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07 July 2025

Infrastructure New Zealand Submission on Inquiry into Ports and the Maritime Sector

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1. Introduction

1.1 Infrastructure New Zealand (INZ) welcomes the opportunity to submit to the Transport and Infrastructure Committee's inquiry into ports and the maritime sector.

1.2 Infrastructure New Zealand is Aotearoa's peak membership organisation for the infrastructure sector. We promote best practice in national infrastructure development through research, advocacy, and public and private sector collaboration. Our membership is comprised of around 150 organisations, including government agencies, consultants, contractors, financiers, utilities, and academics. These organisations employ approximately 150,000 people in infrastructure-related roles and are united in their commitment to creating a better New Zealand through outstanding infrastructure.

1.3 We have not addressed all issues in the terms of reference but rather have provided feedback on the issues of relevance to INZ, and its members.

2. General Remarks

2.1 Infrastructure New Zealand welcomes the inquiry into ports and the maritime sector and supports the goal to "raise the performance of our ports and maritime sector and therefore help benefit our export producers and importers alike".
2.2 We are particularly focused on section two of the terms of reference, "infrastructure and investment needs". New Zealand's ports and maritime sector is a critical enabler of trade, supply chain continuity, regional development, and our transition to a low-emissions economy. Given the increasing pressure on infrastructure from climate change, global supply chain dynamics, and population growth, we believe this inquiry is both timely and essential.
2.3 INZ notes that ports are unregulated monopolies, which do not have the same controls over pricing as similar infrastructure provides. Generally, there are no requirements for asset replacement or renewal plans.
2.4 In the face of future challenges, we will need to invest in port and freight transport capacity and efficiency to bolster resilience.
2.5 Port infrastructure must be linked to other infrastructure and other freight hubs.

3. Infrastructure and investment needs

3.1 New Zealand's economy relies on our ability to ship goods in, out and around efficiently. This inquiry must take into consideration the future growth of New Zealand, in terms of population, productivity and economic opportunities.

3.2 Smaller and regional ports play an important role in supporting local economies and export industries. A national strategy could help recognise this and ensure investment and policy settings support balanced regional development while maintaining efficiency across the network.

3.3 Port modernisation and expansion to accommodate the international vessels visiting our ports and the growing freight task will require significant investment. Traditional pathways to additional capital via many local authority port owners will not always be viable. INZ encourages ports and their owners to explore a variety of funding and financing mechanisms to support ongoing investment and development.

Case Study
In 2019 Hawke's Bay Regional Council agreed to sell a minority share of 45% in Napier Port on the NZX to fund the development of a new wharf. Extensive community consultation on the sale was undertaken, of which 57% of the 3,500 submissions supported funding the new wharf through the sale. The sale proposal was amended following feedback from the public consultation period to include priority share purchase rights of 20% for port employees, residents, non-resident rate payers, and iwi to allow the community to invest in the success of the port. The IPO raised $234 million which allowed for the construction of the new wharf (completed in 2022 ahead of schedule and within budget) and a fund to invest in Hawke's Bay residents. The IPO and plans for the wharf also increased the value of Hawke's Bay Regional Councils holdings in Napier Port. In 2018 the 100% holdings were valued at $291 million, and following the sale, the remaining 55% holdings were valued at $330 million on the Council's balance sheet.

3.4 We need a resilient supply chain with sea and landside access. Good road and rail connections between ports and inland freight hubs are particularly important to keep freight moving smoothly.

3.5 Aotearoa's port network cannot operate in isolation. It must function as part of a fully integrated national infrastructure system. A strategy is needed that sets a pathway for New Zealand to build ports that are not only efficient and productive but also resilient, low-emissions, and future-proofed. On this note, INZ was disappointed to learn recently that the Ministry of Transport will not be undertaking the planned National Freight Demand Study due to other priorities. The most recent data is from 2017/18 and there have been significant advances in the heavy freight sector since this time. It is critical that up-to-date robust data underpins significant infrastructure investment

4 Security and Supply Chain Resilience

4.1 International relations are growing more complex. New Zealand is vulnerable as a geographically isolated nation. Long supply chains will only become more vulnerable as the impacts of geopolitical tensions, and climate change among other pressures continue to threaten New Zealand's economic resiliency.

4.2 Our construction sector is an increasingly critical industry for New Zealand's growth and wellbeing. Construction and infrastructure supply chains have a significant impact on the broader economy. Ninety percent of building materials are imported. Construction price increases have also, in recent years, contributed significantly to wider inflationary pressures.

4.3 The covid pandemic taught Aotearoa many lessons about the reliance on the supply chain. We can learn from past and current disruption to build the sector's ability to adapt amid disruption and lift its capability to respond to future uncertainty.

4.4 Another area of consideration needs to be the sector's support of alternative fuels in the maritime sector. Internationally there is a move for ports to support the decarbonisation of shipping activities through the provision of electricity connections for ships when they are docked. While many of our ports have decarbonised their landside supporting activities, there needs to be a longer-term plan for the reduction in fossil fuel reliance and the role that ports plan in this.

5 Recommendations

5.1 We respectfully submit the following recommendations for consideration:

a. Develop a National Ports Strategy

A coordinated, long-term National Ports Strategy should be developed to guide investment, clarify roles across the port network, and align with national freight, climate, and resilience goals. The strategy could align and make use of the most up to date data to drive efficiencies. Fragmented decision-making and competing regional interests currently lead to inefficiencies and suboptimal outcomes. Access to a variety of funding and financing mechanisms to support ongoing investment will be critical.

b. Enable Better Integration of Ports with Land Transport and Freight Networks

Greater integration between ports and land-based freight infrastructure including road, rail, and inland ports is needed to improve efficiency and reduce emissions. We support investment in multimodal connectivity and the development of strategic freight corridors that serve both regional and national interests. The public and private sector should be utilised when it comes to funding options for infrastructure, both big and small

c. Strengthen Resilience and Climate Adaptation

Ports are exposed to significant climate risks, including sea-level rise and extreme weather. Infrastructure New Zealand supports increased investment in resilience planning, climate adaptation, and the integration of these considerations into port development frameworks.

6. Conclusion

6.1 New Zealand's future prosperity depends on a high-performing, resilient, and sustainable port and maritime system. Infrastructure New Zealand stands ready to support the development of a long-term, integrated national approach that meets the needs of today and prepares us for tomorrow6.2 We thank the Committee for the opportunity to contribute to this inquiry and would welcome the opportunity to provide further input or appear in person to elaborate on this submission.

Ngā mihi nui,
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