

# Strategic Overview

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## Strategic overview

The proposed barge facility aligns with Government policy directives relating to development of coastal shipping along the “Blue Highway”. This is evidenced by the recent announcement that the Government has granted \$30 million to barging facilities being promoted by three iwi through the National Land Transport Programme (NLTP), with an objective of improving domestic shipping services, reducing carbon emissions, improving transport network efficiencies and upgrading maritime infrastructure. The Te Araroa barge facility was specifically referenced as one of the projects in the \$30 million grant. The projects included in the \$30 million grant include the TRT project in Te Araroa, Tainui Kawhia Incorporation in Kawhia, Westland Mineral Sands in Westport and Ngāti Waewae Arahura in Greymouth. Figure 1 shows the trade map concept of these projects which collectively form the Aotearoa Shipping Alliance. The investment into coastal shipping will ensure that currently isolated communities (and export products) are connected with other parts of New Zealand.

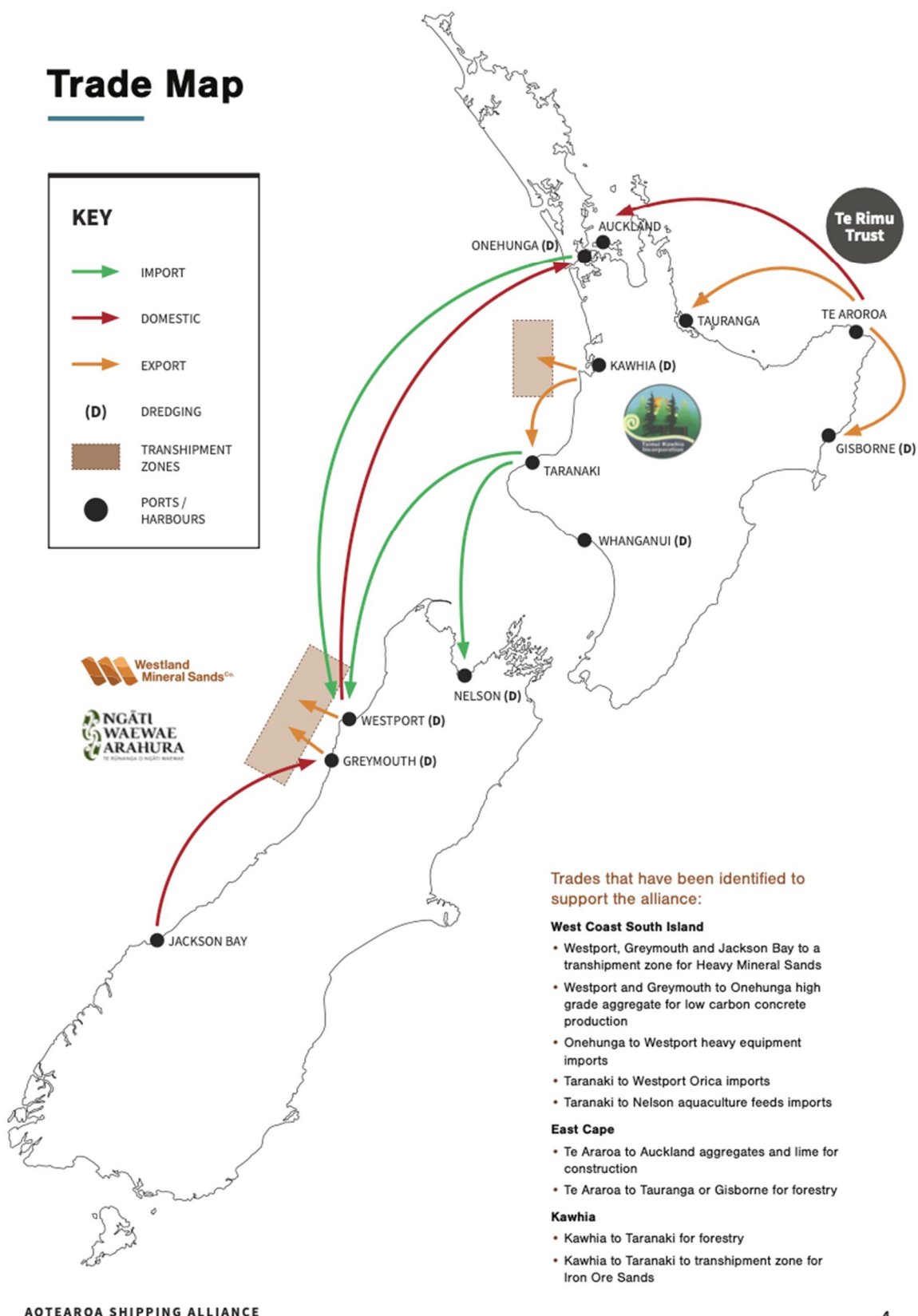


Figure 1 : Trade Map concept of the Aotearoa Shipping Alliance

There are large volumes of timber maturing in the area around Te Araroa, and barging is cost effective relative to trucking the timber out. There is no rail infrastructure in place to support the transport of materials out of or into the East Cape. Aside from the appreciable economic benefits, barging eliminates the need for long

distance road haulage over narrow winding roads, with benefits for both road safety and road maintenance, reduces carbon emissions, and improves transport resilience and efficiency. State Highway 35 (SH 35) between Gisborne and Te Araroa is at times subject to significant pavement degradation, due to high volumes of heavy vehicles, and this compounds traffic safety issues as well as user experience. SH 35 is also prone to landslips and flooding, often resulting in road closures. There are no alternative “local roads” to use when SH 35 is closed. Consequently, the current highway’s lack of resilience means that it cannot be relied on to ensure products can reach their intended destination on time. This lack of resilience compounds the current supply chain issues being experienced across New Zealand due to the Covid pandemic. The potential to use barging as a transport option for the large volumes of timber, which is rapidly maturing in the East Cape region and ready for harvest from 2026, has long been recognised. The proposed barge facility provides a dedicated facility for transporting this maturing radiata to export markets, and is very much aligned with and a critical component of the Blue Highway.

In addition to log export, there are large volumes of high quality aggregate material at the site which can be barged out to be used for construction around the North Island. The current and historic Karakatūwhero River channel and expansive flood plain (such as on the TRT land) offers a supply of coarse, well graded gravel for roading and general construction. The gravel which is transported down to the coast in flood events is visually similar in appearance and quality to Canterbury greywacke gravel. The Matakaoa volcanic rock series material found upstream in the Karakatūwhero River valley, in particular the basalt rock, appears potentially suitable for the production of armour rock to provide breakwater protection to a navigation channel through the existing beach to the proposed barge facility. These local aggregate sources will facilitate the efficient construction of the proposed barge facility.

Alongside the initial primary cargo of timber and aggregate, many other materials and commodities could be shipped to other ports in the North Island. This unlocks the productivity potential of the land within the East Cape, and offers security to land owners to develop their land in forestry or other higher yielding sectors, which currently rely on road transportation to other areas of New Zealand. These higher yielding sectors typically require significantly greater and more frequent labour inputs, and generate economic activity throughout their life cycle compared to forestry. The proposal will therefore improve the communities’ connectivity and unlock stranded assets within the region.

The TRT is an Ahu Whenua Trust, who own and manage 240 ha of land next to and encompassing the Karakatūwhero River, Te Araroa. TRT was set up in 1981 to amalgamate and manage this Māori freehold land either side of SH 35 and extending to the coast. TRT have many different business activities on the whenua, and comprises 354 owners (whānau trusts are counted as one), and is managed by responsible trustees Richard Clarke, Hepa Akuhata Brown, Maaka Tibble, Rowena Akuhata Brown and Sir John Clarke. TRT would like to improve the use of Māori assets and create jobs for people in the community in both the construction of the facility and operation of the facility, as well as provide opportunity for more jobs to be created in the wider East Cape area, through land use change and resource utilisation that the barge facility is likely to facilitate.

In summary, the proposed barge facility will support local industries and communities, offer much needed employment within a socio-economically deprived community, stimulate economic growth and support Government drivers to develop coastal shipping in New Zealand, which will improve road safety, reduce transport related emissions and strengthen and diversify domestic supply chains. This thus assists with New Zealand’s recovery from Covid-19. The TRT proposal is not a standalone pome, it is a critical component of a larger Blue Highway proposal which has national significance.