agreements. Examples of this are, the support of the Marsden & Mair Bank Rāhui – S186A closure to the gathering of shellfish at Marsden & Mair Banks, administration support, providing staff and marine plant to assist with shellfish monitoring, and support of environmental wananga for preschoolers to 15-year olds.

125. Mr Blomfield will provide in his evidence further details of the close consultation on this Project with representatives of Patuharakeke, Ngatiwai, Te Parawhau and other iwi and hapu. To preface that evidence, I record that I have personally been involved in

[16] Dated June 2019 between Northport Limited and Patuharakeke Te Iwi Trust Board. The content of the relationship agreement is confidential between the parties.

numerous meetings and hui regarding the Project. I wish to reinforce that Northport greatly values the relationships that exist with mana whenua and so has approached the Project with the clear direction to bring mana whenua on the journey with us from its inception. I consider it essential for the maintenance and development of those relationships that we share information freely and discuss any issues that arise in order that we can resolve, or move past, them.

126. In that respect, through this Project, Northport has been in discussions with mana whenua about further developing the respective existing relationships based on trust, mutual recognition, and ongoing consultation. It is my sincere hope that these relationships are strengthened and, where appropriate, formalised.

CONCLUSION

127. Ongoing national supply-chain pressures, long lead times in the development of port infrastructure, and growing demand from shipping companies indicate that now is the appropriate time for Northport to expand its facilities. Expansion of Northport can deliver a purpose-built, modern, and efficient container terminal.

128. An expanding port will also represent a catalyst for better infrastructure and services for Northland, as well as providing for regional economic growth by facilitating new industries and jobs for Northland. The proposed expansion of Northport's facilities will support the continued growth of Northland and add capacity to the UNISC by providing container freight services for North Auckland.

129. Northport seeks resource consents to enable it to provide a modern, efficient, container terminal capable of handling and storing expected increases in freight volumes. Such expansion will also enable Northport to integrate the port with KiwiRail's proposed Marsden Point spur and wider rail plan, seamlessly connecting rail, road and sea freight.

130. It's clear that Northport must expand to meet future freight needs and support both Northland and North Auckland's growth. As one of New Zealand's key ports, we must keep up with global shipping trends. That means being able to accommodate larger ships, handle more freight, offer more diverse services, and adapt to changing freight needs.

131. The Project is an important part of Northport's future business strategy and a key component in Northport continuing to perform an essential infrastructural role within the New Zealand port network into the future.

132. Northport takes its responsibilities to the community and the environment very seriously and is actively involved in numerous environmental and community projects/initiatives. Northport considers that the Project represents a valuable opportunity for the company and the region, which will enable businesses, particularly exporters, to develop and expand with secured access to proximate, efficient, and modern transport infrastructure, thereby securing Northport's ongoing contribution to the region.

133. Accordingly, Northport seeks the necessary resource consents to enable the Project to assist Northport to remain modern and efficient and to continue to provide accessible, resilient, and cost-effective port infrastructure into the future.

Jon Moore
CEO, Northport Limited

24 August 2023