



TE MANATŪ WAKA
MINISTRY OF TRANSPORT

Northland Dry Dock Business Case

Supplier briefing session

5 October 2022

Scene setting

- NZ has two dry docks – Lyttelton and Devonport. Both are old and not large enough to cater for some of NZ's larger vessels (interisland ferries, coastal carriers, some ocean-going fishing vessels)
- Various reports since ~2013 have suggested building a large modern dry dock at various sites:
 - Northport near Whangarei, Port Taranaki in New Plymouth, Shakespeare Bay near Picton and Port Chalmers near Dunedin
 - Minister's have asked MoT to specifically explore the case of a dry dock at Northport
- **Minister Wood expects this business case to be the 'authoritative' document' on the matter, covering and combining all the issues and enabling Ministers to make any future decisions**



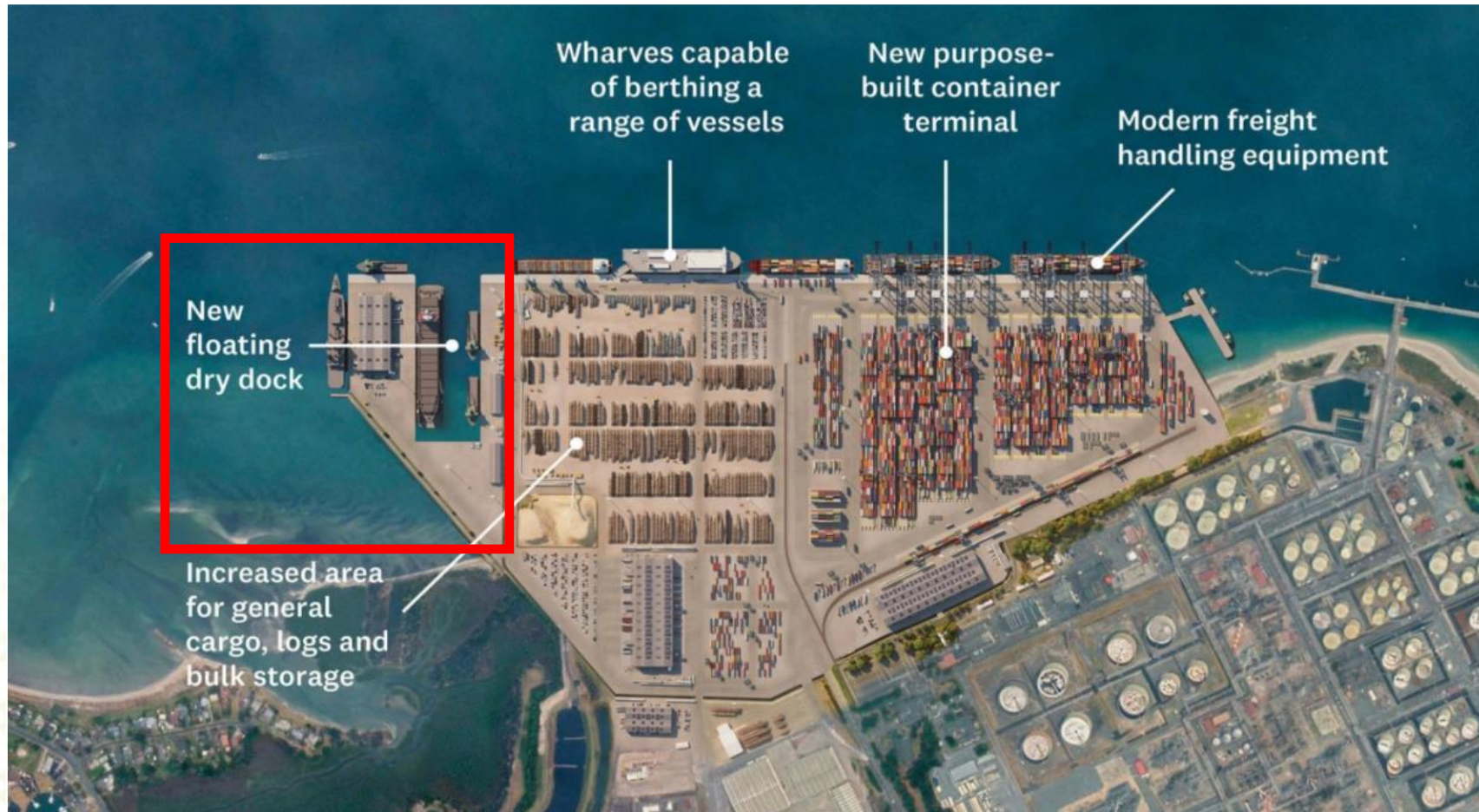
Lyttelton drydock above, Calliope Dock below (Devonport naval base)



Why is the Government investigating the case for a dry dock?

- Alternative: Sydney or Singapore dry docks
 - **Costly** – Shipping Federation estimate \$800,000 in fuel costs to Singapore alone + crew + opportunity costs (4 days to Sydney, 12 days to Singapore)
 - **Carbon emissions** – limited opportunity to retrofit green tech, hull cleaning/hull coatings requiring journeys abroad
 - **Resilience issues** – essential vessels may be abroad during natural disasters (Navy, ferries), difficult to secure spots in Sydney
 - **Support local industry** – opportunity to support skills development and regional economy (more relevant following refinery closure)
 - **Support coastal shipping** – lowers cost of business, increasing number of coastal ships entering the market in coming years (ferries, coastal Maersk services, coastal shipping activity class funded vessels)
- **Possible solution:** a ~250m dry dock and shipyard large enough to cater for these vessels located in Northport

Northport's plan (note western development to include shipyard and floating dry dock)



Northland Dry Dock Business Case - Requirements

- Undertake a Single Stage Business Case examining a dry dock large enough to maintain New Zealand's larger vessels at Northport
 - Follow **Treasury's Better Business Case Framework**: exploring and confirming the strategic, economic, commercial, financial, and management cases
 - Need to consider the requirements of a **shipyard (ship maintenance facility)** to enable the dry dock facility
 - **Given timeframes**, we will encourage the successful provider to use previous work as a starting point and update this where necessary
- Note indicative overview of our suggested areas to explore in the RFP document



Graphic from Vision for growth strategy, shipyard and floating dry dock

Requirements continued

- **Ministers are interested in understanding what conditions would need to be in place to enable the dry dock to perform as a standalone commercial proposition**
 - Need to test potential demand, how it might be paid for, who could own/govern it, and what may be needed from Government to enable the project
- **Consultants will need to engage with a variety of stakeholders** – regional and local body representatives, iwi/hapū (e.g. Patuharakeke), Ministers, Northport, New Zealand Defence Force / Navy, the New Zealand Shipping Federation, potential commercial users (e.g. KiwiRail, Bluebridge)
- **A project advisory group will need to be established** – the successful respondent may need to support the establishment and servicing of this group



Floating dry dock graphic released by MBIE

Key dates

- RFP Closes Friday, 4 November 2022 10:00 AM
- Evaluation panel meeting week of 21 November
- Intention is to award a contract in late December 2022
- Report delivery 31 May 2023

Thank you, we welcome
your questions