

Port Future Study

File No.: CP2016/13651

Purpose

1. The purpose of this report is to:
 - i. present the recommendations of the Port Future Study Consensus Working Group on the long-term strategy to accommodate Auckland's demand for sea-based freight and cruise
 - ii. table the report of the Consensus Working Group
 - iii. table the supporting report by the consortium of consultants, prepared for the Consensus Working Group.
2. This report also serves as background for Dr. Rick Boven, the Independent Chair of the Study, to give a verbal report on the process and its output, as well as answer questions Committee members may have.
3. The report further provides a documented overview of the Port Future Study process over the past year.

Executive summary

4. The Port Future Study was initiated in May 2015 as an independent Māori and stakeholder collaborative process with the objective of making recommendations for a long-term strategy for the provision of facilities to accommodate Auckland's demand for sea-based freight and cruise.
5. A Consensus Working Group and wider Reference Group were set up to achieve this purpose. Both groups were led by an Independent Chair, Dr. Rick Boven.
6. The Consensus Working Group completed its task and submits a recommendation report (Attachment A) and appended consultants' report (Attachments B and C) for the Committee's consideration. The Consensus Working Group makes four recommendations to be read and received as a package, along with the Group's notes and findings.

Recommendation/s

That the Auckland Development Committee:

- a) receive a verbal report from Dr. Rick Boven, Independent Chair for the Port Future Study;
- b) thank the members of the Consensus Working Group, Reference Group and Independent Chair for their time and valued contribution to the Study;
- c) receive the Consensus Working Group report and the supporting consultants' report to the Port Future Study and;
- d) receive the following recommendations and accompanying notes from the Consensus Working Group, offered as an integrated package:
 - i. *A port relocation option is established for freight, noting:*
 - *If the port is moved, then cruise ships should continue to be accommodated near the CBD*
 - ii. *Comprehensive investigation of the identified location area options - Manukau Harbour and the Firth of Thames - is undertaken to decide which specific option is chosen, noting:*
 1. *Investigation to identify the specific relocation option should include consideration of at least:*

- *The long term engineering requirements, navigability, safety and availability of the Manukau and Firth of Thames options*
 - *The effect of a west coast versus east coast location on shipping and the competitiveness of the Auckland port and the national supply chain*
 - *The wider and long term implications of west coast versus east coast locations including on Auckland’s long term transport strategy, land use development, land-side freight routes and the potential for a super-port*
 - *Mana whenua values, views and opportunities for each of the potential sites identified*
 - *The environmental impacts of the new site and analysis of consenting pathways*
 - *How and when any new port could be funded.*
- iii. *Regular monitoring of relocation triggers is undertaken to identify the time at which the port relocation option should be exercised, noting:*
- *The port may move when the social, environmental, cultural, economic, urban development or other conditions indicate that moving the port is beneficial for the city centre, or Auckland or New Zealand*
 - *The port may move when expected demand growth, expected capacity growth and the time required to complete the move indicate that moving the port has become necessary*
 - *It is possible that Auckland’s future unfolds in a way that neither of the triggers for the beneficial or necessary cases will be “pulled”, which would mean that the port would accommodate long term demand at the current site.*
- iv. *Subject to confirmed and credible commitment to establishing a port relocation option and to establishing sufficient additional berth length to accommodate expected growth in large cruise and multi-cargo vessels, the port should not expand beyond its current footprint, noting:*
- *The work done so far for the Central Wharves Strategy implies the need for additional cruise berths and the Consultant’s report endorses POAL’s case that additional long berths are required to accommodate expected short and medium term growth in cruise and multi-cargo operations*
 - *The Consultant has recommended a northern east-west berth at Bledisloe Wharf and the CWG is in agreement that a northern berth presents a viable short term option. Exact specifications to meet future berth demand will be worked through*
 - *The CWG recognises mana whenua and community opposition to any further extension of port operations into the harbour and that deciding the plan to provide the required berth capacity will require rigorous identification and evaluation of alternative options*
 - *The Port Future Study is a study to provide a long term strategy for the location of the port and there are established processes for short term berth provision decisions.*

The Consensus Working Group notes that, adopting some recommendations while not implementing others, is likely to lead to adverse unintended consequences.

EITHER

- Option one**
- e) refer the Consensus Working Group recommendations and report, and the supporting consultants' report, to the incoming council.
- OR**
- Option two**
- e) refer the Consensus Working Group recommendations and report, and the supporting consultants' report, to the incoming council.
- f) request the Chief Executive to consider the Consensus Working Group's recommendations and report, as well as the supporting consultants' report, and to refer to the incoming council:
- i) a process to investigate location options identified in the Consensus Working Group and consultants' reports in the Manukau Harbour and Firth of Thames, and
 - ii) a scope, based on the matters included in the Consensus Working Group and consultants' reports, for identifying and monitoring 'relocation triggers' on an on-going basis to inform the execution of the relocation option.

Comments

Background: Project and Auckland Development Committee considerations

7. On 1 April 2015 the Auckland Development Committee resolved to commence the Port Future Study. Consistent with the Committee's subsequent resolution on 14 May 2015, a collaborative Māori and stakeholder process was established to investigate the long-term future of Auckland's port. A Consensus Working Group (CWG) and wider Reference Group were vehicles established for this process. An Independent Chair of both groups was appointed by the Governing Body in May 2015. The Committee set a date of mid-2016 for the delivery of recommendations to the council.
8. It is to be noted that:
- i. The Port Future Study did not include elected representative or officer membership.
 - ii. The Study has not and does not purport to have formally consulted any stakeholders or mana whenua iwi. It did however aim to develop a consensus recommendation to the council from amongst a wide range of mana whenua iwi and stakeholders.
9. The objective of the Port Future Study and a provisional list of stakeholder organisations were endorsed by the Committee at its 14 May 2015 meeting.
10. The objective of the Study was 'to provide Auckland Council, as the port company's owner, with recommendations about a long-term strategy for the provision of facilities to accommodate sea-based imports and exports (and the cruise industry) flowing to and from Auckland'.
11. The design proposal, as endorsed by the Committee in May 2015, enabled the CWG to consider and finalise the objective and scope of the Study. The Independent Chair reported an adjusted objective and scope in September 2015, which was endorsed by the Committee. The objective for the Study authored by the CWG reads:

"The Port Future Study's objective is to recommend a long-term strategy for the provision of facilities to accommodate sea-based imports and exports and the cruise industry flowing to and from Auckland and its wider region in an economically, socially, culturally and environmentally acceptable manner, taking into account competing uses for city centre waterfront space and the various impacts of options."

12. The Independent Chair gave verbal updates to the Committee on two occasions during the Study:
 - i. 15 October 2015: the Committee endorsed the CWG-authored objective and scope.
 - ii. 14 April 2016: updated the Committee on the appointment of the Ernst & Young (EY) led consortium, and progress on shortlisting of options using the CWG-authored scope.
13. In the course of the study, council support staff provided advisory memos to Committee members and Local Board Chairs whenever the Independent Chair issued a media statement on behalf of the Study, ahead of the information being released.
14. Around April 2015, while discussions on the Proposed Auckland Unitary Plan were underway, in a separate and unrelated process, a planned extension of Bledisloe Wharf was met with community opposition. This eventually resulted in a High Court decision in June 2015 to overturn consent for the extension (generally known as 'B2' and 'B3'). To a large degree, this led to the study to look into the long-term future of the port being brought forward (from the original intent to initiate such a study following the Unitary Plan process).
15. The Port Future Study was designed as a process to make recommendations for a long-term strategy for the future of port facilities to accommodate Auckland's sea-based trade. It does not, nor was its purpose to make decisions on shorter-term processes governing the land-use activities within the port precinct, or to direct the port company in any way.
16. The Independent Hearings Panel will make its recommendations to Auckland Council as part of the Proposed Auckland Unitary Plan process on 22 July 2016. In due course, council will make PAUP decisions as they relate to Independent Hearings Panel recommendations on the port precinct. The Port Future Study recommendations did not serve as evidence to the Independent Hearings Panel, can therefore not be taken into account by the Panel, and can thus not be considered in council's decisions on the PAUP.

Independent Chair

17. Dr. Rick Boven was appointed to the role of Independent Chair at the 28 May 2015 meeting of the Governing Body. Dr. Boven chaired both the CWG meetings and the meetings of the Reference Group.
18. In his role as Independent Chair, Dr. Boven:
 - i. facilitated all meetings of the CWG and Reference Group, aimed to provide all necessary information and sought to address the needs and requests of CWG members
 - ii. liaised with the consultants and engaged peer reviewers on aspects of the consultants' outputs
 - iii. undertook efforts to create a collaborative and consensus-enabling environment for the members of the CWG and Reference Group
 - iv. issued media statements and fielded media enquiries on behalf of the Study
 - v. liaised with council support staff.
19. Dr. Boven provided verbal progress reports to the Auckland Development Committee on 15 October 2015 and 14 April 2016.

Consensus Working Group

20. A 16-member Consensus Working Group was established comprising four mana whenua representatives, 11 representatives from stakeholder organisations and the CEO of Ports of Auckland Ltd.
21. The CWG produced a report detailing its recommendations, appended as Attachment A to this report.

22. The CWG met on 22 occasions throughout the Study. Meetings were generally 5 hours long and commonly occurred at fortnightly intervals. CWG members worked together to build their understanding of the complexities inherent in this issue. Their efforts represent a considerable contribution to the long-term future of Auckland's port. The group:
- i. co-authored the objective and scope of the Study
 - ii. a sub-group of the CWG appointed the consultants with technical assistance from council's procurement team
 - iii. engaged with the consultants, reviewed their output and gave critique and direction
 - iv. gave presentations to one another on the views and perspectives of different stakeholders
 - v. invited presentations from external organisations (NZTA, KiwiRail, Auckland Transport, Auckland Tourism Events & Economic Development, Auckland Design Office, City Centre Integration Group, Panuku Development Auckland and Martyn Evans Architects)
 - vi. shared outputs with the Reference Group and considered its feedback, and
 - vii. authored recommendations for a long-term strategy.
23. Two separate processes were run in parallel to select the members of the CWG that reflect both mana whenua and stakeholder organisations that have a relationship or link with the port and its wider impacts on Auckland.
- i. Eighty five organisations were invited to a stakeholder plenary session on 9 July 2015. At this facilitated session, 64 attendees self-selected 11 representatives. Attendees who were not selected then became the Reference Group. The CWG members were intended to represent both their own organisation and those of other organisations within the Reference Group.
 - ii. The chairs of mana whenua iwi organisations of Ngāti Whātua, Marutūahu, Waiohūa-Tāmaki Alliance and Waikato-Tainui were invited to a hui with the Mayor on 14 July 2015. At the hui, mana whenua undertook to select a representative from each of these groupings. Four members were appointed via this process. All mana whenua iwi organisations were invited to put representatives forward to the Reference Group.
24. The members of the CWG are detailed below:

Stakeholder representatives

Michael Barnett	Auckland Chamber of Commerce
Luke Christensen	Generation Zero
Noel Coom	International Container Lines Committee
Richard Didsbury	Committee for Auckland
Jenni Goulding	Independent (Parnell Community)
Rangimarie Hunia	Ngāti Whātua o Ōrākei Whai Rawa
Alan McDonald	Employers and Manufacturers Association
Greg McKeown	Independent
Julie Stout	Urban Auckland
Shane Vuletich	Society for the Protection of Auckland Harbours
Annabel Young	NZ Shipping Federation

Mana whenua iwi representatives

Ngarimu Blair	Ngāti Whātua iwi group
Nathan Kennedy	Marutūahu iwi group
Maxine Moana-Tuwangai	Waikato-Tainui iwi group
Karen Wilson	Waiohūa-Tāmaki Alliance iwi group

Port company representative

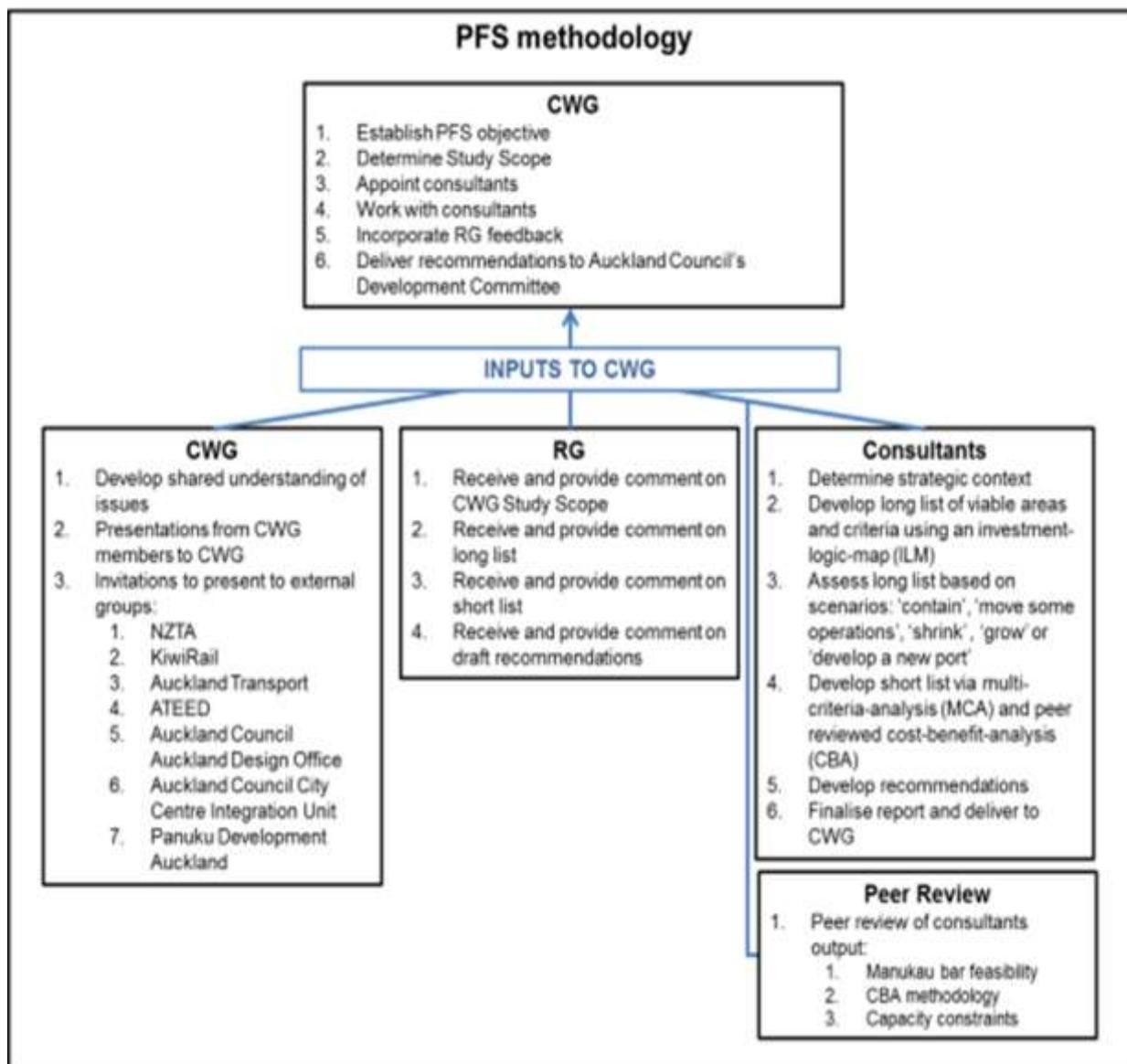
Tony Gibson	POAL
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33. The EY-led consortium began its work in November 2015 and attended most meetings of the CWG up until mid-April 2016, after which the CWG proceeded to formulate its own recommendations.
34. A draft report was delivered on 30 April 2016 to the CWG and a final report completed on 22 June 2016. The consultants' report to the CWG is appended as Attachment B. The appendix to the consultants' report to the CWG is appended as Attachment C.
35. During the work of the EY-led consortium, the CWG engaged three peer review experts. The outputs of those peer reviews were addressed by the consultants and, where appropriate, changes incorporated into the final report delivered by EY. The peer reviewers were:
 - i. Tim Denne, Resource Economics (NZ), review and comment on Cost-Benefit Analysis methodology
 - ii. Dennis Kögeböhn, Hamburg Port Consulting GmbH (DE), review and comment on volume and capacity modelling methodology
 - iii. Richard Reinen-Hamill, Tonkin + Taylor (NZ), review and comment on navigability of Manukau Harbour analysis.

Port Future Study methodology

36. The CWG and consultants' reports describe the methodology of the Port Future Study in detail. Broadly, the CWG used three types of inputs in its consideration and development of recommendations. These were:
 - i. the work of the CWG itself, including meetings and deliberations,
 - ii. the feedback the CWG received from the Study's Reference Group, and
 - iii. the interim and final reports prepared by the EY-led consortium and peer reviews.

37. These inputs are presented in the diagram below:



Recommendations of the Consensus Working Group

38. The recommendations of the CWG are made in the context of three key issues identified by the CWG and a number of key findings. The three issues agreed by the CWG as foundations for the Port Future Study were:

- Capacity will constrain the port's ability to meet future freight and cruise demands, which may limit economic growth in the long term*
- Tension between, and competition for, limited resources for the CBD and POAL will lead to sub-optimal outcomes for one or both*
- Port activities create environmental, economic, social and cultural impacts which need to be understood and addressed.*

39. The key findings are:

In considering the options; 1) constrain the port, 2) downsize the port, 3) relocate trade volume, 4) grow the port, 5) build a new port, the CWG key findings reached by consensus are:

- A. *Based on EY's findings, the existing Port will not be able to accommodate the long term freight task and cruise on the current footprint.*
 - B. *That no further reclamation beyond what is already consented in the port precinct is required for freight purposes in the short to medium term.*
 - C. *There is a need to secure sufficient berth length in the multi-cargo area for the short to medium term.*
 - D. *Short term pathways need to be created to enable the Port to continue to operate efficiently prior to a planned new Port being established due to the substantial lead times involved. In this regard, the CWG identifies that additional berth length needs to be provided to fulfil the short and medium term capacity requirements of the Port in response to cruise and multi-cargo requirements.*
 - E. *Retaining the bulk of port functions provides a more feasible and superior outcome for Auckland, rather than shedding cargo elsewhere or downsizing Auckland's freight task, in the short to medium term. Shedding or downsizing freight operations may weaken the case for moving the port.*
 - F. *In the long term, other existing North Island ports will be unable to cope with the totality of the Auckland freight task together with their own capacity requirements.*
 - G. *Cruise industry facilities should be retained and improved in Auckland's city centre*
 - H. *Two possible new port locations - Manukau Harbour and Firth of Thames - have been identified as warranting more detailed investigation.*
 - I. *The triggers for a move would comprise economic, social, environmental and cultural triggers that make a move beneficial or demand/economic triggers that make a move necessary to achieve long term outcomes for Auckland.*
40. Based on these findings, the CWG makes its recommendations to council. Note that the CWG further states that its recommendations "are offered as an integrated package. Adopting some recommendations while not implementing others is likely to lead to adverse unintended consequences".
41. The CWG recommends that:
- i. *A port relocation option is established for freight, noting:*
 - a. *If the port is moved, then cruise ships should continue to be accommodated near the CBD*
 - ii. *Comprehensive investigation of the identified location area options - Manukau Harbour and the Firth of Thames - is undertaken to decide which specific option is chosen, noting:*
 - *Investigation to identify the specific relocation option should include consideration of at least:*
 - *The long term engineering requirements, navigability, safety and availability of the Manukau and Firth of Thames options*
 - *The effect of a west coast versus east coast location on shipping and the competitiveness of the Auckland port and the national supply chain*
 - *The wider and long term implications of west coast versus east coast locations including on Auckland's long term transport strategy, land use development, land-side freight routes and the potential for a super-port*
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- The port may move when the social, environmental, cultural, economic, urban development or other conditions indicate that moving the port is beneficial for the city centre, or Auckland or New Zealand*
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- iv. *Subject to confirmed and credible commitment to establishing a port relocation option and to establishing sufficient additional berth length to accommodate expected growth in large cruise and multi-cargo vessels, the port should not expand beyond its current footprint, noting:*
- The work done so far for the Central Wharves Strategy implies the need for additional cruise berths and the Consultant's report endorses POAL's case that additional long berths are required to accommodate expected short and medium term growth in cruise and multi-cargo operations*
 - The Consultant has recommended a northern east-west berth at Bledisloe Wharf and the CWG is in agreement that a northern berth presents a viable short term option. Exact specifications to meet future berth demand will be worked through.*
 - The CWG recognises mana whenua and community opposition to any further extension of port operations into the harbour and that deciding the plan to provide the required berth capacity will require rigorous identification and evaluation of alternative options*
 - The Port Future Study is a study to provide a long term strategy for the location of the port and there are established processes for short term berth provision decisions.*

Budget

42. When initiating the Port Future Study in May 2015, the Auckland Development Committee approved a budget of \$1,043,000 - \$1,143,000, noting that funding will come from the Mayoral Office budget. The project comes in on time with a likely total budget spend of approximately \$1,057,000.

Consideration

Local board views and implications

43. The views of Local Boards have not specifically been taken into account for the purposes of this report, other than the extent to which they were accounted for in previous Committee resolutions.
44. The Port Future Study was without elected member or officer representation.
45. The project team gave a briefing about the Study at the Local Board Chairs Forum on 22 June 2015. Local Board Chairs received memos with relevant information at the same time as Committee members.

Māori impact statement

46. The Waitemātā and Manukau Harbours are seen as gateways into Auckland by the Ngāti Whātua, Waiohua-Tāmaki, Marutūahu and Waikato-Tainui tribes.

47. The first elements of Auckland's port as we see it today were established in the mid-to-late 1800's; however Tāmaki harbours had been plied by waka for many years before that. The confluence of people and trade in the area led to it also being known as Tāmaki Herenga Waka: Tāmaki the gatherer of many canoes.
48. The Waitematā port, operations and externalities sit within a cultural, economic, environmental and social context for Māori; due in particular to the interrelationship of the port and the Waitematā Harbour which is a taonga and source of identify for Māori as well as a source of economic and social well-being.
49. The Port Future Study was a study only and is not thought of as having formally consulted any organisation or mana whenua iwi. The work done for this Study has not provided mana whenua with occasion to engage with recommended locational or strategic options at sufficient detail and opportunities to do so must be incorporated into future processes.
50. In noting the recommendations made by the CWG, this Māori Impact Statement notes that the Manukau Harbour and Firth of Thames areas identified have cultural significance for Māori. Land at Waimango point in particular is noted as held in Māori title.
51. The Port Future Study report does not make nor requires the Committee to make decisions on a long-term strategy. Potential future decisions for a long-term strategy for the provision of port facilities to meet Auckland's long-term needs will have many and varied economic, cultural, environmental and cultural impacts on Māori with implications for mana whenua iwi and on relationships of kaitiakitanga, ownership and co-governance.
52. Council has made key commitments to Māori through the Auckland Plan, Proposed Auckland Unitary Plan, Long Term Plan and the Māori Responsiveness Framework. These need to be taken into account and provided for in council's consideration of:
 - i. The recommendations for a long-term strategy to accommodate Auckland's trade and cruise demand made by the CWG of the Port Future Study
 - ii. The economic, social, cultural and environmental impacts of new and proposed port activity on whanau and Māori industry
 - iii. How to recognise and protect Māori rights and interests and how to address and contribute to Māori needs and aspirations in future processes
 - iv. Treaty Settlements, including the pending Waitematā Harbour settlements.
53. The methodology of the Port Future Study adopted included a 'mana whenua discovery process':
54. EY Tahi (a member of the consortium of consultants) conducted interviews with members of mana whenua iwi groups at the suggestion of mana whenua CWG members. The interview process and desktop research of EY Tahi contributed to the final consultants' report content.
55. Mana whenua CWG members consistently voiced concerns throughout the project that mātauranga Māori (a Māori world view or lens) be incorporated into the methodology used by the consultants to narrow options. The discovery process was met with varying levels of comfort by mana whenua CWG members (and all CWG members) and efforts have been made by mana whenua members to improve content in the report of the consultants to varying degrees of satisfaction.

Implementation

56. The Port Future Study was a one-off project for completion in mid-2016. Upon receiving the recommendations of the CWG, the project is completed and there is no implementation in terms of the scope of the project.
57. Should the recommendations of the CWG be adopted, and should the 'trigger/s' for relocation be reached, the Study itself is the foundation and first phase in what is likely to be a long-term undertaking. Numerous decisions need to be made along the way and much work needs to be undertaken or commissioned.

Attachments

No.	Title	Page
A	Port Future Study: Consensus Working Group Recommendations report - July 2016 <i>(Under Separate Cover)</i>	
B	Consultants' report to the Port Future Study - July 2016 <i>(Under Separate Cover)</i>	
C	Appendix to the Consultants' report to the Port Future Study - July 2016 <i>(Under Separate Cover)</i>	

Signatories

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Authorisers	Jacques Victor - GM Auckland Plan Strategy and Research Jim Quinn - Chief of Strategy