

**BEFORE THE HEARING COMMISSIONERS
NAPIER**

IN THE MATTER

of the Resource Management Act 1991
(the Act)

AND

IN THE MATTER

of applications by Port of Napier Limited
to undertake wharf expansion,
associated capital and maintenance
dredging, disposal of dredged material
within the coastal marine area, and
occupation of the coastal marine area
for existing port activities and the
proposed new wharf

STATEMENT OF EVIDENCE OF TODD WILLIAM DAWSON

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INTRODUCTION

Qualifications and experience

1. My name is Todd Dawson. I am Chief Executive of Port of Napier Ltd, commonly known as Napier Port.
2. I have a Bachelor of Science and Post Graduate Diploma of Business in Operations Management.
3. Prior to joining Napier Port in January this year, I led strategic partnerships and new ventures at Kotahi Logistics – New Zealand's largest supply chain collaboration. While there, I worked on the introduction of big ships to New Zealand and intermodal freight hub joint ventures. Prior to that I worked to transform the supply chain of UK supermarket franchise Sainsbury's, and in my earlier career held senior roles at IBM, Toll New Zealand and Mainfreight.

Involvement in project

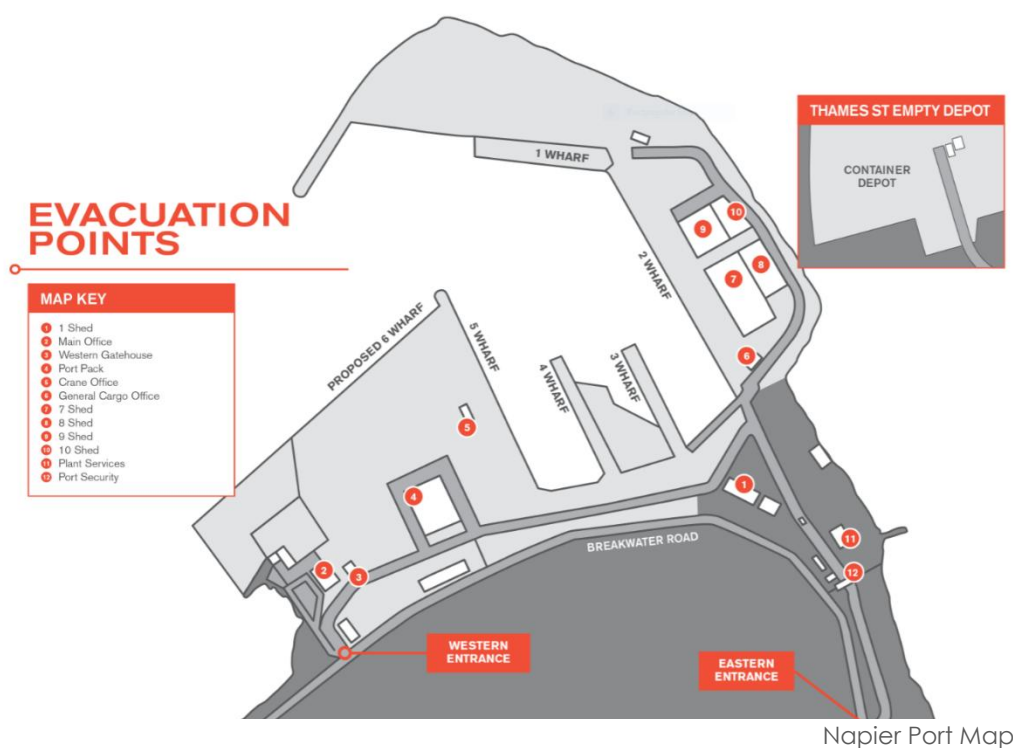
4. I joined Napier Port in January 2018, and have since worked extensively with customers on modelling the region's future cargo and shipping demands – applying my experience of supply chain collaboration.
5. I have led discussions with Napier Port's owner, Hawke's Bay Regional Investment Company, and its 100 percent shareholder, Hawke's Bay Regional Council, on the need for No. 6 Wharf and the implications of funding the project. I have also participated in ongoing stakeholder engagement with key stakeholders, such as iwi and hapū groups, local and central government representatives, unions and community representatives.

Expert Witness Code of Conduct

6. I have been provided with a copy of the Code of Conduct for Expert Witnesses contained in the Environment Court's Practice Note dated 1 December 2014. I have read and agree to comply with that Code. This evidence is within my area of expertise, except where I state that I am relying upon the specified evidence of another person. I have not omitted to consider material facts known to me that might alter or detract from the opinions that I express.

Purpose and scope of evidence

7. Napier Port is proposing to construct a 350m wharf, dredge a berth pocket and swing basin, and in future, deepen and widen the existing shipping channel to allow the increasing number of larger ships to call here.
8. In my evidence, I address the regional need for the Wharf and the benefits to Hawke's Bay's economy, environment and community as follows:
 - (a) The economic impacts of building an additional wharf, including import and export capability and the flow-on to local employment;
 - (b) Napier Port's commitment to the environment through commissioning a comprehensive body of scientific work on our marine environment to the quality and quantum not seen before in this region;
 - (c) Napier Port's decision to involve the community in the project through a robust stakeholder engagement programme, which fundamentally shaped the design and draft conditions we have submitted for consent.
9. I have included below a standardised plan of the Port, which will help with referencing some of the areas I refer to later in this evidence.



Summary of conclusions

10. As Napier Port is a significant contributor to the local economy, its continued development is essential to employment and prosperity across the region.
11. Napier Port suffers from a lack of wharf space and capacity to take larger ships, which is already reducing the number of vessels Napier Port can accept. This will lead to increasing inefficiencies and slow the flow of cargo in and out of the region, which in turn will have a detrimental effect on the Hawke's Bay economy.
12. The proposed dredging programme is necessary to enable the Port to meet the needs of the larger vessels already beginning to come to New Zealand.
13. The proposal has been the subject of extensive consultation, detailed investigation and comprehensive modelling, the outcome of which has driven changes to the proposal so as to limit the effects on the environment.
14. The advice the Port has received from its experts is that the dredged material is not a suitable size to nourish Westshore Beach and that placing the dredged material there may adversely affect Pania Reef.
15. That advice was the driver for the Port's decision to seek consent for an alternative location for its dredged material.
16. The Port remains willing to make dredged material available for coastal protection purposes, subject to cost and timing, if some third party wishes to seek consent for that in the future.

REGIONAL GROWTH

Background

17. Napier Port is a container port on the east coast of the North Island of New Zealand. It serves as the primary export and import port for the Hawke's Bay region, and further afield into adjacent regions. It is now the fourth largest container terminal in New Zealand, and the sixth largest port in overall tonnage – making a notable contribution to the national economy.
18. Since being established at the current site in the late 19th century, Napier Port has progressively developed to meet the growing needs of Hawke's Bay's land-based production

export needs – currently primarily apples, logs, meat and forestry products. As well as receiving a smaller portion of imports, Napier Port is also the gateway to the region's growing tourism industry with increasing numbers of cruise liners calling.

19. Napier Port is owned by Hawke's Bay Regional Investment Company, which in turn is owned by Hawke's Bay Regional Council (HBRC). This means the regional ratepayers have a direct interest in the success of Napier Port as its dividend helps to fund the work HBRC carries out across the region.
20. Napier Port is a significant contributor to the region's economy, accounting for 51 percent of Gross Regional Product. More than 500 people work on-site and the port is associated with 27,000 full and part-time jobs¹ across the region, mainly through jobs in the horticulture and agriculture sector which rely on the port to export their goods to global markets.

Growth Trends to Date

21. The Port's growth and effectiveness reflects the regional businesses the Port serves, with most cargo trades enjoying substantial growth for the past 10 years.
22. Over the last 10 years, 2008-2017 FY, Napier Port had a 73 percent growth in containerised cargo and 180 percent growth in logs.

Containerised Cargo

23. In the year to September 30, 2017 Napier Port handled 277,444 twenty-foot equivalent units (TEU) – a 12 percent increase on the previous year. By 2028, we estimate Napier Port will be handling 313,000 TEU.
24. A significant portion of those will be filled with apples – a high-value commodity exported in refrigerated containers. The Hawke's Bay apple industry is planting more than one million trees a year and exports are forecast to grow from 22,500 TEU this season to approximately 33,000 TEU by 2028. Other containerised cargo trades are also growing due to low container freight rates encouraging customers to move

¹ From Hawke's Bay Economic Impacts of Port of Napier Operations, Economic Solutions, (May 2017)

from bulk to containers. In 2013, there were 3,144 TEU of wood pulp exported; by 2028 it's estimated to be 36,000 TEU. In the same year, there were 15,019 TEU of timber exported; in 2028 it's estimated that will rise to 32,000 TEU.

25. Container vessels are also getting larger, with a 26 percent increase in the size over the last seven years. The Port is expecting more regular calls from larger vessels, but presently has limited space to take them.

Log Exports

26. In the year to September 30, 2017, 1.63M tonnes of logs were shipped across Napier Port wharves, a 35 percent increase on the previous year. This year, Napier Port celebrated a record 2M tonnes of logs in the year to the end of May. The predicted "Wall of Wood" has arrived and its impact is also being felt on the water, with a record 118 log vessels calling in 2017. Forecasts are that Napier Port will hit 3M tonnes by 2027.

Cruise Destination

27. Hawke's Bay has established itself as a cruise passenger destination, with 54 cruise calls last year and a record 72 booked to call in the coming 2018/2019 season.
28. If those ships are fully booked, that would equate to 125,000 passengers and 50,000 crew – also a record.
29. The regional benefit of cruise liner visits is substantial. Each passenger is estimated to contribute around \$200 a day to the regional economy. A large ship such as the 348m Ovation of the Seas can inject almost \$1M into the region in just a few hours – and this vessel is calling six times this season.
30. Unfortunately, Napier Port is turning away around six cruise calls a season simply because it does not have the room. Cruise lines are indicating that the next generation of cruise ships will be 360m long. Ovation of the Seas squeezed in with just metres to spare so at 360m the new ships will be too big to get into port.

Impacts of Growth

31. Growth to date and the forecast growth of our economy have many benefits to the region, but it also comes with challenges.

32. Napier Port is facing increasing pressure on its aging assets. For example, Wharf 5 is nearing the end of its life and was not designed to take the load of the large vessels now calling at Napier Port.
33. The growing volume of cargo coming across the port is leading to pressure on the limited footprint of the operation, with containerised and bulk cargo competing for storage space as there simply are not enough berths to get the cargo away in good time.
34. In terms of ship size, we're now reaching the limits of what our existing wharves and cranes were designed for.
35. Manoeuvres of container vessels up to 280m are able to be accommodated at Wharf 5 without affecting vessels on Wharves 1 and 2, in normal conditions. Any larger than that and other vessels need to be moved to get the larger ships in and out.
36. Napier Port already receives one call a week of vessels of 294m LOA (length overall) and 32m beam, and next year it's forecast that Napier Port will receive up to four calls a week of vessels either 280m+ LOA and/or 37m+ beam. That means we'll need to move even more ships out for manoeuvres, as well as reducing utilisation of our wharf space. Unfortunately, the Port is already turning down requests for container vessel calls of more than 300m LOA.
37. Not only are ships rapidly getting larger, there are more ship calls than ever before. We're forecasting an 11.5% increase in total calls in 2019, with log volumes driving an expected 8.5% increase in charter vessels and a 24% increase in cruise calls.
38. While we have some levers to increase our capacity in the short term, the only long term solution is building the proposed No. 6 Wharf.

Marine Occupation

39. Critical to Napier Port's ability to meet forecast growth and continue to serve the needs of Hawke's Bay's economy, is the exclusive access to the marine area specified in the Application "for a coastal permit for the occupation of the common marine and coastal area for existing Port activities, the proposed new wharf, the adjacent berth pocket and the new swinging basin area".

40. The Port requires occupation rights of these areas to ensure safe and efficient Port operations and management, and at certain times the ability to undertake maintenance activities. It is my understanding that these rights were provided for the commercial operation of all ports nationwide by a specific addition to the Resource Management Act in the 1990s, but the current permit now has less than a decade to run and this is an opportune time to consolidate and renew the permit, as well as incorporating the new assets proposed.

COMMITMENT TO THE ENVIRONMENT

41. Napier Port has been committed to the sustainable management of the environment it operates in. From the outset of planning for an additional wharf, having a thorough understanding of that environment and the potential impacts of the project was a priority².
42. The Port engaged international and local experts to carry out sophisticated modelling and detailed investigations, which allowed us to refine the project design to ensure potential impacts were fully identified and addressed.
43. The Port has invested in studies which have considerably contributed to wider understanding of the Hawke Bay marine environment – well beyond the immediate needs of the No. 6 Wharf project. This has included, for example, the first 3D model showing in detail the underwater topography of Pania Reef.
44. We have willingly shared this information with the scientific community to advance other work, for example to assist the Clifton to Tangoio Coastal Hazard Management Strategy implementation.

ROBUST COMMUNITY ENGAGEMENT

Engaging Stakeholders

45. While pre-consultation commenced ahead of my association with Napier Port, I have been fully briefed on the

² Since commencing the project, Napier Port has also employed the full-time, in-house services of an Environmental Advisor, whose role, among other tasks, includes collecting water quality samples, monitoring and responding to noise and dust reports and monitoring the welfare of wildlife in and around the port.

programme³ and I consider that the open and transparent approach taken by the Port has been best practice and, most likely, thought-leading in the port industry.

46. At the commencement of planning for an additional wharf, Napier Port took a position that it would thoroughly engage with its stakeholders and the wider community on the development of the project. While not required under the RMA, the Port understood the importance of “bringing the community along” on the project journey. It wanted to ensure the community understood the need for the wharf, that the Port was doing everything it needed to do to ensure the environment was not adversely impacted, and that they had the opportunity to feed information into the project as it was being developed. Napier Port was upfront in acknowledging that it may not have all the information at the start and that it remained open to hearing different perspectives from the community to make improvements to the project.
47. In January 2016, key stakeholders were identified, including mana whenua, neighbours, local councils, central government agencies and recreational groups, and a plan for engaging each group developed. A programme of pre-consultation was carried out over the next two years, directly engaging more than 2000 members of the community through hui, presentations and drop-in sessions with key stakeholders. A broader portion of the community was informed through a dedicated web portal with a feedback facility, direct mail, advertising, media articles and public events.
48. Feedback from the community was recorded in a consultation database, acknowledged and responded to as appropriate. People who provided feedback were then added to a register and sent email updates as the project hit key milestones.
49. Issues raised throughout consultation have been considered and where needed have led to further investigation, and in some cases enhancement of the design.

³ As well as a briefing from staff on the pre-consultation programme, I have read and take on board the Proposed Wharf and Dredging Project Consultation Report November 2017.

Working with Iwi and Hapū

50. At the outset of the project iwi and hapū were identified as requiring a special relationship. Napier Port was aware of the cultural significance of Pania Reef to local hapū, including its cultural values and ecology.
51. With help from Ngāti Kahungunu Iwi Incorporated and Hawke's Bay Regional Council, an initial round of 'kanohi ki te kanohi ('face to face') meetings was held with local hapū and Māori organisations.
52. It was agreed between Ngāti Kahungunu Iwi Incorporated, the Mangaharuru-Tangitū Trust and Ngati Pārau, that a single representative should co-ordinate cultural input through a cultural impact assessment (CIA), developed in liaison with relevant hapū/iwi groups. Ngati Pārau representative, Laurie O'Reilly, was charged with coordinating and writing the CIA. It was also agreed that an independent environmental consultant undertake a technical review of the relevant studies relating to Pania Reef, to ensure that the science was well understood and considered from a Māori perspective.
53. Napier Port has continued to work closely with Ngati Pārau, Mangaharuru-Tangitū Trust, and Mana Ahuriri, as the project has progressed.
54. Mana whenua have indicated their general support of the project provided that areas of cultural and environmental significance identified in the CIA are not impacted. A series of conditions to achieve this were recommended in the CIA and were included as part of the applications.

Working with the Westshore Community

55. The Westshore community was identified as a key stakeholder at the outset of the project, and particular focus was put on informing and working with the community. This included brochure drops and a drop-in session in the suburb itself. Meetings were held with key community representatives and the Port's Project Manager, Michel de Vos, worked closely with Westshore Residents & Development Association chairman, Richard Karn, on the technical investigations into coastal processes throughout the project.
56. Of particular interest to those community representatives, was ensuring the continued disposal of the dredge material

near Westshore Beach and the potential for using the material for renourishment of the beach.

57. However, the Port took the decision to seek an alternative location for disposal of dredged material based on the evidence from both Advisian's modelling and interpretation, and from stakeholder engagement, that disposal of dredged material close to Westshore risked increased sedimentation and turbidity effects at Pania Reef. The Port recognises that this has caused stress and anxiety to some submitters, but considers that it must make decisions on the basis of the best available evidence. The Port remains committed to ongoing dialogue and information sharing with key stakeholders with an interest in Westshore-related issues.
58. The Port recognises that as part of the Clifton to Tangoio Coastal Hazards Strategy 2017 (the Strategy), the sand 'resource' is considered valuable. The Port also recognises that methods of disposal may be developed that can effectively utilise some of the material available from the proposed development in the future.
59. The Port understands that some stakeholders are concerned about the availability of the 'resource', so it developed a Statement of Intent (SOI), which is included as Attachment 1 to this evidence. The purpose of the SOI was to indicate that, although the Port had sought an off-shore disposal location for all dredged material, if opportunities remained for inshore uses of the material that could be undertaken without adverse environmental (including cultural) consequences, and aligned with the Port's timing, the Port would assist.
60. There are however a number of complexities, including the suitability of the grain sizes of much of the material, and the inability to separate maintenance dredging material from capital dredged material during campaigns. I understand that most of the "sand" sized material available would not be dredged until the later stages of the project, when demand from larger, deeper ships required the outer reaches of the shipping channel to be deepened and widened. This is likely to be no earlier than 2028, but potentially somewhat later, and hence the dredged material cannot be relied on for any short-term solutions for Westshore.

RESPONSE TO MATTERS RAISED IN SECTION 42A REPORT

61. The Port is generally satisfied with the recommendations of the Section 42A Report.
62. However, it is very concerning that some of the draft conditions proposed would require the Port to dispose of some material inshore, contrary to the advice on which the applications were based.

CONCLUSIONS

63. As Napier Port is a significant contributor to the local economy, its continued development is essential to growing employment and prosperity across the region.
64. Napier Port suffers from a lack of wharf space and capacity to take larger ships, which is already reducing the number of vessels Napier Port can accept. This will lead to increasing inefficiencies and slow the flow of cargo in and out of the region, which in turn will have a detrimental effect on the Hawke's Bay economy.
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Todd William Dawson

6 August 2018