

Northport Resource Consent Hearing

Proposed presentation – Swire Shipping

Thank you for hearing me today. My name is Alistair Skingley and I represent Swire Shipping, one of the foremost international shipping lines serving the New Zealand market. We also own Pacifica Shipping which provides weekly container services to ports all around New Zealand, including Northport.

I speak today in favour of the Northport submission and wish to address four main reasons for this, namely:

- New Zealand port capacity and congestion
- Commercial considerations impacting the shipping services that are so vital to New Zealand's economic wellbeing
- The role of coastal shipping in regional economic growth and supply-chain resilience, and
- The future sustainability of New Zealand's freight task

Capacity and congestion

The Aotearoa New Zealand Freight and Supply Chain Strategy, released in August this year, outlines challenges we face as a nation when it comes to freight logistics. It anticipates that freight volumes will increase 55 percent from 2012/13 to 2042/43.

Swire Shipping's projections indicate that over coming decades the upper North Island will grow rapidly, leading the way when it comes to New Zealand's overall population growth. However, the region's two existing principal ports, Port of Auckland and

Port of Tauranga, are likely to face capacity constraints over this period.

Port of Auckland, in particular, is both physically constrained and under significant social pressure to reduce the scale of its operations. Although the effects of The Pandemic should not be classified as normal market forces, the effects of increased trade pressure were clearly evidenced with extended periods of congestion and disruption to the supply chain network.

These two divergent factors - increasing population and diminishing port capacity to service that growth - along with the fact that between 96 percent and 99 percent of our imports and exports are shipped by sea, will aggravate existing supply chain pressures for the Upper North Island. In our view they will create social and economic needs that we feel Northport would be well placed to meet.

We see significant potential for Northport to alleviate these pressures and meet these needs. And for its role, therefore, to expand beyond that of a specialist port catering almost exclusively for provincial needs. It would seem to make geographic and logistical sense for Northport's freight task to expand to handle more containerised imports for the Auckland region. Particularly north Auckland.

This makes even more sense when viewed in the context that 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.

But Northport would need to expand in order to play this elevated role in the wider Upper North Island supply chain. It

will need longer berths and more space to store and handle greater quantities of cargo. The expansion proposed within its resource consent application would address these requirements.

The topic of future capacity restraints is related closely to the current issue of congestion at certain New Zealand ports. Simply put, in our view the Upper North Island does not have enough berth space to handle existing container-ship traffic, let alone future volumes. A third Upper North Island port with supporting infrastructure and integration with an Upper North Island Supply Chain Strategy would relieve port, road and rail congestion.

The additional berth space that Northport proposes will provide more opportunities to handle coastal and international container cargo in the port, providing shippers in the Northland area with greater choice and reducing their need to truck their goods to Auckland or Tauranga.

In recent times, congestion at Port of Auckland, Tauranga and even other ports further afield has meant that container ships have been forced to anchor for longer than their owners and agents are comfortable with. This injects cost into the supply chain, introduces inefficiencies to shipping line service schedules and generally makes New Zealand a less attractive route than it already is. A nation so utterly dependent on sea-based trade routes as New Zealand should be taking every step to make itself a more attractive market.

This brings me on to commercial drivers - improving the attractiveness of New Zealand as a market served by the world's shippers and shipping lines...

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Commercial drivers

An expanded Northport, properly configured and connected to meaningful, capable transport infrastructure, would be of interest to us commercially. It would support shippers (both imports and exports), shipping lines, and ultimately the consumer.

Shippers like to go to where the freight is and, as the Upper North Island grows and develops, we foresee demand north of Auckland that perhaps is not quite there today.

Northland's freight requirement is expanding at pace in its own right, quite apart from any additional traffic from the northern regions of the Auckland super-city.

Any development that enhances the attractiveness of New Zealand as a market, and which makes it easier and/or more competitive to operate into and out of, is bound to be of interest to shipping lines, freight agents, and importers and exporters.

This strengthens the resilience of not just the upper North Island's supply-chain. But also, and far more crucially, New Zealand's capacity to trade with, and link with, the rest of the world.

I'd like to spend a minute talking about break-bulk cargo, rather than containerisation. For several of the reasons I've already outlined, the readiness and/or ability of Port of Auckland to handle its existing share of the upper North Island's future break-bulk freight task is, in our view, questionable. Northport is currently a very effective break-bulk port and will remain so, even after expansion of its container terminal. The proposed extension to its linear berth will enable Northport to focus its container handling operations to a terminal type facility, while still providing the ability to cater for a wide range of vessels and cargo types through the existing facility; it will also be able to better service the Upper North Island's demand for break-bulk shipping and pick up whatever volumes Auckland is no longer able or willing to handle, or volume destined to locations from Wellsford to the Far North.

Coastal shipping supports regional growth and enhances regional supply chain resilience

Coastal shipping is a driver of regional economic growth. Much of the focus of the national conversation around supply chains has been on road and rail but the demand for coastal shipping – which takes goods and products from region to region within New Zealand, has grown by 50 percent over the past decade.

But this represents only 3.5% of domestic cargo movements with over 90% being moved by road and 5.6% by rail.

This is not sustainable and makes the NZ freight task unachievable. Simply put there needs to be a model

shift to more sustainable and economic alternatives. In order for this to happen, the port infrastructure needs to support this. An enhanced facility in North Port facilitates this.

This third, and frequently overlooked, strand in the fabric of our national supply chain infrastructure is commonly referred to as The Blue Highway.

There are signs that the significance of coastal shipping to New Zealand is starting to be recognised. In 2021 a Government Policy Statement on land transport introduced coastal shipping as a new activity class. The Policy Statement recognised that The Blue Highway fulfils a critical role in New Zealand's freight system. It provides a safe and sustainable mode for containers, transporting large, heavy cargo such as petroleum products, cement and aggregate. And the Policy Statement makes clear that there is potential to increase the use of coastal shipping as an alternative to other freight transport. To this end, Waka Kotahi NZTA allocated \$30 million for investment in coastal shipping between 2021 and the end of next year in a bid to enhance domestic shipping services, reduce shipping emissions, improve efficiency and upgrade maritime infrastructure.

The Blue Highway, and Northland's ability to facilitate it, is not only important from a regional growth perspective – it's vital from the standpoint of national and regional supply chain resilience. You only need to look at the important, but limited,

role that Northport played to ease intensive national supply-chain disruption during The Pandemic. It did so against all odds – at very short notice and with minimal space, equipment and infrastructure. How much more effectively might it have provided the logistical resilience the Upper North Island so desperately needed during those years had it been a properly-equipped container port?

The role that the Blue Highway can play in the resilience of national and regional supply chain infrastructure was illustrated even more recently when coastal shipping stepped in to plug the transport gaps created by broken road and rail links in the wake of Cyclone Gabrielle earlier this year – particularly in Hawke’s Bay and Tai Rāwhiti.

Maritime services between Napier and Gisborne provided a vital lifeline, bringing emergency and reconstruction supplies in, and taking goods – particularly high-value or perishable goods – out to market.

Importantly, however, this capability had to be enabled through significant and immediate government investment in infrastructure at Gisborne Port. In just the same way, albeit on a larger scale, Northport will need longer berths and more space to store and handle greater quantities of cargo if it is to contribute meaningfully to the resilience of the Upper North Island Supply Chain.

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Sustainability.

Finally, let me turn from resilience to sustainability. The Blue Highway has a hugely important role to play in ensuring that our country cuts its freight transport emissions. Indeed, that is part of the reason that coastal shipping has been addressed so specifically within the Government Policy Statement on land transport.

According to work undertaken recently by the Electric Power Engineering Centre at the University of Canterbury, and funded by Swire, coastal shipping produces a fifth of the carbon emissions (per tonne km) of road freight.

With decarbonisation commitments firmly locked into legislation, we have hard deadlines to cut emissions. Failure to do so will represent a risk to New Zealand's economy and likely require taxpayer money to buy expensive international carbon offsets.

As a country, New Zealand needs to reconsider how it addresses its freight emissions challenge. The ultimate goal is to decrease fossil fuel demand and emissions while ensuring long-term economic and trading resilience. A shift to less energy-intensive freight transport modes like coastal shipping and rail represents a possible pathway to reducing fossil-fuel dependency. But a key requirement for this is access to an efficient multi-modal network that integrates ports, inland terminals, distribution hubs, roads and railways.

A third fully-equipped container port in the North Island will, we are convinced, be a vital enabler. An expanded Northport will help tremendously in taking short-haul cargo off the road network and will support directly and meaningfully New

Zealand Inc's objective of reducing the carbon intensity of its essential freight burden.

Essential and, as I said at the outset, expanding. The 55 percent increase in freight volumes identified in the Aotearoa New Zealand Freight and Supply Chain Strategy simply cannot, and cannot be allowed to, all go onto the road. Rail and The Blue Highway have an essential role to play in facilitating this growth but we need effective, competitive and compelling port infrastructure in order to make it happen.

Thank you for giving me the chance to speak to you today. It's not an over-statement to say that Northport's ability to expand is of national importance. We urge you to give it the ability to do so.

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