

MINISTERIAL BRIEFING NOTE

Subject	Takutai Chief Site Tour
Date	30 November 2022
Briefing number	BRI-2669

Contact(s) for telephone discussion (if required)				
Name	Position	Direct line	Cell phone	1 st contact
s 9(2)(a)	Consultant Swire Shipping/Pacifica		s 9(2)(a)	✓
Steve Mutton	Director Regional Relationships (Northland/Auckland)		s 9(2)(a)	

Action taken by Office of the Minister/ Associate Minister

- ☐ Noted
- ☐ Seen by Minister
- ☐ Agreed
- ☐ Feedback provided
- ☐ Forwarded to
- ☐ Needs change [please specify]
- ☐ Withdrawn
- ☐ Overtaken by events

Hon Michael Wood – Minister of Transport**Takutai Chief Site Tour****Purpose**

1. This briefing provides you with information about the coastal shipping activity class and Pacifica's project prior to the site tour of the Takutai Chief on 19 December 2022.

Project funding and costs

2. Waka Kotahi NZ Transport Agency is investing up to \$10 million with Swire Shipping which operates as Pacifica in New Zealand to support the costs of the Takutai Chief.
3. The total funding for the coastal shipping activity class is \$30 million through the National Land Transport Fund.

Project features

4. Key features of the Takutai Chief site tour include:
 - The Takutai Chief was purchased with support from the coastal shipping activity class funding. The Takutai Chief is Pacifica's second dedicated cargo vessel. It is a 1300 Twenty-foot Equivalent Units (TEU) container vessel which was built in 2010.
 - Its service includes sailings between Auckland, Lyttelton, Tauranga, and Timaru or Marsden Point on alternating weeks.
 - Pacifica's funding request in their proposal was for up to \$10 million over this National Land Transport Programme (NLTP) period. Unlike the other projects in this activity class (which received funding for Capital Expenditures purchases), the amount of funding Pacifica will receive over this NLTP period for the Takutai Chief is a contribution towards the initial operating costs of the new vessel.

Project benefits

5. Key benefits of this project include:
 - Increase in Pacifica's coastal shipping capacity, increasing frequency of calls to some key ports to twice per week.
 - New seafaring jobs will be created (up to 30 new jobs).
 - Reduced emissions from heavy transport between the North and South Island through an additional 31,000 TEU carried.
 - Improved resilience in the case of a natural disaster through an increase in shipping capacity across the country.

Project context

6. The Government Policy Statement (GPS) on land transport 2021 introduced coastal shipping as a new activity class. There is potential to increase the use of coastal shipping as an alternative to other freight transport. Through the NLTP, the Waka Kotahi Board has allocated \$30 million for the coastal shipping activity class.
7. Our investment of \$30 million during this NLTP period is focused on investments in activities that give effect to the GPS objectives such as enhancing domestic shipping services, reducing shipping emissions, improving efficiency and upgrading maritime infrastructure. Collectively, the suppliers will be investing over \$60 million to deliver these projects, resulting in combined investment in the coastal shipping sector of over \$90 million.
8. Waka Kotahi worked with the wider freight industry (NZ Shipping Federation, Port Company CEO Group, National Road Carriers, KiwiRail, and Te Manatū Waka - Ministry of Transport), to select the four successful applicants for co-investment in new and enhanced coastal shipping services through the NLTP.
9. Swire Shipping which operates as Pacifica in New Zealand, was one of four successful applicants for funding through the coastal shipping activity class earlier this year. Their proposal was to deploy a second dedicated coastal vessel to their operation to increase frequency between the key ports of Auckland and Lyttelton, as well as expanding coverage into additional regional ports.

Key messages

10. Key messages of the coastal shipping funding include:
 - Coastal shipping is a small but important part of the New Zealand freight system. There is potential to make it a more viable alternative for moving freight so we can strengthen and diversify our domestic supply chain while also contributing to our decarbonisation goals.
 - We have made a \$30 million investment in coastal shipping to support resilient, sustainable, and safe freight connections for a thriving economy.
 - The four suppliers receiving funding are Coastal Bulk Shipping Ltd, Move International Ltd, Aotearoa Shipping Alliance and Pacifica Shipping NZ Ltd.
 - Each of the four selected suppliers bring at least one additional coastal shipping vessel into service, and together improve the resilience of the overall freight supply chain.
 - Well-designed transport corridors with efficient, reliable and resilient connections support a productive economy.

You have received the following briefings on this subject

1. #288 Weekly Report, "Coastal Shipping Update", 3 June 2022
2. MINO-0434, "Coastal Shipping and the Driver Licence Improvement Programme", 3 August 2022
3. #298 Weekly Report, "Rail and Freight", 9 September 2022
4. MINO-472, "Investment in Coastal Shipping", 21 September 2022.

Ministerial site tour

11. The event will be located at Ferguson Container Terminal at Ports of Auckland.
12. Speeches and a media stand up will take place.

Key attendees to acknowledge

13. The key attendees invited for the site tour include the following:

- s 9(2)(a) , Pacifica Shipping/Swire Shipping
- s 9(2)(a) , Ports of Auckland
- s 9(2)(a) , Ports of Auckland

Media

14. We are inviting one Auckland based media. We expect some national media interest.

It is recommended that you:

15. **Note** the contents of this briefing.



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Steve Mutton

Director Regional Relationships (Northland/Auckland)

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Hon Michael Wood, Minister of Transport

Date: 2022