

UNDER the Resource Management Act 1991 ("**RMA**")

AND

IN THE MATTER of a notice of requirement ("**NoR**") for a designation by KiwiRail Holdings Limited ("**KiwiRail**") for the Palmerston North Regional Freight Hub ("**Freight Hub**") under section 168 of the RMA

**STATEMENT OF EVIDENCE OF TODD MOYLE
ON BEHALF OF KIWIRAIL HOLDINGS LIMITED**

CORPORATE

1. SUMMARY

- 1.1 KiwiRail manages and operates the national railway network and the Interislander Ferries. This 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.
- 1.2 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 also has a range of safety benefits.
- 1.3 Palmerston North is a key freight distribution centre and plays a critical role in New Zealand's supply chain. Palmerston North is a transport crossroads where critical roads and rail corridors intersect. The North Island Main Trunk Line ("**NIMT**") runs through the region from Auckland to Wellington. KiwiRail has an existing intermodal freight hub in Palmerston North located on the NIMT ("**Existing Freight Yard**"). However, the facilities are old and fragmented, and need to be redeveloped to accommodate longer trains, and better freight distribution facilities, and to adapt to changes in the way freight is handled. As

the Existing Freight Yard is surrounded by residential development, it is constrained in its ability to expand to accommodate future demand in an efficient manner.

- 1.4 Following on from an analysis of its options, KiwiRail considered that it needed to develop a new intermodal freight hub to accommodate freight growth over time. The Government supported this by granting KiwiRail funding to plan for a new intermodal freight hub near Palmerston North through the Provincial Growth Fund ("**PGF**") in 2019.
- 1.5 The proposed Freight Hub is a centralised intermodal hub incorporating arrival and departure tracks, freight handling facilities, a container terminal and maintenance facilities. The Freight Hub has been designed with a long-term horizon in mind so that it can efficiently service the regional and national rail network both now and well into the future. This is a complex project which will be designed and built over many years in stages. It is anticipated to be fully operational by approximately 2051.
- 1.6 The Freight Hub will be a major change for the movement of freight by rail in the central North Island and will unlock a range of benefits for the region and New Zealand. Not only will the Freight Hub assist in accommodating freight demand more efficiently over time, it will result in employment and new business opportunities that will have wider benefits for the region and New Zealand. KiwiRail is proud to propose the delivery of this critical piece of infrastructure and is committed to working with the community and wider stakeholders on the delivery of this to the region.

2. INTRODUCTION

- 2.1 My full name is Todd Louis Moyle. I am the Chief Operations Officer and Deputy Chief Executive at KiwiRail. I am authorised to give this evidence on behalf of KiwiRail.
- 2.2 I hold the qualifications of a Bachelor of Engineering (Mechanical) (1st Class) from the University of Canterbury and a New Zealand Certificate in Engineering from AUT.

Experience

- 2.3 As the Chief Operations Officer, I oversee all operational parts of the business, including rolling stock, network maintenance, operations and the Interislander Ferries. I have been involved in the Freight Hub project for several years.

- 2.4 Prior to my current role, I was the Group General Manager of Network Services, leading KiwiRail's 'below rail' network of track, bridges and tunnels along with the engineering functions. I have worked for KiwiRail since 2007. Prior to this, I worked with London Underground, and prior to this I worked in roles across the pulp and paper sector.
- 2.5 I am familiar with the operations of KiwiRail's network and the operational requirements for a regional freight hub.

3. SCOPE OF EVIDENCE

- 3.1 This statement of evidence will:
- (a) outline KiwiRail's operations, both nationally and regionally in the Manawatū;
 - (b) explain the key drivers for the development of the Freight Hub;
 - (c) outline the planning and funding to support the Freight Hub; and
 - (d) provide an overview of the key components of the Freight Hub and the benefits it will deliver.

4. KIWIRAIL'S OPERATIONS

- 4.1 KiwiRail is a State-Owned Enterprise responsible for the management and operation of the national railway network. This includes more than just "track"; it includes managing railway infrastructure and land, as well as rail freight and passenger services within New Zealand. In particular, KiwiRail:
- (a) provides for the transport of bulk and consolidated freight;
 - (b) provides ferry services (forming the 'bridge' between the North and South Islands) for rail and road freight as well as for passengers and their vehicles;
 - (c) provides and supports rail passenger services in metropolitan areas, and long-distance services for both domestic and tourist markets; and
 - (d) manages and develops property holdings for rail operations.

The national rail network

- 4.2 KiwiRail's national rail network includes more than 3,700 km of track and 1,300 bridges, with over 200 locomotives available to transport both freight and passengers.¹ The importance of KiwiRail's rail network to the New Zealand economy is demonstrated by the significant volume of freight and passengers it carries every year. On an annual basis, KiwiRail transports approximately 25% of New Zealand's exports, carries over 1 million tourists and provides the infrastructure for 28 million commuter journeys in Auckland and Wellington.²
- 4.3 The use of rail for freight and passenger services delivers a variety of benefits to New Zealand, including environmental and safety benefits. From an environmental perspective, the use of rail supports New Zealand's goals in reducing greenhouse gas emissions. Transporting a tonne of freight by rail generates 70% less emissions than road transport.³
- 4.4 As a company that currently depends on fossil fuels to power many of our locomotives and all three of our Interislander ferries, we are looking for improved environmental performance as we replace ageing assets, and also adopt new initiatives to assist New Zealand in reducing its greenhouse gas emissions.
- 4.5 Rail freight services also support community health and wellbeing goals set by the New Zealand Government, particularly the target to reduce the national road toll. By reducing heavy vehicles on New Zealand roads and state highways, KiwiRail's network helps provide a safer environment for smaller private vehicles, cyclists and pedestrians.
- 4.6 Heavy rail is critical infrastructure that is recognised for its ability to efficiently and safely transport significant volumes of freight. This is important for the growth of the national economy and regional productivity as rail provides a vital connection between primary producers and the nation's ports. Rail is an integral part of New Zealand's freight supply chain and helps ensure resilience by providing an alternative transport option for distributors and exporters.

¹ The New Zealand Rail Plan, Minister for Transport, dated April 2021 ("**Rail Plan**"), at page 10.

² KiwiRail Integrated Annual Report 2020, at page 9, with data from Auckland Transport and Greater Wellington Regional Council.

³ Ministry of Transport (2019) *Real World fuel economic of heavy trucks*, Transport Knowledge Conference 2019 (available on the Ministry of Transport's website).

- 4.7 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.⁴ The 2016 Value of Rail in New Zealand Report also identifies 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 and resilience benefits for the transport network.⁵

KiwiRail's role in the Manawātū

- 4.8 KiwiRail owns and operates the NIMT which is a nationally significant transport corridor that connects Auckland to Wellington.



Figure 1: North Island Network

- 4.9 Figure 1 shows the location of Palmerston North in relation to KiwiRail's North Island network as well as the links to key ports including at Tauranga and Auckland. It shows the significance of Palmerston North as a key point in the

⁴ EY (2021) *The Value of Rail in New Zealand* Report for the Ministry of Transport February 2021.

⁵ EY (2016) *The Value of Rail in New Zealand* Report for the NZ Transport Agency, pages 27 and 28.

rail network, located at the intersection of the NIMT, the Palmerston North – Gisborne line and the Marton – New Plymouth line. Palmerston North is also at the southern end of the electrified section of the NIMT that runs from Hamilton, which makes it a logical place to stop trains travelling south east and west to change locomotives. KiwiRail has been operating in Palmerston North since the late 1960's. The Existing Freight Yard is a key part of the logistics chain for freight travelling from Auckland, Wellington or other local areas in the central North Island.

- 4.10 Palmerston North essentially services the entire lower North Island in terms of freight distribution, with connectivity to Auckland and the upper North Island. Goods moving to and from the South Island travel through Palmerston North. Similarly, exports heading by rail to and from the Manawatū, Wanganui, Taranaki and Wairarapa travel to and from Auckland and Tauranga through Palmerston North. Palmerston North is a strategic location for the Freight Hub and the movement of freight as it is a transport crossroads where critical roads and rail corridors intersect.
- 4.11 State Highway 1 and State Highway 3 currently intersect in the region and the completion of the State Highway 3 project highway Te Ahu a Turanga will also better connect the region to State Highway 2 and the Manawatū, Tararua District, Hawke's Bay and northern Wairarapa.

5. THE DRIVERS FOR A NEW INTERMODAL FREIGHT HUB

- 5.1 KiwiRail's objectives in delivering a new intermodal freight hub near Palmerston North are to:
- (a) increase its operational capacity and adjacent freight handling and storage facility, to efficiently accommodate projected regional and national freight growth and support wider regional development;
 - (b) enable rail to be integrated with, and connected to, other transport modes and networks; and
 - (c) improve the resilience of the regional and national freight transport system over time.
- 5.2 Over the coming decades, the demand for freight movements is expected to increase substantially.
- 5.3 The rail network plays an important part in ensuring that the transport network can efficiently support this growth. In order to ensure that it can meet

increasing levels of demand in the future, KiwiRail needs to have the necessary infrastructure to accommodate this demand efficiently in the long term. The capacity of our existing infrastructure and ageing assets are critical factors that impact KiwiRail's ability to meet this growing demand.

- 5.4 Not only is demand growing but the way freight is handled is also changing. There is an increased need for "inland ports", which are used to manage and stage freight containers in order to efficiently deal with the demands of importers and exporters. Direct access to rail is utilised to ensure this efficiency.
- 5.5 KiwiRail is investing in extensive upgrades to the national rail network to increase its capacity, resilience and efficiency. Examples of improvements already occurring across the rail network include triple tracking in the Auckland metro network to provide for both freight and passenger movements, double tracking in the Wellington metro, and bridge replacements nationally. The Freight Hub is also a key component of KiwiRail's network improvements.
- 5.6 To efficiently accommodate longer term growth, KiwiRail has also identified a need to increase the length of trains (of up to 1500m in length) that can operate on its network. Longer trains will result in a number of operating efficiencies and cost savings. With the price of carbon only expected to rise in the future, these types of investments will continue to make freight movement by rail more attractive, both in terms of economic efficiency and environmental sustainability. While KiwiRail currently operates trains up to 900 m in length, parts of the network can already provide for longer trains (up to 1200 m) and the intent is to, over time, grow the rest of the network to meet that length and benefit from the efficiencies.
- 5.7 In the context of Palmerston North, there are many constraints on the ability of the Existing Freight Yard to efficiently accommodate forecast demand and to adapt to the changes in the way that freight is handled:
- (a) The Existing Freight Yard is small, long and thin, which makes it challenging for the adjacent services and opportunities to reconfigure operations are limited.
 - (b) The proximity of the residential development to the Existing Freight Yard constrains the redevelopment potential of the site. At the time it was constructed it was on the outskirts of the city. However, as Palmerston North has grown over time, greater urban intensification

has occurred around the Existing Freight Yard which affects its redevelopment potentially, physically and operationally.

- (c) The layout of the Existing Freight Yard is fragmented, and some of the existing buildings are nearing the end of their useful life. Significant investment would be required to improve their efficiency, and to create modern fit for purpose facilities.
- (d) It is anticipated that road congestion along Tremaine Avenue and the other key arterial roads will increasingly impact on the efficiency of freight movements to and from the Existing Freight Yard and the efficiency and function of Tremaine Avenue.

5.8 Following an analysis of its options, KiwiRail considered that it was not practicable to expand operations at the Existing Freight Yard and instead, focused on developing a modern freight hub that would have capacity to meet increasing freight demands, and ensure that rail remains an integral part of central North Island freight flows. Critical to this was planning, and securing funding, for the development of this facility.

5.9 A key part of this planning involved engaging with Palmerston North City Council ("**PNCC**"), Waka Kotahi NZ Transport Agency and other key stakeholders in the region to ensure that the development of the Freight Hub aligned with both central and local government planning and investment priorities, as well as Waka Kotahi's future development plans for the region.

6. PLANNING AND FUNDING FOR RAIL

6.1 The Government has identified the national rail network as a critical component of the nation's wider transport sector. In an effort to strengthen the provision of rail in our transport system, the Government released the first New Zealand Rail Plan ("**Rail Plan**") and Rail Network Investment Programme in May this year.

6.2 The Rail Plan outlines investment priorities to inform investment decisions over a longer horizon (being the next 10 years) as part of the new planning and funding framework for rail. These investment priorities inform the development of KiwiRail's network investment programme and regional transport planning processes.

6.3 The Rail Plan does not provide a definitive list of investments for rail over the next decade, nor does it provide a funding commitment for all of the projects

outlined. However, it does send a strong signal of the Government's commitment to rail over the next decade, and the investments needed to achieve a resilient and reliable rail network. Relevant to the Freight Hub project, the Rail Plan includes a strategic priority to invest in the national rail network to restore rail freight and provide a platform for future investments for growth. The Rail Plan identifies a future priority for the rail system as including more regional routes and improved logistic hubs.⁶

- 6.4 In recognition of the critical function that rail plays in our transport system, there have been some significant changes in recent years as to how rail is funded. The Government has recently provided a significant boost in funding for upgrading and improving rail in New Zealand, including \$1.2 billion in the Budget for 2020 and \$1.3 billion in the Budget for 2021. The Government has also allocated funding through the PGF for regional rail initiatives.
- 6.5 In 2019, KiwiRail obtained funding through the PGF for eight projects, one of which was to secure the land and designation necessary for the development of a new intermodal freight hub near Palmerston North. This was the catalyst for the development of the master plan for intermodal freight hubs in New Zealand ("**Master Plan**") that could be used to develop more efficient and technologically advanced freight hubs around the country.
- 6.6 The development of the Master Plan and the extensive site selection process that KiwiRail undertook to determine the preferred site for the Freight Hub is discussed in more detail in Ms Poulsen's evidence. In the following section of my evidence, I outline the key operational features of the Freight Hub.

7. FREIGHT HUB PROPOSAL

- 7.1 Through this NoR, KiwiRail seeks to develop a new future-proofed intermodal freight facility. In time, KiwiRail intends to decommission the facilities at the Existing Freight Yard (except for the passenger terminal and network communications centre). The future use of the Existing Freight Yard is yet to be determined.

Key components of the Freight Hub

- 7.2 The Freight Hub is underpinned by the concept of "hubbing" which involves locating tracks and arrival and departure yards with critical and connected freight handling and storage facilities to improve the efficiencies in the

⁶ The New Zealand Rail Plan, April 2021, at page 28.

distribution and movement of freight by rail. The Freight Hub will incorporate what are otherwise fragmented facilities in the Existing Freight Yard into one place and will result in improved handling facilities for goods transferring between road and rail for unitised cargo (such as export containers) and other products, such as logs.

7.3 The Freight Hub must sit immediately adjacent to the NIMT to allow track access to and from the yard to mainline trains, shunts and other train movements as is required as part of a functioning freight hub.

7.4 It is critical that the rail terminal and yard is efficient. Operations must be focused on keeping freight moving. The Freight Hub will be one part of the overall supply chain for many goods transiting the region. It has therefore been designed to operate 7 days a week and 24 hours a day to keep assets moving and cater for the needs of different traffic flows through the Freight Hub. From an operational perspective, this is necessary:

- (a) to align with port calls for export of goods, which often requires shipments to be able to be distributed at all hours of the day and work within other constraints such as metro-area peak-time curfews;
- (b) as lead in times for distribution of goods must allow time to marshal wagons in putting a train together (or for inbound goods, most distribution centres require their freight to be available very early in the morning);
- (c) for scheduling, driver hours and safety – these need to be efficient on staff and fuel, and ensure safe operations, so that breaks and driving restrictions are observed;
- (d) to cater for the multitude of time gates served by the different routes that pass through the Freight Hub, each of which may require freight connections with other routes (and most of these connections take place overnight);
- (e) to optimise fleet utilisation and maximise available capacity (all leading to lower unit costs); and
- (f) to manage outages on the line (networks and signalling depot and mechanic workshop activity) caused by faults, weather, and emergencies such as slips, earthquakes and Covid-19.

- 7.5 The proposed operations are also essential for rail to be competitive with road and to grow the share of freight movement by rail over time. Any restrictions on hours of operation would mean that the Freight Hub will disrupt the supply chain of goods transiting the region to their ultimate destination which would significantly reduce the attractiveness of freight transport by rail over road. This would have negative flow on effects for the environmental and safety benefits that transport by rail enables. In order to meet safety requirements, the Freight Hub also needs to be well lit to provide for staff working safely.
- 7.6 To ensure that it meets the needs of future generations, the Freight Hub has been designed with a longer-term horizon in mind and will be constructed to the latest industry standards. This includes provision for four electrified tracks, with capacity for further electrification over the life of the Freight Hub.⁷
- 7.7 Construction of the Freight Hub will seek to incorporate environmentally sustainable design where possible through the building materials used and modern facilities that will make operation of the Freight Hub sustainable, cost effective, and safe for workers. The complexity and scale of the project means that it will be constructed and developed over several years. KiwiRail is committed to working with the community and stakeholders on its delivery over that time.

Benefits of the Freight Hub

- 7.8 Palmerston North already plays a critical role in New Zealand's supply chain and this is only set to increase. The development of the Freight Hub will ensure that Palmerston North remains an integral part of central New Zealand rail network and freight flows. The Manawatū–Whanganui region's economic success relies heavily on supply chain and logistics due to its significant agriculture and manufacturing industries. The Freight Hub will assist in ensuring that the demands of importers and exporters can be efficiently met and will support the flow of goods through the lower North Island. The Freight Hub will also generate future long-term employment opportunities in the logistics sector.
- 7.9 The proposed location of the Freight Hub, in proximity to Palmerston North Airport and the North East Industrial Zone ("**NEIZ**"), also provides significant opportunities to efficiently integrate transport modes and support other businesses in the vicinity of the Site. KiwiRail is also working closely with Waka Kotahi NZ Transport Agency and other stakeholders to integrate the Freight

⁷ Evidence of Michael Skelton, dated 9 July 2021, at Section 4.

Hub with planned future roading network upgrades which will assist in building the resilience of the transport network.

- 7.10 Overall, the Freight Hub will assist in accommodating freight demand more efficiently over time and enabling more freight to be moved by road, aligning with the Government's goals of reducing carbon emissions and resulting in wider benefits to the region and New Zealand.

Todd Moyle

9 July 2021