

## 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