THE UPPER NORTH ISLAND FREIGHT TASK

The upper North Island is critical to New Zealand's economic success, generating more than half the country's gross domestic product and containing just over half the population. As a result, more than half of New Zealand's freight moves either through the Northland, Auckland, Waikato and/or Bay of Plenty regions. This volume of freight is expected to double by 2035 . Despite these big numbers, the Upper North Island Freight Story (the Story) points to New Zealand being able to respond by a process of evolution and not revolution to this growth.

This evolution will be possible because the upper North Island is unlikely to radically shift in terms of the current mix of freight, or the way it is handled. The Story has not uncovered any evidence to suggest a significant shift in our major sectors or their product type. Broader changes that will impact on freight, such as increasing cost of fuel, changes in fuel sources and the rise of internet shopping, will also occur gradually.

An independent technical study which explored current and future freight demand for ports and port-related infrastructure in the upper North Island has recently been completed (see section 12 for further information).

A key finding of this study was that the upper North Island port network (covering the Port of Auckland, Port of Tauranga and the Whangarei Ports) has the capacity to meet the projected freight task over the next 30 years, provided that efficiency gains, incremental investments in infrastructure and the uptake of already consented works are undertaken in a planned and timely manner.

This context does not mean we should be complacent about looking for ways to reduce the cost of doing business in New Zealand. Rather, we need to keep making improvements to our current systems to enable further efficiencies.

THE UPPER NORTH ISLAND FREIGHT STORY

The purpose of the Story is to take a collective partnership approach within an upper North Island 'freight lens' to determine issues or areas that are limiting our ability to 'reduce the cost to do business in New Zealand'.

The Story is about stakeholders and partners identifying those critical freight related issues within the upper North Island and then developing a shared evidence base to support future discussions and decision making.

The Productivity Commissions International Freight Transport Services Inquiry Report 2012 endorses the approach taken in the development of the Story. The Commission notes that to better coordinate investment in freight transport infrastructure, greater use should be made of 'facilitated discussion models', such as this.

SHARED EVIDENCE BASE

A shared evidence base has been developed by the ten partner organisations within the Story. This document provides decision makers with a greater depth of information relating to the critical issues identified in the Story and will be used as a key reference for any relevant freight related decisions by the partner organisations. The Upper North Island Freight Story - Shared Evidence Base is a separate supporting document, which can be sourced from the Story partners.

All the organisations involved share the view that to invest smarter and deliver better certainty for industry and investors, we need to understand the picture at an upper North Island scale and work together, with the sector, on the critical issues that will add the most value.

Tauranga City — www.tauranga.govt.nz

Bay of Plenty Regional Council — www.boprc.govt.nz

Hamilton City Council (Te kaunihera o Kirikiriroa) — www.hamilton.co.nz

Waikato Regional Council (Te Kaunihera ā Rohe o Waikato) — www.waikatoregion.govt.nz

Auckland Council (Te Kaunihera o Tāmaki Makaurau) — www.aucklandcouncil.govt.nz

Whangarei District Council — www.wdc.govt.nz

Northland Regional Council — www.nrc.govt.nz

Auckland Transport (An Auckland Council Organisation) — www.aucklandtransport.govt.nz

KiwiRail — www.kiwirail.co.nz

NZ Transport Agency (Waka Kotahi) — www.nzta.govt.nz

Upper North Island Strategic Alliance

Tauranga City Council | Bay of Plenty Regional Council | Hamilton City Council | Waikato Regional Council | Auckland Council | Whangarei District Council | Northland Regional Council

April 2013

Upper North Island Freight story

Summary of critical issues

New Zealand is a trading nation, exporting and importing significant quantities of goods from across the world. We are also distant from our markets and freight transport costs are a sizable component of the total trading costs for New Zealand.

The freight task is growing and improving freight efficiency is a key Government policy outcome for land transport. Improving freight efficiency reduces the cost of trade, which can result in reducing the cost of goods for all New Zealanders and increasing the competitive advantage for our country's importers and exporters.

By delivering freight efficiencies the cost of doing business is reduced. Better and more reliable access to new or existing markets can also grow trade and create new business opportunities. This will grow our economy and our wealth as a country.

The critical issues

The development of the Story has identified seven critical freight related issues.

Strategic Road and Rail Network Constraints

There are a number of constraints on the upper North Island strategic freight road and rail network that are limiting our ability to enhance economic performance and reduce the cost to do business in New Zealand.

Delivery of the High Productivity Motor Vehicle (HPMV) programme

There is a need to develop a more coordinated approach to the implementation and communication of the upper North Island HPMV programme. Freight operators require a fast and seamless permitting process, appropriate rules and enforcement, consistent coordination between agencies and regular communication on the status of routes ('whole of journey' network approach).

Utilisation of industrial land

There is a need to understand the likely supply and demand for industrial land (amount, type and location) across the upper North Island so that land and public investment can be provided and staged at appropriate times.

Lack of strategic, integrated land use and transport planning and investment

There is a lack of a comprehensive, integrated approach to current and future land use and land transport (road and rail) planning and investment at an upper North Island scale. A more strategic approach would increase certainty for industry and public sector agencies and support effective industry, local government and central government planning and investment.

Lack of shared and accurate data

A lack of shared and accurate data (e.g. freight flows, commodities, origins and destinations for both road and rail) means it is difficult for public agencies to make well-informed, collective decisions about land use and transport planning and investment that will increase efficiencies for business and public investment.

Need to understand costs of freight supply chains for critical industries in the upper North Island

There is a need to better understand the costs of the freight supply chain for the upper North Island's key economic industries in order to support development / alignment of initiatives by industry and the public sector to reduce the cost to do business.

Challenging local government and central government funding structures

The current range of central and local government funding structures and requirements (i.e. legislation, policy and application) are hindering 'smart investment' decisions due to their multitude and complexity.

For each of the seven critical issues, a number of actions have already been undertaken as well as further actions agreed for future partner focus. A shared evidence base has also been developed to provide decision makers with a greater depth of information relating to the critical issues and will be used as a key reference for any relevant freight related decisions by the partner organisations.

Copies of the Summary of Critical Issues and Shared Evidence Base documents can be sourced from the partner's websites.

Key strategic questions

In addition to the seven critical freight-related issues identified in the Story, a number of key strategic questions arose, through the Story discussions, which cannot be addressed by the project partners alone.

Even though these questions remain unanswered in the Story, they are intended to frame and encourage further conversations, where public and private sector partners could choose to continue working together on freight related issues and outcomes.

- Domestic freight costs are seen as a small proportion of the total cost of getting goods to international markets, although the cost varies for each sector and by source/destination region. Where can gains be made to reduce this cost that are worth the investment? Are there other areas in which the Story partners could make a greater contribution to reducing the cost of doing business in New Zealand?
- How do central government, NZ Transport Agency and local government work more collaboratively with industry in New Zealand to deliver the High Productivity Motor Vehicle programme?
- How do we develop a robust, integrated way in New Zealand to gather, share, monitor and use freight data across public and private sectors?
- What information can industry share with local, regional and central government to assist the public sector in understanding the needs of the freight sector?
- How can we plan and deliver a more integrated transport network in New Zealand?
  - Why is there a difference between KiwiRail and NZ Transport Agency mandate with government and funding structures?
  - How can we best keep track of longer term changes to land use and freight demand and make sure these are taken into account in planning by agencies?
  - Is the current split of responsibilities between agencies for transport planning, investment and maintenance the best split to deliver desired transport outcomes?
  - Are the current funding structures and tools for central and local government the most effective to deliver desired transport outcomes?
- How do we improve the strategic integration between land use and infrastructure planning in the upper North Island?
  - Is the current split of responsibilities between agencies for land use and transport planning and investment the best split to deliver integrated land use and transport outcomes?
  - How can strategic planning processes required under the LTMA, RMA and LGA be better integrated?
- The Story identifies approximately 13,000 hectares of industrial land either existing or planned for in the upper North Island over the short to long term. How can local government work together, and with industry, to better understand the need and future plans for this land as well as identify what attracts and/or places barriers on industry to develop.
- How do we improve planning, monitoring and adaptation to significant land use changes that are happening within the upper North Island and New Zealand as a whole, which might have an impact on freight trends?
- What effect will additional transport demand from continued population growth in urban areas in the upper North Island have on freight efficiency and how can this issue be best managed?

"To better coordinate investment in freight infrastructure, greater use should be made of 'facilitated discussion' models, such as the Upper North Island Freight Story."

Productivity Commissions International Freight Transport Services Inquiry Report 2012

Key Upper North Island facts

Population

2011
2,348,400
53% of New Zealand.
Statistics NZ as at June 2011

2031
2,928,900
56.4% of New Zealand.
Statistics NZ

Freight

2006 / 2007
126 MILLION TONNES
56% of New Zealand.
Upper North Island Freight Study 2010

2035
DOUBLE
Upper North Island
Freight Study 2010

GDP

2011
$102 BILLION
52% of New Zealand
Infometrics December 2011

Employment

2011
1,110,300
51% New Zealand,
Infometrics December 2011