

I hereby give notice that an ordinary meeting of the Planning Committee will be held on:

Date: Tuesday, 27 November 2018
Time: 9.30am
Meeting Room: Reception Lounge
Venue: Auckland Town Hall
301-305 Queen Street
Auckland

**Komiti Whakarite Mahere /
Planning Committee**
OPEN ADDENDUM AGENDA

MEMBERSHIP

Chairperson

Cr Chris Darby

Deputy Chairperson

Cr Richard Hills

Members

Cr Josephine Bartley

Cr Dr Cathy Casey

Deputy Mayor Cr Bill Cashmore

Cr Ross Clow

Cr Fa'anana Efeso Collins

Cr Linda Cooper, JP

Cr Alf Filipaina

Cr Hon Christine Fletcher, QSO

Mayor Hon Phil Goff, CNZM, JP

IMSB Member Hon Tau Henare

Cr Penny Hulse

Cr Mike Lee

Cr Daniel Newman, JP

IMSB Member Liane Ngamane

Cr Greg Sayers

Cr Desley Simpson, JP

Cr Sharon Stewart, QSM

Cr Sir John Walker, KNZM, CBE

Cr Wayne Walker

Cr John Watson

Cr Paul Young

(Quorum 11 members)

Kalinda Gopal

Senior Governance Advisor

26 November 2018

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ITEM TABLE OF CONTENTS

PAGE

12	Submission for Upper North Island Supply Chain Strategy Working Group	5
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Submission for Upper North Island Supply Chain Strategy Working Group

File No.: CP2018/22182

Item 12

Te take mō te pūrongo / Purpose of the report

1. To inform the Planning Committee of the Government's Upper North Island Supply Chain Strategy process and Working Group.
2. To agree messages to communicate to the Working Group at the first upcoming engagement with council on 13 December 2018.
3. To provide background on Auckland's 2015-2016 Port Future Study as important context to the Working Group's work.

Whakarāpopototanga matua / Executive summary

4. Central Government has started a review of Upper North Island supply chains with a view to form a long-term Government strategy. The strategy is expected to include priorities for investment in rail, roads and other supporting infrastructure for the next 30 years.
5. A Working Group was established in September 2018 to undertake this work. It is not clear when the Working Group will deliver its findings to Cabinet but we can assume a period of at least several months.
6. Auckland Council has not been engaged directly by the Working Group to date.
7. A meeting with representatives from the Working Group is planned for 13 December 2018. This report recommends key messages to be conveyed to the Working Group at that meeting.

Ngā tūtohunga / Recommendation/s

That the Planning Committee:

- a) agree that, at the 13 December 2018 meeting, clear messages are conveyed to the Upper North Island Supply Chain Strategy Working Group regarding the need:
 - i) to protect and maintain the commercial value of the Ports of Auckland Ltd., as well as the other Upper North Island port companies and related industries
 - ii) for the review and subsequent strategy to be based on robust evidence and analysis, consider all available options (including detailed analysis of the two options identified for further exploration in Auckland's Port Future Study) and include several material issues raised in the Port Future Study:
 - A) long-term feasible capacity at existing Upper North Island ports
 - B) long-term strategies to mitigate the contribution of supply chain activities to climate change
 - C) long-term strategies to adapt supply chains to increased impacts of climate change
 - D) mana whenua iwi values and aspirations, including outstanding Tiriti o Waitangi settlements
 - E) social and community impacts of supply chain activities
 - F) impacts of splitting or elongating supply chains, including: freight and environmental costs, productivity, duplication of port functions and labour markets

- G) impacts on the investment planning of supply chain stakeholders
 - H) long-term engineering requirements, navigability, safety and availability of the location options
 - I) how and when any new port could be funded
 - J) wider and long-term implications of west coast versus east coast port location
- iii) for a transparent, objective and inclusive process to avoid predetermination of outcomes.
- b) agree that the Mayor, Deputy Mayor, Chair of the Planning Committee, an IMSB member and relevant staff meet with the Working Group on 13 December 2018.
- c) note the attached letter (Attachment A to the agenda report) to be delivered by the Mayor to the Working Group's Chairman on behalf of council.

Horopaki / Context

8. This section provides a background to several inter-related issues.

Ports of Auckland Ltd.

9. The Ports of Auckland are in the sole ownership of Auckland Council.
10. The Port is a strategic asset and an anchor of Auckland's economy. Last year the Port returned a dividend of \$51.1m. As owner, Auckland Council has a responsibility to govern the business to protect and enhance its commercial value now and in the future.

Upper North Island Supply Chain Strategy

11. In October 2017 the Planning Committee resolved to engage with and advocate to Central Government to instigate an Upper North Island Port Strategy.
12. Central Government is now conducting a review of Upper North Island supply chains with a view to form long-term Government strategy. A Working Group was established in September 2018. It is currently not clear when the Working Group will deliver its outputs. Given the size of the task at hand one can assume it will take at least several months.
13. The group will report on three lines of enquiry to Cabinet:
- a) an Upper North Island Supply Chain Review
 - b) a proposed Upper North Island Supply Chain Strategy
 - c) a Feasibility Study to explore moving the location of Ports of Auckland, "with serious consideration to be given to NorthPort"
14. The Terms of Reference are available at the following link. A detailed work programme is mentioned but this has not yet been made available publicly.
- <https://www.beehive.govt.nz/sites/default/files/2018-04/UNI%20Cabinet%20Paper%20and%20Terms%20of%20Reference.pdf>

15. The Working Group has five members. Two members were also members of Auckland's Port Future Study 2015-2016. The members are:
- | | |
|---------------------|---|
| Wayne Brown (Chair) | Former Far North Mayor |
| Greg Miller | KiwiRail chairman |
| Susan Krumdieck | Professor in mechanical engineering at Canterbury University |
| Noel Coom | Former Port Future Study member, former TranzRail group General Manager |
| Shane Vuletich | Former Port Future Study member, Managing Director Fresh Information Company which specialises in strategy, measurement, evaluation and forecasting. Shane is a member of the Society for the Protection of Auckland Harbours |

Auckland's 2015-2016 Port Future Study

16. Auckland's Port Future Study was an independent, Māori and stakeholder collaborative process with the objective of making recommendations to council for a long-term (50yrs+) strategy to accommodate Auckland's demand for sea-based freight and cruise.
17. A Consensus Working Group and wider Reference Group were set up to achieve this purpose. Both groups were chaired by an Independent Chair, Dr Rick Boven. The Consensus Working Group engaged a consortium of consultants to undertake technical work and produce an associated report.
18. The Consensus Working Group had eleven representatives from industry, advocacy and resident groups; four representatives from mana whenua iwi; and a representative from the Ports of Auckland Ltd.
19. The Consensus Working Group submitted a recommendations report to the Auckland Development Committee of Auckland Council in July 2016. These recommendations were referred to the incoming (2016-2019) council. The findings and recommendations were then received by the Planning Committee in October of 2017.
20. The Port Future Study did not state with certainty that the Ports of Auckland would exceed its current footprint.
21. However, given the sufficient probability that capacity could be reached in the long-term (50yrs+), the Consensus Working Group recommended Auckland Council create a relocation option. That is, not decide in the short term to relocate the Port, but create a feasible option for relocation, should it be needed in the future. It provided technically feasible alternative location options for further detailed investigation.
22. In October 2017 the Planning Committee resolved to:
- Receive the Consensus Working Group report and supporting consultants' report.
 - Request the Chief Executive to prepare scopes for two processes: a process to investigate alternative locations and a process to monitor relocation 'constraints/triggers.' Mana whenua are to be involved in these processes.
 - Engage and advocate to central government to instigate an Upper North Island Port Strategy.
23. After its formation, the current Government announced a comprehensive review of Upper North Island Supply Chains and work on resolution b) was put on hold.

Tātaritanga me ngā tohutohu / Analysis and advice

24. The Working Group's outputs will have the potential to profoundly impact the Ports of Auckland Ltd., Auckland and New Zealand. Auckland Council should therefore engage with the Working Group and its outputs to best represent Auckland's interests.

25. The Working Group has requested a meeting with Auckland Council, which is planned for 13 December 2018. As a starting point for engagement, it is proposed that council conveys the following messages to the Working Group at this meeting:
- a) Auckland's Port plays a significant role in the economy of the region and wider Upper North Island. As sole owner of the Ports of Auckland Ltd., Auckland Council has the responsibility to protect and enhance its commercial value over the short and long term. Both the conduct of the review, and any recommendations arising from it, need to protect and maintain the commercial value of the Ports of Auckland Ltd, as well as the other Upper North Island port companies.
 - b) If adopted by Government, the Group's Upper North Island Supply Chain Strategy has the potential to direct significant national investment for years to come. A sound long-term strategy must be based on robust, detailed evidence from thorough investigation of all available options. The long timeframes involved make a scenarios-based approach desirable.
 - c) It is vital that the Working Group address, in its evidence base, several material issues raised in Auckland's Port Future Study, including but not limited to:
 - A) long-term feasible capacity at existing Upper North Island ports
 - B) long-term strategies to mitigate the contribution of supply chain activities to climate change
 - C) long-term strategies to adapt supply chains to increased impacts of climate change
 - D) mana whenua iwi values and aspirations, including outstanding Tiriti o Waitangi settlements
 - E) social and community impacts of supply chain activities
 - F) impacts of splitting or elongating supply chains, including: freight and environmental costs, productivity, duplication of port functions and labour markets
 - G) impacts on the investment planning of supply chain stakeholders
 - H) long-term engineering requirements, navigability, safety and availability of the location options
 - I) how and when any new port could be funded
 - J) wider and long-term implications of west coast versus east coast port location.
 - d) Public statements made regarding the study suggest predetermination of an outcome prior to analysis being undertaken which is unhelpful. The work of the Group must be conducted in a transparent, objective and inclusive manner to ensure there is confidence in the report's recommendations.
26. It is proposed that the Mayor, Deputy Mayor, Chair of the Planning Committee, an IMSB member and relevant staff meet with the Working Group on 13 December 2018.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe / Local impacts and local board views

27. The Upper North Island Supply Chain Strategy Working Group's work is of regional and national importance and could potentially have region-wide social, economic, cultural and environmental impacts.
28. No local board views were sought in preparing this report.

Tauākī whakaaweawe Māori / Māori impact statement

29. The future of freight in the Upper North Island is an issue with considerable social, economic, environmental and cultural impacts for both the general population (of which Māori are a population group) and specifically for mana whenua iwi.

30. Mana whenua values, interests and aspirations should be represented in the outputs of the Working Group and these issues should influence any resulting Government strategy. These include remaining Tiriti o Waitangi settlements.
31. No specific views were sought in the preparation of this report. Auckland Council will engage on any decisions arising from the Working Group's outputs as appropriate.

Ngā ritenga ā-pūtea / Financial implications

32. There are no financial implications associated with this report. Engagement with the Government's Working Group would be undertaken as part of usual business.

Ngā raru tūpono / Risks

33. If Auckland Council's views are not incorporated into the approach and outputs of the Government's Working Group there is a clear and compelling risk to the protection and enhancement of Auckland's interests into the long term.
34. The same is true for other Upper North Island port owners, operators and wider supply chain stakeholders as well as iwi partners.

Ngā koringa ā-muri / Next steps

35. Council will engage with the Working Group on the 13 December 2018. It will:
 - convey the messages as proposed in this report
 - enquire about the detailed work programme referred to in the Group's Terms of Reference
 - enquire about the Group's engagement intentions and processes
 - enquire about the timeframes the Group is working to.

Ngā tāpirihanga / Attachments

No.	Title	Page
A 	Letter to the Upper North Island Supply Chain Strategy Working Group - December 2018	11

Ngā kaihaina / Signatories

Author	Toby Shephard - Strategist
Authorisers	Jacques Victor - GM Auckland Plan Strategy and Research Jim Quinn - Chief of Strategy

Letter to Upper North Island Supply Chain Study Working Group

Dear Chairman,

Auckland Council strongly support the establishment of an Upper North Island Supply Chain Strategy Working Group which has three primary lines of enquiry:

- an Upper North Island Supply Chain Review
- a proposed Upper North Island Supply Chain Strategy
- a feasibility Study to explore moving the location of Ports of Auckland

The future of freight in the Upper North Island is an issue of regional and national importance. Decisions about the location and operation of ports and associated infrastructure, as well as the logistics operations coupled to them, represent long-term strategic issues for New Zealand. They must be made in the best interests of not only the city but the region and the country as a whole. Government is the appropriate body to lead this work, with close involvement and input from stakeholders.

Redistribution of freight activity across the Upper North Island would require the mobilisation of enormous national resources. A sound long-term strategy must therefore be based on robust, detailed evidence from investigation of all available options and as such be safe from accusations of predetermination. These points were made in the Mayor's letter of 14 November 2017 to the Minister responsible for the Study.

In Auckland we spent considerable time considering these issues as they affect our city.

In 2016 Auckland Council received recommendations from the independent Port Future Study. The Port Future Study used a consensus-building model and achieved agreement around major contested issues surrounding Auckland's port activities. Its recommendations were made after considering member viewpoints, the work of a consortium of consultants and peer review of central issues.

The Port Future Study was commissioned by Auckland Council in the absence of a coordinated National strategy. Its objective was a long-term strategy to best meet Auckland's freight needs. However an Upper North Island study taking a regional and national perspective was needed to move the debate forward.

Considerable resources and time were invested in Auckland's Port Future Study. We are concerned that adequate resources appear not to be available in this current work, despite the much larger scope and the substantial requirement for a detailed, technical evidence base.

In progressing the work of the Upper North Island Supply Chain Strategy, it is vital that the Working Group address in its evidence base a number of material issues raised in Auckland's Port Future Study, including but not limited to:

- i. long-term feasible capacity at existing Upper North Island ports
- ii. long-term strategies to mitigate contribution of supply chain activities to climate change
- iii. long-term strategies to adapt supply chains to increased impacts of climate change
- iv. mana whenua iwi values and aspirations, including outstanding Tiriti o Waitangi settlements
- v. social and community impacts of supply chain activities
- vi. impacts of splitting or elongating supply chains, including: freight and environmental costs, productivity, duplication of port functions and labour markets
- vii. impacts on the investment planning of supply chain stakeholders
- viii. long-term engineering requirements, navigability, safety and availability of the location options

- ix. how and when any new port could be funded
- x. wider and long-term implications of west coast versus east coast port location

The long timeframes involved make a scenarios-based approach desirable.

A key conclusion of the Port Future Study was there was sufficient probability that capacity at the Auckland Port could be reached in the long-term (50yrs+). The Port Future Study therefore recommended Auckland Council create a relocation option, should it be required. It provided technically feasible alternative location options for further detailed investigation. We strongly urge that full analysis of these alternative locations be included as part of the Government's Working Group's programme, consistent with section 5.3 of Study's Terms of Reference.

In addition to creating a robust evidence base, the Upper North Island Supply Chain Strategy should be conducted in an objective, transparent manner to ensure there is confidence in the report's recommendations. Public statements have created the impression of predetermination.

Indicating a strong preference for relocation of some or all of POAL activities to Northport prior to any analysis is unhelpful. In particular it is concerning that the Manukau and Firth of Thames options identified in the Port Future Study, have been dismissed prior to any robust evidence of viable alternatives. These options were recommended for detailed analysis after considerable work by the Port Future Study and cannot be lightly dismissed. Possible relocation of Auckland's Port, which is in your Terms of Reference, would involve expenditure of billions of dollars. It is important that all credible options for relocation be examined before a decision of such magnitude is made.

Finally, the Ports of Auckland are in the sole ownership of Auckland Council and therefore the people of Auckland. The Port is a strategic asset and an anchor of Auckland's economic performance. The Ports are a facilitator of trade in the supply chain for imports and exports, and associated activities generate wider economic benefits including employment, tourism, business activity and investment. It also returns a substantial dividend to Auckland Council.

Any plans to move all or some of the Port's functions requires the concurrence of its owners, the people of Auckland through Auckland Council, and that in turn requires our confidence in the analysis on which that decision is based and our acceptance that our own legitimate interests have been taken into account fully.

As owner we have a responsibility to govern the business well to protect and enhance its value now and in the future. The same is true for the other North Island ports. The Working Group should be mindful of the impact of its conduct and recommendations on these locally-owned assets.

Auckland Council wants to work in partnership with the government on this critically important issue for the region, the Upper North Island and New Zealand. We will also of course provide comment to cabinet on the final output of the Working Group.

I look forward to the partnership that needs to exist for this exercise to be successful.

Yours Sincerely