

Before the Independent Hearings Panel
at Rolleston

under: the Resource Management Act 1991

in the matter of: Submissions and further submissions in relation to the
proposed Selwyn District Plan

and: Strategic Directions Proposal

and: **Lyttelton Port Company**
Submitter DPR-0453

Statement of Evidence of Michael Campbell Copeland (Economics)

Dated: 23 July 2021

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STATEMENT OF EVIDENCE OF MICHAEL CAMPBELL COPELAND

INTRODUCTION

- 1 My full name is Michael Campbell Copeland.
- 2 I hold a Bachelor of Science degree in mathematics and a Master of Commerce degree in economics. I have over 35 years' experience in the application of economics to various areas of business, infrastructure and resource management matters. A summary of my curriculum vitae is attached as **Appendix A**.
- 3 I am a consulting economist and managing director of Brown, Copeland and Company Limited, a firm of consulting economists which has undertaken a wide range of studies for public and private sector clients in New Zealand and overseas. During the period 1990 to 1994, I was also a member of the Commerce Commission and during the period 2002 to 2008 I was a lay member of the High Court under the Commerce Act. Prior to establishing Brown, Copeland and Company Limited in 1982, I spent six years at the New Zealand Institute of Economic Research and three years at the Confederation of British Industry.
- 4 I am familiar with the submission made by Lyttelton Port Company (LPC) (submitter number DPR-0453) on 11 December 2020 and the economics issues discussed in that submission. I have been authorised by LPC to provide evidence on its behalf.

CODE OF CONDUCT

- 5 Although this is not an Environment Court hearing, I note that in preparing my evidence I have reviewed the code of conduct for expert witnesses contained in part 7 of the Environment Court Practice Note 2014. I have complied with it in preparing my evidence. I confirm that the issues addressed in this statement of evidence are within my area of expertise. I have not omitted to consider material facts known to me that might alter or detract from the opinions expressed.

ECONOMIC SIGNIFICANCE OF LPC'S MIDLAND PORT

- 6 I prepared the report dated 2 November 2020 on *The Economic Significance of Lyttelton Port and its Inland Mainland Port at Rolleston*, which was included as Attachment B in LPC's submission. I attach the report to my evidence as **Appendix B**.
- 7 By way of summary, the report concludes:
 - 7.1 Lyttelton Port is by far the most significant port in the South Island in terms of total tonnages of cargo, number of containers handled, the value of exports and the value of imports. It is recognised as a "lifeline utility" at a national level, and "strategic infrastructure" at a Canterbury regional level. LPC's Midland Port is proposed as "important infrastructure" in the draft Selwyn District Plan.
 - 7.2 Trade through Lyttelton Port has grown considerably across both containerised and general cargo. In the year ending 30 June 2020 the port handled 446,101

containers, an increase of 2.0% on 2019 (despite the impacts of Covid-19 in the second half of the year ending 30 June 2020) and an increase of 188.5% since 2010.¹ This is equivalent to an average annual growth rate of 11.2%. LPC forecasts ongoing growth for its container terminal to reach well over one million twenty-foot equivalent units (*TEUs*) by 2045. Non-containerised volumes of export and import trades are expected to continue growing but not as fast as containerised cargo.

- 7.3 The agriculture, forestry and fishing industries and the manufacturing industry together generate around 34.1%² of total employment in the Canterbury region and underpin much of the economic activity of Greater Christchurch and the wider Canterbury region. These two industry groups are highly dependent upon Lyttelton Port exporting their finished products and importing goods required as inputs to their production activities.
- 7.4 LPC's inland Midland Port at Rolleston has been developed to enable containerised cargo for export to be aggregated before transport by rail or road to Lyttelton Port. Also it is used for containerised imported freight to be disaggregated and redistributed at a central point relatively close to the main South Island domestic market of Christchurch.
- 7.5 The Midland Port (and LPC's City Depot in Woolston) are integrated operational parts of Lyttelton Port because of ship-side land limitations at the port.
- 7.6 Because Lyttelton Port, the City Depot and the Midland Port are connected by rail, the Midland Port helps to divert containerised import and export cargo from road to rail through Christchurch City and elsewhere throughout the South Island. This not only reduces transport costs but also reduces road transport externality costs such as vehicle emissions, road accidents and road congestion.
- 7.7 One of the 2014 Greater Christchurch Freight Study's recommended actions was the development of an inland port and associated freight precinct at Rolleston to improve Lyttelton Port's overall capacity. The benefits the study identified from such an inland port located at Rolleston included freed up capacity in and around Lyttelton Port, short road trips leading to better fleet utilisation, greater off-peak movement of freight and co-location of complementary businesses. By significantly reducing the freight related traffic entering Christchurch (especially traffic between Lyttelton Port and other parts of the South Island), an inland port at Rolleston was expected to free up existing road capacity and improve the amenity of Christchurch itself.
- 7.8 LPC's Midland Port development is fulfilling the inland port role envisaged by the Greater Christchurch Freight Study.

¹ A preliminary estimate for the year ending 30 June 2021 is 438,435 containers, down 1.7% on the year ending June 2020, but the 2020-21 year was also affected by Covid-19.

² My November, 2020 report used 2019 Statistics NZ employment data to calculate a figure of 34.4%. 2020 Statistics NZ employment data is now available and the updated figure is 34.1%.

- 7.9 Currently Midland Port engages 17 staff and at full development LPC expects up to 50 persons will be employed in shifts on the site covering its 24 hour per day operation.

Dated: 23 July 2021

Michael Campbell Copeland

Appendix A

CURRICULUM VITAE OF MICHAEL CAMPBELL COPELAND

DATE OF BIRTH 3 October 1950

NATIONALITY New Zealand

EDUCATIONAL QUALIFICATIONS Bachelor of Science (Mathematics) 1971
Master of Commerce (Economics) 1972

PRESENT POSITIONS

(Since 1982) Economic Consultant, Brown, Copeland & Co Ltd
(Since 2017) Trustee, Trade Aid, Kapiti

PREVIOUS EXPERIENCE

| | |
|---------|---|
| 1978-82 | NZ Institute of Economic Research Contracts Manager/Senior Economist |
| 1975-78 | Confederation of British Industry Industrial Economist |
| 1972-75 | NZ Institute of Economic Research Research Economist |
| 1990-94 | Member, Commerce Commission |
| 2001-06 | West Coast Regional Council Trustee, West Coast Development Trust |
| 2002-08 | Lay Member of the High Court under the Commerce Act 1986 |
| 2003-11 | Director, Wellington Rugby Union |
| 2010-13 | Director, Southern Pastures |
| 2010-17 | Director, Healthcare New Zealand Holdings Limited |

GEOGRAPHICAL EXPERIENCE

- New Zealand
- Australia
- Asia (Cambodia, India, Indonesia, Kazakhstan, Malaysia, Nepal, Pakistan, People's Republic of China, Philippines, Tajikistan, Sri Lanka, Uzbekistan, Viet Nam)
- South Pacific (Cook Islands, Fiji, Kiribati, Tokelau, Tonga, Tuvalu, Vanuatu, Western Samoa)
- United Kingdom

AREAS OF PRIMARY EXPERTISE

- Agriculture and Resource Use Economics (including Resource Management Act)
- Commercial Law and Economics (including Commerce Act)
- Development Programme Management
- Energy Economics
- Industry Economics
- Transport Economics

Appendix B

THE ECONOMIC SIGNIFICANCE OF LYTTTELTON PORT AND ITS INLAND MIDLAND PORT AT ROLLESTON

Mike Copeland

Brown, Copeland & Co Ltd

2 November, 2020

- 1 Lyttelton Port Company (LPC) own and operate Lyttelton Port, which is by far the most significant port in the South Island in terms of total tonnages of cargo, number of containers handled, the value of exports and the value of imports. By volume, the Port accounts for 34.3% of South Island seaports' overseas exports and 37.4% of overseas imports. By value the Port handles 41.4% of the South Island's seaports' exports and 67.9% of the South Island's seaports' imports.³ It is recognised as a "lifeline utility" at a national level⁴, and "strategic infrastructure" at a Canterbury regional level⁵. LPC's Midland Port is proposed as "important infrastructure" in the draft Selwyn District Plan.
- 2 Trade through Lyttelton Port has grown considerably across both containerised and general cargo. In the year ending 30 June 2020 the port handled 446,101 containers, an increase of 2.0% on 2019 (despite the impacts of Covid-19 in the second half of the year ending 30 June 2020) and an increase of 188.5% since 2010.⁶ This is equivalent to an average annual growth rate of 11.2%. LPC expects this growth to continue into the foreseeable future, as a result of:
 - 2.1 Growth in Canterbury and South Island export and imports; and
 - 2.2 Greater use of Lyttelton Port instead of other South Island ports as shipping companies continue the trend of using larger container ships and reducing services to some ports.
- 3 LPC forecasts ongoing growth for its container terminal to reach well over one million twenty-foot equivalent units (*TEUs*) by 2045. Non-containerised volumes of export and import trades are expected to continue growing but not as fast as containerised cargo.
- 4 The agriculture, forestry and fishing industries and the manufacturing industry together generate an estimated 105,000 jobs⁷ or 34.4% of total employment in the

³ For the year ending 30 June, 2020. Source: Statistics New Zealand Infoshare, Overseas Cargo Statistics (www.archive.stats.govt.nz/infoshare)

⁴ See Schedule 1 of Civil Defence Emergency Management Act 2002.

⁵ See Canterbury Regional Policy Statement.

⁶ Source: LPC Annual 2020 Report page 17 and for 2010 data: www.championfreight.co.nz/largest-nz-ports

⁷ Source: Statistics New Zealand NZ Stat. Business demography tables, February 2019 data. Assumes a regional employment multiplier of 2.0.

Canterbury region and underpin much of the economic activity of Greater Christchurch⁸ and the wider Canterbury region. These two industry groups are highly dependent upon Lyttelton Port exporting their finished products and importing goods required as inputs to their production activities.

- 5 LPC's inland Midland Port at Rolleston has been developed to enable containerised cargo for export to be aggregated before transport by rail or road to Lyttelton Port. Also it is used for containerised imported freight to be disaggregated and redistributed at a central point relatively close to the main South Island domestic market of Christchurch.
- 6 The Midland Port and LPC's City Depot in Woolston are integrated operational parts of Lyttelton Port because of ship-side land limitations. These operational constraints will be exacerbated in future as a result of:
 - 6.1 Expected future growth in container volumes through the port; and
 - 6.2 LPC embarking upon various construction projects as part of its Port Recovery Plan following the Christchurch earthquakes.
- 7 Because Lyttelton Port, the City Depot and the Midland Port are connected by rail, the Midland Port helps to divert containerised import and export cargo from road to rail through Christchurch City and elsewhere throughout the South Island. This not only reduces transport costs but also reduces road transport externality costs such as vehicle emissions, road accidents and road congestion. The Greater Christchurch Freight Study⁹ points out that inefficiencies in the movement of freight particularly congestion issues relating to road, rail and port access, add to the costs for individual businesses and negatively impact on overall productivity for the Canterbury region's economy.
- 8 One of the Greater Christchurch Freight Study's recommended actions was the development of an inland port and associated freight precinct at Rolleston to improve Lyttelton Port's overall capacity. The benefits the study identified from such an inland port located at Rolleston included freed up capacity in and around Lyttelton Port, short road trips leading to better fleet utilisation, greater off-peak movement of freight and co-location of complementary businesses. By significantly reducing the freight related traffic entering Christchurch (especially traffic between Lyttelton Port and other parts of the South Island), an inland port at Rolleston was expected to free up existing road capacity and improve the amenity of Christchurch itself.
- 9 LPC's Midland Port development is fulfilling the inland port role envisaged by the Greater Christchurch Freight Study. A substantial part of the site's 27 hectares has been developed with future development planned on the remainder of the site to meet expected future growth in demand. A small empty yard extension is expected to be built in 2021 and the next large expansion is expected to be circa 2023/24. Currently

⁸ I.e. Christchurch City and Selwyn and Waimakariri Districts.

⁹ Greater Christchurch Freight Study Freight Management Directions Statement; Aurecon; 22 December, 2014.

Midland Port engages 17 staff¹⁰ and at full development LPC expects up to 50 persons will be employed in shifts on the site covering its 24 hour per day operation.

¹⁰ Source: LPC 2020 Annual Report, page 30.