



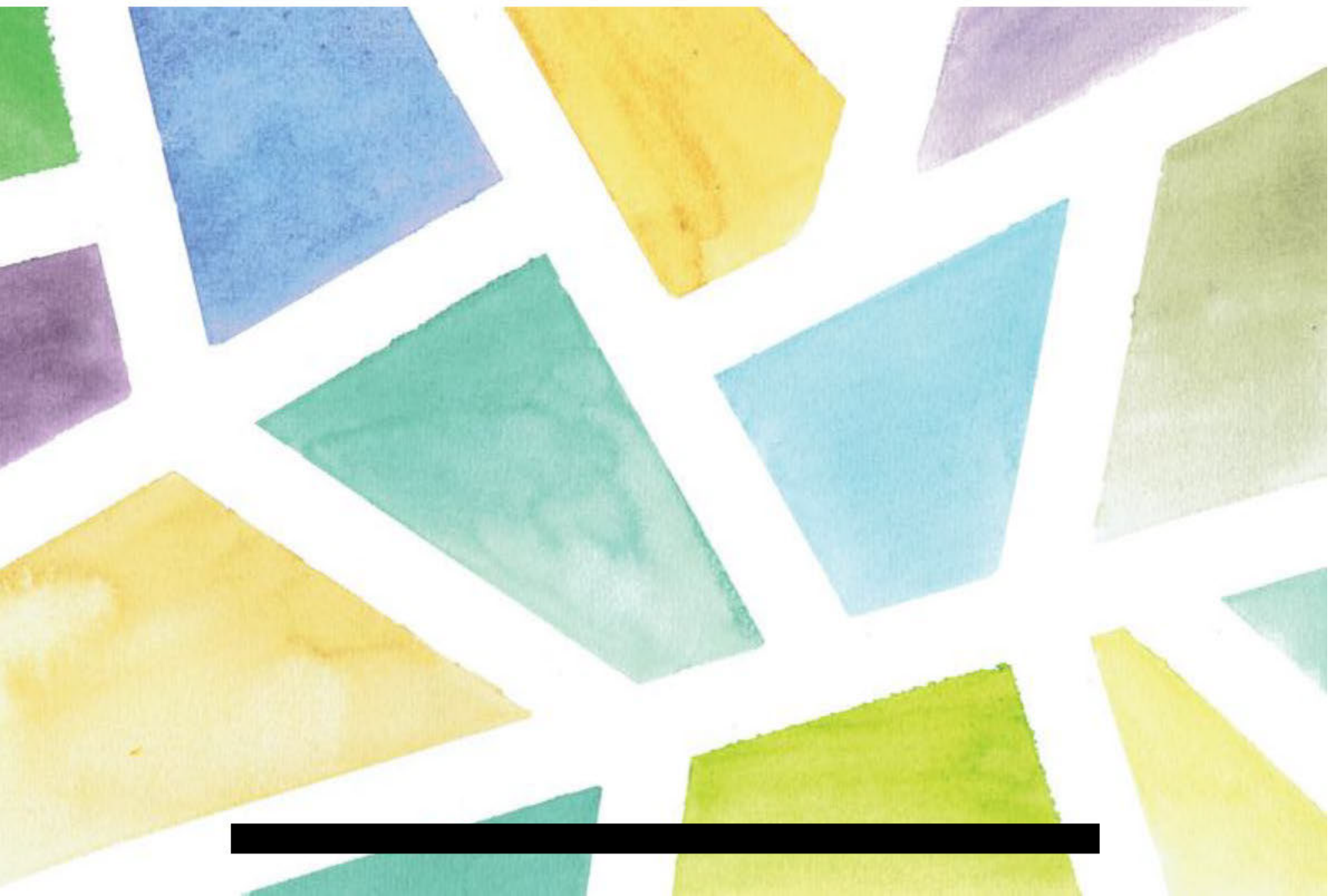
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CONSULTING

# Southern Link Inland Port

## Economic Assessment

*Prepared for: Southern Link Property Limited*

*April 2026 – Substantive Application Final*



# Southern Link Inland Port

## Economic Assessment

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Author: Natalie Hampson (Director)

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# Contents

|                                                           |           |
|-----------------------------------------------------------|-----------|
| EXECUTIVE SUMMARY.....                                    | 1         |
| <b>1 INTRODUCTION.....</b>                                | <b>6</b>  |
| 1.1 RESEARCH PURPOSE.....                                 | 6         |
| 1.2 RESEARCH APPROACH AND SCOPE .....                     | 7         |
| 1.3 COMMONLY USED TERMS.....                              | 11        |
| <b>2 PORT OTAGO'S EXPORTS &amp; IMPORTS.....</b>          | <b>15</b> |
| 2.1 IMPORTS (YE JUNE 2025) .....                          | 15        |
| 2.2 EXPORTS (YE JUNE 2025).....                           | 16        |
| <b>3 PORT OTAGO'S CONTAINER BUSINESS.....</b>             | <b>19</b> |
| 3.1 PORT CHALMERS CONTAINER ACTIVITY.....                 | 19        |
| 3.2 PORT OTAGO'S CONTAINER OPERATION SITES.....           | 27        |
| 3.3 PORT CHALMERS OPERATIONAL CONSTRAINTS.....            | 36        |
| 3.4 PORT CHALMERS OPTIMAL FUTURE CONTAINER OPERATION..... | 39        |
| <b>4 DUNEDIN'S LOGISTICS SECTOR.....</b>                  | <b>41</b> |
| 4.1 THE LOGISTICS SECTOR'S KEY ECONOMIC ROLE.....         | 41        |
| 4.2 KEY CONTAINER LOGISTICS OPERATORS AND FACILITIES..... | 43        |
| 4.3 ICON LOGISTICS.....                                   | 46        |
| 4.4 ICON'S OPERATIONAL CONSTRAINTS .....                  | 58        |
| <b>5 BUSINESS AS USUAL ISSUES.....</b>                    | <b>60</b> |
| 5.1 THE FUTURE WITHOUT THE INLAND PORT .....              | 60        |
| 5.2 THE FONTERRA MOSGIEL CASE STUDY.....                  | 62        |
| <b>6 PROPOSED INLAND PORT.....</b>                        | <b>65</b> |
| 6.1 THE SITE.....                                         | 65        |
| 6.2 THE FACILITY.....                                     | 66        |





|          |                                                           |            |
|----------|-----------------------------------------------------------|------------|
| 6.3      | MEDIUM TERM CONSTRUCTION IMPACTS.....                     | 67         |
| 6.4      | LONG TERM EMPLOYMENT IMPACTS.....                         | 76         |
| <b>7</b> | <b>DIRECT EFFECTS/OPPORTUNITIES.....</b>                  | <b>78</b>  |
| 7.1      | CONSOLIDATION OF PORT OTAGO'S CONTAINER OPERATIONS.....   | 78         |
| 7.2      | CONSOLIDATION OF ICON'S CONTAINER OPERATIONS .....        | 79         |
| 7.3      | IMPORT/EXPORT SUPPLY CHAIN IMPACTS.....                   | 81         |
| 7.4      | TOTAL INITIAL MODE SHIFT EXPECTED.....                    | 95         |
| <b>8</b> | <b>FACILITATED EFFECTS/OPPORTUNITIES.....</b>             | <b>98</b>  |
| 8.1      | ENABLING CHURN IN CENTRAL DUNEDIN INDUSTRIAL ZONE.....    | 98         |
| 8.2      | REDUCED LEAKAGE AND IMPROVED SERVICE.....                 | 99         |
| 8.3      | REGIONAL EXPORT AND IMPORT SECTOR GROWTH.....             | 100        |
| <b>9</b> | <b>KEY FINDINGS AND CONCLUSIONS .....</b>                 | <b>104</b> |
| 9.1      | SUMMARY OF ECONOMIC BENEFITS.....                         | 104        |
| 9.2      | ECONOMIC COSTS.....                                       | 107        |
| 9.3      | OVERALL CONCLUSIONS.....                                  | 110        |
|          | <b>APPENDIX A – AUTHOR CV.....</b>                        | <b>112</b> |
|          | <b>APPENDIX B – DATA &amp; REFERENCES .....</b>           | <b>113</b> |
|          | <b>APPENDIX C – SH88 IMAGES/ARTICLES.....</b>             | <b>114</b> |
|          | <b>APPENDIX D – KEY ASSUMPTIONS FOR IO MODELLING.....</b> | <b>118</b> |
|          | <b>APPENDIX E– CASE STUDY MODELLING.....</b>              | <b>122</b> |

## Figures

FIGURE 1.1 – STUDY AREA – SOUTHERN REGION INCLUDING EXPORT COMPANIES IDENTIFIED IN REPORT.. 10

FIGURE 2.1 – PORT OTAGO'S IMPORTS (GROSS WEIGHT TONNES) RELATIVE TO TOTAL PORT AND SEAPORT IMPORTS 2018–2025.....16





|                                                                                                                   |    |
|-------------------------------------------------------------------------------------------------------------------|----|
| FIGURE 2.2 – PORT OTAGO’S EXPORTS (GROSS WEIGHT TONNES) RELATIVE TO TOTAL PORT AND SEAPORT EXPORTS 2018–2025..... | 17 |
| FIGURE 2.3 – PORT OTAGO EXPORTS BY COMMODITY VALUE (2020).....                                                    | 18 |
| FIGURE 3.1 – NATIONAL FULL CONTAINER IMPORTS AND EXPORTS BY QUARTER (SOURCE: FIGS).....                           | 19 |
| FIGURE 3.2 – COMPARISON OF FULL CONTAINER TRADE IN LYTTTELTON, NAPIER AND OTAGO PORTS (FIGS).....                 | 20 |
| FIGURE 3.3 – PORT CHALMERS FULL CONTAINER EXPORTS YE JUNE 2023–2025 BY DRY/AMBIENT AND REEFER.....                | 21 |
| FIGURE 3.4 – PORT CHALMERS FULL CONTAINER IMPORTS YE JUNE 2023–2025 BY DRY/AMBIENT AND REEFER.....                | 24 |
| FIGURE 3.5 – PORT CHALMERS FULL CONTAINER IMPORTS AND EXPORTS AND EMPTY TEUS (ALL TYPES) YE JUNE 2023–2025.....   | 26 |
| FIGURE 3.6 – MAP OF PORT OTAGO CONTAINER BUSINESS OPERATIONAL SITES IN DUNEDIN.....                               | 28 |
| FIGURE 3.7 – MAPS OF PORT CHALMERS, INCLUDING WAREHOUSING AND CONTAINER TERMINAL/DEPOTS.....                      | 29 |
| FIGURE 3.8 – AERIAL IMAGE OF THE STRATHALLAN (DUNEDIN) CONTAINER DEPOT.....                                       | 31 |
| FIGURE 3.9 – AERIAL IMAGE OF THE RAVENSBORNE CONTAINER DEPOT.....                                                 | 32 |
| FIGURE 3.10 – AERIAL IMAGE OF SOUTHERN LINK PROPERTY LIMITED’S VACANT MOSGIEL SITE (BLUE PARCELS).....            | 33 |
| FIGURE 3.11 – EMPTY CONTAINER FLOWS BETWEEN PORT OTAGO DEPOTS.....                                                | 35 |
| FIGURE 4.1 – MAP OF KEY LOGISTICS FACILITIES IN DUNEDIN BY OPERATOR.....                                          | 45 |
| FIGURE 4.2 – T-SHED – INDICATIVE EXPORT BULK PRODUCT AND CONTAINER FLOWS.....                                     | 52 |
| FIGURE 4.3 – 95 PARRY STREET EAST – INDICATIVE IMPORT AND EXPORT BULK PRODUCT AND CONTAINER FLOWS.....            | 53 |
| FIGURE 4.4 – 88 PARRY STREET EAST – INDICATIVE IMPORT BULK PRODUCT AND CONTAINER FLOWS...                         | 54 |



|                                                                                                    |     |
|----------------------------------------------------------------------------------------------------|-----|
| FIGURE 4.5 – ICON SAWYERS BAY – INDICATIVE IMPORT AND EXPORT BULK PRODUCT AND CONTAINER FLOWS..... | 55  |
| FIGURE 4.6 – CARNCROSS STREET – INDICATIVE IMPORT BULK PRODUCT AND CONTAINER FLOWS.....            | 56  |
| FIGURE 5.1 – TAIERI DISTRIBUTION CENTRE – INDICATIVE BULK PRODUCT AND EXPORT CONTAINER FLOWS.....  | 63  |
| FIGURE 6.1 – AERIAL IMAGE OF PROPOSED SOUTHERN LINK INLAND PORT SITE, MOSGIEL .....                | 65  |
| FIGURE 6.2 – PROPOSED DEVELOPMENT – SOUTHERN LINK INLAND PORT (STAGES 1-3).....                    | 66  |
| FIGURE 6.3 – CONSTRUCTION STAGING PLAN FOR THE INLAND PORT.....                                    | 68  |
| FIGURE 6.4 – DIRECT CONSTRUCTION EXPENDITURE (2025 PRICING) BY CATEGORY AND STAGE.....             | 69  |
| FIGURE 6.5 – DIRECT CONSTRUCTION EXPENDITURE (2025 PRICING) BY INDICATIVE SECTOR AND STAGE .....   | 71  |
| FIGURE 6.6 – DIRECT CONSTRUCTION EXPENDITURE (2025 PRICING) BY INDICATIVE SECTOR AND YEAR.....     | 72  |
| FIGURE 7.1 – INDICATIVE TRANSPORT PRODUCTIVITY ZONES IN AND AROUND DUNEDIN.....                    | 82  |
| FIGURE 8.1 – KIWIRAIL NET FREIGHT TONNAGE DENSITY (FY23) SOUTH ISLAND VS NORTH ISLAND.....         | 103 |

## Tables

|                                                                                                                                   |    |
|-----------------------------------------------------------------------------------------------------------------------------------|----|
| TABLE 3.1 – DISTANCE MATRIX BY MODE BETWEEN PORT OTAGO’S (INCL. JV) CONTAINER FACILITIES.....                                     | 36 |
| TABLE 4.1 – KEY 3PL OPERATORS (CONTAINER RELATED TRADE) IN DUNEDIN CITY .....                                                     | 44 |
| TABLE 4.2 – SUMMARY OF ICON’S LOGISTICS WAREHOUSES IN DUNEDIN 2024.....                                                           | 48 |
| TABLE 6.1 – DIRECT, INDIRECT AND INDUCED VALUE ADDED CONTRIBUTION OF INLAND PORT CONSTRUCTION BY SECTOR.....                      | 73 |
| TABLE 6.2 – DIRECT, INDIRECT AND INDUCED VALUE ADDED CONTRIBUTION OF INLAND PORT CONSTRUCTION BY YEAR AND NET PRESENT VALUE ..... | 74 |
| TABLE 6.3 – DIRECT, INDIRECT AND INDUCED EMPLOYMENT CONTRIBUTION OF INLAND PORT CONSTRUCTION BY YEAR.....                         | 75 |



|                                                                                                                                         |     |
|-----------------------------------------------------------------------------------------------------------------------------------------|-----|
| TABLE 6.4 – GROSS AND NET ADDITIONAL DIRECT OPERATIONAL EMPLOYMENT AT THE INLAND PORT (FTES) .....                                      | 76  |
| TABLE 7.1 – SUMMARY OF INLAND PORT IMPACTS ON A SECTION OF THE [REDACTED] SUPPLY CHAIN (ONE-WAY FACTORY TO PORT CHALMERS).....          | 85  |
| TABLE 7.2 – SUMMARY OF INLAND PORT IMPACTS ON A SECTION OF THE [REDACTED] SUPPLY CHAIN (ONE-WAY FACTORY TO PORT CHALMERS).....          | 89  |
| TABLE 7.3 – SUMMARY OF INLAND PORT IMPACTS ON A SECTION OF THE OPEN COUNTRY EXPORT SUPPLY CHAIN (ONE-WAY FACTORY TO PORT CHALMERS)..... | 93  |
| TABLE 9.1 – OPPORTUNITY COST OF LONG TERM SHEEP FARMING ON THE SITE (30YRS, 8% DISCOUNT RATE).....                                      | 108 |
| TABLE 9.2 – OPPORTUNITY COST OF LONG TERM BLUEBERRY FARMING ON THE SITE (30YRS, 8% DISCOUNT RATE).....                                  | 108 |
| TABLE 9.3 – SUMMARY OF QUANTIFIED ECONOMIC BENEFITS OF THE INLAND PORT.....                                                             | 110 |





# Executive Summary

This report provides a comprehensive assessment of the actual and potential economic effects of the proposed **Southern Link Inland Port** (Inland Port) in Mosgiel, Dunedin City. It brings together:

- an analysis of Port Otago's import and export data, focussing on import and export container activity;
- a detailed understanding of Port Otago's container related facilities, the way that full and empty containers move to and between them, and the constraints Port Otago is facing with regards to its container operations;
- an overview of the container logistics sector in Dunedin City, focussing on the operations of Icon Logistics, including the nature and location of services they provide to importers and exporters within the southern South Island and the constraints Icon, and its supply chain customers are facing with regards to container logistics;
- several case studies to understand export container supply chains in more detail; and
- an understanding of how the Inland Port will transform Port Otago's container trade, the wider container logistics sector in Dunedin City and export and import supply chains in the southern South Island and deliver significant regional and national economic benefits.

Based on this assessment, a business-as-usual future for Port Chalmers and the wider Dunedin logistics sector is not considered sustainable. There is limited capacity for growth and no resilience to unexpected disruptions and natural hazard events. Despite 70% of export container product currently arriving by rail, many existing import and export supply chains that use Port Chalmers are still reliant on heavy truck movements. Those truck movements within and through Dunedin's main urban area are increasing freight times and risk for importers and exporters, generating significant Green House Gas (GHG) emissions, impacting road safety, reducing air quality and increasing road maintenance costs for the Dunedin City Council and New Zealand Transport Agency.

The Inland Port will provide an opportunity to consolidate some of Port Otago's and Icon's container operations in a single, strategically located, rail-enabled site. The integrated warehouse, container depot, container terminal and rail siding facility will transform the way that import and export containers move to and from Port Chalmers. The mode shift to rail is initially estimated to take 15,000 (one-way) heavy vehicle movements off the streets and state



highways within the main Dunedin urban area each year – with capacity for this to increase over time. Based on the analysis carried out, this mode shift will create significant productivity and efficiency benefits for import and export supply chains – saving time and GHG emissions.

Savvy considers that the Inland Port will improve the Southern Region’s ability to absorb, adapt, and respond to stresses and shocks that affect import and export supply chains. It will significantly improve the resilience of Port Chalmers’ existing infrastructure and the competitiveness of Port Otago in the South Island container trade market. In doing so, the Inland Port may facilitate a more efficient distribution of import container activity across South Island ports (attracting Otago-destined imports away from Lyttleton Port to the much closer Port Chalmers) and a greater market share of existing dairy product and meat exports potentially passing through Port Chalmers – with GDP and employment impacts associated with this growth in activity for Otago Region. It is likely that the Inland Port will help promote the southern South Island as an efficient location for new import and export manufacturing investment.

The Inland Port provides for long-term, sustainable growth of container imports and export in the Southern Region that is not considered possible under the status quo. It will contribute to increased GDP and employment in Dunedin City over the long-term and has the potential to stimulate more value added economic activity.

While some of the Inland Port’s expected economic benefits have been quantified, and some monetised, it has not been practicable to monetise all potential economic benefits.

Nonetheless, when accounting for quantified and qualified economic benefits, and the extent of those benefits spatially and according to the range of businesses and wider industries positively impacted, Savvy considers that the Inland Port will deliver significant regional benefits, and that these may also be material in a national context given the importance of the dairy and meat processing sectors to the national economy, and that the efficient operation of nationally significant infrastructure (i.e., Port Chalmers) has wider economic benefits, including for New Zealand’s reputation as a trade partner.

\* \* \* \* \*

The following provides a high-level summary of how the Inland Port satisfied relevant criteria set out in the Fast Track Approvals Act 2024 (FTAA) for referral applications. While specified in the FTAA for referrals and not substantive applications, these criteria still provide a useful framework for describing the Inland Port’s economic benefits and so are included below:

*Section 22(2)(a)(ii): will deliver new regionally or nationally significant infrastructure or enable the continued functioning of existing regionally or nationally significant infrastructure.*





- The Inland Port in itself will be a significant regional infrastructure asset for the southern South Island. Port Chalmers is a nationally significant infrastructure asset facing a range of significant challenges going forward that the Inland Port will solve. It will be pivotal to import and export businesses using Port Chalmers – driving efficiency and productivity gains in container-based supply chains.

*Section 22(2)(a)(iv): will deliver significant economic benefits.*

- The Inland Port is expected to deliver significant economic benefits across the southern South Island. The construction of the facility is estimated to generate up to \$<sub>2020</sub>191.3 million in gross value added (GDP) and create or sustain up to 1,489 gross FTEs across a wide range of sectors. Spread over 3 development stages and indicatively 10 years of construction, the net present value of this capital investment is estimated at \$<sub>2020</sub>147.8–\$178.6 million (based on an 8% and 2% discount rate) and will be significant at the Otago Region level. Deducting comparable opportunity costs (valued added and employment) for long-term primary production foregone on the site does not materially reduce these significant construction impacts. While economic impacts cannot be wholly equated with enhancement of economic wellbeing, a substantial portion will support local businesses, provide meaningful, well-paid employment and provide incomes for households that support their standard of living.
- Once fully developed and operational, the Inland Port will directly create 104 net additional, high-value jobs based on information provided by Icon and Port Otago, with total employment on-site estimated at 125 FTEs by the end of stage 3. It will be a significant employer at the regional level.
- In terms of the upstream economic impact of the Inland Port as an operating business entity, the initial operation (stage 1) is expected to be a transfer (consolidation) of existing business activity by Port Otago and Icon Logistics. However, when the capacity and efficiency of the Inland Port start to generate new container trade for Port Chalmers (i.e. expected with stage 2 and 3 of development), this will drive net additional operating expenditure (and flow-on economic activity) that would not have been possible under the status quo. While unquantified, the ongoing net additional value added and employment (upstream) impacts of the Inland Port are estimated to be significant at the district level and potentially the regional level.
- In terms of other economic benefits, the Inland Port will significantly improve the utilisation of KiwiRail assets, with an estimated initial uplift of 15,000 containers (30,000 TEUs) on the line between Mosgiel and Port Chalmers. Savvy considers that it will





create opportunities for further mode-shifts of freight to rail across Otago, Southland and South Canterbury.

- It will remove an estimated 15,000 heavy vehicle movements per annum from roads in Urban Dunedin and State Highway 88 (SH88) (with this increasing over time as container trade grows in the Southern Region and the Inland Port delivers stages 2 and 3 of its planned development). This will help reduce congestion and road maintenance and improve road safety, reduce accidents, and improve air quality in the Dunedin urban area.
- For importers and exporters using Port Chalmers, the Inland Port is considered likely to reduce their overall logistics costs (when taking into account transport costs, empty container transport costs, warehousing costs, and time costs). It could be the driver of long-term growth in the output of Port Otago and the Dunedin logistics sector.
- The Inland Port also provides opportunities for significant value added manufacturing to support existing export customers. Where there is capacity to do so, these new manufacturing businesses/activities would be expected to agglomerate in Mosgiel close to the Inland Port (for example, a wood-pellet factory to fuel one of Fonterra's processing plants is being considered), or potentially within the Inland Port warehousing space itself (for example, a canning plant for [REDACTED]). Such business opportunities are contingent on the Inland Port because they would be integrated with the rail-focussed export supply chains.

*Section 22(2)(a)(v): will support primary industries, including aquaculture.*

- Dairy and meat exports are the primary focus of Port Otago's container operations, followed by wood products. Port Otago states that it wants to be the port of choice for these export commodities in the southern South Island. The Inland Port will directly support primary producers by significantly improving export and import supply chains – driving productivity, efficiency and resilience gains and helping them to reduce their transport emissions which is a key focus for many international customers purchasing our export products (and is therefore critical to New Zealand exporters remaining competitive in the international market).<sup>1</sup>

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<sup>1</sup>For example, Mondelēz International documents Supplier Performance Expectations: they specifically require all aspects of their supply chain to look for opportunities to reduce their environmental footprint. Nestlé also has a Net Zero Roadmap: "natural climate solutions within our supply chain will form a significant part of our decarbonisation pathway".



*Section 22(2)(a)(vii): will support climate change mitigation, including the reduction or removal of greenhouse gas emissions.*

- GHG emissions from the Transport, Postal and Warehousing industry is a major environmental issue for Dunedin City.<sup>2</sup> In 2023 it was the second highest contribution to GHG emissions. However, every tonne of freight carried by rail delivers a 70% CO<sub>2</sub>e emissions saving over road freight. Three case studies on current export supply chains (which account for an estimated 44% of containerised export receipts at Port Chalmers in 2024) show that the Inland Port could reduce CO<sub>2</sub>e emissions by a combined total of 261 tonnes per annum across just those 3 supply chains.<sup>3</sup> Scaling this up across the total import and export TEUs (30,000) expected to shift to rail in stage 1 of the Inland Port, the CO<sub>2</sub>e reduction could be in the order of 1,050–1,100 tonnes per annum.<sup>4</sup>

*Clause 22(2)(a)(viii): will support climate change adaptation, reduce risks arising from natural hazards, or support recovery from events caused by natural hazards.*

- All road freight to Port Chalmers is dependent on SH88, yet this road sits between cliffs and Otago Harbour and is vulnerable to slips after heavy rain events. In October 2024, for example, multiple slips blocked SH88 for four days, creating major disruption for export and import supply chains that were dependent on road freight. Yet, the rail line was unaffected as it sits seaward of the highway. By shifting all export container receipts and import container releases to the Inland Port via rail, the risks associated with SH88 (natural hazard or otherwise) will be avoided.
- Climate change is expected to cause more frequent ship arrival delays. The additional capacity provided by the Inland Port container terminal will buffer the effects of these disruptions, allowing export production in the southern South Island to continue uninterrupted. The Inland Port will be connected to other South Island ports and inland ports through the road and rail network, improving the resilience of all South Island import and export trade in the event that any one port is out of action, or connections to them interrupted.

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<sup>2</sup> Relevant for Clause 22(2)(a)(ix) of the Fast Track Approvals Act.

<sup>3</sup> Based on the shadow price of carbon per tonne of CO<sub>2</sub>e for 2024 (\$2023) this equates to \$18,300–\$36,500 per annum (Low-High) (Source: NZTA, Monetised Benefits and Costs Manual).

<sup>4</sup> The monetary value of this benefit is \$73,500–\$154,000 per annum (Low-High).





# 1 Introduction

## 1.1 Research Purpose

Savvy Consulting Limited (“Savvy”) has been contracted by Southern Link Property Limited (“SLPL”) to deliver an economic assessment of the proposed Southern Link Inland Port in Mosgiel, Dunedin City (herein referred to as the “the Inland Port” or “Project”)<sup>5</sup> to support a consent application under the FTAA.

The purpose of this assessment is to examine how, and in what ways, the Inland Port will transform Dunedin’s transport, logistics and supply chain infrastructure to enable improved economic performance of the container logistics sector and support significant economic benefits for the Otago Region, as well as for importers and exporters across the southern South Island.

Specifically, it considers how a substantial shift in the remaining export freight (not already railed) and nearly all import freight, from road to rail within Dunedin City will increase the economic efficiency of several industry sectors and Port Otago’s container operations – improving productivity and increasing the resilience of southern South Island export and import supply chains. It also considers the other positive economic outcomes that may be indirectly unlocked by the Inland Port.

The author of this report is Natalie Hampson (Director of Savvy Consulting). While this report has been written with reference to “Savvy’s” views and expertise, they are wholly the views and expertise of the author (unless otherwise stated). A CV setting out the qualifications and experience of the Natalie Hampson is contained in Appendix A.

### **Code of conduct**

I (Natalie Hampson) have approached this assessment on the basis that it is prepared in the same way as it would be for expert evidence in Environment Court proceedings.

I therefore confirm that I have read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2023 and confirm that I have complied with it in preparing this assessment. I confirm that the issues addressed in this assessment are within my area of

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<sup>5</sup> Some images and tables in this report may also refer to the project as the “Logistics Park”. They are one in the same.





expertise, except where I have indicated that I am relying on others' opinions. I have not omitted material facts known to me that might alter or detract from my opinions expressed.

## 1.2 Research Approach and Scope

The overarching approach of this economic assessment can be summarised as follows:

1. To develop a detailed understanding of current import and export activity handled by Port Chalmers and the role of the Dunedin logistics sector in those supply chains. This is set out in Sections 2-4 of the report.
2. From that assessment, identify the risks and constraints facing Port Otago and those supply chains currently, and the economic implications of a business-as-usual future. This forms *the problem statement* and is summarised in Section 5.
3. Provide an overview of the Inland Port and how it helps address the problem statement (through direct solutions and future opportunities). Where practicable, measure the potential economic outcomes delivered by the Inland Port across key export supply chains and for Port Otago. This is covered in Sections 6 and 7.
4. Section 8 considers wider economic effects potentially facilitated by the establishment of the Inland Port.
5. Key findings and conclusions on economic benefits are set out in Section 9.

The scope of the assessment is primarily focussed on **container related freight activity** (imports and exports) via Port Chalmers as this is the main role of the Inland Port (although it is also designed to offer mode-shift benefits for some bulk commodity exporting and importing where possible).

The research sets out the current container-based **operations of Port Otago and Icon Logistics** (two key stakeholders behind the Inland Port),<sup>6</sup> and the interactions between them. Icon Logistics has the largest market share of the Dunedin container logistics sector after Port Otago, so together with Port Otago, the assessment provides a comprehensive, although not complete picture of truck-based container freight activity in the study area.

Even when focussing on just the operations of Port Otago and Icon Logistics, the customer supply chains are complex and difficult to portray in their entirety and in combination. Quantifying all truck-based freight movements (for example) with the data that is available is challenging (and may differ slightly from the approach taken by Stantec for the Integrated

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<sup>6</sup>Icon Logistics is a subsidiary of Dynes Transport – one of the Joint Venture partners of the Project.



Transport Study).<sup>7</sup> A pragmatic approach was needed to help identify and measure the economic changes enabled by the Inland Port.

A **case study approach** has been adopted for a sample of existing export supply chains currently reliant on truck transport. Examination of these supply chains is considered representative of the sorts of economic benefits that the Inland Port will offer to other exporters and importers based in the study area. Complimenting this, is a case study of a supply chain that exemplifies the economic benefits of using rail for container transport to and from Port Chalmers from Mosgiel – a logistics model that the Inland Port is seeking to replicate on a far greater scale.

Last, to fully appreciate and understand the current supply chain constraints, inefficiencies and risks faced by exporters and importers of containerised product through Dunedin's truck-dominated logistics sector (other than Port Otago's logistics operations contained within Port Chalmers), and how this will change with the Inland Port, a spatial approach to analysis has been adopted. This assessment relies on simplified maps to illustrate the movement of commodities and containers, with a key focus on supply chain movements occurring within the Dunedin urban environment.

## 1.2.1 Role of Report in the Proportionality Assessment

For clarity, this economic assessment considers economic costs and benefits but does not contain a Cost Benefit Analysis ("CBA") (formal or otherwise) that assesses all effects of the Project. The economic assessment is one of several technical assessments for the application. The substantive application report prepared by Mitchell Daysh brings the conclusions of those technical assessments together (including their respective benefits and costs (impacts)) to form a view on whether any adverse impacts are sufficiently significant to be out of proportion with the Project's benefits.

Part of this economic assessment relies on modelling that uses economic multipliers within an Input-Output model framework. I consider that Input-Output modelling is an appropriate methodology (particularly when appropriately caveated and coupled with assessment of wider economic wellbeing benefits) and is consistent with the purpose of identifying economic benefits of a Project under the FTAA. While it has been raised in other FTAA projects that applicants should use a CBA approach,<sup>8</sup> the FTAA does not contain a direction requiring this.

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<sup>7</sup> This arises from looking at the available or requested data from different perspectives, and for different assessment purposes. Some differences have been unavoidable due to the different time frames of the respective modelling, and potentially with some different assumptions. Any differences between the economic and traffic report do not undermine or diminish the conclusions of either report.

<sup>8</sup> See for example, the peer review of the Delmore FTAA economic assessment, and others.





For example, the FTAA framework is different to s 32 of the RMA which requires the identification, assessment and netting of the benefits and costs of a proposal to determine efficiency. However, there are no equivalent provisions in the FTAA, which instead relies on the approach described in s 85(3).

## 1.2.2 Data and Information Sources

This research topic is both complex and data intensive. This economic assessment draws on a range of primary and secondary data sources and literature (with the main sources listed in Appendix B). Savvy has worked closely with Port Otago,<sup>9</sup> Icon Logistics,<sup>10</sup> and Dynes Transport Group<sup>11</sup> to collate relevant business and operational data and to develop a number of customer case studies. Savvy is also grateful to these organisations for facilitating a comprehensive site visit so that all of the main industrial areas, main logistics sector facilities, Inland Port site and Port Chalmers operations could be viewed in person.

## 1.2.3 Wider Study Area

Otago Region is the key focus of this assessment in terms of realising significant economic benefits. However, actual and potential benefits for Otago Region require consideration of export and import supply chains that occur both inside and outside the region. This aligns with Port Otago's goal to be the 'port of choice' for exporters and importers in the lower South Island.

Figure 1.1 illustrates the indicative study area for this assessment (herein referred to as the "Southern Region"). This area is defined using territorial authority ("TA") boundaries. It includes all of Southland Region and Otago Region and the southern portion of Canterbury Region. The State Highway and rail network are also shown.<sup>12</sup> Broadly, the study area represents the area within which most importers and exporters currently using Port Chalmers are based (with companies specifically referred to in the report identified in the map). It also represents the catchment within which potential future (new) import and export customers of Port Chalmers are expected to be located if attracted by a highly productive, efficient, cost effective and resilient service that the Inland Port will provide.

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<sup>9</sup> Interviews/correspondence with [REDACTED]

<sup>10</sup> Interviews and correspondence with [REDACTED]

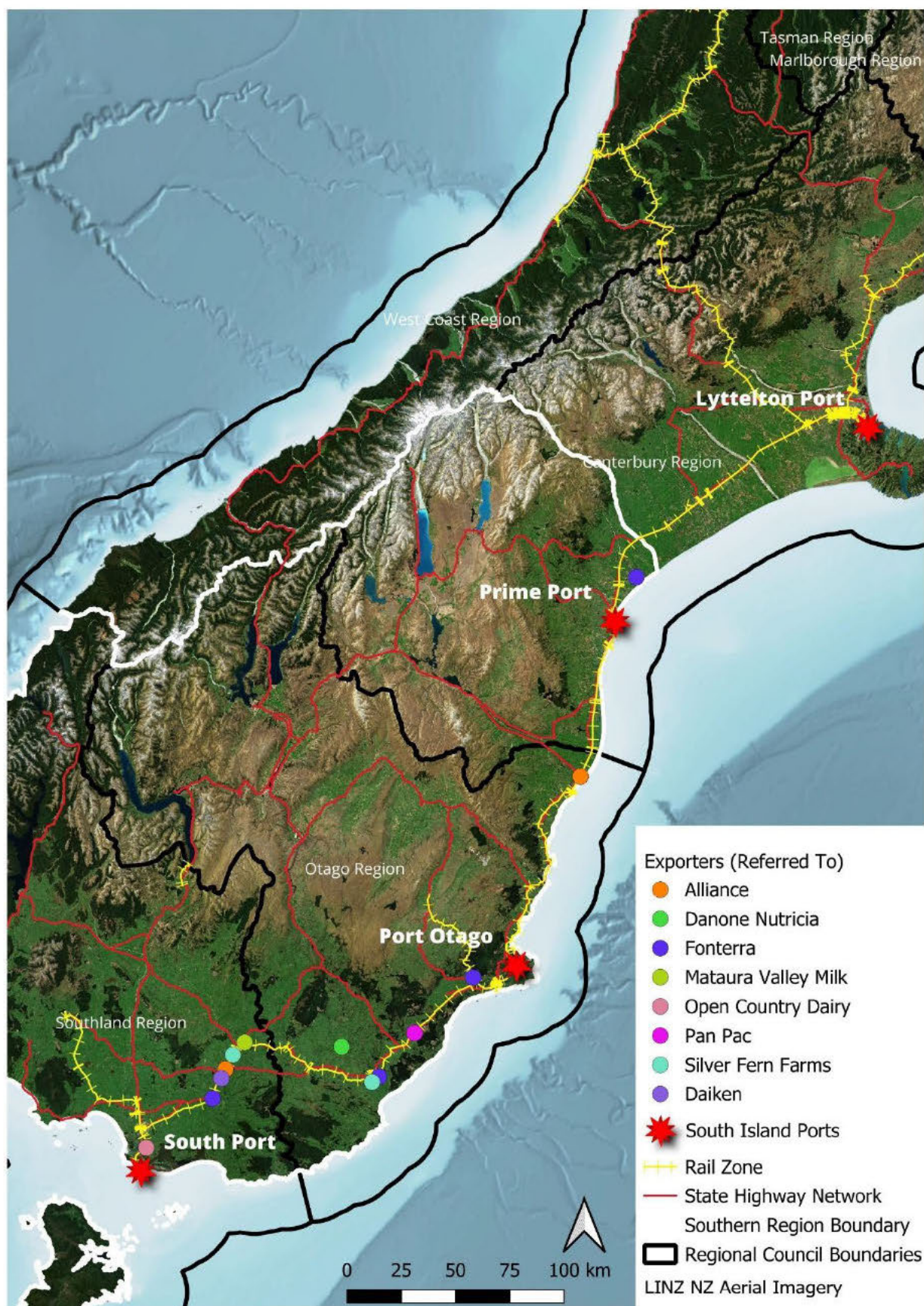
<sup>11</sup> Interviews and correspondence with [REDACTED]

<sup>12</sup> While Figure 1.1 includes the Ohai to Invercargill railway line, this has since been closed by KiwiRail.





Figure 1.1 – Study Area – Southern Region Including Export Companies Identified in Report







The northern extent of the study area recognises (and excludes) the locality closest to Lyttelton Port and its inland ports (notably the one in Rolleston) for competitive reasons. Within the study area is Prime Port (Timaru) and South Port (Bluff), both of which have lower levels of container freight activity than Port Otago.

Otago Region is a sub-area of the wider study area. Dunedin City is the largest economic centre of Otago, and the home of Port Otago and the Inland Port. While the economic benefits of the Inland Port are expected to extend across the whole study area, those benefits will be concentrated in Dunedin City and the wider Otago Region.

### 1.3 Commonly Used Terms

| Term                | Meaning                                                                                                                                                                                                                                                                                                                                         |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The Inland Port     | Proposed Southern Link Inland Port, Mosgiel (the Project)                                                                                                                                                                                                                                                                                       |
| Ambient container   | A non-refrigerated container. Suitable for dry-food products and non-food commodities.                                                                                                                                                                                                                                                          |
| Container depot     | Storage area for empty containers. Also, a location where container servicing occurs.                                                                                                                                                                                                                                                           |
| Container servicing | Applies to containers required for food exports. Servicing includes sweeping and inspection of returned empty containers, painting of inside surfaces, repair of floor/wood surfaces, and re-certification as a food-grade container that is available for hire. Container servicing applies to ambient containers and refrigerated containers. |
| Container terminal  | Storage area for full and empty containers. Can include storage of ambient containers and reefer containers (which are required to be 'plugged in' to maintain refrigeration if full).                                                                                                                                                          |
| CO <sub>2</sub> e   | A common measure for evaluating the impact of different greenhouse gas emissions on global warming – i.e., in carbon dioxide equivalents.                                                                                                                                                                                                       |
| Curtain-sider       | Refers to a either truck or rail wagons that are loaded/unloaded from the side (through an opening side curtain). Curtain-siders are preferred because they can accommodate more tonnes of product per unit than transporting product in containers (i.e. 36% more tonnes per                                                                   |





|                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                               | trip). As such curtain-siders are preferred for long-distance freight. <sup>13</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Dunedin City                  | The Dunedin territorial authority as defined by Statistics New Zealand and administered by Dunedin City Council. Includes the urban and rural areas.                                                                                                                                                                                                                                                                                                                                                                                              |
| Dunedin Urban Area            | The portion of Dunedin City that contains urban residential and business zones. Includes the main Dunedin Urban area and Mosgiel.                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Efficiency                    | Maximising output relative to inputs. Also refers to achieving the most output with the least waste. Increasing efficiency means doing more with less inputs. Inputs may be resources or money (i.e. less cost). <sup>14</sup>                                                                                                                                                                                                                                                                                                                    |
| Container skel truck          | Referred to in this report as the truck type used to transport containers. The same can apply to flat-deck rail wagons.                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Food grade container          | A container certified for food storage. May be an ambient or refrigerated container.                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Hub Port                      | A hub port is a major seaport that connects different shipping routes and facilitates the transfer of goods between multiple origins and destinations. Hub ports can receive larger vessels than other ports. Containers/goods may arrive on smaller vessels from a range of smaller ports, and those goods are then stored at the hub port until the larger vessel arrives. Port Chalmers, although primarily an export port, is capable of acting as a Hub Port for the South Island and is currently delivering this capacity at a high level. |
| Main Dunedin Urban Area       | The urban residential and business zones of Dunedin City excluding Mosgiel urban area. Includes south and central Dunedin through to (and including) Port Chalmers.                                                                                                                                                                                                                                                                                                                                                                               |
| Open Highway Zone             | Refers to the area within Dunedin City (and outside Dunedin Cit) that is outside the Rail Zone and the Urban Area Zone – see Figure 7.1. Used to distinguish freight costs and travel times per Km in the case study modelling.                                                                                                                                                                                                                                                                                                                   |
| Point to point rail transport | Transport of goods by rail between one rail siding and another siding. Can relate to containerised product or bulk                                                                                                                                                                                                                                                                                                                                                                                                                                |

<sup>13</sup> Further information on weight and ratios used in this report are contained in Appendix E.

<sup>14</sup> In RMA Section 32 terms, efficiency refers to achieving greater benefits than costs (net benefits).



|                          |                                                                                                                                                                                                   |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                          | product. Does not rely on trucks for transport between the origin and destination.                                                                                                                |
| Productivity             | Amount of work or output achieved in a certain time. Increasing productivity means doing the same job in less time. Labour productivity refers to achieving more output per unit of labour.       |
| Rail siding              | A short track at the side of and opening on to a railway line, used chiefly for shunting or stabling trains as well as loading and unloading of rail wagons.                                      |
| Rail marshalling yard    | A large railway yard in which freight wagons are organized into trains for their respective destination.                                                                                          |
| Rail Zone                | Refers to the rail corridor – see Figure 7.1. Used to distinguish freight costs and travel times per Km in the case study modelling.                                                              |
| Ravensbourne Depot       | This is the Port's newest (but temporary) empty container depot adjacent to the Ravensdown Fertiliser plant and Ravensbourne wharf.                                                               |
| Reefer                   | A refrigerated container – used for chilled/frozen products.                                                                                                                                      |
| RMP                      | Risk Management Program administered by MPI and required for all food exports. The program is audited by Assure Quality on either a 6 or 12 monthly frequency to ensure compliance.               |
| Southern Region          | The wider study area of this report as shown in Figure 1.1.                                                                                                                                       |
| Strathallan Street Depot | Also referred to as the Dunedin Depot by Port Otago. This is the Port's empty container depot on Strathallan Street in the main Dunedin industrial area.                                          |
| TEU                      | Twenty Foot Equivalent Unit. This is the common unit of quantifying container trade. One 20 foot container is one TEU. One 40 foot container is 2 TEUs.                                           |
| Transitional Facility    | TF is required and administered by NZ Customs for all import containers to be checked to ensure our borders are kept safe and secure.                                                             |
| Trans-shipping           | The transfer of goods from one ship to another. Transshipping is a key feature of hub ports. Trans-shipped containers must stay at the port as this is a requirement for customers certification. |





|                 |                                                                                                                                                                                                                                                                                   |
|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Urban Area Zone | Refers to the portion of the Main Dunedin Urban Area starting from the end of the Southern Motorway through to (and including) Port Chalmers but excluding the Rail Zone – see Figure 7.1. Used to distinguish freight costs and travel times per Km in the case study modelling. |
| 3PL             | Third party logistics. Refers to companies that provided an integrated freight, warehousing, storage, packing/unpacking and customs/quarantine service to exporters or importers.                                                                                                 |



## 2 Port Otago's Exports & Imports

Port Otago is a regionally and nationally significant infrastructure asset. Recent research by NZIER estimates that Port Otago's operations contribute around \$<sub>2020</sub>154m to Otago Region's annual direct and indirect GDP and \$<sub>2020</sub>118m to New Zealand's annual GDP.<sup>15</sup> The Port sustains a workforce of approximately 300 people across a range of occupations. Examples of key customers of Port Otago's export shipping services are Fonterra, Alliance Group, Silver Fern Farms, Daiken, Pan Pac, Danone Nutricia, Open Country Dairy, ANZCO, Affco, Wenita Forest Products, Mataura Valley Milk, Kiwi Crunch and City Forests. In addition to its import and export role, Port Otago is one of the key cruise ship ports for New Zealand, receiving more than 200,000 cruise passengers per annum.

### 2.1 Imports (YE June 2025)

StatisticsNZ data for the year ending (YE) June 2025 can be used to summarise and contextualise Port Otago's total import activity. With around 209,000 tonnes (gross) of imported goods (mainly in the form of bulk goods), with a domestic value of \$541 million, Port Otago accounts for just 1% of total goods imported to New Zealand by value and weight, and 1% of goods imported through the country's seaports by value and weight, ranking it 9<sup>th</sup> and 10<sup>th</sup> respectively of all seaports for imported goods (Figure 2.1).

When considering just seaports in the South Island, Port Otago handles 4% of imported goods by gross weight and 6% of imported goods by value, ranking it 4<sup>th</sup> highest of South Island seaports (after Lyttelton Port (1<sup>st</sup>), South Port (2<sup>nd</sup>)<sup>16</sup> and Prime Port (3<sup>rd</sup>).<sup>17</sup>

Importing (whether bulk or container) is not a key role for Port Otago at present, with just 9% of all goods passing through the Port (by weight) in the YE June 2025 being imported goods. This compares with 52% of South Port's total trade being imports, 68% of Prime Port's total trade being imports and 45% of Lyttelton Port's total trade being imported goods.

While imported goods are driven by a combination of business demand (intermediate inputs to production) and household (and other) final demand, a 1% share of national imports is disproportionately low when considering that the Otago Region has a 5% share of the

---

<sup>15</sup> This figure is considered conservative as induced economic impacts (those arising from household spending using wages and salaries sustained directly and indirectly by Port Otago) are not included in the NZIER report.

<sup>16</sup> South Port in Bluff imports mainly alumina (for the Tiwai Smelter), petroleum products, fertiliser, stock feed and acid. Port Chalmers does not have facilities for bulk liquid storage (although there is some at the Dunedin Wharves), which is a factor in its ranking.

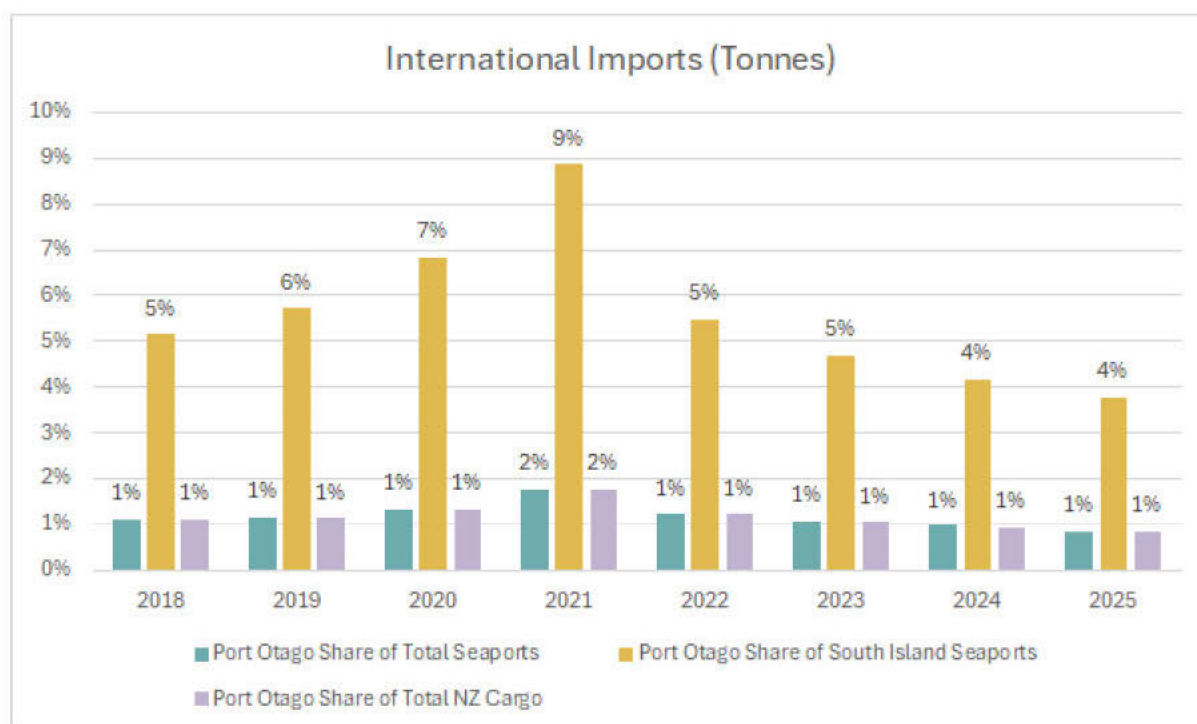
<sup>17</sup> Prime Port in Timaru imports mainly fertiliser, stock feed, petroleum and cement.





national population (YE June 2025). This suggests that some of Otago's demand for imported goods arriving by sea is being met by other seaports (i.e., demand leakage).

Figure 2.1 – Port Otago's Imports (Gross Weight Tonnes) Relative to Total Port and Seaport Imports 2018-2025



Importing (particularly container imports discussed further below) represents an important growth opportunity for Port Otago in the future and prior to 2022, its import role relative to South Island seaports had been increasing to reach a peak of 9% market share (Figure 2.1). Improving the efficiency and productivity of container import supply chains from Port Chalmers to customers will be key to Port Otago's ability to compete more strongly in the import market going forward.

## 2.2 Exports (YE June 2025)

The same StatisticsNZ data for the YE June 2025 can be used to summarise and contextualise Port Otago's total export activity. With around 2.23 million tonnes (gross) of exported goods, with a free on board value<sup>18</sup> of \$7.98 billion, Port Otago accounts for 10% of total goods exported from New Zealand by value and 6% by weight. When considering only goods exported by seaport, Port Otago accounts for 12% of goods exported by sea by value (ranking

<sup>18</sup> Refers to the price payable to the exporter for a good at the point at which the good is loaded onto a carrier at the export port.

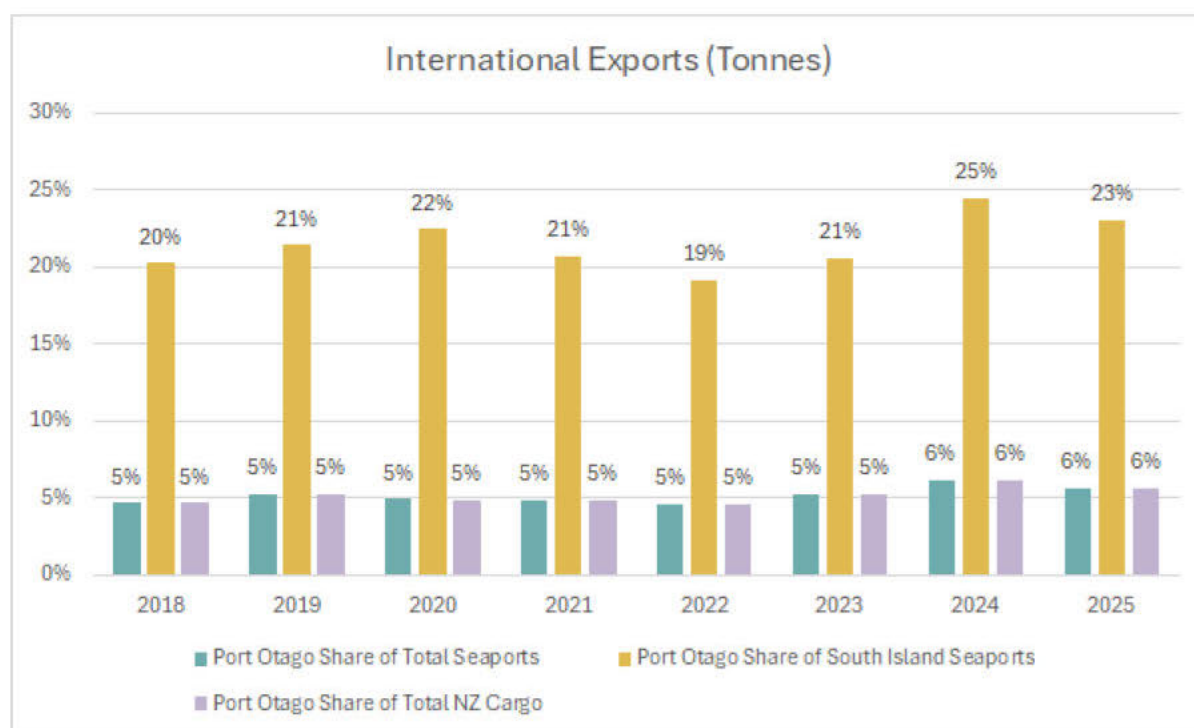


it 2<sup>nd</sup> after Tauranga and ahead of Lyttelton Port), and 6% of goods exported by weight (ranking it 5<sup>th</sup> of the seaports) (Figure 2.2).

When considering just seaports in the South Island, Port Otago handles 23% of exported goods by gross weight and 39% of exported goods by value, ranking it highest of South Island seaports (ahead of Lyttelton).

Exporting is Port Otago's primary economic role, with 91% of all goods passing through the Port (by weight) in the YE June 2025 being export goods. Since 2018, Port Otago's export market share (by weight) has been relatively stable, although trending marginally higher in the last two years. As discussed later in this report, further growth in export volumes at Port Otago is becoming constrained (if not already) by the capacity of the container terminal at Port Chalmers. However, if this constraint can be addressed, and the efficiency and productivity of export supply chains through to Port Chalmers can be improved, Port Otago will be even more competitive and in a good position to increase its export market share (by weight) over the medium and long term.

Figure 2.2 – Port Otago's Exports (Gross Weight Tonnes) Relative to Total Port and Seaport Exports 2018-2025



### 2.2.1 Export Commodities (2020)

Export data by commodity is available for the 2020 calendar year. When examining the make-up of Port Otago's export trade:

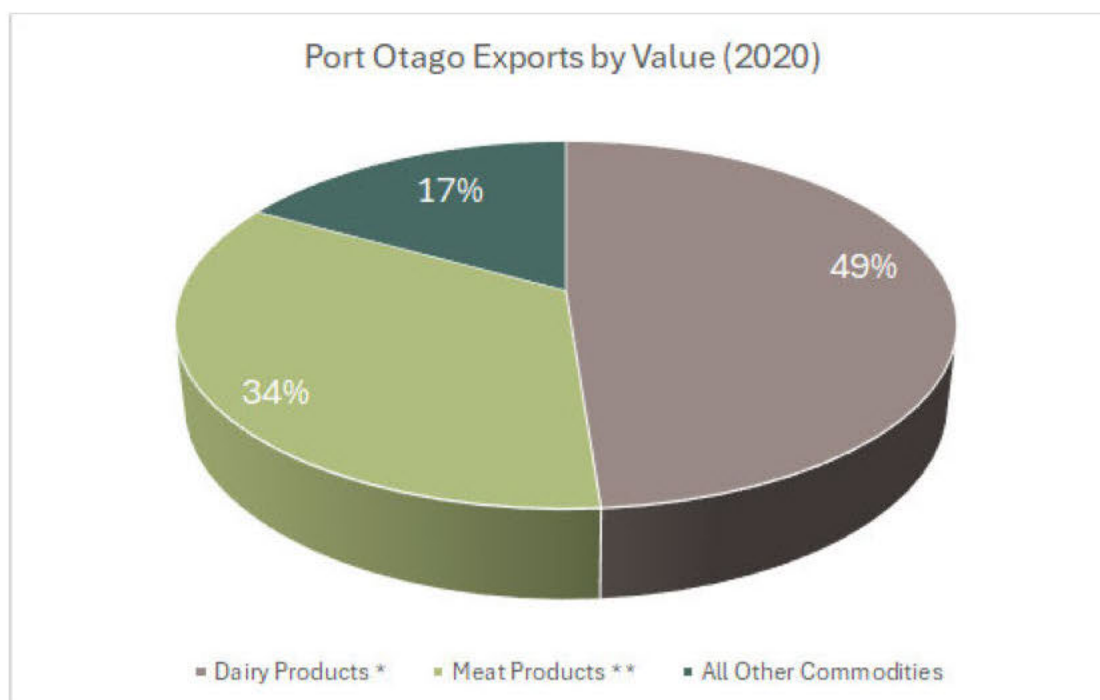




- Dairy products account of nearly half (49%) of exports by value (and 14% of all New Zealand dairy exports by value).
- Meat products account for just over a third (34%) of exports by value (and 20% of all New Zealand meat exports by value).

Figure 2.3 shows that dairy and meat exports combined account for a significant 83% of Port Otago exports by value. The next three highest export commodities by value are wood/wood products, flour/cereals and seafood. These three commodities make up 10% of the remaining 17% shown in Figure 2.3.

Figure 2.3 – Port Otago Exports by Commodity Value (2020)



Overall, the above data highlights that dairy and meat export supply chains are key to Port Otago's operations. Further, all dairy and meat products are containerised for export, in a mix of chilled and dry/ambient containers. The remainder of this report is focussed on those Port Otago container-based supply chains.<sup>19</sup> Port Otago's Container Business

<sup>19</sup> There are different supply chain configurations for non-containerised bulk products such as logs and the Inland Port is not (at least initially) going to have a role in those because they have different requirements.



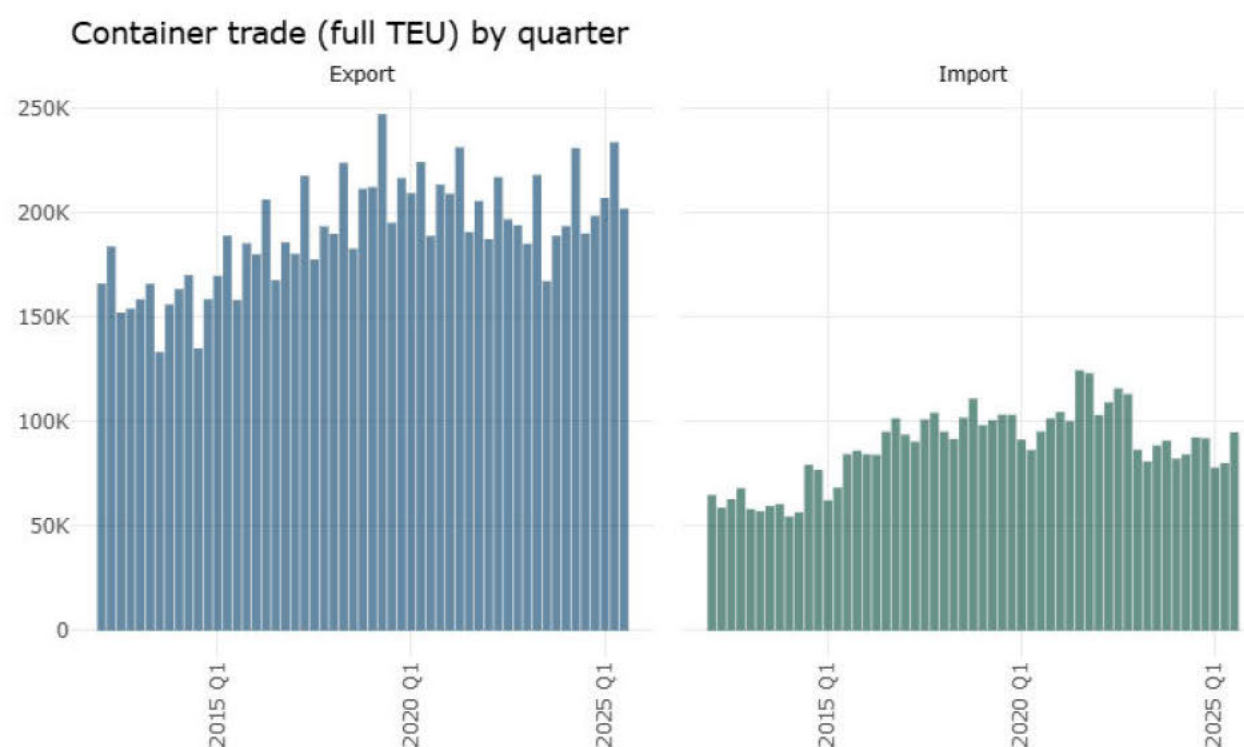
## 3 Port Otago's Container Business

### 3.1 Port Chalmers Container Activity

#### 3.1.1 Port Otago in the Context of National Container Activity

Container trade in New Zealand experiences seasonal peaks and troughs, with container exports peaking in the second quarter of each year (Figure 3.1).<sup>20</sup> Nationally, annual container trade (imports and exports) grew steadily between 2014 and 2019, after which Covid-19 had a dampening effect, and full container activity declined through to the end of 2022, early 2023. While Q2 2023 full container export trade appears to be a turning point, with growth in 2024 strong, followed by a slight increase in the Q2 peak in 2025, it is too soon to confirm a return to sustained growth at a national level.

Figure 3.1 – National Full Container Imports and Exports by Quarter (Source: FIGS)



In 2024, Auckland and Tauranga ports captured the major share of full container trade (67% combined). Of the nine main container ports, Port Otago accounts for 7% of the national total of full container trade. Container activity in the South Island is dominated by Lyttelton Port (13%

<sup>20</sup> Source: Freight Information Gathering System (Ministry of Transport).



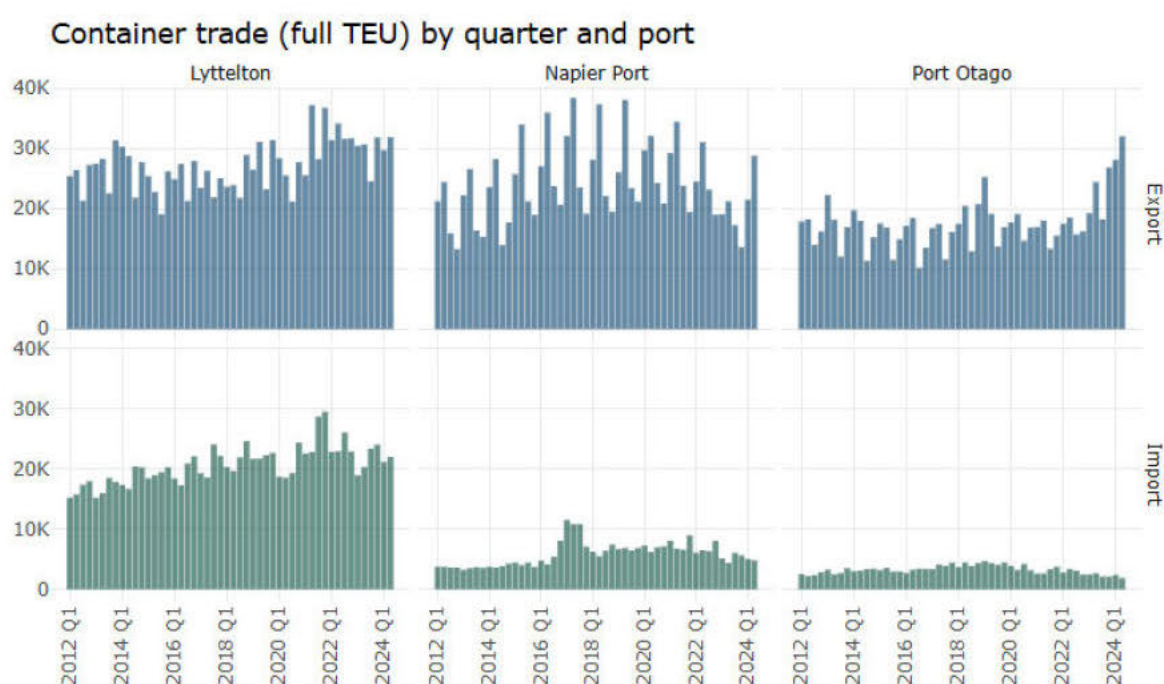


of the national total – nearly double the trade passing through Port Otago). The combined container trade of the remaining South Island seaports (South Port, Port Nelson and Prime Port) is still less than Port Otago's.

When considering just full export containers, Port Otago has a more important role (with 12% of the national total), only moderately less than Lyttelton Port (13%). The Port of Tauranga dominates export container trade, with 49% of the national total. Conversely, when considering only import container trade, Port Otago's small import role (discussed above) results in just a 1% of total full containers imported nationally. Auckland and Tauranga combined have a 78% market share of imported full containers (2024). Lyttelton Port has the third highest share of imported full container (12% of the total market).

Port Otago's full container export and import trade by quarter is compared with Lyttelton Port and Napier Port (2012-2024) in Figure 3.2. Historically, Port Otago's export container activity has been at the bottom of this 'medium volumes' group of ports, but in the most recent quarter in this series (Q2 2024), full export container volumes have exceeded even Lyttelton, by a small margin. Importantly, while full container import trade at Port Otago has continued to decline since the onset of Covid-19, Port Otago's export container trade is on an upward trajectory (compared with a relatively flat level of trade in Lyttelton). We discuss the sustainability of this growth trend later in the report.

Figure 3.2 – Comparison of Full Container Trade in Lyttelton, Napier and Otago Ports (FIGS)



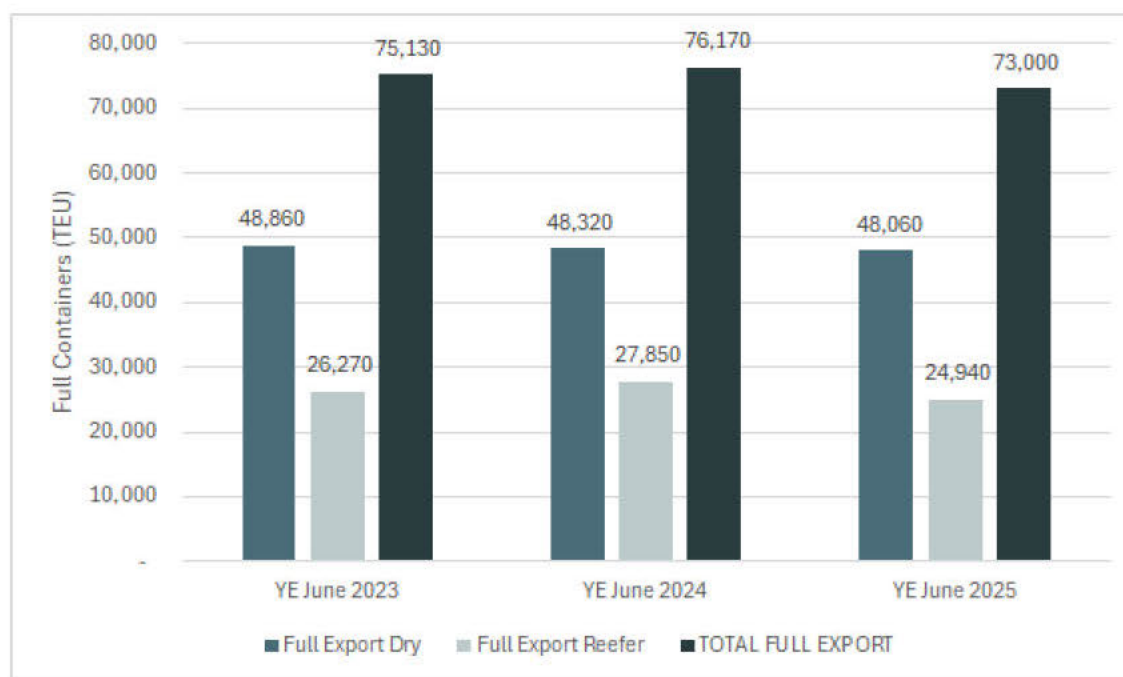


### 3.1.2 Export Container Activity

This section relies on Port Otago's container movement data for Port Chalmers, comparing the last two financial years (YE June). Based on additional data provided by Port Otago, the export container activity can be examined through a transport lens, as this provides the relevant context against which the impact of the Inland Port can be measured.

Figure 3.3 shows annual full container (TEU) exports for Port Chalmers over the last three years, including the mix of dry/ambient and reefer containers. This data captures only exports received at the port gates by road or rail and excludes trans-shipped export containers that arrive from other New Zealand ports but leave for overseas ports from Port Chalmers. Trans-shipped exports add an additional 14,530 TEU in the YE June 2023, 51,790 TEU in the YE June 2024 and 45,990 TUE in the YE June 2025 (a significant annual increase in the last two years in trans-shipping export volumes compared with 2023).<sup>21</sup>

Figure 3.3 – Port Chalmers Full Container Exports YE June 2023-2025 by Dry/Ambient and Reefer



Over the 2023-2025 period, the mix of dry/ambient and reefer full export TEUs has been relatively stable at around 63-66% of the total being dry/ambient (Figure 3.3). The YE June 2025 has seen a minor decrease in full exported TEUs from Port Chalmers over the previous two

<sup>21</sup> Total trans-shipment volumes are recorded as 29,054 TEU in 2023 increasing to 105,200 TEU in 2024 and down to 91,970 TEU in 2025. Trans-shipped containers are counted twice, once as an import and once as an export. The figures above count only the export component. Of the total growth in trans-shipped TEU (62,920 TEU 2023-2025), half of that growth was export trans-shipments (i.e. an increase of 31,460 TEU).





years. Dry export TEUs decreased by 2% to equal 48,060 between 2023 and 2025 while reefer export containers decreased by 5% to reach 24,940 TEU (for a 3% net decrease of total export TEU to reach 73,000).

The following more detailed data ratios relate to the YE March 2024 year, although it is considered representative of the YE June 2024 period which is applied to (which in turn is considered generally representative of the 2025 financial year as shown in Figure 3.3 above). Port Otago's data shows that 71% of the total full TEUS exported in the YE March 2024 comprised of meat or dairy products.<sup>22</sup> Meat products accounted for 84% of all full reefer TEU exported and dairy products accounted for 65% of all dry/ambient TEU exported.

When measured in TEUs, around 70% of export product that arrived at the Port Chalmers gate (i.e., excluding trans-shipping) arrived by rail – either already containerised (around 62% of all railed export product and almost entirely reefer containers) or in bulk (38% of all railed export product, arriving on curtain-sider rail wagons) and was then packed into containers by Port Otago in their Port Chalmers' warehouses. This is the highest utilisation of rail of any port in New Zealand.

Applied to an annual total of 76,170 export TEU (excluding trans-shipping containers) for the YE June 2024, this is approximately 53,570 TEU arriving by rail and avoiding heavy truck movements through Dunedin's urban area. Railed export product comes from a combination of:

- 61% from producers based south of Dunedin City (a mix of containerised and bulk) (indicatively 32,690 TEU).
- 13% from producers based north of Dunedin City (all containerised) (indicatively 6,830 TEU).
- 26% indirectly from the Fonterra Taieri Distribution Centre in Mosgiel (all containerised) (indicatively 14,050 TEU).

The remaining 30% of goods that make up container exports at Port Chalmers (excluding trans-shipping containers) arrives by truck. Indicatively this equates to 22,610 TEU in the YE June 2024. Most (72%) of this trucked export product arrives at Port Chalmers already containerised, with the balance arriving by truck for packing by Port Otago in its Port Chalmers' warehouses. The latter includes wood products from the Pan Pac factory in Milburn south of Dunedin.

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<sup>22</sup> Wood products accounted for approximately 14% of total full export TEU.





Trucked export product therefore has the following spatial breakdown (adjusted to YE June 2024):

- 27% from south<sup>23</sup> of Dunedin City (a mix of containerised and bulk) (indicatively 6,100 TEU).
- 8% from north of Dunedin City (all containerised) (indicatively 1,710 TEU).
- 65% local (i.e., Dunedin City) (indicatively 14,800 TEU)

An estimated 23% of trucked export TEUs that arrive already containerised is packed outside of Dunedin City (3,760 TEUs), but the majority of it (77% or 12,620 TEUs) is packed by 3PL service providers with warehouses in either Mosgiel or Dunedin.

At indicatively 22,610 TEUs heading to Port Chalmers for export in the YE June 2024 by truck, this would require **an estimated 10,480 heavy truck movements (one way) passing through some (or all) of Dunedin's urban area** on route to Port Chalmers.<sup>24</sup> This excludes the truck movements (one way) that brought the bulk product to those local 3PL warehouses based in Central Dunedin and the movement of empty containers also to those warehouses (and warehouses in Mosgiel). This is discussed further in Section 4.

### 3.1.3 Import Container Activity

This section relies on Port Otago's container movement data for Port Chalmers, comparing the last three financial years (YE June). Based on additional data provided by Port Otago (YE March 2024), the import container activity can be examined through a transport lens, as this provides the relevant context against which the impact of the Inland Port can be measured.

#### Full Container Imports

Figure 3.4 shows annual full container (TEU) imports for Port Chalmers over the last three years, including the mix of dry/ambient and reefer containers. This data captures only imports released from the port gates by road or rail and excludes trans-shipped import containers that arrive from overseas ports at Port Chalmers but leave again for other New Zealand ports.

Over the 2023–2025 period, the mix of dry/ambient and reefer full import TEUs has been relatively stable at around 98% of the total being dry/ambient (Figure 3.4). The YE June 2025 has seen a minor increase in full imported TEUs to Port Chalmers over the previous two years. Dry import TEUs increased by 4% to equal 14,880 in 2025 while reefer import containers

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<sup>23</sup> Includes Milburn (Pan Pac).

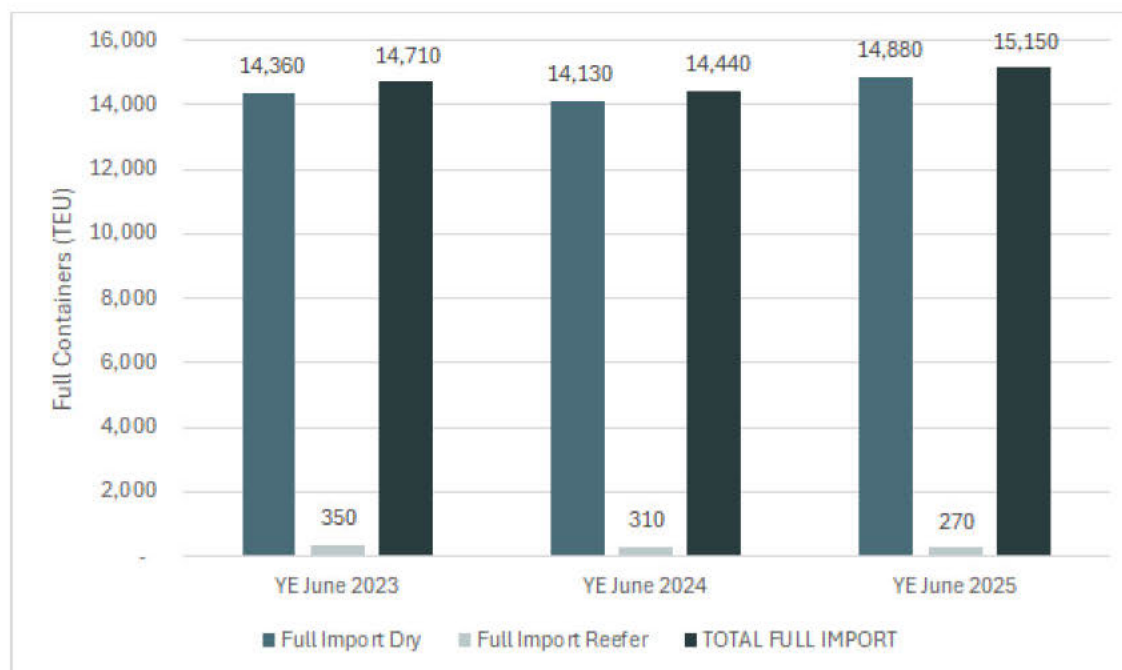
<sup>24</sup> Based on 16,380 containerised TEU on container skel trucks (2 TEU per load equals 8,190 container skel truck movements) and 6,230 TEU on curtain-sider trucks (2.72 TEU per load equals 2,290 curtain-sider truck movements).



decreased by 23% to reach 2700 TEUs (for a 3% net increase of total import TEUs to reach 15,150).

Port Otago has indicated (based on YE March 2024 data) that around 10% of these full imported containers (1,440 TEUs when adjusted to YE June 2024) departs the Port on rail. Approximately 500 TEUs are taken to Port Otago's warehousing in Port Chalmers where they are de-vanned and then predominantly trucked to customers throughout the Southern Region. Indicatively this generates 184 (one-way) curtain-sider truck movements in the YE June 2024, passing through some or all of urban Dunedin. The remaining 12,500 full imported TEUs are collected by container skel truck at Port Chalmers by 3PL service providers (and some freight companies) to be devanned elsewhere.<sup>25</sup> This indicatively generates 6,250 container skel truck movements in the YE June 2024, passing through some or all of urban Dunedin (depending on the location of the 3PL warehouses). Those un-packed goods are then transferred to curtain sider trucks for delivery to customers (i.e. a further 4,600 (one-way) curtain-sider truck movements, the majority of which will also transit through some or all of the Dunedin urban area).<sup>26</sup>

Figure 3.4 – Port Chalmers Full Container Imports YE June 2023–2025 by Dry/Ambient and Reefer



<sup>25</sup> Section 4 identifies the key players in the Dunedin City 3PL sector.

<sup>26</sup> Some general freight companies may also collect full imported containers and deliver these directly to customers.



Once de-vanned (whether at Port Chalmers or elsewhere), empty containers need to be returned to a container depot within 7 days<sup>27</sup> of being unloaded from the ship. Port Otago facilitates this activity on behalf of the shipping companies.<sup>28</sup> This means all containers need to make their way back to either Port Chalmers or the Strathallan Street container depots (discussed further in Section 3.2) where they are either cleaned or serviced and then stored ready for hire. The only exception is when a container can be ‘flipped’ or repacked with general (non-food) goods. In such circumstances, the 3PL service provider can notify the shipping company that it is de-hiring and re-hiring the same container.

The return of emptied import containers generates additional truck movements (assumed at a rate of 2 TEUs per container skel truck)<sup>29</sup> within urban Dunedin.

### Empty Container Imports

As Port Otago’s container activity is heavily weighted to exports, there is a significant imbalance in container stock (Figure 3.5). For every 100 full export TEUs that pass through Port Chalmers per annum (excluding trans-shipped containers that arrive and depart again from the container terminal), there is around 19-20 full TEUs imported (YE June 2024).

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<sup>27</sup> This time period can vary.

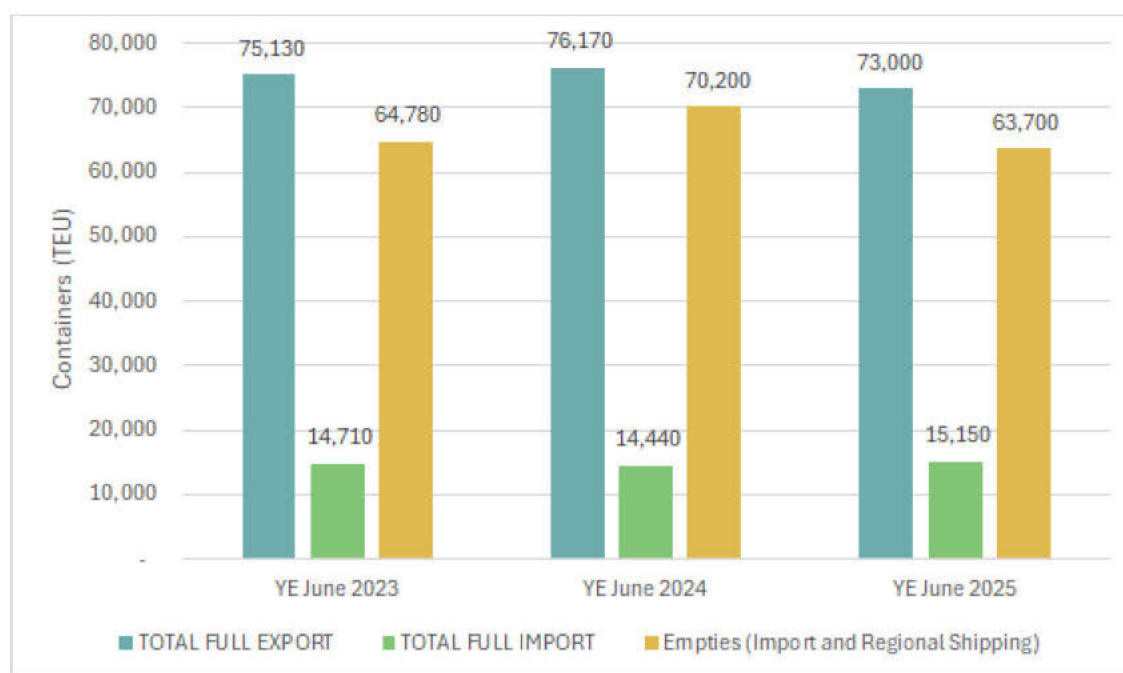
<sup>28</sup> All hiring of containers is via the shipping companies. Port Otago cannot release an empty container until approved to do so by the shipping companies. Businesses are charged for shipping containers on a daily basis. Charging starts when the empty container leaves the depot to being returned to a depot. Hence, the disincentive to hold on to empty containers for any longer than needed.

<sup>29</sup> This report has assumed that all truck movements carry 2 TEUs (i.e. operate at maximum efficiency). It is acknowledged that this may not always be practical, and trucks may also be transporting just 1 TEU. Truck movements quantified in this report may therefore be conservative.





Figure 3.5 – Port Chalmers Full Container Imports and Exports and Empty TEUs (All Types) YE June 2023-2025



To manage export customer demand for empty containers, Port Otago imported approximately 70,200 TEUs of empty containers in the YE June 2024 to help maintain supply/availability of empty containers for hire within the Southern Region (Figure 3.5).

Based on full export TEUs, an estimated 26,360 empty TEUs are required by Port Otago for their warehouse packing at Port Chalmers throughout the year (and so do not require any transport other than within the Port). A further 14,050 empty TEUs are required throughout the year at the Fonterra Taieri Distribution Centre (which can be railed due to that facility's rail siding<sup>30</sup>). An estimated 12,580 empty TEUs are required throughout the year at other Dunedin 3PL warehouses (in the Dunedin urban area or Mosgiel). The rest are required north or south of Dunedin (i.e., at processing plants that do their own packing for export). This is indicatively 19,380 empty TEUs (all of which can be sent via return rail).

The majority of the empty containers needing to be shipped into Port are food-grade. These tend to arrive in New Zealand already serviced and available for hire (this servicing may have been done in large depots in Australia for example) or will need to be serviced by Port Otago at one of their service depots (discussed below).

<sup>30</sup> Once serviced at the Port Chalmers depots.



Storage of empty containers is a critical issue for Port Otago and the movement of empty containers – for servicing, storage and hire all generate additional vehicle movements within or through urban Dunedin, by truck and by rail. This is discussed further below.

## 3.2 Port Otago's Container Operation Sites

As discussed above, Port Otago's direct role in container-based supply chains (export and import) is comprised of:

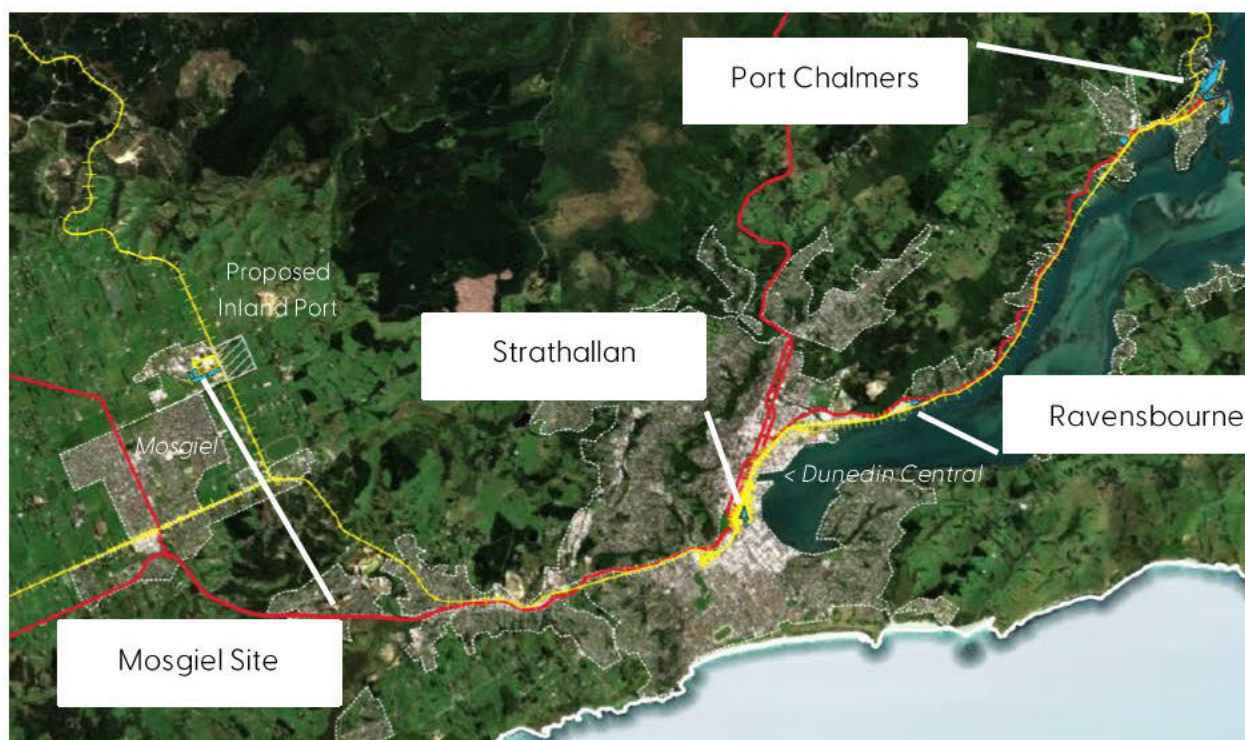
- container terminal (including trans-shipping) operation at Port Chalmers,
- container depot activity. I.e., receiving, servicing, and storing empty containers on behalf of the shipping lines who own the container stock, and
- third party logistics ("3PL") services offered from its warehouse facilities at both Port Chalmers and at nearby Sawyers Bay<sup>31</sup>. This logistics operation is discussed in more detail in Section 4.

Initially, Port Otago's container terminal and container depot (and warehousing) operations were all located in Port Chalmers, but as container trade grew and space became more limited at Port Chalmers, a second container depot in central Dunedin was added on Strathallan Street. More recently, as the Strathallan Depot has reached capacity, a third container depot has been added to increase capacity (Ravensbourne). These sites are mapped in Figure 3.6.





Figure 3.6 – Map of Port Otago Container Business Operational Sites in Dunedin



Included in the map is a vacant site purchased some years ago by Port Otago in Mosgiel (now owned by SLPL), which was earmarked for an inland container terminal and depot but not pursued for that purpose to-date. The location of the Inland Port is included for context in Figure 3.6.<sup>32</sup> Each of Port Otago's container sites are discussed in more detail below.

### 3.2.1 Port Chalmers

Port Chalmers has evolved over the past 150 years in response to changes in shipping and export activity in the Southern Region.<sup>33</sup> An ability to be responsive to changes in demand and supply will be equally important for Port Otago in the future if it is to remain resilient and competitive.

Today, Port Chalmers is one of New Zealand's two deepest container ports and can service the largest container ships visiting New Zealand. This has contributed to Port Chalmers recently being designated as a 'hub port' for Maersk Shipping.<sup>34</sup> This means that, along with the Port of Tauranga, it provides trans-shipping services. Export containers from other smaller ports in the South Island (i.e. Nelson, Prime Port, South Port) are brought to Port Chalmers by coastal shipping. These are off-loaded and stored on the wharves before being re-loaded

<sup>32</sup> Labelled Logistics Park.

<sup>33</sup> This includes the major shift from sheep farming to dairy farming in the 1990s and 2000s.

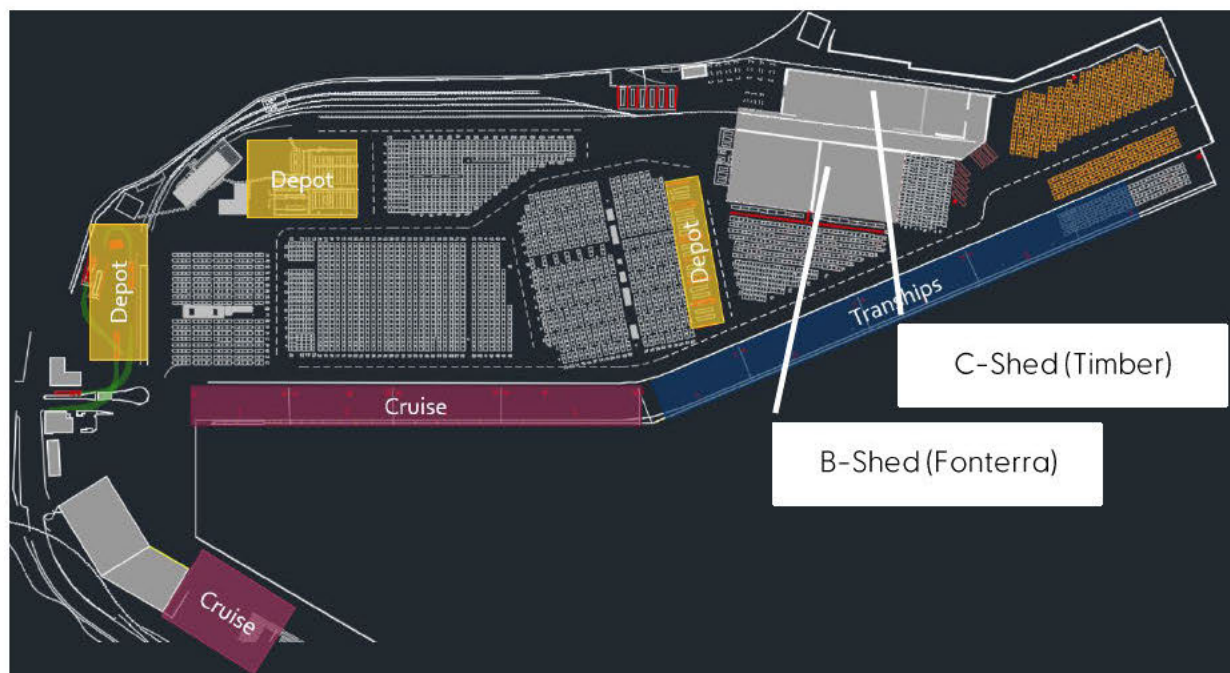
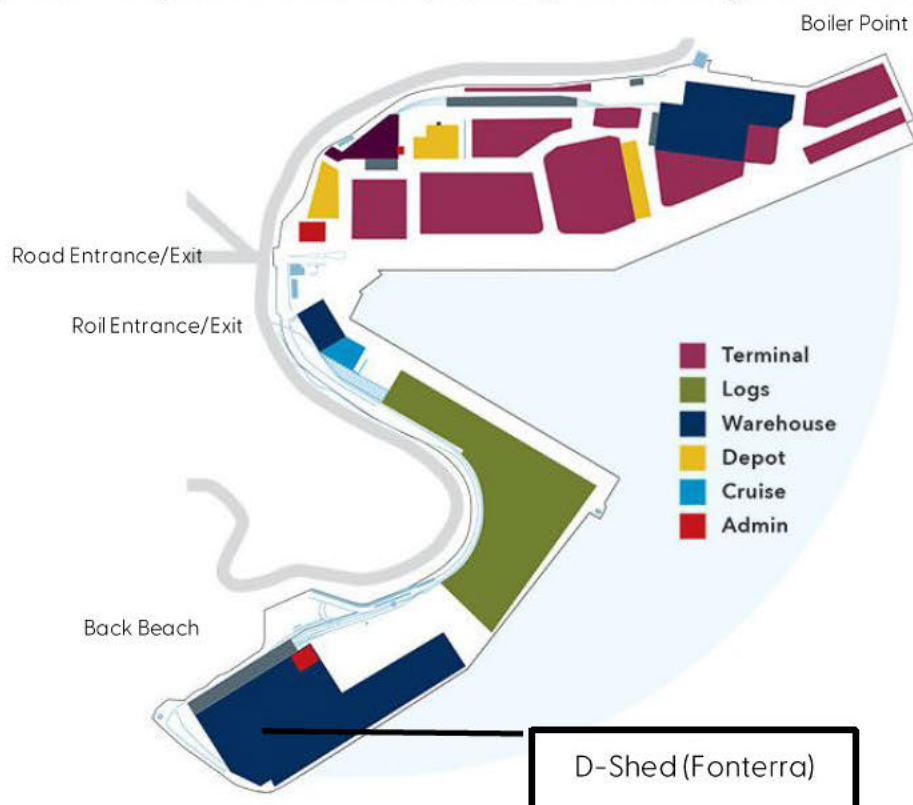
<sup>34</sup> The emergence of hub ports for global shipping started around 5 years ago.





onto larger international bound container ships.<sup>35</sup> The hub port status has been a contributing factor in increased total container activity at Port Chalmers recently (discussed above).

Figure 3.7 – Maps of Port Chalmers, Including Warehousing and Container Terminal/Depots



<sup>35</sup> Port Chalmers also provides import trans shipping, but this activity is relatively minor.



Port Chalmers can store more than 7,000 full and empty TEU and has one of the highest counts of reefer plug-in points of any New Zealand port, with 1,650. The combined container terminal and container depots at Port Chalmers cover 17.7ha (approx.) (Figure 3.7).

Warehousing space at Port Chalmers totals 63,400sqm, dominated by the substantial 38,000sqm of food-grade warehousing (D-Shed) contracted and operated by Fonterra at the Back Beach end of the Port. D-Shed and B-Shed (also contracted by Fonterra but operated by Port Otago) receive dry-dairy product directly by rail from Fonterra's Edendale plant on curtain-sider rail wagons. In its role as a 3PL service provider, Port Otago packs the Fonterra product into containers, carries out/organises all the necessary customs checks, and moves the packed containers over to the container terminal to await shipping.

C-shed is used by Port Otago to provide a 3PL service for the packing of MDF from Daiken. Port Otago packs the MDF that has arrived by rail in bulk curtain-sider wagons. The packed containers are then exported by container vessel.

Port Otago is in the process of transitioning its 4.6ha log storage area at Port Chalmers (Figure 3.7) to land near the Dunedin wharves (to consolidate log activity near the Bulk Port). The transition of logs out of Port Chalmers will not create more capacity for container storage. It will however reduce log-truck movements to Port Chalmers by up to approximately 105/per day (effectively year round).

### 3.2.2 Strathallan Street Container Depot (Dunedin Depot)

Also referred to as the Dunedin Depot by Port Otago, this 2.7ha site in Dunedin's central-south industrial zone provides critical empty container storage and servicing capacity for Port Otago's container operations. As shown in Figure 3.8, the site has an unusual shape, that is far from the ideal rectangular shape of an efficient container terminal or depot. While close to the rail line, the site does not have its own rail siding.





Figure 3.8 – Aerial Image of the Strathallan (Dunedin) Container Depot



Rail access is provided via the neighbouring KiwiRail CT (container) yard. KiwiRail lifts empty containers off the trains arriving from Port Chalmers and places them over the boundary into the depot (and vice versa if empty containers are needed back at Port Chalmers).

Other neighbours of the Strathallan Depot include MainFreight's Dunedin distribution centre (treated as a 3PL service provider and part of the Dunedin container logistics sector for the purpose of this report), as well as Peter Baker Transport and Team Global Express – both classified as freight companies for the purpose of this report. The site therefore forms part of a freight and logistics cluster on Strathallan Street (where a lot of truck movements are generated. The Strathallan Depot alone generates around 4,000 truck movements per annum). Aside from its rail access, other positive attributes of the Strathallan Depot are its relative proximity to State Highway on/off ramps in central Dunedin. It is relatively central to existing container logistics providers in central Dunedin (including Icon Logistics discussed further in Section 4).

Strathallan has capacity to store 1,500TEUs. It receives empty containers from other 3PL service providers (such as Icon Logistics) and from the Port Chalmers depot(s). It has been operating at capacity for several years.





One driver for the Inland Port is the termination of Port Otago's lease of the Strathallan site in 2030. With no ability to renew, and no other vacant industrial land readily available (with or without rail access) in Dunedin City's industrial zones, container depot activity will need to shift from 2030 to a combination of the Ravensbourne Depot (discussed below) and the site the Port originally purchased in Mosgiel (discussed below). The optimal outcome for Port Otago is to transfer its container activity occurring at Strathallan (and Ravensbourne) to the Inland Port prior to the lease expiring in 2030.

### 3.2.3 Ravensbourne Container Depot

Ravensbourne is Port Otago's newest empty container depot. It is 2.0ha in size and has total capacity for approximately 1,000 TEUs. It is located on vacant land adjacent to the Ravensdown Fertiliser Plant<sup>36</sup> and wharf (Figure 3.9). As discussed above, this vacant site was necessary to address capacity shortages at Port Chalmers and Strathallan (i.e. it provides over-flow storage for already serviced (i.e., available for hire) containers). Unlike Strathallan and Port Chalmers, no servicing occurs at this depot and therefore it does not receive de-vanned containers from 3PL service providers (or other customers).

Figure 3.9 – Aerial Image of the Ravensbourne Container Depot



<sup>36</sup> The closure of the Ravensdown Fertiliser plant has recently been announced.



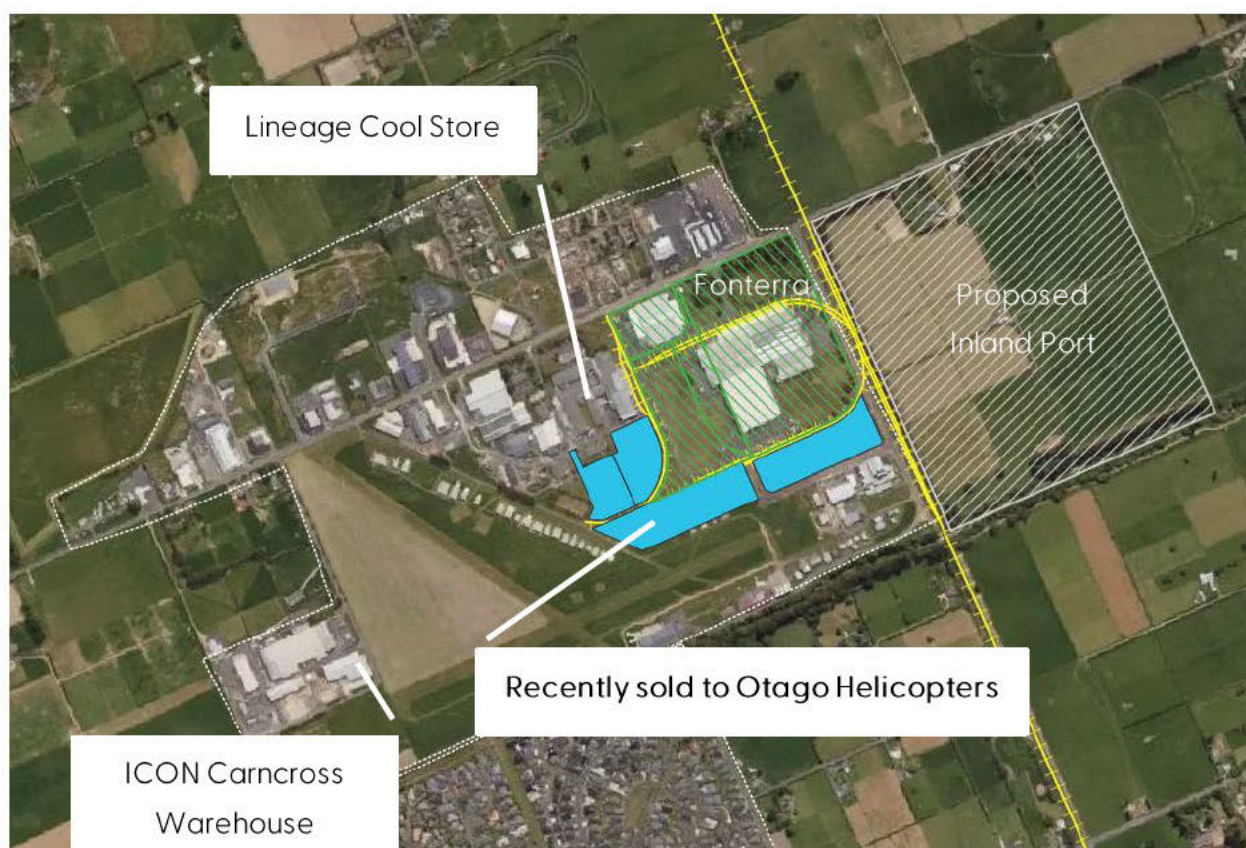


The site is well located relative to State Highway 88 between central Dunedin and Port Chalmers. The site is adjacent to the rail line, but no rail access/siding is available. All containers arriving and leaving this depot are therefore transported by truck. If the Inland Port is established, Port Otago will decommission this site as it has only been established as a temporary depot solution.

### 3.2.4 Mosgiel Site

Purchased in 2005, this 7.6ha site (Figure 3.10) was originally ear-marked as a future inland container port (terminal and depot). While it has the requisite rail siding infrastructure (owned and operated by KiwiRail) and is now close to existing Port Otago customers (including Fonterra's Taieri Distribution Centre, Lineage Coolstore and Icon's Carncross Street Warehouse) the 'L' shape of the site does not meet the modern needs of an efficient container terminal/depot (with a rectangular or square shape being optimal with a rail siding on one side). In this case, the side opposite the rail siding very closely borders the aerodrome runway. The proximity to the aerodrome also limits the height at which containers could be stacked on the site.

Figure 3.10 – Aerial Image of Southern Link Property Limited's Vacant Mosgiel Site (Blue Parcels)







In the absence of the Inland Port, Port Otago may be forced to utilise this land in the short-medium term (tied to the lease ending at Strathallan in 2030) given the absence of vacant industrial zoned land elsewhere in Dunedin City (with or without rail siding infrastructure). However, the site is considered too small now to provide an effective medium-long term growth/buffering solution for Port Otago's projected container trade (and the bottom left parcel shown in Figure 3.10 has since been sold to Otago Helicopters). The remainder of the land, separated by Otago Helicopters Site, has recently been sold to SLPL (the joint venture between Port Otago and Dynes Transport Group) and is being used in the interim as the Dukes Road West Yard. It is operated by Icon Logistics to facilitate container activity for the Lineage Cool Store.<sup>37</sup>

### 3.2.5 Summary of Transport Links

Figure 3.11 summarises the flow of empty containers between Port Chalmers and its two operational container depots.<sup>38</sup>

When required, empty containers are transported by road and rail between Port Chalmers and Strathallan (i.e. the rail access does not mean that all empty containers are transported by rail). The majority of empty containers serviced and stored at Strathallan Street are however those received back from Dunedin's other 3PL service providers (i.e. de-vanned import containers).<sup>39</sup>

Empty containers are only trucked to Ravensbourne from Port Chalmers or Strathallan. Ideally there is no movement of serviced empty containers from Ravensbourne to Strathallan. Occasionally empty containers are transported from the two Dunedin depots back to Port Chalmers if the Port Chalmers depot is running low.

While the movement of empty containers by Port Otago using rail is considered efficient and contributes to the productivity of container operations, the movement of empty containers by truck – all of which is occurring within the main Dunedin urban area – detracts from the efficiency and productivity of Port Otago's overall container trade, contributes to congestion on urban roads and road degradation, and increases GHG emissions and fuel consumption relative to the rail alternative.

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<sup>37</sup> This recent change in use (noted in the report) has occurred after the detailed analysis in the report was completed. As such, it may create minor inconsistencies with any other references to Lineage Logistics' containing movement pathways in later sections. This is not material to report findings.

<sup>38</sup> To clarify, Figure 3.11 does not show the flow of empty containers to and from these depots to customers or other 3PL service providers. Those movements are in addition to those mapped, with examples mapped in Section 4.

<sup>39</sup> This circulation of 'import full, empty, export full' containers within Dunedin Central is not shown Figure 3.12.



Figure 3.11 – Empty Container Flows Between Port Otago Depots

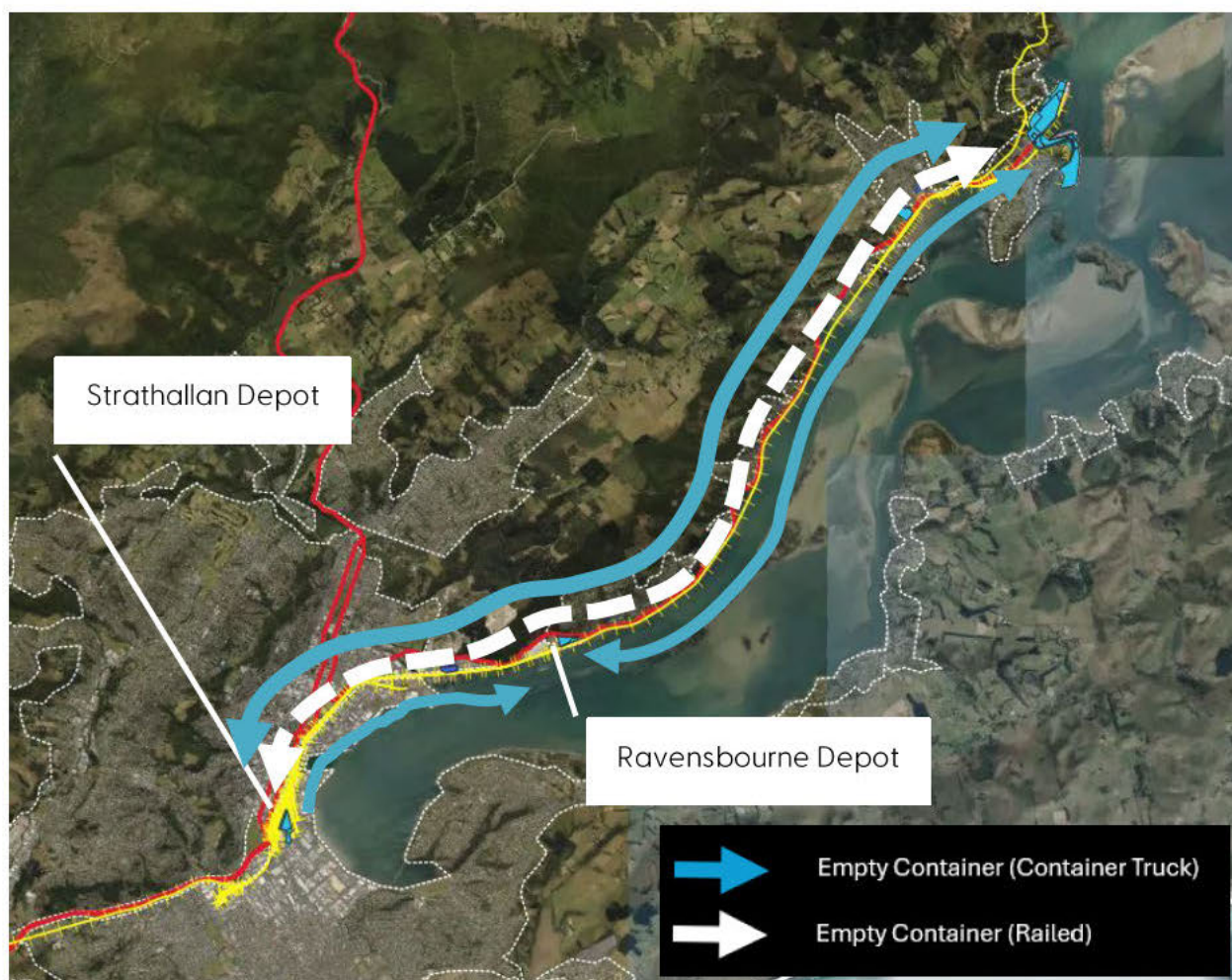


Table 3.1 provides the road and rail distance between Port Otago's container facilities (including the SLPL facility). As noted, only Port Chalmers, Strathallan and the Mosgiel site are rail-connected. Further, the distance between the Mosgiel site and Strathallan are not shown in Table 3.1 because the Mosgiel site is only likely to be used when the Strathallan Street lease expires (and *if* the Inland Port is not operational).





Table 3.1 – Distance Matrix by Mode Between Port Otago's (Incl. JV) Container Facilities

|                           | Road Distance (km)  |                        |                         |                | Rail Distance (km)  |                           |                         |                |
|---------------------------|---------------------|------------------------|-------------------------|----------------|---------------------|---------------------------|-------------------------|----------------|
| Origin/<br>Destination    | To Port<br>Chalmers | To<br>Strath-<br>allan | To<br>Ravens-<br>bourne | To<br>Mosgiel* | To Port<br>Chalmers | To<br>Strath-<br>allan ** | To<br>Ravens-<br>bourne | To<br>Mosgiel* |
| From Port<br>Chalmers     |                     | 14.4km                 | 9.0km                   | 31.3km*<br>**  |                     | 14.4km                    | N/A                     | 27.6km         |
| From<br>Strathallan       | 14.4km              |                        | 5.4km                   |                | 14.4km              |                           | N/A                     |                |
| From<br>Ravens-<br>bourne | 9.0km               | N/A                    |                         | 22.3km<br>***  | N/A                 | N/A                       |                         | N/A            |
| From<br>Mosgiel *         | 31.3km***           |                        | 22.3km                  |                | 27.6km              |                           | N/A                     |                |

\* Currently being used by Icon as the Dukes Road West Yard – could be used to help replace capacity at Strathallan if the Inland Port is not established at all (or not established before Strathallan's lease expires).

\*\* Rail access courtesy of KiwiRail yard on shared boundary. \*\*\* Via State Highway 1.

Note, the rail distance between Mosgiel and Port Chalmers shown here would be the same for the Inland Port if established (28km).

Table 3.1 shows that from a distance perspective, there is no difference between road and rail between Port Chalmers and Strathallan. If the Mosgiel site was utilised instead of Strathallan, then the road distance from Port Chalmers is more than double. The rail distance is slightly less than the road distance, and while the rail distance to Mosgiel is further than Strathallan from Port Chalmers, the additional distance is relatively less important on rail because the payload of shuttle trains is substantial relative to trucks and the costs and GHG emissions per tonne-km are also lower (among other benefits).

### 3.3 Port Chalmers Operational Constraints

Port Otago is operating profitably, and total export container activity has increased recently (due mainly to trans-shipping activity), however, Port Otago's container trade operations are not as efficient or productive as they could be. This is despite Port Chalmers having the highest share of export goods arriving by rail of any New Zealand port (estimated at 70% for the YE June 2024). Critically, continued growth in Port Otago's container trade is not sustainable over the medium and long-term if the identified operational constraints are not addressed.



The following summarises key constraints facing Port Otago's container operations:

- Port Otago has made a commitment to iwi and the community that it will not seek any further reclamations of the harbour to increase the area of Port Chalmers to provide for growth. This decision plays a key part in their social licence to operate.
- The land (including existing reclaimed land) available at Port Chalmers is narrow in shape which restricts the container terminal's scale and operational use. A master planning exercise carried out in 2017 resulted in the advice for Port Otago to develop an inland port to improve container operations and cater for growth off-site (and move log activity to the Dunedin Wharves).
- The container terminal at Port Chalmers can store up to 7,000 containers, including 1,650 reefers. It has reached near this capacity, with adverse impacts on productivity within the terminal (i.e., containers are often needing to be moved or restacked multiple times at the terminal before ships arrive – double handling).
- Empty container arrivals congest the wharves and while some empty containers are required at Port Chalmers to meet Fonterra's D-Shed container packing and Port Otago's 3PL activities (carried out within its Port Chalmers (and Sawyers Bay) warehouses), storing empty containers at Port Chalmers takes up space better used for full containers.
- Servicing of empty containers at Port Chalmers takes up space better used for full containers.
- Trans-shipping exports are a profitable activity that will remain as a key service offering. Trans-shipping requires containers to be stored at Port Chalmers before being re-loaded on another vessel,<sup>40</sup> this reduces capacity for direct export containers and for other activity. While capacity issues caused by trans-shipping have been managed to-date, this has only been possible by encroaching on log storage and establishing the Ravensbourne depot. Such responses can no longer be replicated easily.
- Global shipping schedule reliability had decreased significantly in recent years and averaged around 65% (2024) arriving on time (compared to 83.5% around 2019 for example). While Covid-19 was a key disruptor to shipping reliability, reducing shipping reliability globally to around 30% at that time, reliability has continued to improve but shipping schedule reliability can still be an issue, including as a result of climate change

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<sup>40</sup> This is a customs requirement.





impacts.<sup>41</sup> Delays in ship arrivals requires ports to have much greater container terminal storage capacity for export containers (referred to as buffering capacity). The container terminal at Port Chalmers has no meaningful buffering capacity to deal with ship delays and as a result, efficiency of the container terminal has started to decline – particularly in peak season.<sup>42</sup>

- Export customers/3PL service providers are sometimes unable to deliver containers to Port Chalmers because the terminal is full with the next voyage's export loadings.<sup>43</sup> This has ramifications back through the supply chain, including for the food processors themselves.<sup>44</sup> It puts pressure on 3PL providers and processors to store the full containers until space is available at Port Chalmers, delay packing of containers (which puts pressure on warehousing space), or worst case, slow/delay production (particularly for short-shelf life chilled products).<sup>45</sup> When this occurs, it reflects poorly on Port Otago's service reputation and can lead to leakage of export demand in peak season to other ports creating opportunity costs for Otago Region's employment and GDP.
- The secondary impact of unexpected shipping delays that is critical at Port Otago is the delays in receiving empty container imports. Port Otago have stated that shipping lines have requested them to hold more than the current empty containers capacity for use within the Southern Region at any one time (and particularly during peak export periods). The current total capacity of 4,000 containers could almost be doubled to 8,000 to make the supply chains more resilient to both shipping delays and supply chain demand changes. Additional capacity is therefore needed to buffer the storage of empty containers.
- Port Otago could handle more ship arrivals but cannot realise this opportunity without a more efficient export and import container supply chain that is also more resilient to disruptions (including natural hazard events) and unexpected delays.
- The lease on the Strathallan depot terminates in 2030 with no right or renewal.

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<sup>41</sup> Source: New Zealand Ports and Freight Yearbook 2024, Deloitte Access Economics, Port Otago.

<sup>42</sup> Port Otago can utilise its two other land-side depots in such situations (to store full containers) until they too are full. As discussed, the Strathallan Depot is already operating at full capacity so offers no meaningful back up for full container storage.

<sup>43</sup> In such circumstances, Port Otago physically closes the Port so that no new containers can be delivered.

<sup>44</sup> While the Strathallan Depot is a transitional facility, it has no real capacity to meaningfully assist with full container storage when the Port Chalmers Container Terminal is full.

<sup>45</sup> As discussed later in Section 4, the 3PL sector in Dunedin is also constrained in terms of full container storage and warehousing capacity so this compounds the issues facing Port Chalmers.



- The Ravensbourne depot provides additional capacity for empty serviced container storage but is wholly truck dependent which drives up costs and decreases productivity.
- The Mosgiel sites adjacent to the Fonterra Taieri Distribution Centre and Lineage Cool Store are not fit for a depot and logistics hub of any significant scale and would only provide for short-medium term servicing.

### 3.4 Port Chalmers Optimal Future Container Operation

Port Otago's aim is for Port Chalmers to be the port of choice for exporters within the Southern Region and to reduce leakage of export freight from Otago and grow import container trade. Key moves that Port Otago considers will improve productivity, efficiency and resilience of container operations at Port Chalmers, and enable sustainable growth, include (but are not limited to):

- Relocating non-Fonterra warehousing (and 3PL services associated with those warehouses) away from the Port Chalmers (freeing up valuable land within the Port if sheds are removed but also reducing the associated empty container servicing/storage area required for that warehouse activity). This will require new warehousing capacity/land (with rail access) to be found elsewhere.
- Closer to 100% of export product arriving by rail (and already containerised) (up from 70% currently). This net increase will require a fundamental restructure of the 3PL service sector in Dunedin to accommodate a mode shift to rail. It will require export goods warehousing to have rail access (something that does not exist in Dunedin City). For its part in achieving this goal, Port Otago is currently investing in a \$13.5 million upgrade of its rail sidings at Port Chalmers to replace an end of life asset and maintain the high level of rail capacity.
- Closer to 100% of full containers imported to leave Port Chalmers by rail (up from 10% currently). This net increase will require import goods warehousing to have rail access (something that does not exist in Dunedin City).
- The majority of empty containers imported (excluding reefers which will be retained at the Port) leave Port Chalmers by rail. This will free up depot capacity at Port Chalmers by removing 30-40% of current dry/ambient empty container servicing. This in turn will require all container depot capacity to have rail access (something that only partially exists today, and that will not exist when the Strathallan lease expires).





- Port Chalmers attracts new export and import customers, growing its market share and economic activity in Otago Region. This will require demonstrable improvements in the supply chain efficiency, productivity and resilience of services able to be offered by Port Otago and its affiliated 3PL service providers in Dunedin to be more competitive.

These required changes are significant and transformative in economic terms. They would impact directly on multiple actors in the export and import container trade: Port Otago, the 3PL service sector, export and import customers, and Kiwi Rail. It would require a coordinated and strategic restructure of supply chains, including changes in the distribution of supply chain activity on the ground. Such changes (including land use changes) would require significant investment.

The potential to realise these changes (through the Inland Port), and the economic benefits that will flow directly and indirectly from them, are discussed later in this report.



## 4 Dunedin's Logistics Sector

### 4.1 The Logistics Sector's Key Economic Role

Logistics companies, specifically 3PL service providers, play a key role in container focussed export and import supply chains. At a high-level, demand for 3PL services is driven by the following key factors:

- For exporters like food processors, investing in on-site warehousing is a significant capital investment (with associated operational costs), particularly when that space is not utilised consistently. It is more cost efficient to outsource warehousing (including on an as-needed basis)<sup>46</sup>.
- For many exporters (i.e. food processing plants), their site is not adjoining a rail line. Even when adjoining a rail line, few have a rail siding. Rail sidings are a significant capital investment for construction and maintenance. For exporters highly dependent on road transport to move product, outsourcing that transport function is more efficient and productive. While freight and logistics companies provide transport services, logistics companies offer wider benefits (discussed above and below) than pure freight companies.
- It is more efficient and productive to transport import/export product over long distances on a curtain-sider truck or rail wagon than in a container. This is because approximately 34 tonnes of un-containerised product can be loaded onto a curtain-sider truck,<sup>47</sup> but approximately 25 tonnes of containerised product can be loaded onto a container skel truck (carrying 2 TEUs once the weight of the container is included).<sup>48</sup> Trucking 1,000 tonnes of product would therefore take around 30 curtain-sider truck movements, compared to around 40 truck movements on a container skel truck once the product is containerised. While some processors pack their product into containers at the processing plant (particularly when they have a rail siding), many

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<sup>46</sup> It is also common for large exporters like Fonterra to contact warehouse space (which may translate to the whole warehouse) just as a contingency. In some seasons, it may not be used at all.

<sup>47</sup> The legal limit of a 9 axle curtain-sider on road is 36 metric tonnes.

<sup>48</sup> The legal limit of quad skel 8 axle truck is 32 metric tonnes (including container). Payloads have been supplied by Dynes Transport Group.





will use a 3PL service provider<sup>49</sup> to pack their product into containers closer to the Port (to minimise the less efficient transport stage).

- Shipping lines only release containers for export a certain number of days before ship arrival to allow for packing time. To reduce costs of importing and exporting, it is more efficient to hire and pack product into containers as close to the Port as practicable. Similarly, it is more efficient to de-van containers as close to the Port (or related empty container depots) as possible to reduce the length of container hire (shipping lines usually allow for 7 days for de-vanning before they start charging additional costs). This creates demand for logistics facilities and services in locations accessible to the Port and/or container depots rather than accessible to the point of manufacturing/processing.
- Exporting and importing requires biosecurity and customs services. These inspections are typically tied to the packing or de-vanning of shipping containers. It is more cost efficient to outsource these inspections to a third party (often because they need certified facilities in order to carry out the inspections). These services are provided more efficiently (by MPI or Customs) when demand is concentrated near the Port (rather than dispersed according to the location of manufacturing/production).
- When things go wrong in the supply chain, such as delayed ships or natural hazard events that close or limit rail or road transport, exporters in particular, need to be agile. Part of the service provided by 3PL operators is to manage supply chain risks. Using logistics services to export or import product provides a degree of 'insurance' against unexpected events, providing the logistics infrastructure is designed to manage such demand.<sup>50</sup>

It is the combination of these supply and demand factors that sustains a 3PL sector. For some exporters/importers, all of the above factors will be relevant to their supply chain and their decision to utilise a 3PL provider. For others, only a few of the above reasons will apply. By way of example in the Southern Region:

- Fonterra's Edendale factory is located on the rail line and has a rail siding. It is still more efficient and productive to rail dry-dairy product for export in curtain-sider rail wagons directly to Port Chalmers. However, they use Port Otago (in its role as a 3PL service provider) to warehouse that product and pack it into containers (with

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<sup>49</sup> In the case of Fonterra, they operate their own warehousing and distribution centre in Mosgiel, providing the same function as a 3PL service provide, albeit one that is rail enabled.

<sup>50</sup> Currently, the consensus view of Port Otago and Icon Logistics is that there is not enough buffering capacity for dairy warehousing (in particular) or full container storage in Dunedin.



associated customs approval services). Some bulk product is also railed to the Taieri Distribution Centre who then pack it into containers and rail it to Port Chalmers.

- Danone Nutricia Dairy Plant is located 21km north-west of Balclutha. It has no access to rail. It utilises the services of two 3PL providers (Icon and Port Otago) to move export product to Port Chalmers (via the Danone Warehouse 2km from the Port) and imported product down to Balclutha. Icon provides all the trucking services for palletised product, empty and full container transport. Port Otago provides the warehousing, packing/de-vanning and customs/biosecurity services at their Sawyers Bay warehouse.<sup>51</sup>
- Cerebos Gregg's import coffee beans for their central Dunedin factory. They use Icon Logistics to collect their full containers from Port Chalmers, get biosecurity/customs clearance, de-van and return the empty containers, store and deliver the coffee to their factory.

The 3PL service sector in Dunedin is a critical interface between inbound and outbound shipping at Port Chalmers, the empty container depots operated by Port Otago, and the Southern Region's export/import businesses. Approximately 35% of export product received at Port Chalmers<sup>52</sup> in the YE March 2024 was not already containerised and required the packing services of 3PL service providers.

Transporting products across the Southern Region outside of urban Dunedin will likely remain most efficient and productive on curtain-sider trucks or rail wagons. That aside, the Dunedin logistics sector is highly truck dependent for services provided from within Dunedin's urban area (for reasons discussed further below). It is precisely this highly inefficient and unproductive road transport pattern (which creates a range of externality effects on the wider community) that the Inland Port seeks to address by reducing truck movements in favour of more efficient and productive rail transport of containers through the Dunedin urban area.

## 4.2 Key Container Logistics Operators and Facilities

Savvy has identified a small number of 3PL service providers that make up the container related logistics sector in Dunedin City.<sup>53</sup> These, and their key facilities, are summarised in Table 4.1 and mapped in Figure 4.1.

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<sup>51</sup> Refer Section 7.3.1 for more detail on the Danone Nutricia export supply chain.

<sup>52</sup> Receipts at the gate (i.e., excluding trans-shipping).

<sup>53</sup> This list may not be comprehensive.





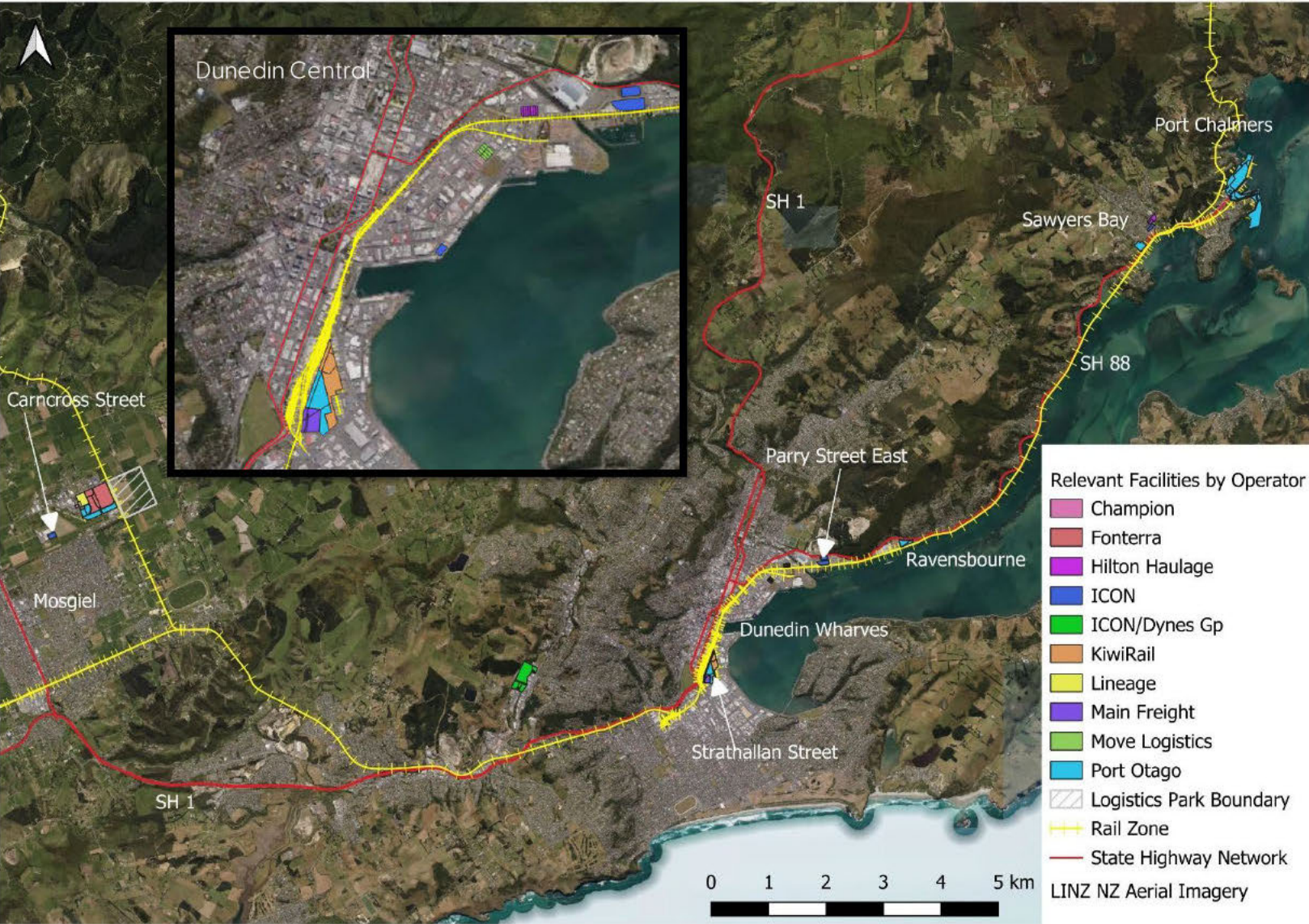
Table 4.1 – Key 3PL Operators (Container Related Trade) in Dunedin City

| Company                      | Key Facilities (directly operated)                                                                         | Facility Type                                                                                 | Location                                                                                           |
|------------------------------|------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| Port Otago (in its 3PL role) | B-Shed<br>C-Shed<br>Danone                                                                                 | Warehouse<br>Warehouse<br>Warehouse                                                           | Port Chalmers<br>Port Chalmers<br>Sawyers Bay                                                      |
| Icon Logistics <sup>54</sup> | 88 Parry Street East<br>95 Parry Street East<br>Sawyers Bay<br>T-Shed<br>Carncross Street<br>Donald Street | Warehouse<br>Warehouse & Container Yard<br>Warehouse<br>Warehouse<br>Warehouse<br>Truck Depot | Dunedin Central<br>Dunedin Central<br>Sawyers Bay<br>Dunedin Central<br>Mosgiel<br>Kaikorai Valley |
| Hilton Haulage               | Duke Street<br>Dunedin Warehouse                                                                           | Warehouse<br>Warehouse                                                                        | Sawyers Bay<br>Dunedin Central                                                                     |
| MainFreight                  | Dunedin Distribution                                                                                       | Warehouse & Truck Depot                                                                       | Dunedin Central                                                                                    |
| MoveLogistics                | Sturdee Street                                                                                             | Warehouse                                                                                     | Dunedin Central                                                                                    |
| Champion                     | Mosgiel Warehouse                                                                                          | Warehouse                                                                                     | Mosgiel                                                                                            |
| Lineage                      | Silverstream                                                                                               | Warehouse                                                                                     | Mosgiel                                                                                            |
| Fonterra                     | D-Shed<br>Taieri Distribution                                                                              | Warehouse<br>Warehouse & Rail Siding & Container Yard                                         | Port Chalmers<br>Mosgiel                                                                           |

<sup>54</sup> A recent change is that Icon Logistics is now also operating from the Dukes Road West Yard (the Joint Venture owned Mosgiel Site). Savvy understands that this may be an interim use of the site while the Inland Port proposal is being determined.



Figure 4.1 – Map of Key Logistics Facilities in Dunedin by Operator







Key observation of the Dunedin Logistics sector are:

- Warehousing (including cool storage) is spread across four locations (Port Chalmers, Sawyers Bay, Dunedin Central and Mosgiel). The dispersed nature of the sector has been driven by both incremental growth in demand for warehousing combined with an industrial land market that has lacked any material vacant land capacity in recent years, or vacancies that support healthy rates of churn and redevelopment. Icon Logistics have stated that “*you have to take whatever you can get*” and this has meant that opportunities to agglomerate warehousing are very limited and results in warehouse capacity being dispersed.
- Only the warehousing at Port Chalmers and one other warehouse (Fonterra’s Taieri Distribution Centre) has a rail siding. This means that all other warehouses are dependent on truck transport for the movement of empty containers (sourced from container depots) and the movement of full containers to or from Port Chalmers, and through Dunedin’s main urban area.

The following report sections focus specifically on the operations of Icon Logistics (joint proponents (via Dynes Trucking Group) of the Inland Port with Port Otago), who are the major supplier of 3PL services in Dunedin and the Southern Region after Port Otago (i.e. they have the second largest market share of services).

## 4.3 Icon Logistics

### 4.3.1 Services Provided

The following provides a brief overview only, as further details is available on Icon’s website.<sup>55</sup> As a 3PL service provider, Icon offers a one-stop-shop logistics service. Their primary service is handling and transporting containers, but they are now significantly involved in the provision of secure storage and warehousing. General cartage is Icon’s third main service area. Icon operates throughout the South Island, but primarily within the Southern Region.

In terms of container logistics, Icon offers tracking via access to Port Otago’s container tracking system. They can arrange Ministry for Primary Industries (MPI) clearance for imported goods, de-vanning, wash and fumigation. Icon’s fully covered, high-risk MPI facility for washing and fumigation at 88 Parry Street is Dunedin’s leading facility of this type. Icon can

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<sup>55</sup> <https://www.iconlogistics.co.nz/>



also store a small number of full containers until imported goods are needed or Port Chalmers is ready to receive them for export.

Warehousing logistics services are based around Icon's 25,000sqm (approx.) fully managed warehousing. This includes food grade and general storage warehousing. All warehousing operated by Icon is secure, fully alarmed, monitored and with extensive pest control programmes. All but one of Icon's current warehouses are certified as transitional facilities. Icon is licensed to provide a Customs controlled area for the purpose of the temporary holding of imported goods for examination. That facility is designed to meet MPI biosecurity standards.

Key to Icon's one-stop-shop services is its fleet of curtain-sider trucks, which includes temperature controlled units. These curtain-sider trucks improve supply chain productivity through faster loading and unloading of product. Icon regularly transports goods throughout the Southern Region (and regular trips to Auckland and everywhere in between). Key products transported by Icon include dairy products, packaged ingredients, food grade packaging, finished goods, timber, general freight, palletised goods, bulk bags, dry goods and agricultural dry goods.

#### 4.3.2 Icon's Warehouse and Container Logistics

This section provides more detail on Icon's current warehousing and related container logistics in Dunedin (summarised in Table 4.2). The 25,000sqm of warehousing is spread over 5 sites, although the two on Parry Street are close together. Overall, 67% of current warehousing capacity (all of which is leased) is within Dunedin Central, 20% is in Sawyers Bay a short drive from Port Chalmers and the remaining 13% is in Mosgiel. All but the T-Shed warehouse are transitional facilities.

The warehouse at 88 Parry Street, has a permanent workforce, while staffing of the other warehouses is on a floating basis (i.e. staff move between the warehouses as required). While all five warehouses provide de-vanning services for imported containers (regularly or infrequently), just three of the warehouses handle products for export.





Table 4.2 – Summary of Icon's Logistics Warehouses in Dunedin 2024

| Name                                                               | T-Shed                                                                                                                                                                                               | 95 Parry Street East                                                                           | 88 Parry Street East                                                                                                                      | Sawyers Bay                                                                                                                                                                            | Carncross Street                                                                                             |
|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| <b>Location</b>                                                    | Dunedin Central                                                                                                                                                                                      | Dunedin Central                                                                                | Dunedin Central                                                                                                                           | Sawyers Bay                                                                                                                                                                            | Mosgiel                                                                                                      |
| <b>Warehouse SQM (incl. Canopy)</b>                                | 2,000                                                                                                                                                                                                | 2,600                                                                                          | 11,977                                                                                                                                    | 5,000                                                                                                                                                                                  | 3,272                                                                                                        |
| <b>Transitional Facility</b>                                       | No                                                                                                                                                                                                   | Yes                                                                                            | Yes                                                                                                                                       | Yes                                                                                                                                                                                    | Yes                                                                                                          |
| <b>RMP</b>                                                         | Yes                                                                                                                                                                                                  | Yes                                                                                            | No                                                                                                                                        | Yes                                                                                                                                                                                    | Yes                                                                                                          |
| <b>Imports</b><br><i>(all movements by truck unless specified)</i> | Sort of (as T-Shed is not a transitional facility full import containers are not brought to the warehouse but on occasion, imports unpacked at Port Chalmers are stored at T-Shed). Local packaging. | Yes – coffee for Cerebos Greggs, bottles for Emersons, salt for Fonterra Stirling for example. | Yes – general freight, non-food grade. E.g. fertiliser, high-risk imported goods, one off projects like windows for new Dunedin Hospital. | Yes – infrequent. Bulk orders of lactose and salt for Fonterra Edendale. Un-packed product trucked to Port Chalmers rail siding and then railed to Edendale plant or trucked directly. | Yes – food packaging for Edendale and fertiliser for Fonterra's Farm Source outlets (or for farmers direct). |
| <b>Exports</b><br><i>(all movements by truck)</i>                  | Yes – over-flow <sup>56</sup> storage [REDACTED]                                                                                                                                                     | Yes – previously contracted by [REDACTED]                                                      | No                                                                                                                                        | Yes – mainly contracted by [REDACTED]                                                                                                                                                  | No                                                                                                           |

<sup>56</sup> I.e. when D-Shed (Port Chalmers) or Fonterra's Taieri Distribution Centre (Mosgiel) is too full.



|                                                   |                                                                                |                                                                                                             |                                               |                          |                                          |
|---------------------------------------------------|--------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------|--------------------------|------------------------------------------|
|                                                   | ██████). Product trucked to Sawyers Bay Warehouse for packing into containers. | ██████                                                                                                      |                                               |                          |                                          |
| Container Storage Capacity                        | None                                                                           | Yes (260 TEUs if including a mix of full and empty, including up to 60 reefers, else 450 TEUs is all empty) | None                                          | Immaterial (4 TEUs)      | Limited (10 TEUs)                        |
| Distance to main customer (one way, max)          | 168km (Edendale, export)                                                       | 215km (Open Country Dairy, export)                                                                          | Varies.                                       | 181km (Edendale, export) | 161km (Edendale, import)                 |
| Distance to Port Chalmers (one way) <sup>57</sup> | 13.0km (return of empty containers or pick up imported containers)             | 11.0km (pick up or deliver full containers)                                                                 | 11.0km (pick up full containers)              | 1.8km                    | 27.1km                                   |
| Distance to Strathallan (one way)                 | 1.7km (return of empty containers only)                                        | 3.6km                                                                                                       | 3.6km                                         | N/A <sup>58</sup>        | 17.7km                                   |
| Other Relevant Distance (one way)                 | 11.6km (distance to Sawyers Bay Warehouse)                                     | 1.1km (distance to Cerebos Greggs Factory)                                                                  | 1.8km (distance to new Dunedin Hospital site) | N/A                      | Distances to Farm Source outlets varies. |

<sup>57</sup> Relevant for hire/return of empty containers and pick up/delivery of full containers (imported or for export).

<sup>58</sup> Given proximity to Port Chalmers, no empty containers typically sourced from or returned to Strathallan depot.





|                                                   |                                                                                                                     |                                                                                                                                                                                         |                                                                                                                                        |                                                                                                                             |                                                                                       |
|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| <b>Key attributes of warehouse</b>                | RMP main benefit.                                                                                                   | On edge of central city, adjacent to State Highway, combined with container yard, RMP.                                                                                                  | On edge of central city, adjacent to State Highway, RMP.                                                                               | Proximity to Port Chalmers container terminal and depot. Certified for food grade (although well suited for general goods). | Modern warehouse, some limited storage for containers. On edge of Dunedin urban area. |
| <b>Key limitations of warehouse</b>               | Not transitional (can't export pack from wharf location). Old. Only suitable for dry-food products. No rail siding. | Adjacent to rail line but no rail siding. Bit small.                                                                                                                                    | Adjacent to rail line but no rail siding. Old, no-longer fit for purpose.                                                              | No rail siding. Old. Costly to maintain certification for food-grade storage.                                               | No rail siding. Distance from Port Chalmers and Strathallan by road. Bit small.       |
| <b>Future plans if Inland Port is established</b> | Close. Relocate customer demand to Inland Port warehousing.                                                         | Retain. Town base for non-dairy food-grade imports and exports. Relocate dairy product storage to Inland Port warehousing. Ability to make yard a container depot (hire/return of empty | Close. Relocate import activity to Sawyers Bay.<br><br><i>Nb. Only retain temporarily if Icon secures more hospital build imports.</i> | Retain. Relocate dairy imports/exports to Inland Port. Adapt to general goods warehouse.                                    | Close. Relocate customer demand to Inland Port warehousing.                           |



|  |  |                                                                                                   |  |  |  |
|--|--|---------------------------------------------------------------------------------------------------|--|--|--|
|  |  | containers) <sup>59</sup> for<br>3PL's (including Icon)<br>still operating in<br>Dunedin Central. |  |  |  |
|--|--|---------------------------------------------------------------------------------------------------|--|--|--|

<sup>59</sup> On the basis that Strathallan will be closing when lease is terminated. Retains a small central depot where more accessible than Inland Port in Mosgiel or Port Chalmers.





Figure 4.2 – T-Shed – Indicative Export Bulk Product and Container Flows

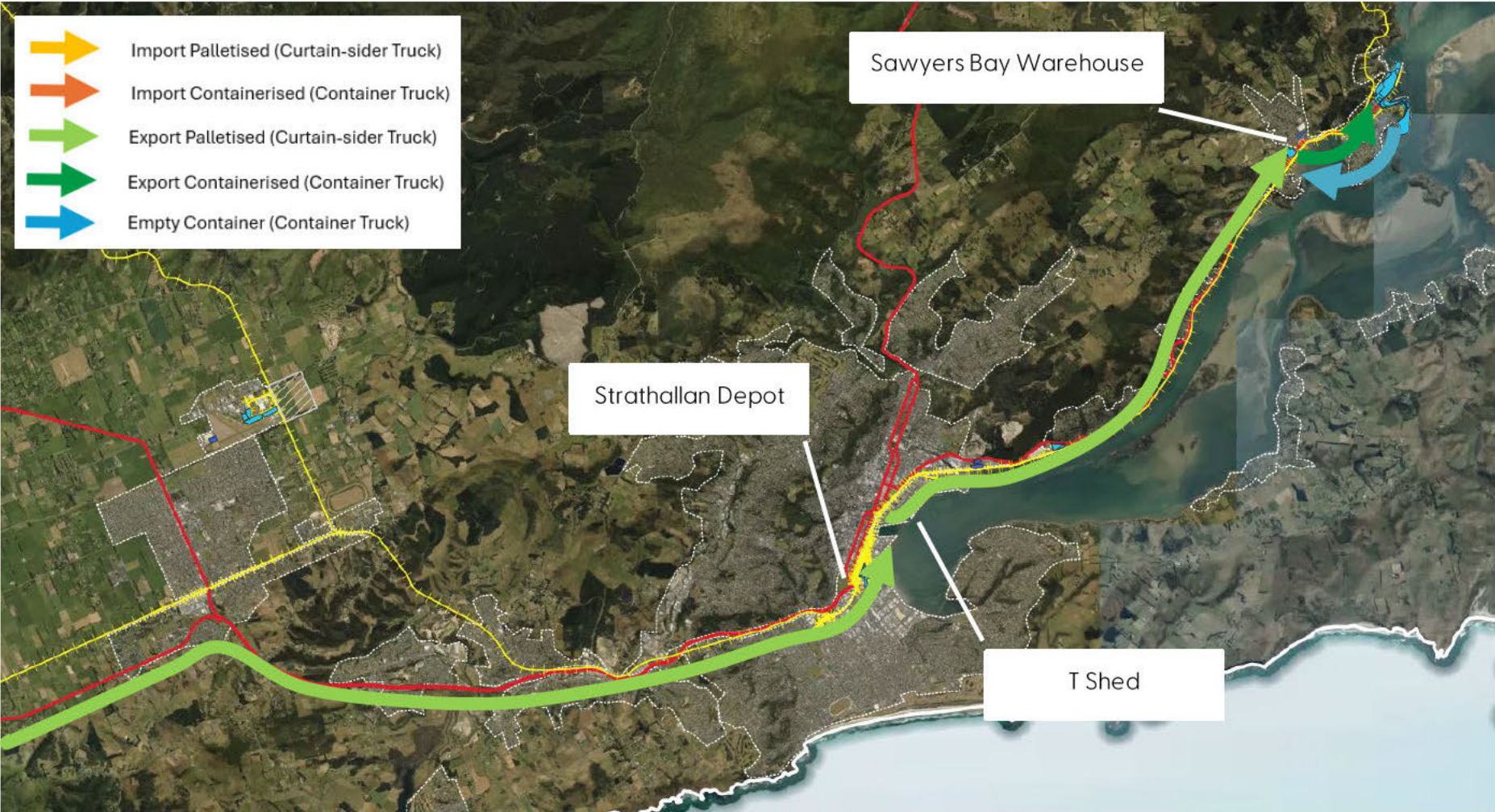






Figure 4.3 – 95 Parry Street East – Indicative Import and Export Bulk Product and Container Flows

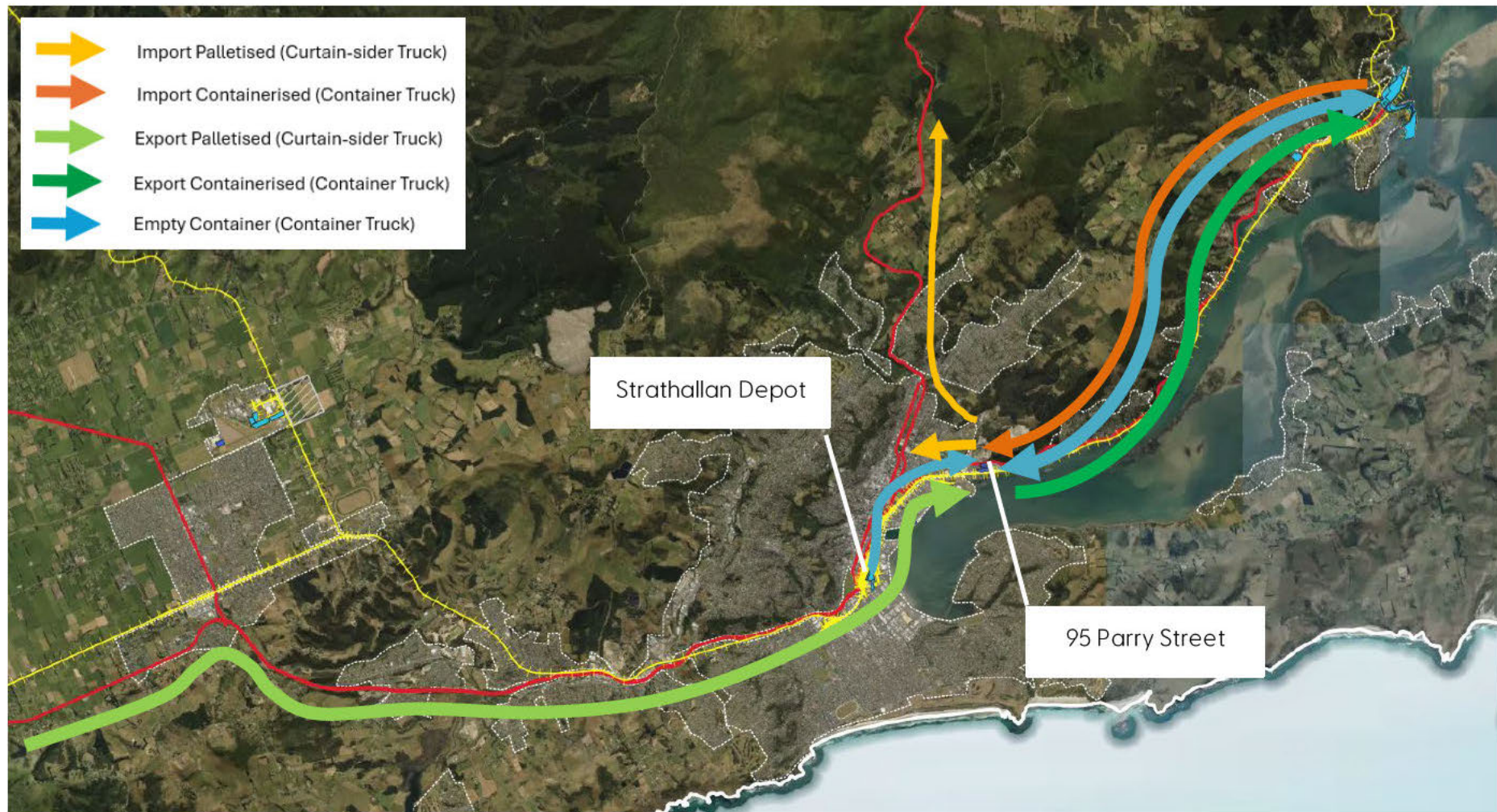






Figure 4.4 – 88 Parry Street East – Indicative Import Bulk Product and Container Flows

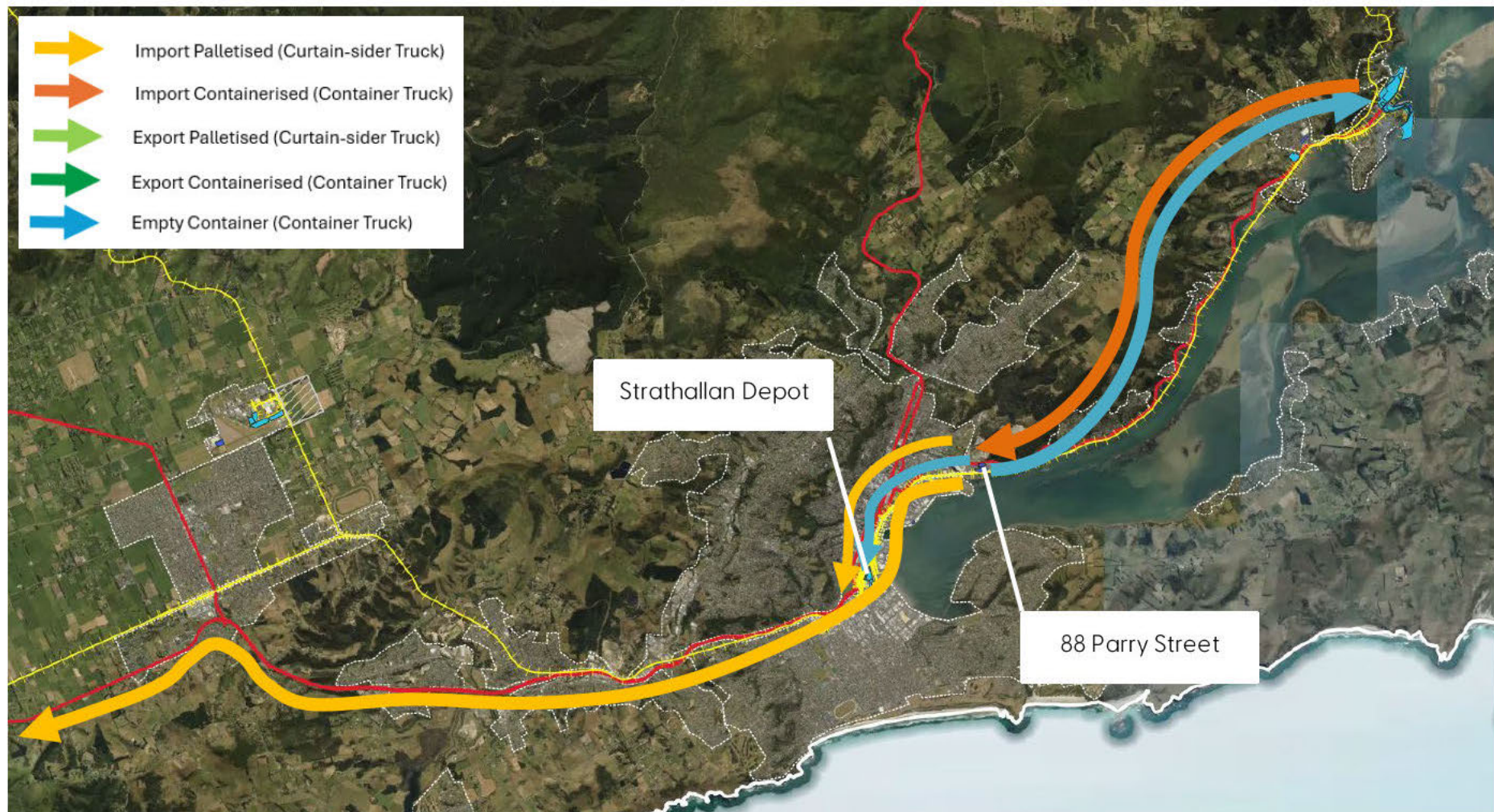






Figure 4.5 – Icon Sawyers Bay – Indicative Import and Export Bulk Product and Container Flows

