

SUMMARY STATEMENT OF GREG AKEHURST (ECONOMICS)

My name is Gregory Michael Akehurst. I am a founding Director of Market Economics Limited, an independent research consultancy.

Market Economics was retained in 2020 to assist Northport Ltd (Northport) by preparing an Economic Impact Assessment (EIA) of Northport's eastern expansion (Berth 5), in support of the resource consent application.

The purpose of the EIA is to provide decision makers with an understanding of the potential change in Northport's economic role that could be enabled if the Port is able to expand beyond the current port area. More specifically, it assesses the economic impacts associated with Northport's proposed Berth 5 expansion.

The EIA establishes four potential 'future scenarios' to highlight realistic potential trade tasks that could be handled by Northport in the long term. These range from a high trade task future, to a low trade task future.

The range of scenarios is designed to cover the range of likely outcomes, so while no projection will predict the exact result, the range of projections ensures that decision makers can see the range of outcomes most likely.

The economic impact assessment reveals:

- (a) Northport has an important regional role as part of the national port network. In terms of its economic role, the Port currently facilitates approximately \$438 million in value added and the equivalent of 6,300 jobs in the Northland economy.
- (b) Northport's role is likely to change significantly in the future, mainly as a result of changing trade patterns due to constraints in the Upper North Island port network - all four of the modelled future scenarios show Northport's role expanding over the coming three decades.
- (c) The change in operational activities (the Port as a business), as a result of the proposed expansion, and any subsequent change in supply chain effects, are relatively small compared to the facilitated effects due to changing trade patterns facilitated by the proposed expansion of the Port.

In the coming three decades Northport's role is likely to further expand beyond its regional trade tasks, to support trade from outside the region. (I note that Northport's role has already expanded

beyond regional trade tasks, for example in supporting Ports of Auckland with congestion following Covid 19. This has been recognised by shipping lines and is being considered as a long-term option).

All of the future scenarios modelled indicate that Northport will need to invest in infrastructure upgrades, which include wharf extensions and port area reclamation.

The existing consented expansion (Berth 4) is currently in a final design phase, with construction likely in the near future. In two out of the four scenarios modelled (NAI and the UNIPC), Northport may outgrow even the expanded port (i.e. including Berth 4) as early as 2032. This is based on expected demand for container handling, driven mostly by demands from outside of the region. In three of the other forecast scenarios (NAI, UNIPC and the NAG) (and depending on actual and forecast trade demands), the proposed expansion could be required by 2036.

While our economic projections are based on the best available information, I accept that these assumptions made contain uncertainties, but that they do not alter the key findings of this research. Based on all of the information I have considered and the modelling I have carried out, it is unlikely that the full potential of Northport can be achieved, and the resulting full social and economic benefits to people and communities realised, unless the Port is given sufficient flexibility in its development to respond to changing scenarios. In other words, Northport might require additional berth capacity as early as 2032 to develop its container capacity to respond to changing economic needs.

I have reviewed the s42A report insofar as it relates to matters within my area of expertise, including the peer review of Mr Peter Clough contained in Appendix C14. Whilst we differ on the scale of the impact and the preferred model to use for assessing the economic impact of the proposal, there is broad agreement between myself and Mr Clough that the proposal will likely generate positive economic effects.

Mr Clough correctly points out that the EIA Report did not account for adverse effects in the physical or economic environment. This was beyond the scope of the EIA Report. The assessment is very clear that it is not a cost-benefit analysis, but an economic impact assessment.

I am confident that – while we may differ in opinion on the modelling approach and details about how many scenarios to run and which effects to include or not, Mr Clough and I reach the same broad conclusion that the effects of granting consent are significant and net positive for Northland Region.

I have read the relevant parts of the submissions that raise economic issues. Overall, I have not read anything in the submissions that has caused me to alter my position that expansion to

Northport in line with the application will result in significant positive benefits to Northland's economy.

The results of my assessment show that Northport has an important regional role as part of the national port network. Based on the trade tasks outlined in the assessment, demand under the high growth scenario (UNIPC) is expected to exceed the capacity of the expanded terminal by 2032 and under three of the scenarios by 2036.

Given the long timeframes required to plan, obtain consents and funding, and construct new port facilities, it would be prudent (from an economic perspective) to provide for (enable) the expansion and secure the ability to expand the port area. This would protect the future potential footprint of Northport, and ensure that the upper North Island ports, collectively, could meet the needs of this fast-growing region and therefore New Zealand.

Greg Akehurst
Market Economics Ltd.
9 October 2023