



Submission to the National Infrastructure Plan – Maritime Union of New Zealand

5 August 2025

Introduction

Our submission presents a strategic vision for the infrastructure of our ports and coastal shipping network.

The MUNZ view is the current fragmented and hyper-competitive port model runs against the national interest, cedes strategic control, undermines the potential of our most efficient freight modes, and damages the environment.

In its place, MUNZ proposes a shift towards a coordinated, publicly-owned ‘hub and spoke’ maritime network, integrated with rail, as a cornerstone of a 21st-century infrastructure plan.

This is a standard, rational framework for managing a strategic national asset. Our strategy aligns with a majority public sentiment that sees transport as a public good. It delivers superior economic, environmental, and social outcomes.

Section 1: Systemic Flaws in New Zealand's Current Maritime Model

The structure of New Zealand's port sector is inefficient, strategically vulnerable, and environmentally unsustainable. This section looks at the flaws of the status quo.

1.1 Inter-Port Rivalry Undermines the National Interest

New Zealand is a long, narrow island nation, serviced by 13 main commercial ports, many operating in relatively close proximity to one another.

Under the current policy framework, these ports, which are majority-owned by local government or community interests, are compelled to operate as individual, profit-maximising entities.

This has fostered a destructive, zero-sum game of “pointless competition” where ports battle each other for market share with no net benefit to the New Zealand economy. A 2020 Deloitte report on the freight sector highlighted the “considerable inter-port competition”.

This rivalry has been intensified by the strategic development of inland ports, such as Port of Tauranga's MetroPort in Auckland and Port of Lyttelton's MidlandPort in Canterbury.

These facilities are designed to expand a port's "contestable hinterland" and capture cargo that would otherwise flow to a geographic rival.

A recent example of this dynamic is the Port of Napier's effort to draw container business away from CentrePort in Wellington.

This move offers no advantage to New Zealand's overall supply chain efficiency; it would require new investment in Napier's capacity while leading to more circuitous and carbon-intensive truck movements to service the Wellington region.

The sole motivation is to grow one port's business at the direct expense of another, an example of how the current model prioritises individual port profits over national interest.

This structure prevents the port network from being managed as a single, cohesive national asset.

1.2 Misallocation of Capital and Insecurity for Regional New Zealand

The intense pressure of inter-port competition results in the misallocation of hundreds of millions of dollars in capital investment.

International shipping lines, organised into powerful global alliances, exploit this rivalry, pressuring smaller regional ports into undertaking expensive capital works projects.

These ports invest in deep-water dredging, wharf strengthening, and the purchase of larger cranes to accommodate ever-growing vessel sizes, even when the trade volumes in their regions cannot justify this expenditure.

Port Taranaki invested \$20 million in dredging its harbour to win coal and dairy export contracts, only to see that business ultimately go to other ports.

Port of Napier has engaged in a long-running and costly effort to capture business from its rivals, including investment in dredging and a new wharf that has remained under-utilised.

The most significant example is the Port of Auckland's failed automation programme. The port invested up to \$400 million in a flawed technological solution that was eventually abandoned.

This situation creates perpetual insecurity for regional ports and the communities that depend on them. They either make unsustainable investments to meet the demands of international shippers, or risk being dropped from shipping schedules.

As global shipping lines continue their pursuit of scale efficiencies by consolidating services onto fewer, larger vessels, the risk of smaller ports being bypassed grows.

1.3 Market Power of International Shipping Alliances

A small number of foreign-owned shipping conglomerates wield immense market power over our national supply chain, due to our fragmented port system.

The global container shipping industry is dominated by major players and strategic alliances, who the majority of the world's container trade.

These powerful operators exploit the competition between New Zealand's 13 ports. They play one port against another to drive down berthing fees, demand costly, bespoke infrastructure upgrades, and dictate service terms. They extract significant financial value from our national infrastructure, with the costs ultimately borne by New Zealand's importers and exporters.

This market power has a direct effect on our domestic transport network. International shipping lines routinely demand priority berthing at our ports. This means New Zealand's own coastal shipping vessels are often delayed or displaced.

This directly undermines the commercial viability of local shipping operators and forces a greater volume of domestic freight onto our congested road network. Our fragmented port structure results in New Zealand ceding strategic control of its most vital economic gateway.

1.4 The Blue Highway and the Threat of Privatisation

The structural flaws of the port system are compounded by New Zealand's "open coast" policy (introduced as part of the Maritime Transport Act 1994).

This permits international vessels, often crewed by exploited foreign labour on substandard wages and conditions, to carry domestic cargo between New Zealand ports as an "incidental" part of their international voyages. This has decimated New Zealand-crewed and flagged coastal shipping.

The result is a serious under-utilisation of our most efficient transport mode. Coastal shipping currently carries 2% of our domestic freight by tonnes and only 13% by tonne-kilometres, while road transport carries a staggering 93% by tonnage.

This failure is linked to the persistent threat of privatisation. The current model for ports to act as profit-maximising entities creates constant pressure on local government owners to sell or lease these strategic assets for short-term financial gain.

An analysis conducted by MUNZ during the aborted 2023 bid to privatise Port of Auckland's operations estimated that a private operator, exercising its monopoly power, would increase costs to New Zealand businesses by at least \$70 million per year.

International experience shows private equity owners of strategic infrastructure inevitably drive up costs for users, under-invest in long-term maintenance, and exert downward pressure labour conditions to maximise returns for offshore investors.

This push towards privatisation runs directly counter to the clearly expressed will of the New Zealand public. A 2022 Pol.is survey on the future of transport, conducted for the Ministry of Transport, found overwhelming consensus that the transport system is a “public good.”

The combination of these factors creates a vicious cycle. A fragmented port system cedes power to international alliances, which in turn forces wasteful capital expenditure and undermines regional security.

This fragmentation, combined with the open coast policy, cripples the domestic coastal shipping industry.

The failure of our “blue highway” forces an over-reliance on road freight, which imposes billions of dollars in externality costs on the nation through road damage, congestion, accidents, and carbon emissions.

Section 2: An Integrated ‘Hub and Spoke’ Network

The failures of the current model require a systemic solution.

MUNZ proposes a shift in strategy through the creation of a coordinated, publicly-owned, and nationally integrated maritime network.

This ‘hub and spoke’ model is an evidence-based framework for managing a strategic national asset to deliver maximum benefit for the entire country.

2.1 A Cooperative, Integrated National Port System

The proposed model is straightforward in its design and powerful in its effect. It involves the strategic designation of 2-4 ports as primary international ‘hubs’, equipped to handle the largest modern container vessels and consolidate international cargo.

The country's other commercial ports would operate as ‘spokes’ in this national network.

Under this framework, international import cargo would be offloaded at the ‘hubs’. From there, a dedicated fleet of New Zealand-crewed coastal vessels would distribute this freight to the regional ‘spoke’ ports.

In the reverse direction, these coastal vessels would collect regional exports—from dairy and meat to forestry products—and transport them to the hubs for aggregation and transfer onto large international ships.

This approach treats New Zealand's ports as an integrated system, ending destructive internal competition. This cooperative framework is common practice in other successful maritime trading nations, such as Japan and South Korea, which use government-led strategies to specialise their ports and optimise infrastructure investment.

2.2 Rebuilding Coastal Shipping as an Engine of Regional Connectivity and Resilience

A ‘hub and spoke’ port strategy is the single most critical enabler for the revitalisation of New Zealand's coastal shipping sector. By aggregating domestic cargo flows between hubs and spokes, the model creates the consistent, predictable freight volumes that are essential for dedicated New Zealand-flagged services to be commercially viable.

This reform provides the necessary framework to ensure the success of government initiatives like the Coastal Shipping Resilience Fund.

The resilience the Government seeks to foster—defined as the sector's ability to “anticipate, minimise, absorb, respond to, adapt to, and recover from disruptive events”—is best achieved through a robust domestic fleet.

A New Zealand flagged and crewed fleet would be a strategic asset not directed by the commercial priorities of foreign carriers and can be deployed to support communities in times of natural disaster or supply chain disruption, as was seen following the Kaikoura earthquake and Cyclone Gabrielle.

For regional New Zealand, this model promises an end to the insecurity of the current system.

Instead of relying on the infrequent and often unreliable “milk-runs” of large international vessels that may skip a port call for operational reasons, regional businesses would be served by a dedicated fleet of smaller, more appropriate coastal ships making regular and frequent stops.

2.3 A Blueprint for Efficient, Low-Emission Freight

The certainty that flows from a nationally planned hub and spoke model would unlock long-term investment in our land transport network, particularly rail. Knowing the primary, high-volume freight corridors between specific hubs, spoke ports, and inland production centres allows for the strategic and efficient development of port-rail connections.

This integration is critical. The efficiency of inland ports and landside logistics is heavily dependent on effective rail services to move containers in bulk. A hub and spoke system creates a seamless, integrated sea-rail freight network, moving large volumes of goods from our productive heartlands to international markets with minimal reliance on road transport.

The benefits of such an integrated system are immense and have been quantified in the government's own research.

The hub and spoke model should not be viewed as one policy option among many. It is the keystone policy on which a modern, resilient, and sustainable freight system can be built.

A viable coastal fleet, integrated with an efficient rail network, is the mechanism that can deliver the cost, congestion, and emissions benefits that New Zealand needs.

It is also the only way to create the training berths required to develop the next generation of New Zealand seafarers and secure our nation's maritime future.

Section 3: The Benefits of a National Maritime Strategy

By shifting freight from the current inefficient, road-dominant model to an integrated sea and rail network, New Zealand can unlock billions of dollars in economic value, make progress towards its climate goals, and build a skilled workforce for the future.

3.1 Lower Costs, Reduced Congestion, and Enhanced Resilience

The current road-dominant system imposes enormous externalities on the New Zealand public, which an integrated sea-rail system would mitigate.

A cooperative hub and spoke model amplifies these benefits. By ending the wasteful "doubling up" of port infrastructure and allowing for optimised investment where it is most needed, the model drives down systemic costs for all New Zealand businesses.

The combination of lower direct freight charges and a massive reduction in externality costs represents a multi-billion-dollar economic prize.

3.2 A Credible Pathway to Decarbonisation

New Zealand's domestic freight task is overwhelmingly carbon-intensive. Heavy road freight is the dominant mode, accounting for an estimated 94.5% of the sector's total greenhouse gas emissions.

A modal shift to sea and rail offers the single largest opportunity for decarbonising our national supply chain.

The emissions advantage of sea and rail over road is profound:

- **Coastal shipping** produces approximately **one-fifth** of the carbon emissions of road freight on a well-to-wheel basis.
- **Rail** produces approximately **one-quarter** of the emissions of road freight.

A national strategy that systematically shifts more freight from road to an integrated sea and rail network would multiply these environmental benefits exponentially, making a major contribution to New Zealand's climate change targets.

3.3 Strengthening the Workforce

A nation's maritime capability is not just about ships and ports; it is about people. There is a recognised global shortage of skilled seafarers, a trend that also affects New Zealand.

A primary barrier for new entrants into the profession is the mandatory requirement for qualifying sea-time on suitable commercial vessels to gain certification.

The decline of a New Zealand-flagged coastal fleet has all but eliminated domestic training berths.

This has created a critical dependency on foreign vessels and foreign labour to move our own domestic goods.

Without a pipeline of domestically trained seafarers, New Zealand will lose the ability to supply its maritime workforce, thus becoming entirely reliant on international markets for the skills needed to operate our most vital economic lifeline.

The Government's own Coastal Shipping Resilience Fund correctly identifies "workforce development" as a key priority for investment.

The hub and spoke model provides a sustainable mechanism to achieve this. By creating the commercial conditions for a thriving domestic fleet, it creates the training berths necessary to produce the next generation of New Zealand seafarers.

This vision for a publicly-owned, cooperative system that prioritises national benefits is strongly supported by public opinion.

Section 4: Recommendations for the National Infrastructure Plan

The evidence presented in this submission leads to a clear and compelling conclusion: fundamental reform of New Zealand's maritime infrastructure is a national imperative.

To translate this vision into reality, MUNZ proposes the following four recommendations for inclusion in the National Infrastructure Plan.

Recommendation 1: National Ports Strategy

The government must take the lead in ending the era of fragmented and counter-productive competition between our ports.

MUNZ recommends the development and implementation of a legislated National Ports Strategy that establishes a cooperative, publicly-owned hub and spoke model.

A critical component of this reform would be to amend the Port Companies Act 1988. The primary duty of port companies must shift focus from maximising individual corporate profit to contributing to the overall efficiency, resilience, and sustainability of the national transport network.

This legislative change is a first step to eliminate "pointless competition" and provide the certainty required for coherent, long-term infrastructure planning across all modes.

Recommendation 2: Commit to Long-Term, Integrated Funding for Coastal Shipping

Ad-hoc, short-term funding cycles are inadequate for building a resilient national freight network.

The Coastal Shipping Resilience Fund is a positive initiative but must evolve into a permanent, strategic investment programme as part of the National Land Transport Programme.

Funding must be integrated with rail investment. This includes upgrading infrastructure at designated ‘spoke’ ports to efficiently handle coastal vessels, improving critical port-rail connectivity at the ‘hubs’, and providing targeted support for the acquisition of new, efficient, and environmentally friendly New Zealand-crewed vessels.

Recommendation 3: Establish a Maritime Workforce Development Plan

A skilled domestic workforce is a central component of national maritime capability. A revitalised coastal fleet, enabled by the hub and spoke model, provides a platform for training, but must be supported by a national strategy.

MUNZ recommend the creation of a formal tripartite partnership between Government, industry (ship operators and port companies), and unions (MUNZ). The mandate of this body would be to:

- Guarantee and fund a set number of training berths on New Zealand-flagged vessels each year to provide sea-time for cadets.
- Work with training providers like the New Zealand Maritime School to modernise maritime qualifications.
- Develop and promote clear career pathways to attract and retain talent within the New Zealand maritime industry.

Recommendation 4: Public Ownership of Strategic Port Infrastructure

The National Infrastructure Plan must make an explicit commitment to public ownership of New Zealand's strategic port infrastructure and land.

Public ownership is the only effective tool to mitigate the proven risks of privatisation, which include monopoly pricing, under-investment in infrastructure, pressure on labour and safety standards, and the permanent loss of strategic control over vital national assets.

This recommendation means our ports are managed for the long-term economic, social, and environmental benefit of all New Zealanders.

Conclusion

New Zealand stands at a juncture.

We can continue down the current path of fragmentation, allowing our port infrastructure to be leveraged by foreign interests, our roads to become more congested and dangerous, and our carbon emissions to grow.

Or we can make a decisive choice for a more resilient and prosperous future.

A coordinated, publicly-owned national maritime strategy, built on an integrated hub and spoke model for our ports and a revitalised coastal shipping and rail network, is not an option—it is an economic, environmental, and strategic necessity.

It will lower costs for businesses, reduce emissions, make our roads safer, create skilled local jobs, and restore local control over our nation's lifeline.

The Maritime Union of New Zealand urges the Infrastructure Commission to adopt these recommendations and lay the foundation for a transport system that serves the long-term national interest.

References

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