

Frequently Asked Questions

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

In the Ministry of Transport’s 2017 New Zealand Transport Outlook: Future State, freight tonnage in New Zealand was expected to increase more than 55 per cent by 2042 (from 237 million tonnes at the time to 366 million tonnes by 2042/43).

Palmerston North is a key, strategic freight location for the North Island. It is a distribution point for domestic goods from Auckland and the upper North Island, 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 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 a lot of potential to do more.

The planned 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 2.4m tonnes in the last financial year (made up of: ~280k tonnes to Palmerston North; ~320k tonnes from PN; and ~1,800k tonnes transiting PN), out of a total of around 12m tonnes into the region.

Rail freight is made up of domestic goods coming into Palmerston North from Auckland; logs from Palmerston North to Napier and Wellington ports; and a range of products transiting the city (dairy, bulk milk, pulp and sawn timber, north and southbound domestic freight, logs to Napier and Wellington).

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

With an enhanced regional freight hub we see real potential to get more freight on rail.

**Where will the freight hub be?**

We are in the process of working out what a regional rail hub footprint will look like and from there we will know exactly what the land requirements will be.

Ideally the new hub needs to link in with NZTA’s planned freight ring road around Palmerston North and the Manawatu Gorge replacement road, be reasonably close to the Main North Island Trunk rail line, and Palmerston North Airport. Options include inside the North East Industrial Zone (NEIZ) but we expect to identify a number of potential sites around Palmerston North.

Once potential sites have been identified we will:

1. Compare the site options and;
2. go through the designation process (similar to the Resource Consent process) to have the land 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 corridor throughout New Zealand, including all of our 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 April 2020 onwards.

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

The exact size is yet to be determined but, to meet the forecast freight growth, we expect it will need to be fairly large, potentially circa 60ha.

The site will have to be quite long, in order to accommodate freight trains that can be up to a kilometre long, and there will need to be supporting infrastructure for maintenance, network services and to store materials, such as sleepers and ballast.

We expect some of the land will accommodate freight forwarders, so they can maximise their use of rail transport.

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

The Government has already allocated $40 million, through the Provincial Growth Fund, which will 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 purchase.

Additional funding will be needed to build the freight hub but at this early point we don’t know whether this would be though the government or a development partnership model.

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

We are aiming to begin construction as soon as possible but planning, designation and purchasing land is expected to take up to three years. For the hub to be effective we need to get the design right and ensure it is fully integrated with other services and businesses.

At this early stage we expect building the hub will take around a further two to three years.

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

With any large infrastructure project we anticipate there will be a significant increase in employment, though 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 our freight hub will also encourage more distribution companies will move into the area, which should also grow employment.

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

We will be engaging with a range of stakeholders as the project progresses – from council and iwi/hapū, to potential freight customers and affected landowners – but we are keen to hear from anyone who is interested or wishes to discuss any potential issues.

We expect to announce the design of the hub, when complete, and will be engaging with the community once a preferred site is identified. The public can also 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 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, opening up the site for further development and investment and supporting the wider city objectives.

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