

31 August 2020

Mr Robert Pigou
Provincial Development Unit
Ministry of Business, Innovation and Employment
15 Stout Street
WELLINGTON 6011

Email: [REDACTED]

Dear Robert

FINAL REPORT - OPPORTUNITIES FOR EXPORT LOG MOVEMENT ON RAIL IN TARANAKI-WHANGANUI

Please find attached the final report on Opportunities for Export Log Movement on Rail in Taranaki-Whanganui.

The purpose of the study was to investigate the feasibility of establishing a log handling facility and rail services for logs in Taranaki. The study has demonstrated that there is a potential market for increased use of rail for carrying logs in the Taranaki region. There are significant forest areas due to be harvested in the area, close to rail, and over 75km from the port. The establishment of a log yard in Waverley would create regional growth and employment benefits in addition to other positive externalities not limited to taking trucks off roads.

The study found that a log hub in Waverley could be established at relatively low capital cost, would be operationally feasible and would have a positive impact on the region. However, in the current environment KiwiRail does not expect sufficient return to justify the capital investment on a purely commercial basis. Therefore, to progress this further, and in recognition of the wider externality benefits, Crown investment to support development of the hub would be required.

Recommended next steps for KiwiRail to progress this further include:

- confirming Waverley as the site for a Taranaki rail hub in conjunction with industry partners
- confirming the viability of establishing such a hub with forestry partners; and
- investigating options for the Provincial Growth Fund to fund the capital cost of developing this hub in light of its relatively low cost and regional benefits that will flow from it.

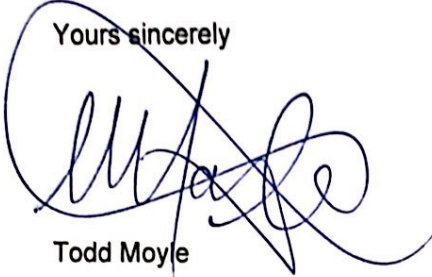
This study has involved engagement with a range of stakeholders in the region, including local and regional authorities, Port Taranaki and industry partners.



www.kiwirail.co.nz | 0800 801 070
8-14 Stanley Street, Auckland 1010
Private Bag 92138, Victoria St West, Auckland 1142, New Zealand

We will continue to engage with stakeholders in respect of the identified opportunities and will keep the PDU informed of developments.

Yours sincerely



Todd Moye
Chief Operating Officer



www.kiwirail.co.nz | 0800 801 070
8-14 Stanley Street, Auckland 1010
Private Bag 92138, Victoria St West, Auckland 1142, New Zealand