



## Frequently Asked Questions

### **Why do you want to build a freight hub near Palmerston North?**

According to the Ministry of Transport's National Freight Demand Study 2014, freight tonnage in New Zealand is expected to increase by more 58 per cent by 2042.

Palmerston North is a key, strategic freight location for the North Island, serving as a major distribution point for domestic goods from Auckland and the upper North Island. It has good access to hinterlands that produce New Zealand export commodities and provides the staging point for these exports out of the ports in Napier, New Plymouth and Wellington, Tauranga and Auckland.

Logistics earnings in the city increased by 119 per cent between 2000 and 2013, well ahead of the 74 per cent increase in logistics sector earnings nationally. Major distribution centres based in the city, include Toyota New Zealand, Ezibuy Ltd, Foodstuffs New Zealand and Countdown, have contributed to this growth.

KiwiRail believes that rail has a crucial role to play in managing the region's freight growth in the years ahead, which is why we want to create a modern, inter-modal hub that will allow freight to easily shift between rail and road.

Establishing a major freight hub near Palmerston North, with strong links to the main highways, will also help to reduce the amount of freight traffic that currently passes through the city.

### **What are the benefits of moving freight by rail?**

KiwiRail currently moves about 18 million tonnes of freight around New Zealand each year – which is only 16 per cent of the country's total freight task (or 25 per cent of exports), so there is potential to do a lot more.

The planned Regional Freight Hub near Palmerston North will be designed to create greater efficiency for moving goods between rail and road, making rail transport a more attractive freight mode. It will integrate rail and road transport, making the most of what each mode has to offer.

The approach aligns with the Government's Policy Statement on Land Transport 2018, in supporting "mode-neutral" transport decision making.

In addition, every tonne of freight carried by rail has 66% fewer carbon emissions than the same amount of freight carried by road, so greater use of rail supports New Zealand's goal of being carbon neutral by 2050.

Getting more freight on rail also reduces road congestion and road maintenance costs and improves road safety by reducing the number of trucks travelling long distances.

### **How much rail freight currently goes through Palmerston North?**

About 2.55 million tonnes of freight passed through Palmerston North by rail in the last financial year (made up of: ~290k tonnes to PN; ~340k tonnes from PN; and ~1.92m tonnes transiting PN).

This consisted of domestic freight coming into Palmerston North from Auckland; logs from Palmerston North to Napier and Wellington ports; and a range of products transiting Palmerston North (dairy, bulk milk, pulp and sawn timber, north and southbound domestic freight).

However, rail is a relatively small component of the total freight volumes coming into and out of the Manawatū-Whanganui region (13.5m tonnes from, 11.5m tonnes into the region each year).

Palmerston North is unique in that it is the only rail freight terminal that has mainline freight services transiting it from North-South and East-West directions.

The new Regional Freight Hub is designed to grow rail freight volumes by improving rail access for freight forwarders and other logistics companies, and better integrate rail and road freight to improve efficiency and reduce costs.

### **Where will the freight hub be?**

KiwiRail has been working with stakeholders to identify site options, and has now determined the preferred site will be in the north-east area of Palmerston North.

This area is close to the Main North Island Trunk (rail) line, Palmerston North Airport, and will link to the NZ Transport Agency's planned freight ring road. This will ensure road freight coming to and from the hub will not have to go through Palmerston North, helping reduce congestion in the city.

We expect to have a specific site around late March 2020, and will then talk to affected landowners and seek public feedback on it.

Later in 2020 we expect to begin the designation process (similar to the Resource Consent process) to have the land at the preferred site classified for rail use. We will work closely with any affected landowners and communities as part of that process.

### **Why do you need to “designate” land?**

KiwiRail designates its railway corridors throughout New Zealand, including all freight handling depots and yards.

A designation is a planning technique used by requiring authorities (i.e. land transport providers like KiwiRail) under Section 167 of the Resource Management Act 1991. A designation authorises work at the site and sets out the conditions under which activities may occur without the need for ongoing land use consents from the council. Designations provide for longer-term developments and, once confirmed, identify the site in the District Plan.

To begin the designation process, KiwiRail would serve a notice of requirement on the Council (under Section 168 of the RMA). We expect that that will occur from around mid-2020.

### **How big will the freight hub be?**

The exact size is yet to be determined but we expect it will need to be fairly large in order to meet the forecast freight growth.

The site will have to be quite long to accommodate freight trains up to 1,500 metres long. The hub will also require enough space for a container terminal, warehousing for freight partners, a bulk goods loading yard, and KiwiRail’s own operations and maintenance buildings.

### **How much is the freight hub going to cost?**

The Government has invested \$40 million, through the Provincial Growth Fund, to cover the cost of designing and planning the freight hub, site identification and the designation process, with the majority of the funds expected to be for land purchases.

Once we confirm the site, we will be able to get a better idea of the cost to build the hub and complete the business case for that funding. The hub may be developed using a mix of government and private funding.

### **When will you begin building the freight hub?**

The construction phase of the hub project is expected to be at least three years away.

Now that the Master Plan (high level design) is complete, we are focussed on designation and land purchase. The Master Plan will also need to be adapted into a detailed design for the specific site and consents for construction would be required.

### **How many new jobs will it create?**

With any large infrastructure project, we anticipate there will be a significant increase in employment through contractors working on the project.

We don't expect current KiwiRail staffing levels will be affected by the change but there may be potential for more jobs once the hub is in operation.

We expect the services at the Regional Freight Hub will attract more distribution companies to the area, which should also grow employment.

### **Does the public get a say in the hub?**

Absolutely. We have engaged with a range of stakeholders in the early stages of the project – from council and iwi/hapū to potential freight customers – but we are keen to hear from anyone who is interested or wishes to discuss any potential issues.

We will engage with the wider community once a preferred site is identified and provide an opportunity for the public to make submissions as part of the designation process.

You can keep up with progress on the project via KiwiRail's website, and can email the project team at any time on: [regionalgrowthhub@kiwirail.co.nz](mailto:regionalgrowthhub@kiwirail.co.nz)

### **What will happen to the current Palmerston North Freight Yard?**

The Palmerston North Freight Yard was built on the outskirts of the city in 1964. More than fifty years later, the city has expanded and the yard configuration is no longer efficient given modern logistics and predicted freight demand.

Depending upon the final location, we may look at moving operations out of the current freight yard over time. This would open the site for development and investment and support the city's wider objectives.

We always consult widely with our union partners and do not anticipate job losses if the existing yard is relocated.