



Whangarei Marine Dry Dock

National is proudly the party of infrastructure. We know how to deliver quality infrastructure which will lay the bedrock for improvements to our long-term productivity and economic capacity. National has a proven track record of getting infrastructure projects done.

New Zealand's large ships require access to marine dry docks for regular cleaning, maintenance and repair. New Zealand's main dry dock is at Devonport and was built in 1882. A growing number of New Zealand ships are now too big for the Devonport dry dock and have to travel abroad for servicing, including three of our Navy vessels and the Cook Strait ferries.

In the past Australian dry docks were often utilised. Australian dry docks are however increasingly at capacity and ships are having to travel to Singapore for repairs and maintenance.

Where ships have mechanical failures the inability to access a local dry dock is more acute. Recently a Cook Strait ferry suffered a propulsion issue that required repair. A complex negotiation was needed to secure a spot in the Australian Navy dry dock. Once secured the ferry had to make a difficult, journey managing the propulsion issue. As another example, the Funing-9690913 is making its way, under tow, from Tauranga to Singapore after damage when it lost propulsion when leaving Tauranga.

Proposal

National will support the construction and operation of a modern and fit for purpose dry dock and associated infrastructure at Northport in Whangarei. The government would deliver a catalyst contract that would underpin the dock's business case.

A commercially viable operation has been shown to be possible and we would facilitate work to make it a reality. We would provide support to a collaborative model between the Government and private sector. The dry dock is a commercial enterprise with an ability to

create at least 400 local jobs. Export revenue can be generated should the dry dock win work from international shipping, fishing, small cruise vessels and large yachts.

A commercial operator is essential for the dry dock to be a success. National will seek private sector capital for investment in the dry dock.

The government would negotiate with potential operators the best potential commercial arrangement. The National government would direct the National Infrastructure Bank to negotiate a core contract of a minimum days of use for a 15 year term. This would decrease the risk for commercial partners and be a major catalyst to get the project underway. This would be a bulk purchase of work and be available to major government clients the Navy, NIWA and the Interislander Ferries for their use.

In the event there was a shortfall of initial capital, the National Infrastructure Bank could take a form of equity and or debt to ensure that the project was completed.

The commercial model would be negotiated to incentivise the operator to avoid reliance on the "take or pay" contract. This would be determined in the upfront contract.

Whangarei has been identified as the preferred location for a dry dock by several reports, which compared options throughout New Zealand. Whangarei has an available workforce, is within reasonable proximity to our main Navy base and is the deepest natural port in New Zealand including hectares of undeveloped land.

Benefits

A marine dry dock and infrastructure will reduce the cost of maintaining New Zealand ships that ply our coastline including Cook Strait ferries. It will future proof the Navy's requirements, for example, HMNZS Canterbury being too big to dry dock in New Zealand. We



expect the Dry Dock to also generate export revenue by attracting ships from Australia who are facing dry dock capacity issues themselves and via international cargo ships undertaking maintenance here.

The construction of a dry dock and infrastructure has the potential to create up to 200 jobs during a two to three year construction period. This will provide a much needed boost for Whangarei and the Northland region, especially in the current turbulent economic times.

Not only will the construction of the dry dock create jobs in the short-term, but once the dock is complete it will provide ongoing work as the ships birthed in the dock require servicing and maintenance. An estimated 400 high paying permanent jobs will be created at the dry dock providing a much needed boost to the Whangarei economy. National is aspirational for Whangarei and the wider Northland region and we believe the marine dry dock will provide a much needed injection which contributes to the long-term prosperity of the region and the rest of the country.

A dry dock is a critical part of ensuring our Maritime infrastructure is up to date. As a small nation at the bottom of the world, it is important we are accessible to the rest of world. A dry dock will minimise the cost of doing business in New Zealand and is part of National's plan to improve access to our markets. Taking proactive steps to lower business costs in New Zealand is part of National's plan to get our economy back on track.



Q&A

Why is this necessary?

Dry docks enable large ships to come into a dock to be refitted and receive regular maintenance to safely undertake long-haul journeys around the world. Regular dry docking also allows ships to be cleaned to protect our marine environment.

The largest dry dock in New Zealand is the historic naval dry dock in Devonport. This is not big enough for many modern ships and is only available to commercial ships when the Navy is not using it.

Currently, New Zealand based ships that do not fit in the Devonport naval dry dock need to sail to Singapore or other parts of Asia losing several weeks and at significant cost. For example, to get to Singapore takes 2 weeks each way and the return journey uses about \$800,000 in fuel alone. The cost of crew and the loss of income are also significant. These costs will be passed on to customers using these ships.

How much will this cost?

Adding the dry dock to Northport is estimated to cost \$300 million. This includes around \$200 million for the required infrastructure and \$100 million to purchase and install a floating dry dock.

Our plan is designed to minimise the cost to the taxpayer and maximise private sector investment.

When will this be built?

We will begin the design and consenting process immediately. Based on an existing business case, consenting and construction is estimated to take two to three years.

How would you find the operator?

The project would be put to an EOI process where experienced international operators would put forward their credentials to enter a tender to build, operate and maintain the new fit for purpose dry dock in Northland.

The operator of the dry dock would then build relationships with contractors who would provide services to ships in the dock.

The contract design, finance and tender would be managed by the National Infrastructure Bank with input from North Port and the Ministry of Transport. The dry dock would also have a buy-back clause in the event the operator was unable to fulfil the contract.

Why are we building in Whangarei?

Whangarei has been identified as the preferred location due to:

- An available workforce.
- Northport has the room to expand and add the dry dock.
- Meets technical requirements such as having a deep water harbour that will minimise dredging requirements and the associated environmental impact.
- Is within reasonable proximity to the Navy's main base at Devonport.
- Is easily accessible to international shipping arriving at Northport, Auckland and Tauranga.
- Northland is seismically stable.