



Frequently Asked Questions

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

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

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 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 integrated rail and road freight to improve efficiency and reduce costs saving in costs.

Where will the freight hub be?

With the Master Plan (high level hub design) complete we are currently working with stakeholders to identify site options. We expect to have a preferred 'technical' site and seek stakeholder and public feedback in early 2020.

Ideally the new hub needs to link in with NZTA's planned freight 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.

Once a preferred site is confirmed we will 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.

The site will have to be quite long, in order to accommodate freight trains that can be up to 1,500 metres long, have 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, 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. This could be done through a development partnership model.

When will you begin building the freight hub?

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

Now 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.

KiwiRail has yet to secure funding for the build itself but we will be seeking development partners.

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 the Regional Freight Hub will encourage more distribution companies to move into the area, which should also grow employment.

Does the public get a say in the hub?

We are 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

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.