

BEFORE THE HEARING COMMISSIONERS

IN THE MATTER of the Resource Management Act 1991

AND

IN THE MATTER of a KiwiRail Holdings Limited submission to the resource consent application by Northport Limited under section 88 of the Resource Management 1991 for a port expansion project at Marsden Point

Northland Regional Council (NRC): APP.005055.38.01
Whangarei District Council (WDC): LU2200107

Corporate Statement by David Gordon on behalf of KiwiRail Holdings Limited

1.0 Introduction

Qualifications and experience

- 1.1 My full name is David Stuart Gordon.
- 1.2 I am the Chief Capital Planning and Asset Development (CPAD) Officer at KiwiRail Holdings Limited ("KiwiRail").
- 1.4 I have expertise in rail matters by virtue of my long experience in the rail industry and provide this evidence to assist the Hearings Panel on matters within my expertise, as well as to confirm to it the views of KiwiRail as an organisation.
- 1.5 I have been employed by KiwiRail since 2007, when I began working as Project Director for the Wellington Regional Rail Programme. I am currently responsible for KiwiRail's capital works programme and asset management and for a 7-month period was the Acting Chief Executive. In addition to the role I currently hold, I have previously

been accountable for workstreams involving Engineering, Property, RMA, funding, and network access.

1.6 In the context of my current role and this hearing I have been accountable for the redevelopment of the line between Whangarei and Swanson to enable 18 tonne axle load locomotives (our standard fleet) and hi-cube (standard export) containers to operate. I am also accountable for the development of the line north of Whangarei and land acquisition and design of the Marsden Point Rail Link.

1.7 I am also a member of the Executive Team at KiwiRail and am authorised to give this evidence on KiwiRail's behalf.

2.0 Scope of Statement

2.1 My statement will address the following:

- (a) KiwiRail's role in the Northland region;
- (b) an update about the Marsden Point rail link and strategic alignment; and
- (c) Matters identified in the S42A report and the broader project alignment.

3.0 KiwiRail background

3.1 KiwiRail manages and operates the national railway network and the Interislander Ferries. Its infrastructure carries approximately 25% of New Zealand's exports, 1 million tourists, and provides for 28 million commuter journeys in Auckland and Wellington every year. Over the coming decades, freight growth is projected to increase substantially. The rail network is a critical part of ensuring the transport network can efficiently support this growth.

3.2 An estimate of the benefits of the existing rail system in New Zealand is set out in the 2021 Value of Rail in New Zealand Report. The earlier 2016 Value of Rail in New Zealand Report also identified a number of benefits from the existing rail network including connectivity between ports and regional suppliers and businesses, resulting in better connection for imports and export routes. Other benefits include land use and value uplifts, as well as resilience benefits for the transport network. However, there is a significant role for rail into the future in Northland to achieve several shared strategic government priorities relating to safety, job creation, economic growth, addressing climate change and improving freight connections.

3.3 One of the greatest challenges of our time is climate change. The Government has recognised that rail will be instrumental in reducing New Zealand's greenhouse gas emissions and is supporting KiwiRail to make significant investments to improve the

capacity, efficiency, and resilience of its network. This will help to encourage a modal shift to increase the share of freight being moved by rail over road, which not only improves our emissions profile as a country but also has a range of safety benefits.

3.4 On 29 January 2020, the Government announced a multi-billion investment programme in the transport system as part of the NZ Upgrade Programme (NZUP). KiwiRail has been funded both nationally and regionally to deliver on maintenance and capacity enhancements to ensure that rail is a viable, secure, and resilient mode option for moving freight into the future. One of the regions significantly benefitting from this programme is Northland.

4.0 KiwiRail's role in Northland Region

4.1 KiwiRail and Northlands relationship dates to the late 1800s, when rail was first introduced.

4.2 However, since moving the Port of Whangarei to Northport, where there is no rail connection, and the subsequent closure to commercial shipping in April 2007, the volume of rail freight in Northland has steadily decreased. The line north of Kauri was closed and the condition of the rest of the line worsened.

4.3 Prior to the weather events KiwiRail currently ran one weekday return service to Auckland on the line predominantly carrying dairy and forestry plus local shunts. This level of traffic is anticipated to grow significantly with Port growth.

4.4 For example, it is estimated that rail freight transports only 2% of the freight in Northland with the rest transported by road. This compares with a 16% equivalent for the Upper North Island.

4.5 There is no doubt that in the past the future of the North Auckland Line (NAL) has been balanced on a knife edge. Prior to undertaking the works in 2018-2020 to increase axle load and tunnel heights the line was generally described as being in "Managed Decline". What these works revealed were tunnel assets in particular that were in worse condition than anticipated and had the \$178m not been invested at that time, there would have been no option but to close the line.

4.6 KiwiRail was funded \$90m under the New Zealand Upgrade Programme to re-open the line between Kauri-Otiria and upgrade the line from Whangarei to Kauri to 18 tonnes, and \$40m under the Provincial Growth Fund to acquire the land needed for a rail link to Northport at Marsden Point.

4.7 These are not trivial commitments.

5.0 Update on the Marsden Point rail link and strategic alignment

- 5.1 KiwiRail and AT’s Programme Business Case for the Auckland Metro Area has sharpened our focus on the Upper North Island region as a whole and has led us to some important conclusions which are illustrated on the drawings that follow.
- 5.2 The first conclusion revolves around the vision of there being a **new North Island Main Trunk** that ends at Whangarei or Marsden Point integrating Northland into the rail spine that runs the length of the North Island.

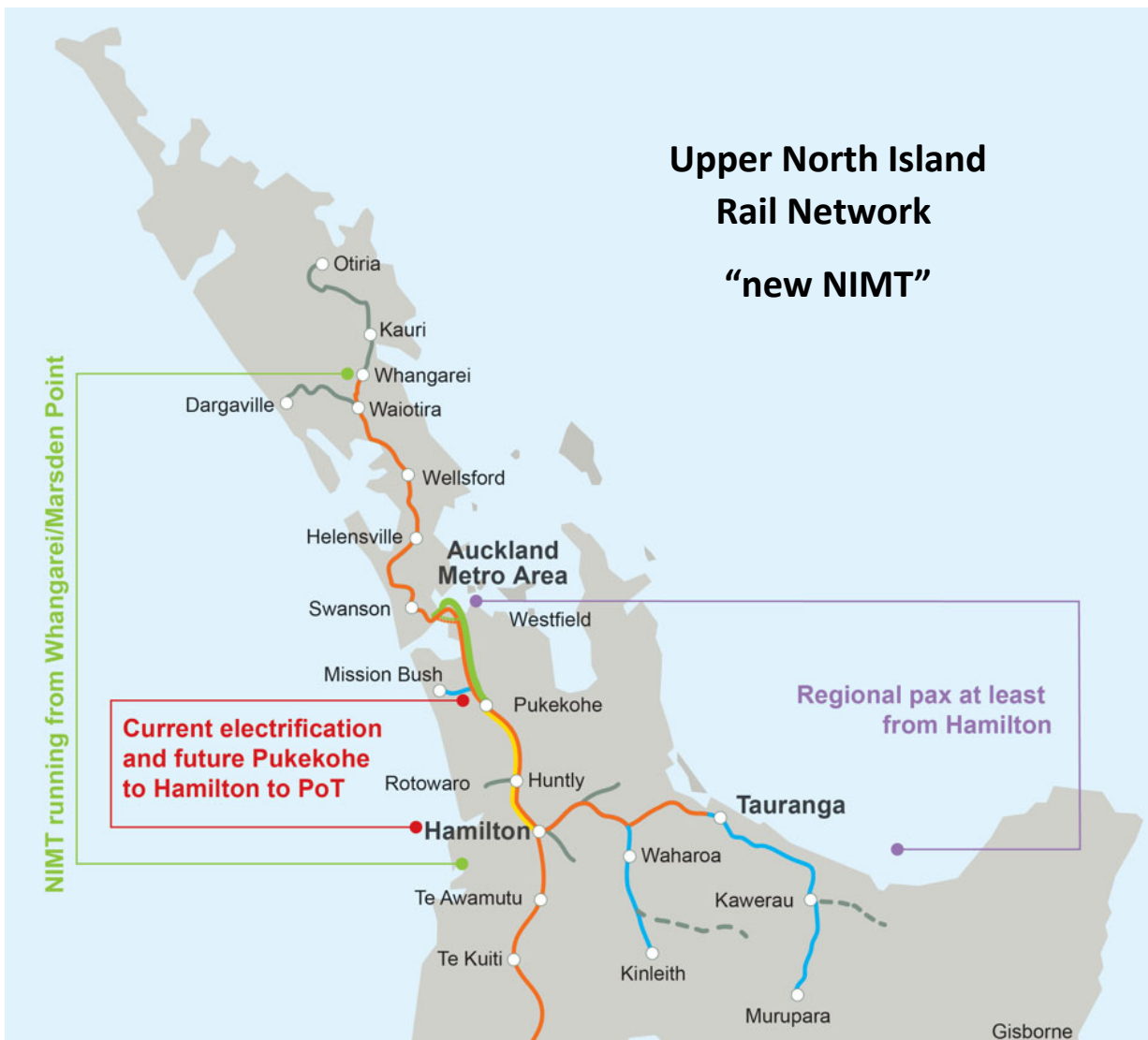


Diagram 1: map illustrating upper North Island routes

- 5.3 The second conclusion arises from the implications of different views of the scale of Northport relative to Ports of Auckland, the role of the Southdown Avondale Corridor, and its benefits to both Northland and Auckland City.

5.4 Conceptually there's two views of the port priorities shown below. On the left hand side, you have status quo – and on the right hand side a possible future with a growing Northport and diminished Ports of Auckland

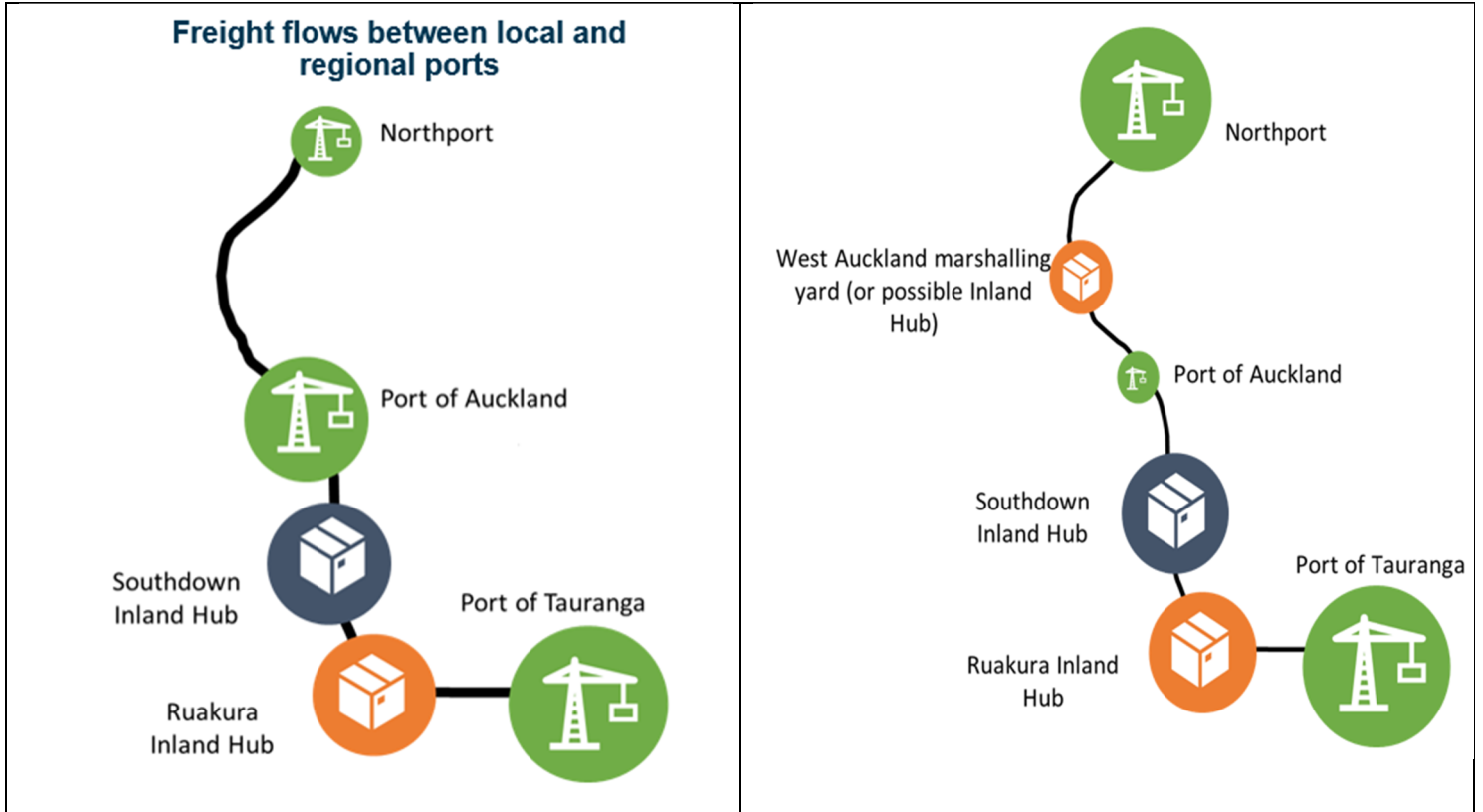


Diagram 2: comparison of port options

5.5 The Auckland Metro/passenger opportunity this gives rise to with the construction of the Southdown-Avondale line is the creation of a series of loops through the isthmus and much more intensive passenger only operation.

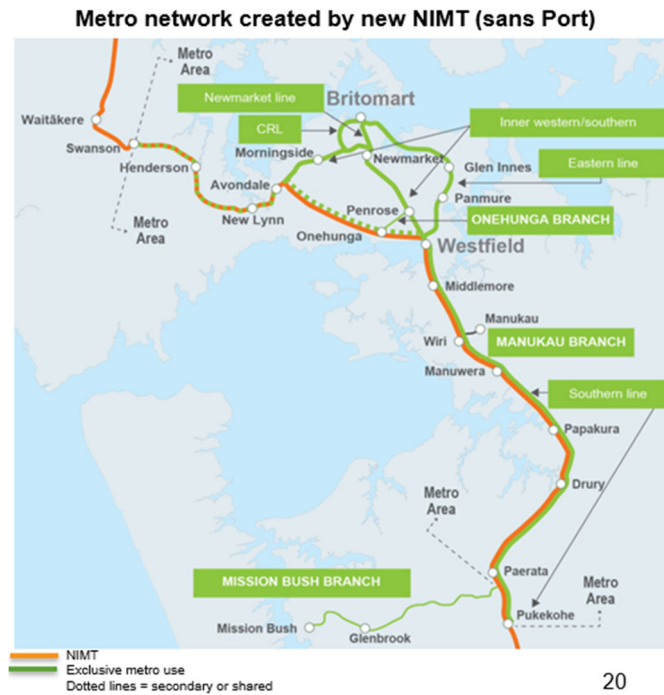


Diagram 3: Auckland Metro detail with Southdown Avondale option

5.6 Looking through the lens of a national rail network, and a metro passenger rail network, the proposed expansion and growth of Northport makes strategic sense.

Securing the land

5.7 KiwiRail has now purchased 73 % of the land needed to construct the Marsden to Port line excluding iwi land, the Coastal Marine Area and Port/Marsden Maritime Holding lands. We have another large transaction close to completion. The duration of our funding arrangement is being extended so we can complete all necessary acquisitions for the project.

Designing and costing

5.8 The Marsden Rail Link project recently received further funding from the NZUP fund in July 2023 to advance value engineering and geotechnical design as we do need to get a sounder view on construction costs to inform the Business Case. The items that really turn the cost dial for the Marsden Point Line are

- The extent to which material extracted from the cut through Mata Hill can be re-used as fill for other parts of the corridor and/or
- Whether an alternative cut and cover solution gives a more resilient long term alignment and reduces the quantity of material to be moved,
- The height of the corridor relative to flood level and sea level assumptions – do we build now conservatively, or build so we can adapt later?

- Whether to grade separate road rail junctions or build as at-grade crossings for day 1?
- Whether we can take at least one construction season from the assumed programme.
- Whether changes to alignments at Oakleigh can deliver a better combined State Highway and Rail solution

5.9 There are several 000's of million riding on those issues alone.

Building the line

5.10 We are making progress towards a rail link, but I cannot state definitively that it will happen (nor when) as we do not have an approved Business plan for its construction.

5.11 However as noted above there have been material investments to date.

General Comments

5.12 KiwiRail considers that the rail link will support Northport's aspirations and future role in the local, interregional, and national freight network. I note that the s42 report acknowledges that without the rail link *a greater load would be placed on the road network and the resilience of the transport network would be reduced*¹.

5.13 As noted in our submission, as a result of this high level of rail investment, KiwiRail will encourage and support freight operators to choose rail as their preferred mode.

5.14 As noted above KiwiRail and Auckland Transport's conjunct development of the Auckland Rail Programme Business Case highlighted the regional impact on Port of Tauranga and Northport should Ports of Auckland Limited's handling capacity be capped, reduced, or totally curtailed.

5.15 KiwiRail believes that enhancing transport resilience is an immediate benefit to cope with extreme weather events, but also a long-term benefit to enable New Zealand to react quickly to changes in international supply chains. A step change in Northland's transport resilience, and enhanced integration into international supply chains, could be delivered by increasing the capacity of Northport, and an associated provision of a high-capacity rail link between the port and the existing rail network which would also need selective upgrades.

5.16 These enhancements are likely to be immediately beneficial to Northland, but will also provide the Upper North Island with greater options to:

¹ Statement of evidence Gregory John Blomfield – Northport Terminal Facilities Manager

- (a) Respond to international supply-chain changes;
- (b) Cater for Northland's import and export needs more efficiently;
- (c) Complement or supplement Port of Auckland's/POT capacity needs and
- (d) Potentially supplement Auckland's long-term import and export needs.

5.17 Deferring or delaying these enhancements would narrow the options for reacting to changes in international supply chains and could preclude these developments in the medium-term by locking in less attractive alternatives elsewhere.

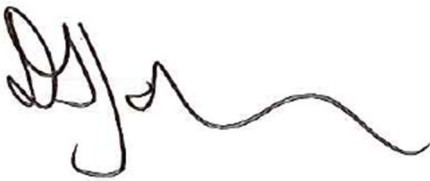
6.0 Project planning and alignment

6.1 Obviously with projects of this size it is conventional for funding to be staged. KiwiRail is dependent upon government funding to build its large projects, and this does not typically come in complete packages from the start.

6.2 However, the current trajectory is clear.

6.3 A value engineering design package is the precursor to detailed design to a commitment to a funding package for construction. It is not always easy to ensure that funding from different streams for different projects completely aligns. Right now, what is important is that everyone is heading in the same strategic direction. At this stage, the Marsden link is on that pathway.

02 October 2023

A handwritten signature in black ink, appearing to be 'D Gordon', with a stylized, flowing script.

D Gordon