

3 June 2022

Te Manatu Waka  
Ministry of Transport  
PO Box 3175  
Wellington 6140

Tēnā koutou katoa,

## **New Zealand Freight and Supply Chain Issues Paper**

### **Submission by CentrePort Limited (CPL)**

Thank you for the opportunity to provide feedback on the Freight and Supply Chain Issues Paper (Issues Paper). While CentrePort (CPL) was not consulted directly in the development of the Issues Paper, we are excited to provide feedback and work with the Ministry on the national freight and supply chain strategy.

The following comments are made on behalf of CPL. CPL has reviewed the Issues Paper in collaboration with Greater Wellington Regional Council and the Future Ports Forum (which are tasked with developing the concept for the Multi User Ferry Precinct).

### **Support for Strategy development and outcomes**

CPL supports the proposal for a national freight and supply chain strategy for the transition to a *low emissions, resilient, productive and innovative* freight and supply chain system in NZ (as described on pages 46 and 47 of the Issues Paper).

These outcomes are aligned with CPL's current actions as highlighted below, and the lessons learnt from the Kaikoura earthquake in November 2016 and the significant impact that occurred to the shippers of Central New Zealand.

We understand the purpose of the strategy is to:

- Provide a long term and system wide view of New Zealand's freight and supply chain system;
- Build a strategic direction to inform investment decisions by government, iwi and the private sector;
- Align relevant government policies to maximise impact; and
- Support coordination and information sharing among various agents in the system where appropriate.

In general, CPL also supports the identification and framing of the issues and the proposed outcomes framework (low emissions; resilience; productivity and innovation; and equity and safety), subject to the following comments:

- Greater emphasis needs to be placed on the Cook Strait connection as a vital part of the overall New Zealand supply chain (domestic and international) as well as the specific link between the top of the South Island and the lower North Island.
- We would also like to see current sector strengths identified and retained in the design of the strategy. In particular, the competitive nature of ports, especially containerised services in our view supports importers and exporters by providing them with multiple supply chain choices, including mode of transport, port of exit/entry and choice of shipping line. The competitive market continues to determine the logical supply chain choices and therefore viability of services supplied by port companies, road transporters, rail and shipping lines. We however note that alternative low emission and resilient supply chain solutions are becoming increasingly as important.
- Longstanding conjecture over port rationalization in the main relates to containerized trade and the optimum number of container ports required in New Zealand. For most ports, containerized activity only forms part of their operation and is often integrated within a wider portfolio of activities (full-service ports). New Zealand ports are typically generalist ports serving a broad set of domestic and international needs. This is a key point of difference to many international ports which specialize in containerised trade only.

**CentrePort – a key stakeholder**

We also wish to highlight the particular significance of CPL in the New Zealand port network, the relevance to the Wellington Regional Growth Framework, and hence its standing as a key stakeholder together with other regional stakeholders in the development of the proposed strategy.

Outcome	Relevance of CentrePort
Low emissions	<p>CPL’s central location and multimodal connections significantly reduce regional freight transport emissions. A recent study by KPMG found regional container freight transport emissions would double without CPL’s container trade (due to longer domestic transport distances). This is matched with CPL’s implemented carbon reduction initiatives including:</p> <ul style="list-style-type: none"> <li>• movement of a significant amount of cargo by rail (both logs and containers) and associated investment in rail infrastructure,</li> <li>• leading the use of 100% electric container handling equipment and leasing two (2) of the first 20 hydrogen vehicles in New Zealand,</li> <li>• being the first organisation to partner with New Zealand Green Investment Finance; and</li> <li>• our significant waste minimisation efforts with approximately 200,000 tonnes of waste material recycled to date.</li> </ul>

Outcome	Relevance of CentrePort
Resilience	<p>Significant investment is complete or underway (post Kaikoura EQ) to increase the resilience, provide redundancy, lower emissions and enable growth capacity as demand requires it. For example:</p> <ul style="list-style-type: none"> <li>• Ground Resilience Programme (\$60M) which is 50% complete and enables resilience of CPL’s operating assets and mitigates risk to Lifelines.</li> <li>• Container Berth Reinstatement (operational in March 2022) which provides immediate additional capacity into the New Zealand market, with the ability to further extend.</li> <li>• Investment into resilient and low emission operating plant in particular in our container and break-bulk operations.</li> <li>• Energy resilience and redundancy which is critical to emission reduction.</li> <li>• Commenced renewal of Seaview Wharf to improve the resilience of bulk fuel supply for the lower North Island.</li> <li>• Labour capacity engaged to support growth, in particular in our container operation, and opportunities to change the supply chain.</li> </ul>
Productivity and innovation	<ul style="list-style-type: none"> <li>• CPL is the third largest port in New Zealand by tonnes across the wharf (domestic and international), New Zealand’s largest coastal shipping hub.</li> <li>• CPL is currently rated the <b>most productive port</b> in NZ (Container Port Performance Index, World Bank and S&amp;P Global Market Intelligence).</li> <li>• CPL supports the central NZ economy as a diverse full-service port and international gateway (contributing \$2.2b GDP and 27,000 jobs – 2019 estimate).</li> <li>• CentrePort’s competitive advantages are based on its central location, intermodal (e.g. rail, road and ferries) connections to regions, balanced trade of imports and exports; productivity, and capacity for growth (without significant reclamations).</li> <li>• Innovation through inland hub development and nearly 10-year CentreRail (partnership with KiwiRail) service, which has been matched by significant regional investment in inland hubs, in the Wairarapa, Whanganui, Marlborough and New Plymouth regions, including reinvigorating land transport infrastructure (in particular rail).</li> <li>• CPL assets and investment are key to the Cook Strait link – a nationally important freight and logistics link, moving \$20b in cargo and 1 million people annually.</li> <li>• With KiwiRail, CPL is investing in new assets to enable the upgrade of the Interislander service (IReX Project) and has invested significantly since 2017 to improve the productivity and resilience of the BlueBridge ferry operation. In addition, future investment is being planned by the Future Ports Forum 1 for a Multi-User Ferry Precinct (MUFP).</li> </ul>

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<sup>1</sup> Future Port Forum includes Greater Wellington Regional Council, Wellington City Council, CentrePort, KiwiRail, StraitNZ, Waka Kotahi, Taranaki Whanui and Ngati Toa Rangatira.

Outcome	Relevance of CentrePort
Equity and safety	<ul style="list-style-type: none"> <li>• CPL is actively engaging with mana whenua iwi on strategic initiatives to realise opportunities for shared benefit for the long term.</li> <li>• CPL has made significant investments in regional economic development throughout central NZ such as inland hubs and CentreRail as described above.</li> <li>• In addition to a constant focus on port safety, CPL's investments in rail transport services throughout central NZ also promotes safer roads.</li> </ul>

### **Priorities/Areas of Focus**

With respect to priorities, we generally support the indicative focus areas (page 47), subject to the following comments and suggested additional priorities:

#### ***Equity and safety:***

- Workplace health and safety, along with wellbeing, is our first priority and should be accorded such status in any strategy.
- It is critical for equitable economic development at the regional level that supply chains, including ports, function effectively and costs are managed efficiently. In Wellington, the impacts on business due to supply chain disruption as a result of the Kaikoura EQ were significant and could have resulted in business's relocating out of the region had the disruption been for an extended period.
- The proposed strategy development appears an opportunity to invest in co-design with Māori.

#### ***Low emissions:***

- Infrastructure and operating equipment investment across the supply chain including all modes of the transport – it is much more than port investment.
- Integrated strategic planning through RMA reforms to improve land availability. For example, a key supply chain issue for Wellington is the lack of suitably located land for distribution centres (resulting in imported goods being transported overland from Auckland to Wellington rather than via CentrePort).
- Energy resilience and capacity are critical when transitioning to a low emissions supply chain.

#### ***Resilience:***

- Wellington often singled out for seismic risk around Wellington fault, when in reality seismic risk exists for most ports on the east Coast of NZ due to risk areas such as Hikurangi and Alpine faults. As such there needs to be a focus on redundancy (including capacity) as well as resilience. This was evident following Kaikoura where the capacity (infrastructure, equipment and people) could not cope.
- Resilience is about more options (ports and transport modes) to respond to unpredictable events rather than less.

#### ***Productivity and innovation:***

- Labour supply and retention is critical.
- The proposed focus area 'Assessing port settings to improve national and regional outcomes' while welcome, clearly needs definition.

- RMA reform including improved integrated land use planning (refer distribution centre example above).
- Optimisation of modes (rail, road, sea) is an important objective.

### **Ongoing engagement**

We support the aim to enhance collaboration between stakeholders and government on freight and supply chain issues. This is essential to ensuring shared understanding of the challenges and opportunities and gaining commitment to any strategic direction.

We believe that the respective views of all ports should be included in the strategy development to ensure an accurate understanding of the needs of the port network.

For ongoing engagement with CPL, please contact:

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Thank you again for the opportunity to provide feedback on the Issues Paper. We look forward to ongoing engagement.

Nga mihi nui,



Anthony Delaney  
**Chief Executive**