

DISTRIBUTION HUB STRATEGY

SERVING THE DISTRIBUTION NEEDS
OF THE LOWER NORTH ISLAND

AUGUST 2021

Prepared by Ray Mudgway



CEDA

CENTRAL ECONOMIC
DEVELOPMENT AGENCY

Contents

Glossary.....	5
Executive Summary	7
Section 1: Positioning – our place in National transport and logistics.....	9
1. Introduction	10
2. National positioning.....	11
3. Regional positioning.....	13
4. Shipping and ports.....	15
5. Inland ports.....	16
6. NZ Airfreight overview	19
7. Road transport.....	21
8. Dairy.....	23
9. Meat.....	25
10. Forestry.....	26
11. Distribution.....	27
12. Rail network.....	29
13. Key players.....	30
a. Kotahi	30
b. Fonterra.....	30
c. Port of Tauranga.....	31
d. Ruakura.....	32
e. Coda.....	34
f. Nexus.....	34
g. Mondiale.....	35
h. Toll.....	35
i. Distribution Centre opportunities.....	36
j. Mainfreight.....	37
k. CentrePort.....	37
l. Port of Napier.....	39
11. Summary and recommendations.....	40
Section 2: Status – more than just theory.....	42
1. Introduction	43
2. Regional plan.....	44
3. Palmerston North Integrated Transport Initiative.....	45

4. Palmerston North City plan	46
5. O2NL Highway.....	47
6. Te Ahu a Turanga/Manawatū-Tararua Highway.....	48
7. KiwiRail regional freight hub.....	49
8. Distribution hubs.....	52
9. Regional freight ring road.....	54
10. Connectivity	55
11. Housing.....	57
12. Defence.....	59
13. FoodHQ.....	60
14. Summary and recommendations.....	61
Section 3: Accelerating – Governance, funding and master planning.....	62
1. Introduction	63
2. Funding approaches.....	64
3. Master planning.....	70
4. ATAP.....	72
5. Iwi	74
6. Governance structure	75
6. Summary and recommendations.....	77
Appendices.....	78
A. Recommendations.....	79
B. Data sources	81

Glossary

ACNZ	The project team as part of Accelerate 25 to provide a strategic overview of all regional projects
A25	Accelerate 25. The region’s growth plan
ATAP	Auckland Transport Alignment Project. The governance structure for Auckland City’s Transport Infrastructure Program
CIP	Crown Infrastructure Partners
CNZ	Central New Zealand encompassing the Lower North Island and top of the South Island including Nelson and Marlborough
CPL	CentrePort, Wellington
DKSH	Distribution Business in Manawatū
FIGS	Freight Information Gathering System, Statistics NZ/MoT. A repository of key transport stats including port statistics
FMCG	Fast Moving Consumer Goods
GPS	Government Positioning Statement
HUD	Housing and Urban Development Agency
IFF	Infrastructure Financing and Funding Legislation
IRG	Infrastructure Industry Reference Group
JAS	Japanese Agriculture Standard – a standard measurement of log volume through ports (roughly equivalent to one ton)
Lead Team	The Lead Team consists of regional leaders and mayors from Palmerston North City Council, Manawatū District Council and The Central Economic Development Agency. The team meets monthly to discuss strategic priorities for the region
Level 1 User	Large logistics businesses that are most likely to build facilities within the KiwiRail Regional Freight Hub
Level 2 User	Large scale distribution businesses who use road and rail and would benefit from strong connectivity between industrial zones and the KiwiRail Regional Freight Hub
Level 3 User	Small scale distribution businesses who use predominantly road
LNI	Lower North Island encompassing Hawkes Bay across the Taranaki and down to Wellington
LTC	Horizons Land Transport Committee which is responsible for the development and management of the region’s transport plan
LTP	Long Term Plan
MBIE	Ministry for Business, Innovation and Employment
MCA	Multi Criteria Analysis central government process to narrow down options for investment. This process was used to select the preferred Ring Road route and KiwiRail hub location
MDC	Manawatū District Council
MIA	Meat Industry Association of NZ
MIP	Manawatū Inland Port based at Longburn. Owned by Port of Napier, Ports of Auckland and Halls Transport

MoT	Ministry of Transport, Waka Kotahi
NEFD	National Exotic Forestry Description. Central Government report on forestry across New Zealand
NEIZ	North East Industrial Zone, Palmerston North’s largest industrial hub adjacent to Palmerston North Airport and KiwiRail’s Regional Freight Hub
NIMT	North Island Main Trunk (rail)
NLTF	National Land Transport Fund
NLTP	National Land Transport Plan. Waka Kotahi is the responsible entity
NZDF	New Zealand Defence Force
NOR	Notice of Requirement
O2NL	Otaki to North of Levin
PDU	Provincial Development Unit
PGF	Provincial Growth Fund
PNAL	Palmerston North Airport Limited
PNCC	Palmerston North City Council
PNITI	Palmerston North Integrated Transport Initiative. A governance and planning function to quantify the benefits of the proposed Regional Freight Ring Road
PNL	Port of Napier Limited
POAL	Ports of Auckland
POT	Port of Tauranga
RLTP	Regional Land Transport Plan. Horizons is the responsible entity
SDP	Specified Development Projects. The framework to utilise the new Urban Development Act (2020) in HUD
SNI	Southern North Island (forestry area relating to the Lower North Island) as defined in the NEFD
TEU	Twenty Foot Equivalent (containers)
TGH	Tainui Group Holdings
TPG	The Property Group
UDA	Urban Development Agency
UNISCS	Upper North Island Supply Chain Study
VAP	Value Add Partners

Executive Summary

Palmerston North in the Manawatū is the natural and logical centre for distribution across the Lower North Island (LNI) by road, rail, and by express air delivery nationwide. The LNI is well served by International Ports with ambitious expansion and investment plans. This strategy is about supporting inward private investment, government support, regional and iwi collaboration and a cohesive nationally focused plan to create a resilient, efficient, competitive and multi-modal transport system for Central New Zealand.

Situated on the main trunk rail line, and at the intersection of all state highways connecting Taranaki, Hawkes Bay, and Wellington, Palmerston North provides unrivalled connectivity for the inbound and outbound transportation of goods.

The Palmerston North airport is one of three key nodes on the national air freight network and boasts a 24/7 consent which is the envy of other regional centres, with freight connecting between Christchurch International, Palmerston North, and Auckland International on a nightly basis.

Distribution of goods for approximately 20% of New Zealand’s population, makes the Distribution Hub Strategy in the Lower North Island a key component of a wider Central New Zealand Transport and Logistics Strategy. By strategically positioning within Central New Zealand, the region will rival the transport and logistics centres of South Auckland, Waikato and Canterbury.

The region is also a big exporter to the world via the primary sectors of meat, forestry and dairy, as well as clothing, agricultural and agritech products.

Regional investment in the hub is accelerating on multiple fronts with large national businesses investing in warehousing in Palmerston North. In warehousing in Palmerston North and other secondary distribution centres across the entire Lower North Island. Central Government has committed funding for the purchase of land to build a high tech and large scale rail hub at Bunnythorpe, adjacent to Palmerston North’s industrial hub.

Nationally significant road upgrades have been funded with the Gorge replacement ‘Te Ahu a Turanga/Manawatū-Tararua Highway’ project underway, the Otaki to Levin (O2NL) expressway

underway and the business case for a transformation Regional Freight Ring Road finalised by Waka Kotahi.

In total funding of some \$3.3bn is committed to the infrastructure upgrades in the Manawatū region alone.

The broader region has identified the need to accelerate the business for the ‘final components’ to complete the transport system for distribution. Comprehensive regional stakeholder engagement, central government engagement and planning has occurred to develop the value proposition and to understand the aggregated value of the transport and logistics system.

The region continues to assist and support the KiwiRail Regional Freight Hub development and



Private investors in property development, transport and logistics can see the significant investment opportunities that exist in the Central New Zealand Distribution Hub through this strategy. By working with local government, iwi and central government, the region is providing investors with an opportunity to accelerate their investment plans in this strategic national transport node.

is working collaboratively with partners to create efficient connectivity between the industrial zones, airport and rail hub.

A two stage Cost Benefit Analysis on the Ring Road is underway with the qualitative assessment completed. Further quantitative assessments are planned for 2021.

This paper provides an overview of:

1. The Manawatū's position in the national transport and logistics network.
2. The value proposition to create the primary distribution hub for the Lower North Island.
3. The current status and next steps.
4. Funding mechanisms and business case frameworks to accelerate timeframes.
5. Planning mechanisms that could enable the execution of the total transport system.
6. Governance models to create an identity that elevates the significance of this strategy into the National plan.

SECTION ONE

POSITIONING
*Our place in national
transport and logistics*

Introduction

The creation of a robust distribution strategy for the Lower North Island (LNI) is essential if the wider region is to compete with Upper North Island (UNI) aggregation of cargoes and business attraction.

The ongoing investment in enabling infrastructure in the Manawātū region supports a strong case for enhancing its position as the distribution hub for the LNI including Taranaki, Hawkes Bay and Wellington.

By clearly articulating the strength of the LNI distribution strategy and its role in New Zealand’s transports and logistics network, the region will become a key voice in creating a wider Central New Zealand (CNZ) transport strategy which includes the Interisland Ferry services, coastal shipping to connect the regional ports in CNZ, and cargo flows in the top of the South Island to facilitate the key export sectors of wine, horticulture and forestry.

The creation of a robust strategy requires a holistic approach that covers all modes of transport. In terms of the LNI distribution strategy, this requires a thorough understanding of how rail, road and air connect freight to our regional cities, towns, ports and airports and into global supply chains.

Although this strategy focusses predominantly on the transport and logistics of freight and in particular, key infrastructure projects to enable freight movements, additional benefits are felt across multiple aspects of our communities by getting this strategy right:

1. Housing development and planning becomes a key enabler to support population and jobs growth as the freight task and investment grows.
2. Defence Force estate projects in Linton and Ohakea are supported through integrated transport plans.



The region’s plans are well advanced and a strong alignment across key organisations has elevated the development of this strategy to one of the highest priorities for the region. Now the strategy needs to be elevated to national significance to accelerate investment in the key outstanding projects.

3. Traffic flows throughout the region including vehicles, foot traffic and cycleways are understood and treated as one integrated system making the region more livable.
4. Investments to develop Palmerston North Airport, the Manawātū F&B Science and Innovation Park (FoodHQ) and Massey University are accelerated and supported through better connectivity.



COVID 19 has highlighted the vulnerability of global supply chains and continues to put pressure on the timely and efficient delivery of goods. This is forcing supply chains and businesses away from ‘just in time solutions’ and is re-shaping distribution centre investments away from single node models to multi-node models. This puts the CNZ distribution hub in a strong strategic position.

National positioning

Upper North Island (UNI)

The debate on National Transport and Logistics has been dominated in recent years by the UNI. The concept of moving Ports of Auckland has generated two major studies, the Upper North Island Supply Chain Study (UNISCS) which considered moving cargo operations to NorthPort and Port of Tauranga, and the subsequent peer review by Sapere that suggested a move to West Auckland.

Additionally, the rapid growth in the ‘golden triangle’ has attracted significant public and private funding, and the Port of Tauranga and its many business partners continue to expand their operations.

The alliance in the Golden Triangle boasts all of the major players in the transport and logistics sector; Port of Tauranga, Coda logistics, Kotahi logistics and Ruakura (Tainui Group Holdings).

The UNI has the two biggest international ports in New Zealand with a combined throughput of 2.2m TEU as well as having the country’s first import ship into Auckland and the last export ship out of Tauranga.

South Island (SI)

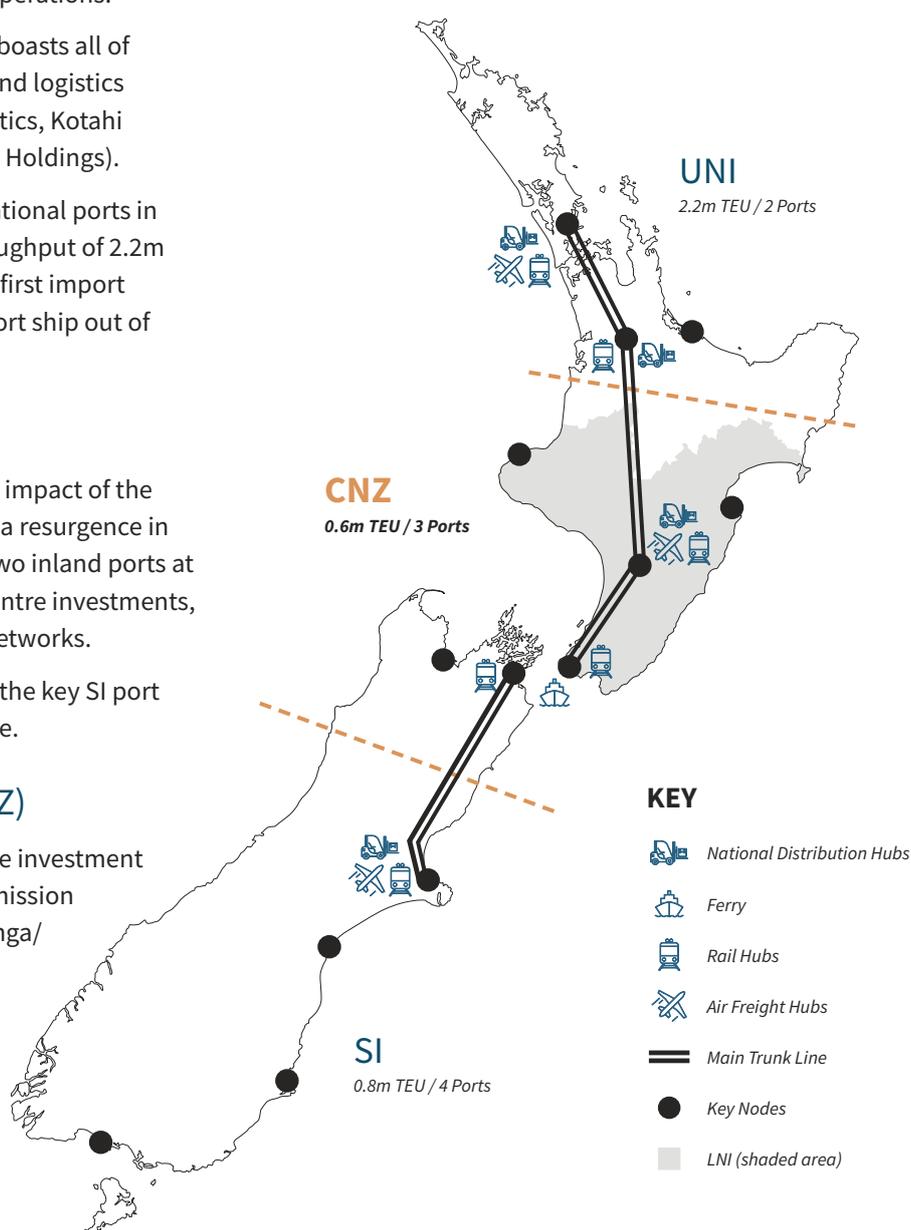
In the South Island, the devastating impact of the Christchurch earthquakes has seen a resurgence in distribution investment including two inland ports at Rolleston, expansive distribution centre investments, and upgrades to regional roading networks.

Lyttelton Port continues to grow as the key SI port with over 50% of the island’s volume.

Central New Zealand (CNZ)

CNZ is benefitting from considerable investment into core infrastructure from Transmission Gully, through O2NL, Te Ahu a Turanga/ Manawatū-Tararua Highway and KiwiRail’s new hub.

One key component to completing a robust CNZ strategy is to clearly understand the LNI distribution network and strategy which is the purpose of this paper. Completing the LNI strategy clearly shows the importance of the Manawatū, and specifically Palmerston North, as one of four primary distribution nodes in NZ. These distribution nodes all enjoy strong connections to the region’s ports through road and rail. Nationally, only Palmerston North has road, rail and air immediately adjacent to each other.



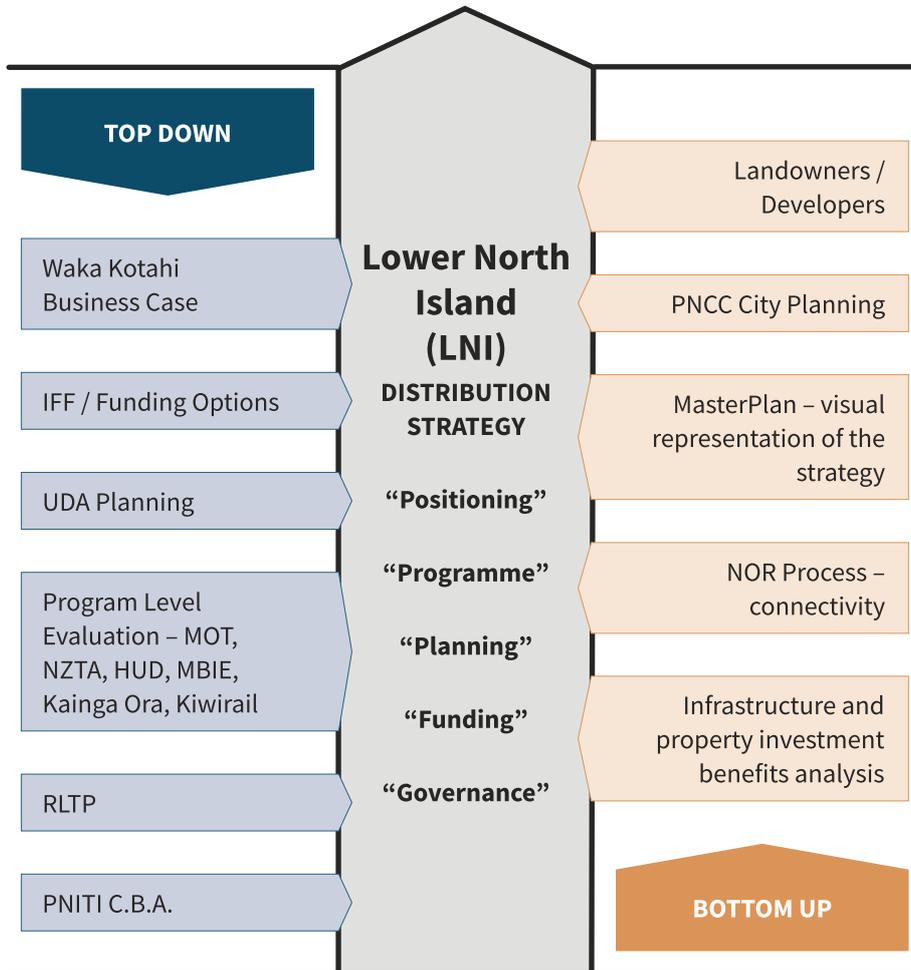
The following diagram graphically shows how the various strategies and workstreams fit together. The intent behind this diagram is to elevate the work that is being done regionally into the national programme. This is best achieved by focusing on the transport and logistics strategy but also including

the work that Kainga Ora is doing in the UDA, IFF and housing space.

It also depicts the foundations that good governance provides for the various workstreams and the LNI Distribution Strategy.



Ministry of Transport
Central New Zealand (CNZ) Transport and Logistics Strategy



GOVERNANCE STRUCTURE

Regional positioning

Manawatū/Whanganui

Although the majority of investment is in and around Palmerston North, the wider Manawatū and Whanganui region benefits from the LNI distribution strategy. Secondary industrial hubs serving local communities, and in some cases large exporters, contribute to the success of the transport and logistics system.

Heads Road in Whanganui contains a regionally significant railhead for local importers and large scale exporters e.g. OCD and AFFCO. Feilding also has a strong industrial zone supporting regionally focused distribution businesses and benefits from better connectivity with Palmerston North under the Palmerston North Integrated Transport Initiative (PNITI) plan. All rail freight is trucked from Feilding to Palmerston North railhead.

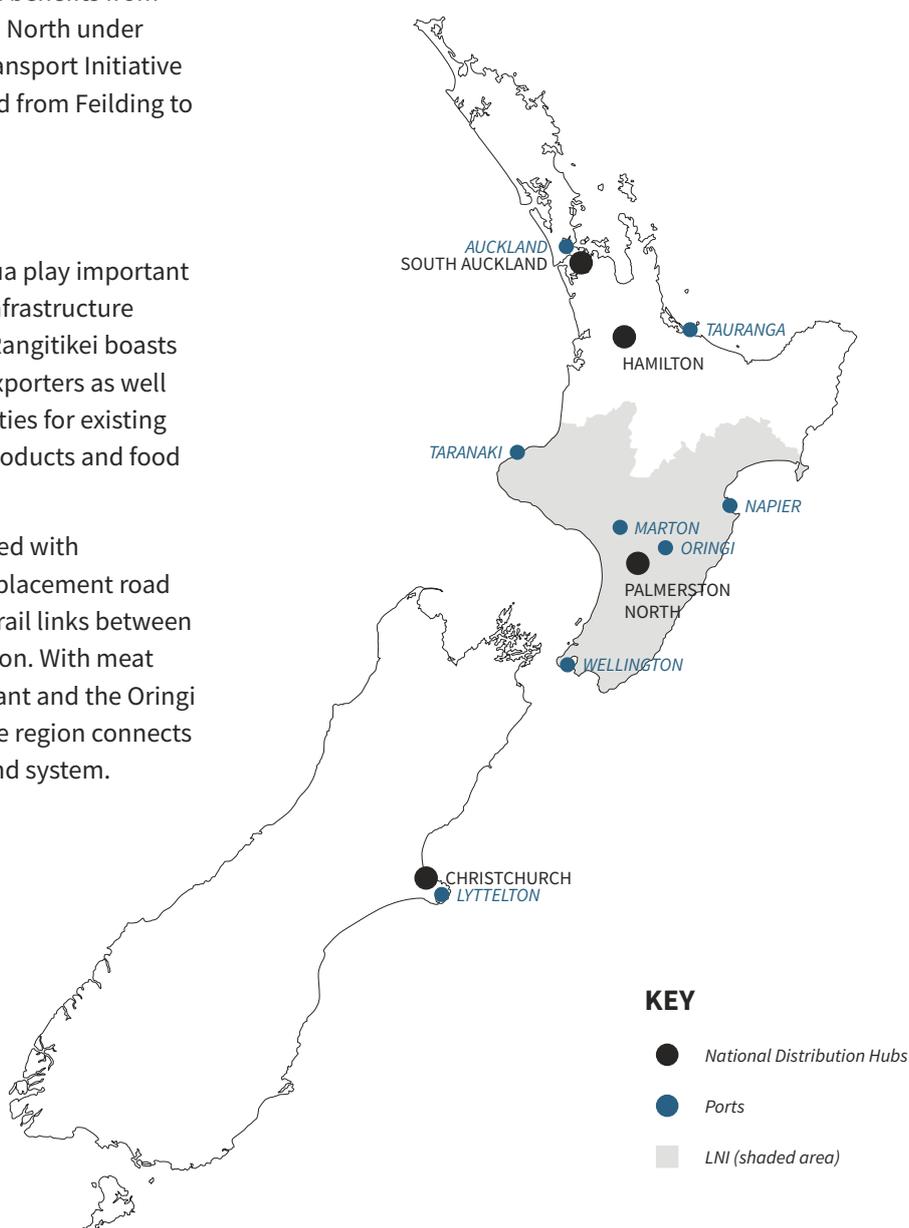
Rangitikei and Tararua

The regions of Rangitikei and Tararua play important roles in the network both from an infrastructure and export cargo perspective. The Rangitikei boasts several large meat producers and exporters as well as railhead development opportunities for existing shippers in bulk forestry, forestry products and food production at Marton.

Tararua is becoming better connected with Palmerston North with the gorge replacement road underway and has strong road and rail links between the Hawkes Bay and Manawatū region. With meat producers, a large Fonterra dairy plant and the Oringi cold storage and logistics centre, the region connects strongly into the central New Zealand system.



Secondary industrial hubs serving local communities, and in some cases large exporters, contribute to the success of the transport and logistics system in central New Zealand.



Horowhenua

The Horowhenua Integrated Transport Strategy (HITS) provides a framework to help ensure current and future projects are aligned and support sustainable transport outcomes for the district including improving safety, resilience, improved travel options and freight connections.

Although small in scale, Horowhenua distribution investment supports local business in much the same way as other regional towns which fits nicely into the overarching LNI distribution strategy.

Hawkes Bay

Te Ahu a Tūranga, Manawatū-Tararua Highway provides an essential connection between the Port of Napier, the region's distribution businesses and the LNI distribution hub. The KiwiRail regional freight hub will connect cargoes via rail to the growing Port of Napier, and provides scalable transport solutions to increase imports from port to the distribution centres of the North East Industrial Zone.

The proposed ring road will provide efficient transit between the Hawkes Bay and Wellington, and then onto the South Island making Palmerston North an increasingly important node on the national roading network.

The freight corridor between the Manawatū and Hawkes Bay becomes increasingly important as port cargoes and horticulture activity increases in the Bay with investments in the LNI strategy all fundamentally supporting this growth. The announcement of a new 12ha inland port at Whakatu further enhances the transport system between the regions facilitating the movement of cargoes via rail between the hubs.

Taranaki

The closure of the Stratford–Okahukura Line (SOL) in 2010 made the Taranaki more isolated in terms of freight movements. All rail cargo from the region transits via Palmerston North adding to the rail task in the Manawatū.

A change in Fonterra's logistics strategy redirected regional cargo away from the port and in 2017 Port Taranaki withdrew from all container services further isolating the region in terms of freight.

Although served by rail from Smart Road near Bell Block, cargoes from the region are split between ports via rail (CentrePort and Tauranga) and road to Auckland and Tauranga.

The Taranaki benefits from the LNI distribution strategy by having a regional hub with aligned regional interests within economical rail and road distances to New Plymouth. Its industrial hub at Bell Block is similar to Whanganui and has a number of family businesses distributing regionally and nationally on a relatively small scale.

Wellington

Despite being the largest city in CNZ, Wellington and its environs has seen a steady decline in heavy industry and large scale import businesses over the past 20-30 years.

The distribution and industrial areas are fragmented and relatively small scale in Seaview, Porirua and Wingate (Upper Hutt). The distribution businesses tend to be family owned small to medium enterprises with most major distribution for the city based in Palmerston North or beyond e.g. Foodstuffs and Progressive Enterprises.

The region in general does not appear to be focused on growing its distribution sector and with the completion of Transmission Gully, the funding announcement for O2NL, and the main trunk rail line connecting the city to the LNI distribution hub, the city's distribution will continue to migrate to the Manawatū.

Shipping and Ports

Import flows

In general, international shipping enters NZ at Auckland to offload imports ‘the first port of call’. As such Auckland is also the primary hub in NZ for empty containers. Once unloaded, the containers are returned to Container Depots in South Auckland and made ready for exports.

Due to the majority of exports being elsewhere in NZ, the import ships pick up the empty containers to deliver them into other ports.

The second major import node is Christchurch as the gateway for South Island distribution. Typically, shipping enters NZ from the North, tracks to Christchurch and then works up the country to exit from the North again to export markets.

Export flows

As the arrows indicate, in general, export cargoes from most ports track north up the country with Port of Tauranga being the dominant ‘last port of call’. This gives Port of Tauranga an advantage with exporters and shipping lines.

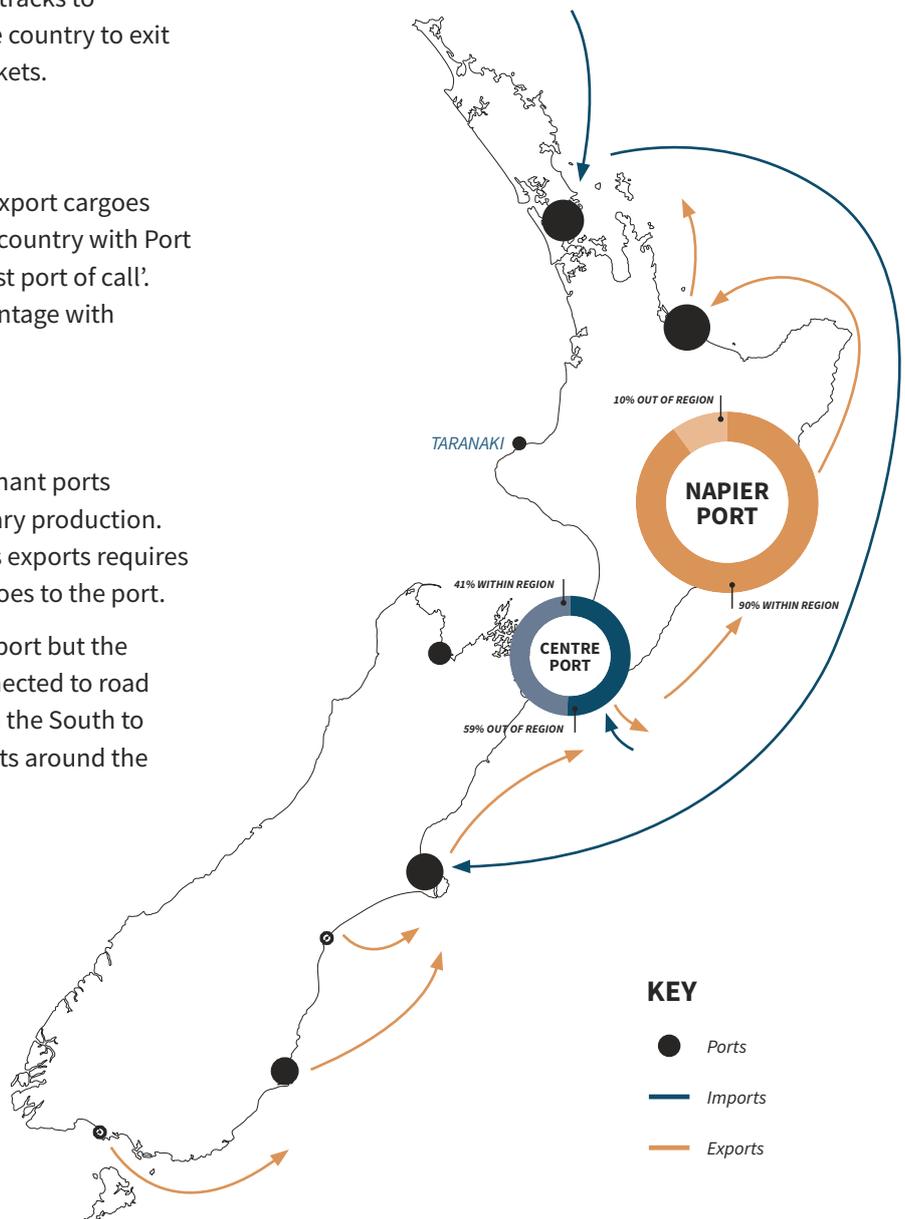
CNZ container ports

Nelson and Napier are export dominant ports with large scale and localised primary production. Wellington is balanced but to get its exports requires CentreRail to connect regional cargoes to the port.

Taranaki no longer has a container port but the Bell Block logistics area is well connected to road connections to the North and rail to the South to Palmerston North to connect to ports around the country.

The map also shows the cargoes that sit within the immediate region of Port Napier and CentrePort. Port of Napier enjoys a rich hinterland with 90% of their cargo coming from within 50km of the port gate. CentrePort on the other hand has just 41% local cargoes.

Understanding this simple model helps to understand how cargoes are enticed to certain nodes and why ports tend to chase specific cargoes e.g. Port of Napier would benefit from imports into the LNI hub of Palmerston North where CentrePort might focus more on exports e.g. OCD from Whanganui.



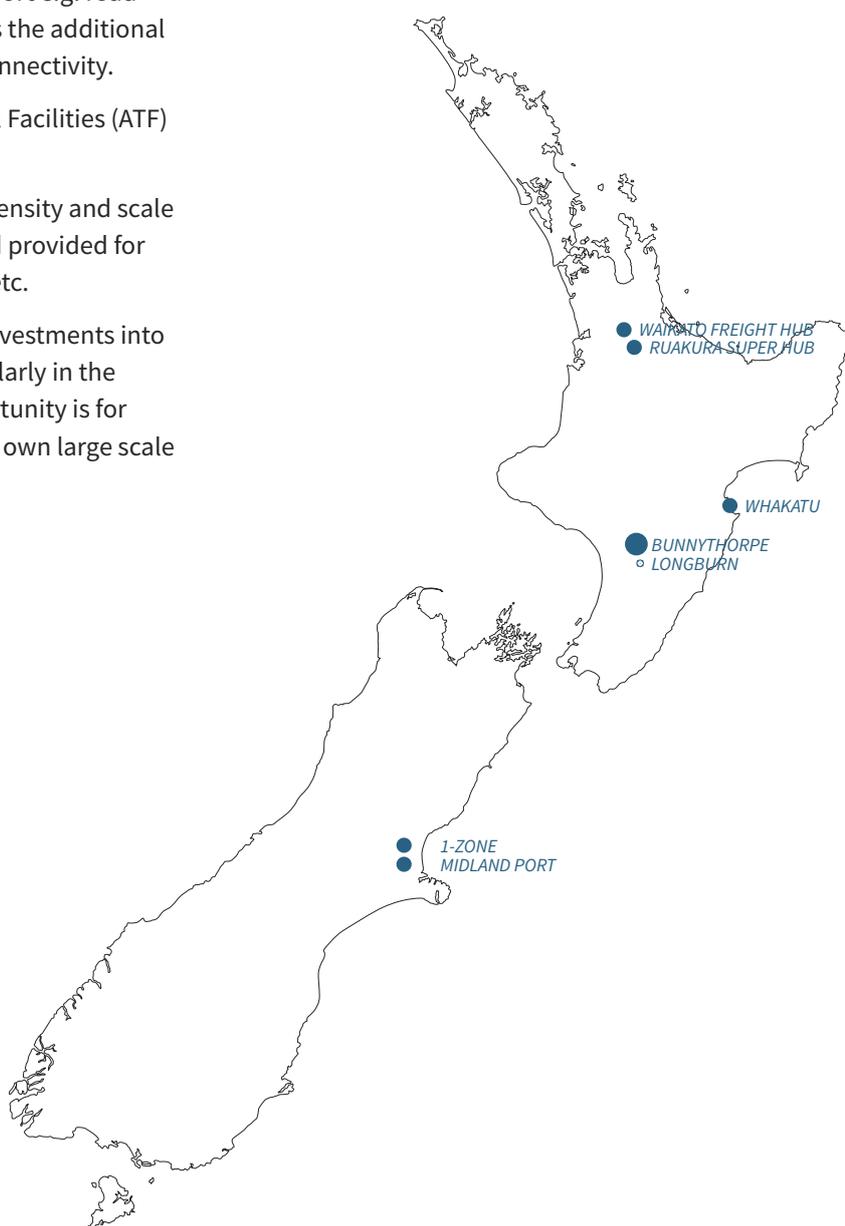
Inland ports

An inland port provides a number of logistics functions and are an important part of a national transport and logistics network. Inland ports typically:

1. Distribute goods regionally.
2. Provide warehousing, devanning and container packing services.
3. Provide container upgrade services (depot services).
4. Provide key transport linkages between inland regions and ports (air and sea).
5. Are often multi – modal transport e.g. road and rail. Palmerston North has the additional benefit of having air freight connectivity.
6. Provide Approved Transitional Facilities (ATF) for importers.

Ancillary services to support the intensity and scale of operations are often planned and provided for e.g. creches, food outlets, housing etc.

New Zealand has seen significant investments into inland ports in recent years, particularly in the Waikato and Canterbury. The opportunity is for central New Zealand to establish its own large scale inland port in Palmerston North.





WAIKATO FREIGHT HUB

The Waikato Freight Hub is a key part of Ports of Auckland’s rail-connected North Island freight hub network which links Kiwi businesses with New Zealand and global markets.

The freight hub network will help lower freight costs, reduce carbon emissions, and offer a wider range of shipping services to North Island exporters and importers. The hub provides future customers with a unique opportunity. Businesses will be able to have their own sites with customised sized warehouse design and layouts.



RUAKURA

Ruakura is set to be the premium logistics and industrial hub in New Zealand.

It’s carefully master planned for smart, market leading businesses seeking supply chain savings, resilience and sustainability. At 490ha, Ruakura has the space to grow and a wide range of lot sizes to meet all business requirements.

The hub is perfectly positioned to leverage the growth in the so-called ‘Golden Triangle’ of Auckland – Hamilton – Tauranga.

The hub will provide an inland port for container movements between the ports of Auckland and Tauranga as well as distribution centres for the wider region.

One of the most compelling approaches of the hub is its inclusion of community amenities, education facilities, and most importantly housing. This focus has enabled the developer to work in partnership with Kainga Ora as well as MoT and NZTA on transport related issues.



MANAWATŪ INLAND PORT

The model of the Longburn freight hub has been designed to reduce time to clear imports/exports at busy major seaports such as two of the Ports major shareholders, Ports of Auckland and Napier Port. With an integrated rail system, MIP is connected to all of the major seaports in the North Island, making the transition from Manawatū to the world smoother, more efficient and cost-effective.



WHAKATU INLAND PORT

The Government will invest \$20 million to develop a new inland port at Whakatu, near Hastings.

The inland port would have direct rail and road connections to Napier Port and the lower North Island. The development will cut travel time for trucks bringing produce to the port, and create efficiencies for our exporting community.



CANTERBURY INTERMODAL FREIGHT HUB

In 2014 Port of Tauranga purchased 15ha of land at the Izone Industrial Park in Rolleston (adjacent to Lyttelton Port's Midland Port development).

Port of Tauranga acquired a 50% shareholding in PrimePort Timaru and operates its container terminal. An intermodal freight hub at Rolleston was created to provide South Island exporters the option to efficiently access Timaru and similarly, importers in the Christchurch, the option to ship through Timaru.



MIDLAND PORT

Midland Port provides a number of benefits to its customers:

1. Extended free time for both imports and exports, allowing more flexibility in the supply chain and more resilience to changes to shipping and packing schedules.
2. Direct connection to adjacent warehousing sites allowing cross dock operations and container packing and devanning.
3. Lower overall supply chain cost by minimising empty container movements and moving containers in bulk between Rolleston and Lyttelton.
4. Avoid city traffic and delays.

NZ Airfreight overview

There are three key nodes on the NZ airfreight network; Auckland, Palmerston North and Christchurch. International export air cargo is dominated by Auckland with approximately 83% market share (in terms of tonnage) and Christchurch with the balance.

All other regional cargoes are transported to these airports for export via road or air.

Palmerston North Airport

ParcelAir operates four Boeing 737 aircraft which connects express parcel networks across the country. With its 24/7 operation, Palmerston North is the preferred airport for such services over Wellington (which has operating hour constraints).

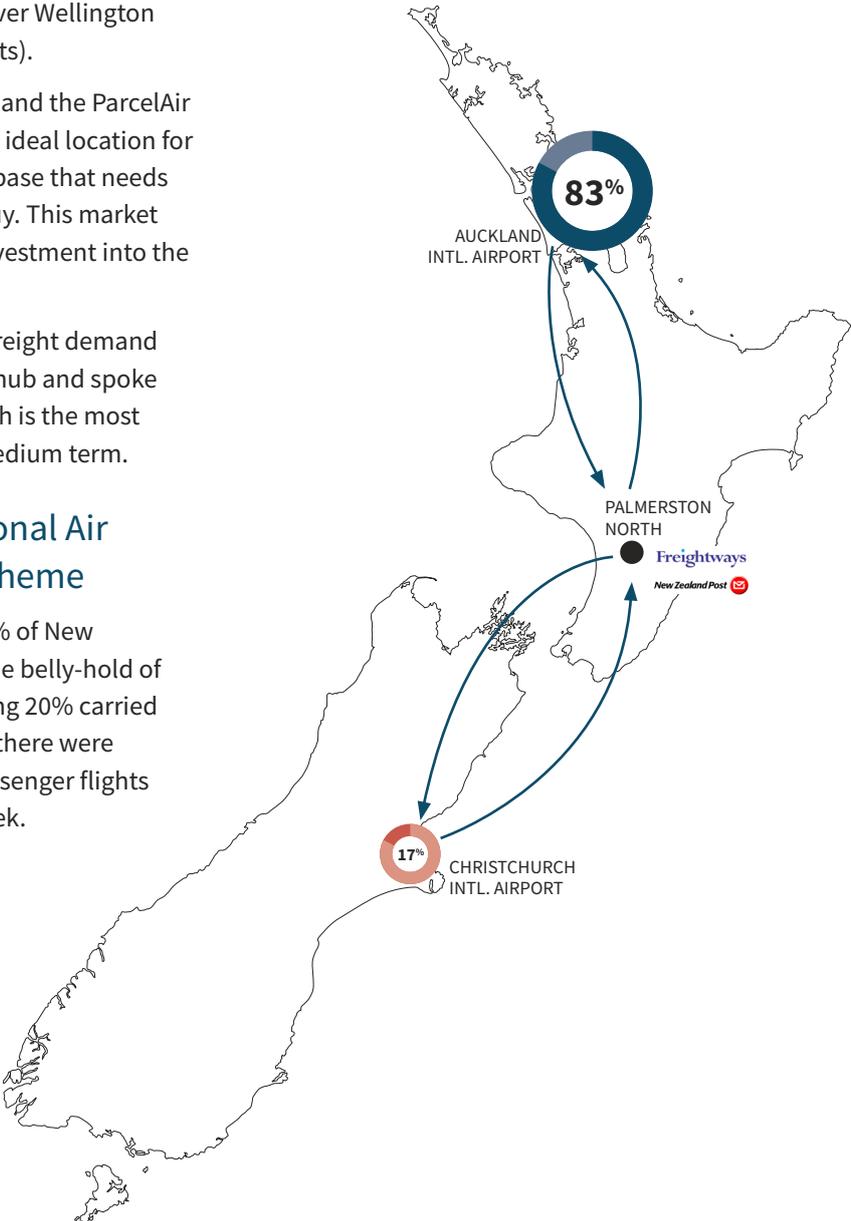
The combination of 24/7 operations and the ParcelAir service makes Palmerston North the ideal location for businesses with a strong consumer base that needs express delivery of parcels e.g. Ezibuy. This market segment is a key focus for inward investment into the region.

Recent studies on international air freight demand from the region has shown that the hub and spoke model via Auckland and Christchurch is the most sustainable model in the short to medium term.

COVID Impacts - International Air Freight Capacity (IAFC) Scheme

Prior to the COVID-19 pandemic, 80% of New Zealand’s airfreight was carried in the belly-hold of passenger aircraft, with the remaining 20% carried by cargo-only freighters. Pre-COVID there were approximately 550 international passenger flights into and out of New Zealand per week.

Border restrictions, implemented in March, significantly reduced passenger services resulting in a collapse of international airfreight movements due to the pandemic. The collapse in international air travel meant New Zealand’s ability to import essential products, such as medical supplies, and export high value cargo was put at risk. As a small and geographically isolated island nation, international air services are vital to sustain New Zealand’s connectivity for trade and passengers.



The effects of the COVID-19 global pandemic continue to impact international aviation and New Zealand's international connectivity has been drastically curtailed. Building on the success of the IAFC, and with the prospect of a recovery in international travel now in sight, the Government has set up a new scheme to support air services through to the end of October 2021, with the potential for an extension to March 2022.

The key objectives of the scheme are to:

1. Retain air connectivity with New Zealand's principal trading partners,
2. Enable continued essential passenger movements,
3. Retain important air connections to the Pacific,
4. Retain air connections to key routes and hubs important for tourism recovery,
5. Maintain core capability, capacity and competitiveness within the New Zealand aviation sector to provide a platform for an efficient and competitive market when international air travel recovers;

This scheme ensures a predictable and regular schedule of air services to safeguard New Zealand's international connectivity. Continuing support through to the end of October 2021 helps to maintain critical air connectivity.

Road transport

Road transport remains a key mode of transport for freight from Central New Zealand and good roads are critical to moving freight fast, efficiently, and cost effectively.

The road freight transport industry is committed to working with the region to advocate for new infrastructure and maintenance of existing infrastructure to support the growth of NZ Inc. The key to creating an efficient network is to look forward 50 to 100 years and building for future freight demand early.

The enhancements occurring and future project announcements relating to the roading network on State Highway 1, from Palmerston North to the south, are the equivalent of an economic super highway, linking the region to the South Island and large consumer base of half a million people in greater Wellington.

Roading links east to Hawke's Bay and west to Taranaki are no less important to support our region's primary and horticulture sectors. The distribution centres, ports and railheads in these regions connects regional cargoes with the world.

Fast, efficient, cost-effective freight movement is required to support the lives and livelihoods of people living in Central New Zealand. With 93% of New Zealand's freight moving by truck, the region's roading network is a critical element in becoming a major hub for the country.

Well designed, quality built and well maintained roads are key for:

- The development of a transport strategy that assists and enables the growth and prosperity of New Zealand.
- Improved safety.
- Reduced emissions.
- The efficient and competitive movement of goods.



The enhancements occurring and future project announcements relating to the roading network on State Highway 1, from Palmerston North to the south, are the equivalent of an economic super highway, linking the region to the South Island and large consumer base of half a million people in greater Wellington.

Roading links east to Hawke's Bay and west to Taranaki are no less important to support our region's primary and horticulture sectors. The distribution centres, ports and railheads in these regions connects regional cargoes with the world.

Over the next 10-20 years, technology is going to change the emissions profile of the transport industry. With investment into the region by alternative fuel companies like Hirlinga, the region's transport network development can become a leader in decarbonisation.

The capability and skills of people in Central New Zealand is high and supports the inward investment of private transport and logistics operators. The transport industry is focused on developing skilled, safe and qualified drivers and ongoing training is critical to a sustainable workforce.

The Road Transport Forum is willing to partner on training and job placement with the region through their Te ara ki tua road to success industry traineeship.

TRANSPORT INITIATIVES IN OUR REGION

TOURISM IN RUAPEHU DISTRICT
 Park and ride opportunities up Mt Ruapehu (including Electric vehicles), cycle trail opportunities and potential rail connectivity from the south.

TAIHAPE TO NAPIER CONNECTIVITY
 Improvements along the Gairde Arnie.

BULLS/SANSON CORRIDOR IMPROVEMENTS
 This is the busiest stretch of road in our region (using vehicle counts) and has a high number of crashes. There is also congestion at the SH1/SH3 intersection in Bulls. We are looking at this corridor for possible improvements to make it safe and efficient.

HIGH PRODUCTIVITY MOTOR VEHICLE IMPROVEMENTS
 Along State Highway 2 East and Manawatu Gorge to increase freight throughput to Napier Port.

WHANGANUI PORT
 Distribution and freight opportunities at what will become a local logistics hub.

MANAWATŪ TARARUA HIGHWAY TE AHU A TURANGA
 The existing route collapsed April 24 2017 and so planning work is underway to find an alternative route. This will be located between the existing gorge road and Saddle Road. Construction is planned to start in 2020 and will take four years.

ŌTAKI TO NORTH OF LEVIN EXPRESSWAY
 This project will connect the Wellington Corridor with the Whirokino Trestle Bridge providing an efficient and safe transport corridor from Wellington through to north of Levin. Specifically it will connect with the Mackays Crossing to Pekaia expressway which is currently being constructed.

REGIONAL FREIGHT RING ROAD
 Serving the logistics hub around Palmerston North.

INTER-REGIONAL PASSENGER RAIL
 Increased rail connectivity between Palmerston North and Wellington.

For more information visit www.horizons.govt.nz or freephone Horizons on 0508 800 800

2018/781

Dairy

The lower North Island is a major dairy producer which has the opportunity to strengthen its packing and container distribution system to support added value services for the sector with close proximity to dairy plants.

Fonterra

In recent years, Fonterra has adopted a centralised warehousing model centred around its plants in Whareroa and Pahiata. Dry and chilled product is stored and moved directly from plant via rail to its primary warehousing, packing and distribution hub at Crawford Street in Hamilton.

The cargoes are moved via containerised rail (packed on site) or via curtain-sided 25ft units on rail that are operated by Coda Logistics. Kotahi Logistics (which owns Coda with Port of Tauranga) manages all sea freight for Fonterra nationally.

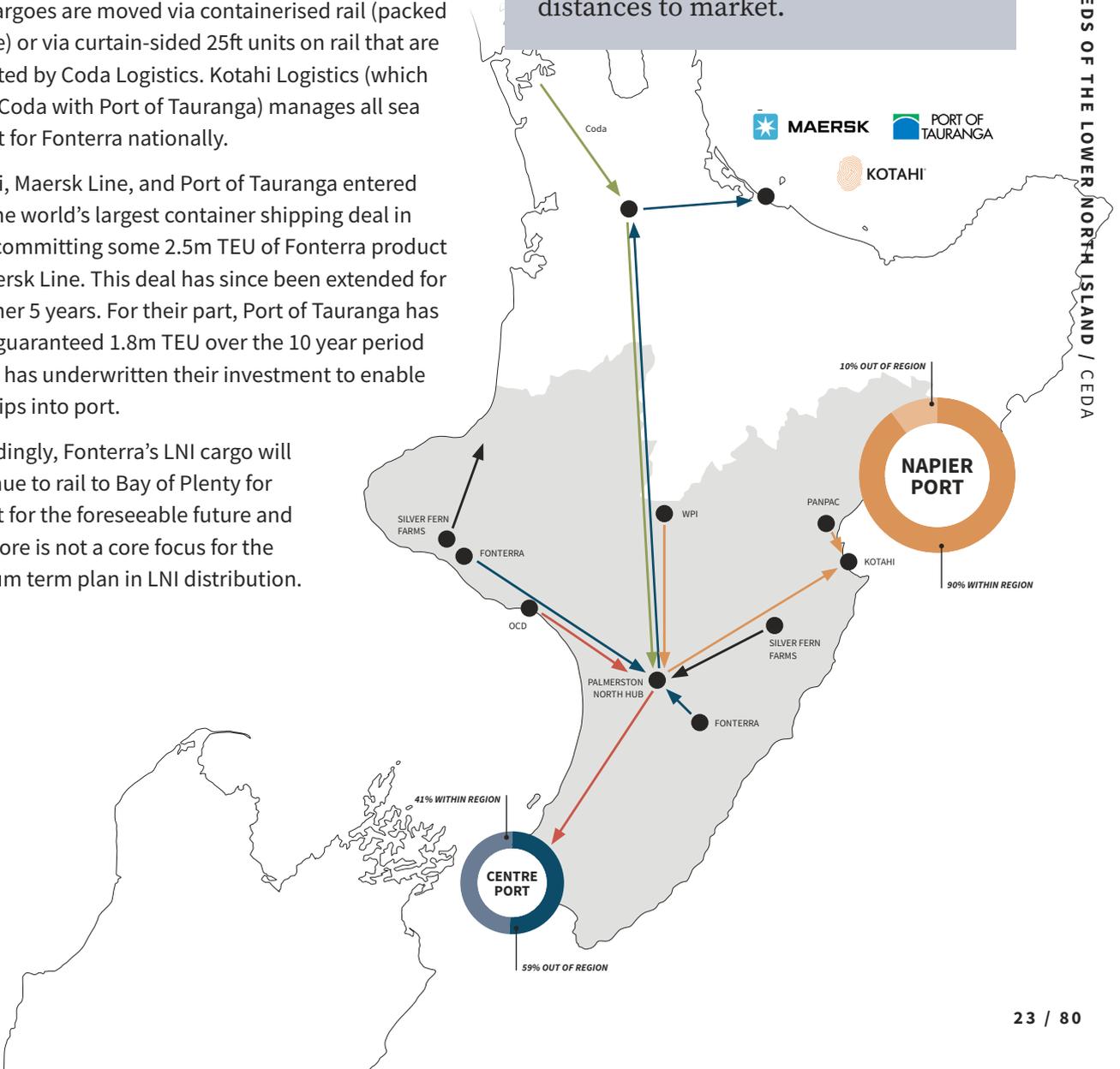
Kotahi, Maersk Line, and Port of Tauranga entered into the world's largest container shipping deal in 2014 committing some 2.5m TEU of Fonterra product to Maersk Line. This deal has since been extended for a further 5 years. For their part, Port of Tauranga has been guaranteed 1.8m TEU over the 10 year period which has underwritten their investment to enable big ships into port.

Accordingly, Fonterra's LNI cargo will continue to rail to Bay of Plenty for export for the foreseeable future and therefore is not a core focus for the medium term plan in LNI distribution.



Providing a resilient and highly efficient hub in the Manawatū provides Fonterra with alternative growth options to their current centralised model in the Bay Of Plenty and Waikato.

Aggregated container packing in the Palmerston North hub for their Whareroa and Pahiata dairy plants would save carbon and transport costs through shorter transport distances to market.



Open Country Dairy (OCD)

OCD Whanganui has expanded its operations with a 2nd drying tower in the past 5 years. OCD form one of the brands in the wider Talley's Group.

OCD uses AliArc Logistics at Heads Road in Whanganui as their primary warehousing and logistics business. The bulk of the cargo travels to CentrePort for export on the CentreRail service although disrupted shipping services has seen fragmentation of the volume to Port Napier.

The OCD plant competes for milk with Fonterra across the Western region. There are plans for a potential additional tower in the future. OCD is a key business and growth opportunity for the region with warehousing, container packing and distribution remaining in Whanganui.

Forestry

Marton Railhead

Marton is an important node in the central New Zealand transport and logistics network. With significant industrial land opportunities, and its prime location on the main trunk line, Marton is developing better rail connectivity with a rail siding upgrade which is funded by central government and private operators.

Marton is the logical location to develop new manufacturing enterprises in the forestry sector which is focused on value-add processing of logs and forestry waste.

The developments compliment the distribution hub developments in Palmerston North and add significantly to the region’s status as the primary location for central New Zealand transport and logistics services.

Log exports

The Southern North Island (as defined in the National Exotic Forestry Description (NEFD)) is one of the fastest growing log export regions in NZ following a planting frenzy in the 90’s. The graph below shows the so called ‘wall of wood’ that the region is now experiencing and this is putting pressure on rail and road transportation, hub developments and port capacities at the LNI log ports of Taranaki, Napier and CentrePort.

Logs are almost entirely exported from NZ in bulk ships (not containers).

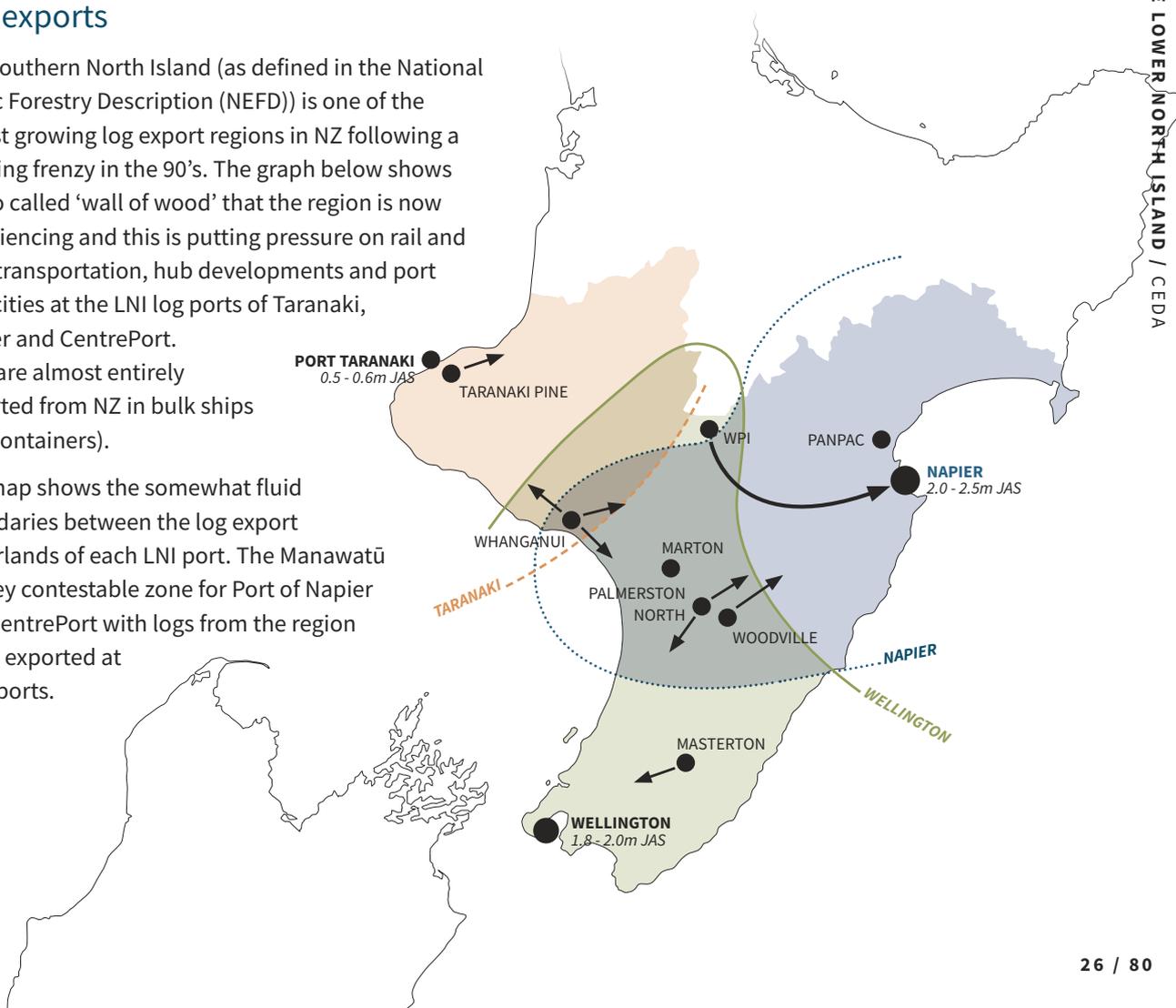
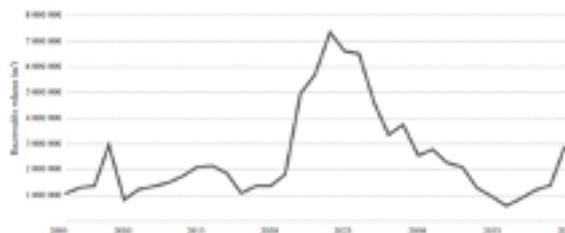
The map shows the somewhat fluid boundaries between the log export hinterlands of each LNI port. The Manawatū is a key contestable zone for Port of Napier and CentrePort with logs from the region being exported at both ports.

Whanganui is even more contestable with Port Taranaki able to extend its reach into the region.

Timber related businesses

WPI (Karioi), Taranaki Pine (New Plymouth) and Panpac (Napier) are the three major timber related product exporters in the LNI. WPI and Panpac aggregate their cargoes at Port of Napier (under Kotahi) and Taranaki Pine trucks to Auckland for the last port call to Australia to maximise cashflows.

THE WALL OF WOOD IS UPON US



Distribution

One core hub supporting multiple regional nodes

Palmerston North is already established as the primary distribution hub for the LNI. Key national and global businesses have invested heavily to be based in the North East Industrial Zone (NEIZ) and the KiwiRail regional freight hub will enhance the benefits of investment by similar businesses in the region.

Ezibuy utilises the rail, road network and airport services for national and Trans Tasman distribution. DKSH, Foodstuffs and Progressive Enterprises have substantial warehousing for LNI and National distribution. Toyota has its nationwide parts distribution based in Palmerston North.

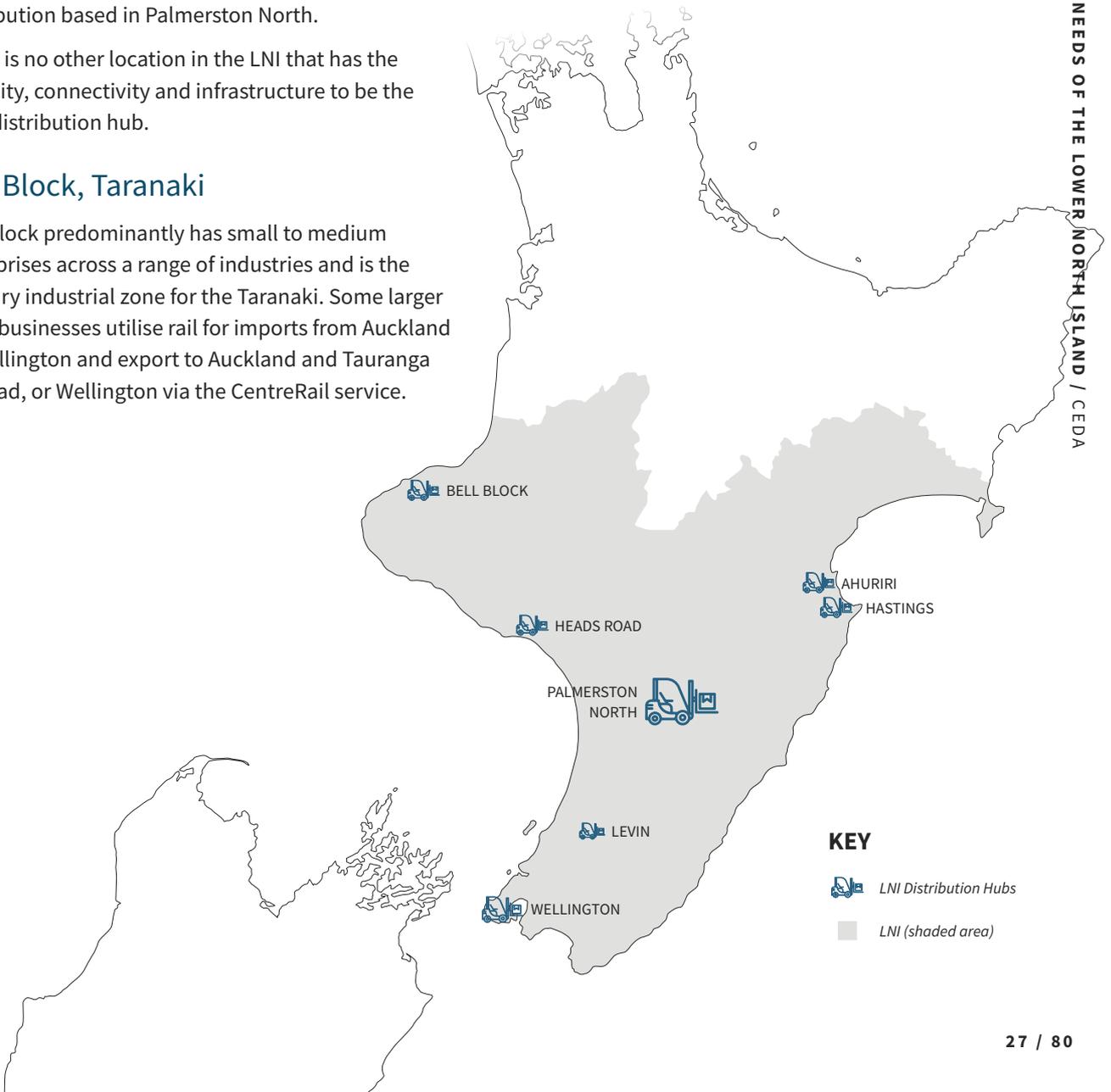
There is no other location in the LNI that has the capacity, connectivity and infrastructure to be the core distribution hub.

Bell Block, Taranaki

Bell Block predominantly has small to medium enterprises across a range of industries and is the primary industrial zone for the Taranaki. Some larger scale businesses utilise rail for imports from Auckland or Wellington and export to Auckland and Tauranga via road, or Wellington via the CentreRail service.

Feilding

Feilding has a strong industrial area that has several small to medium distribution businesses. There is no railhead at Feilding so businesses are restricted to truck only with connectivity to rail through Palmerston North. Feilding will continue to attract smaller operators and will benefit from intensified investment into logistics in the region.



Wellington

Resilience concerns and regional planning makes Wellington an unlikely node for nationwide distribution for major Distribution Centres.

The poor roading connectivity across the areas of Porirua, Seaview (Lower Hutt) and Wingate (Upper Hutt) and high land prices pushes the city's distribution activity to the Manawatū which is increasingly better served by road and rail.

Wellington airport has a curfew which limits air freight operations.

Heads Road, Whanganui

Heads Road has a similar profile to Bell Block with several small to medium enterprises. There are a number of distribution businesses that benefit from a reliable and cost effective rail service and the enhancement in boat building capabilities with the Port Revitalisation plans will continue to support local freight growth.

AliArc Logistics has a sizeable warehousing and distribution business serving the needs of Open Country Dairy and operates from the Whanganui railhead. Whanganui will, like Feilding, benefit from increased investment into logistics in the region and is a key spoke into the hub of Palmerston North.

Hawkes Bay

Ahuriri has seen a resurgence in warehousing and distribution and now includes Big Save furniture as one of its largest distributors. The area as a whole consists of small to medium businesses and is constrained by land so will not expand to become a major distribution node. It does have the advantage of being immediately adjacent to the Port of Napier.

Hastings and its surrounds has a number of small to medium distribution businesses and the development of an inland port at Whakatu that connects directly with the port is likely to attract a cluster of regional businesses.

It's primary focus is likely to be supporting the growing horticulture sector in the region and is therefore unlikely to compete with the core hub in Palmerston North.

The rail connectivity between Whakatu, Port of Napier and Palmerston North compliment the LNI distribution strategy.

Rail network

Container nodes

The primary rail nodes for container movements are Smart Road (Taranaki), Heads Road (Whanganui), Palmerston North (Manawatū), Port of Napier (Hawkes Bay), Wellington. All major container movements connect with these five strategic nodes.

Palmerston North has additional strategic importance being the key node that all rail from Taranaki, Wellington, Hawkes Bay and from the North passes through, whether for loco driver changeovers, or most likely for marshalling and reconnecting train packages (called attach/detach in rail terms).

Secondary nodes in the LNI include private sidings at Fonterra Whareroa, Fonterra Pahiatua, Silver Fern Farms Takapau, Manawatū Inland Port (Longburn), and WPI Karioi. The planned inland port at Whakatu will add another node in Hawkes Bay.

Log nodes

Primary log nodes include Eastown (Whanganui), Palmerston North, Woodville and Waingawa (Masterton).

CentrePort

CentrePort and its subsidiary, Direct Connect Container Services, operates the Smart Rd and Heads Rd railheads on behalf of KiwiRail. The nodes are port agnostic.

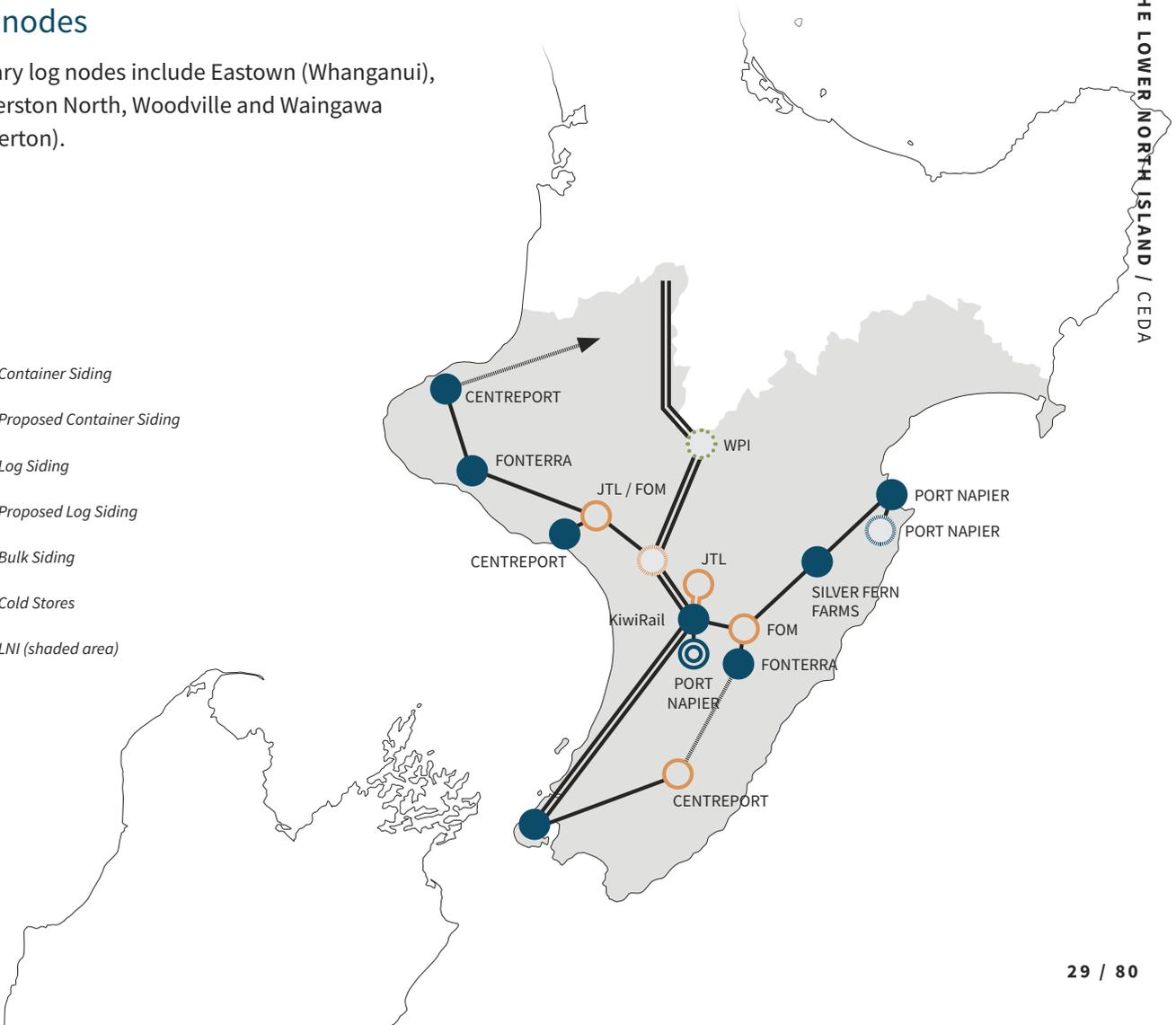
CentrePort also invested in and manages the Waingawa log railhead. The site facilitates log exports for all exporters and has been highly successful in removing some 16,000+ truck movements off the region's roads.

Port of Napier

Port of Napier has joint ownership in Manawatū Inland Port (MIP) with Halls Transport and Ports of Auckland (which has Nexus Logistics domiciled there). Port of Napier also has a strong interest in the development at Whakatu Inland Port.

KEY

- Container Siding
- Proposed Container Siding
- Log Siding
- Proposed Log Siding
- Bulk Siding
- CS
 Cold Stores
- LNI (shaded area)



Key players



KOTAHI

Kotahi is New Zealand's largest supply chain collaboration. Kotahi helps keep New Zealand competitive on the world stage by working with exporters, importers and industry partners to create a sustainable, more efficient supply chain. They are investing in leading edge technology and working with their partners to simplify and digitise the export and import process.

Kotahi is owned by Fonterra and Silver Fern Farms and now moves approximately 60% of all NZ exports.

In the LNI Kotahi moves Fonterra, Silver Fern Farms, WPI and Panpac freight. Through its 10 year deal with Maersk Line and Port of Tauranga, Fonterra has committed 2.5m TEU to Maersk Line and of that cargo, 1.8m TEU must transit Port of Tauranga. Hence, all LNI Fonterra volume leaves the region on rail destined for the Bay of Plenty.

Silver Fern Farms is more independent and although recently has moved via Port of Tauranga, there is a likelihood that the cargo will revert to one of LNI's ports, most likely Port of Napier.

WPI is railed directly from site to Port of Napier under a long term contract. This cargo consisting of pulp bales and sawn timber, is aggregated with Panpac (similar product mix) at Port of Napier for export under Kotahi.

Kotahi will remain a powerhouse in the movement of freight in the region for years to come and it is therefore likely that Fonterra export cargoes will leave the region for Tauranga for the foreseeable future.



FONTERRA

Although Fonterra cargo is managed and controlled by Kotahi, Fonterra's distribution strategy has a large impact on the movement of goods within region. Within the last 10 years, Fonterra has consolidated its storage facilities across the LNI from 13 to just three at Whareroa, Pahiatua and Longburn.

Significant investment into dry and cool storage at plant sites has largely removed the transport and warehousing of product in New Plymouth, Palmerston North and Napier.

The KiwiRail Palmerston North site holds up to 200 empty containers at any one time to smooth the containers flows for both LNI plants which keeps the entire container supply chain within the rail network.

Movement of product is split between containerised product and 'curtain-side' rail units operated by Coda Logistics. The introduction of curtain-sided units facilitates the Southbound movement of inbound Fast Moving Consumer Goods (FMCG) goods to Palmerston North for distribution.



PORT OF TAURANGA

The Port’s location is central to key export commodity sources. They have direct and dedicated access to New Zealand’s largest import market, the capacity to expand their infrastructure, and unrivalled sea, road and rail connections.

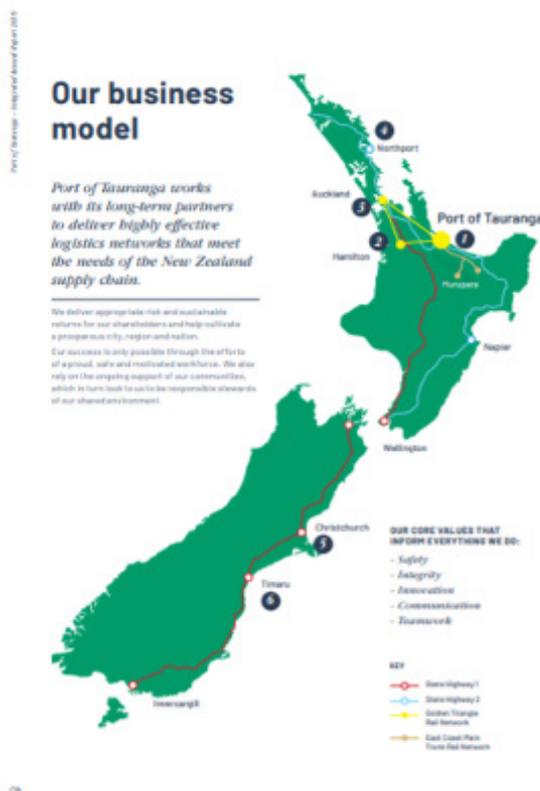
The Port of Tauranga is no longer striving simply to be New Zealand’s preferred single cargo gateway. They aim to be recognised as New Zealand’s Port for the Future by offering a range of preferred cargo gateways and shipping solutions that include and transcend the boundaries of their historic base in the Bay of Plenty.

The Port of Tauranga is unashamedly aiming for total domination of New Zealand’s supply chain.

Its long term supply deal with Kotahi and Maersk for 1.8m TEU over 10 years has supported its capital investment profile to deepen its channel, extend its operations and welcome the largest ships in NZ to its port.

It has extended its reach to the South Island with an inland port in Rolleston to compete with Lyttelton Port, as well as purchasing the container terminal operation at PrimePort (Timaru).

The inland port has not been a success and does not attract cargoes. PrimePort, although potentially not profitable, has supported the Kotahi/Maersk deal in providing 80,000 TEU on transhipments through the port.



Port of Tauranga’s model to create one super port for all cargoes across NZ would continue to see regional cargoes moved out of region which in turn encourages investment in the Golden Triangle.

To create low cost, fast and efficient freight connectivity with the world, central New Zealand’s transport and logistics network must include strong international ports in close proximity to Palmerston North. Both Napier and Wellington are investing heavily in their ports which creates a balance to Tauranga’s ‘one New Zealand port’ model.



RUAKURA

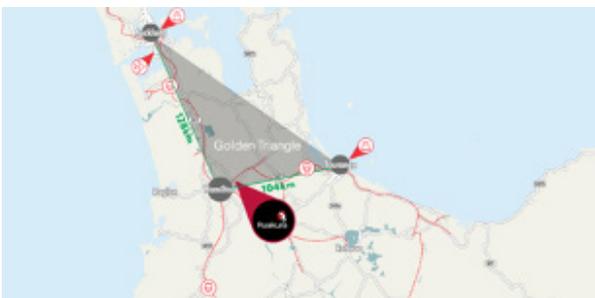
Ruakura is set to be the premium logistics and industrial hub in New Zealand.

It's carefully master planned for smart, market leading businesses seeking supply chain savings, resilience and sustainability. At 490ha, Ruakura has the space to grow and a wide range of lot sizes to meet all business requirements.

The hub is perfectly positioned to leverage the growth in the so-called 'Golden Triangle' of Auckland – Hamilton – Tauranga.

The hub will provide an inland port for container movements between the ports of Auckland and Tauranga as well as distribution centres for the wider region.

One of the most compelling approaches of the hub is its inclusion of community amenities, education facilities, and most importantly housing. This focus has enabled the developer to work in partnership with Kainga Ora as well as MoT and NZTA on transport related issues.



PORT OF TAURANGA/TAINUI JOINT VENTURE

Tainui Group Holdings and Port of Tauranga have entered a 50:50 joint venture to bring the Ruakura Inland Port at Hamilton to fruition within two years.

The new joint venture will take an initial 50-year ground lease to establish the inland port, and plans to start port operations at Ruakura following the opening of the nearby Hamilton section of the Waikato Expressway, currently scheduled for the end of 2021.



Direct comparison to the LNI Distribution Hub

Tainui has been diligently working on its strategy for Ruakura for over 16 years – it is not an overnight success. One of the major breakthroughs they had during this time was turning a tense relationship with Council into a collaborative partnership.

The LNI strategy is a collaborative effort led by CEDA and PNCC. This close working relationship has ensured that city and regional planning is aligned with the commercial and strategic objectives across the various projects.

Tainui benefits from having sole ownership over the entire development and by taking a genuinely long term and inter-generational perspective to development. This is in stark contrast to the LNI distribution hub which has the complexity of multiple private land owners, various developers, several corporates including PNAL and KiwiRail, and potentially multiple councils.

Where Tainui can take a careful and centralised master plan approach, the Manawatū hub must collaborate across a myriad of entities with competing interests which makes the task more complex.

Being a significant iwi with large coffers, Tainui clearly has iwi interests at heart and they unashamedly leverage their status to garner central government support and co-funding. Although iwi is engaged across the projects in the LNI, the strategy governance group is yet to establish an all-encompassing, cohesive and potentially lucrative alliance with iwi.

Another major difference between Ruakura and the LNI hub is the clear positioning within the national transport and logistics network. Through its partnerships, Tainui makes it clear that is about aggregating cargoes from across the North Island at Ruakura, and in turn aims to connect that cargo with the Port of Tauranga.

They are careful to not exclude Ports of Auckland, but ultimately their partner sits to the East. There is strength in their conviction and positioning, and the LNI distribution strategy will benefit from a comparable level of certainty on where it fits at a national level.

Tainui Governance structures are made easier through their sole ownership and strong iwi identity. One of the areas that would benefit the LNI distribution strategy the most is the establishment of a clear identity and associated governance model to accelerate investment, both private and public, and raise the profile of the LNI distribution strategy into the national psyche.

Finally, the current development phase of each hub is vastly different. Where Tainui has a stronger strategic position and story, the Manawatū is already being built.

Ruakura has only just secured its first tenant. There are several significant distribution centres already operating in Palmerston North.

Palmerston North Airport Limited (PNAL) is established as an air freight hub and has growth aspirations as well as a unique connection to air freight services for the regional businesses.

Government funding for major road upgrades is locked in and the final building blocks are identified, business cases submitted, and in the case of KiwiRail land is being acquired. In terms of execution, the Manawatū is ahead of Ruakura and this reinforces the investment proposition for logistics businesses in the region.



CODA

Coda is joint venture between Kotahi and Port of Tauranga that operates the curtain-sided wagons on rail between Hamilton and the region for Fonterra exports and FMCG imports.

Coda is “an innovative logistics company whose main aim is to reduce waste while exceeding customer expectations. We do this by redefining the end to end cargo flows within the supply chain, consolidating freight and improving connectivity between transport modes and freight hubs”.

Coda is a significant regional business but its primary focus and alignment is with the UNI supply chain objectives of Ruakura, Port of Tauranga and Kotahi. Coda is likely to take a significant position in the new KiwiRail regional freight hub and is categorised as a ‘Level 1 User’.



NEXUS LOGISTICS

Nexus Logistics is wholly owned by Ports of Auckland (POAL) and “provides fully integrated container logistics solutions for forward-thinking companies throughout New Zealand. Using a control tower approach, our strength lies in our ability to solve our customers’ distribution challenges. We remove risk and stress of supply chain management, so they can focus on their business operations”.

Despite having a position in MIP, and being owned by POAL, Nexus has not dominated in the region in the same way as Coda. Fresh management may see a renewed focus on supporting regional development and the efficient movement of goods within the LNI to its ports.

Although owned by POAL, Nexus insists that it is port agnostic and in essence is operated as an autonomous business. Like Coda, Nexus is likely to take a position within the KiwiRail multi-modal hub development with the intent of growing its regional reach.

The map showing Nexus’ key locations highlights its strong focus on UNI supply chains.



OUR STRATEGY

INTERMODAL CAPABILITY

Our intermodal strategy links road, rail and ocean freight movements to support the big ship strategy, reduce waste and lower landside costs by coordinating container flows and consolidating cargo at freight hubs and key hub ports by using intermodal assets.

LANDSIDE OPTIMISATION

Through the central coordination of our significant freight volumes, we can design optimal customer supply chains by integrating flows, leveraging service partners and sharing assets. With our smart technology platforms we ensure our optimised solutions are scalable and sustainable.

TRUSTED SOLUTIONS

Our strategy is to align disparate logistics flows into a common supply chain, while still understanding what matters to our customers. We ensure we see the experience through our customers eyes, to produce safe, effective, trusted and sustainable outcomes that exceed expectations.



MONDIALE

Established in 1989, Mondiale is New Zealand’s largest privately owned freight forwarder and an international leader in supply chain management.

“We are a global operation with Mondiale offices across New Zealand, Australia, China and the Philippines. By leveraging our size, superior systems, and experienced staff we keep cargo moving globally. We offer cost-efficient freight forwarding, logistics, and warehousing solutions that will provide end to end visibility and control”.

Mondiale directly influences the movement of a large portion of regional imports for small to medium size businesses. When aggregated, the volumes that are controlled by Mondiale can enhance or dampen the growth in the region.

Mondiale is genuinely port agnostic and intent on growing their national presence. Mondiale is therefore a worthy partner for developing the LNI investment strategy.



TOLL

Toll delivers freight forwarding, end-to-end transport services and comprehensive logistics solutions to customers operating in New Zealand.

In New Zealand Toll offers comprehensive intermodal freight distribution options for parcels and freight, domestically and internationally.

“Using our national rail, road and sea multi-modal transport services, backed by the global resources and networks of the Toll Group, we can deliver your parcel or freight anywhere within New Zealand or around the world. We can also move your car and relocate or store your household and office contents. In addition to our transport and relocation capabilities, we’re experts in providing fully integrated logistics solutions - we can manage your supply chain, warehouse your goods for you and support you with 3PL services”.

Toll is a significant national and regional player and will invest in the multi-modal KiwiRail hub as a Level 1 User. Toll has the ability to influence cargo flows and is focused on growing its share and is therefore a key business stakeholder.

Distribution Centre opportunities

There are several ‘big box’ retailers and logistics businesses that could invest into the region based on a strong central New Zealand distribution hub.

Attracting direct inward investment is a key focus to execute this strategy and strengthen Palmerston North’s position as the primary distribution hub for central New Zealand.

TIER 1



TIER 2



TIER 3





MAINFREIGHT

“Our continuous growing wingspan includes a global network of over 280 offices worldwide. As our network intensifies, our development is focused on being close to where our customers need us, increasing our ability to provide end-to-end solutions, by both service and by location.

Mainfreight is a dominant market player and in 2013 it opened a new \$11m depot on the Palmerston North railhead. **Mainfreight will invest into the new rail hub and is a key business stakeholder to develop the LNI distribution strategy.**



CENTREPORT

“CentrePort is part of Wellington’s harbour and is a vital connection for the freight and transport system of central New Zealand. We bring trade, people and economic value to the region.

Our inland strategy connects central North Island businesses to the port through our CentreRail

network in partnership with KiwiRail.

CentrePort is committed to our role in the shared guardianship of the Wellington Harbour. We want to ensure our business is sustainable as we look towards the future of the city and the port’s Regeneration”.

Future possibilities

CentrePort continues to struggle to recapture its container trade following the 2016 earthquake and its devastating impact on its assets.

It's long term plans (photo inset) sees its business largely returning to pre-earthquake format albeit resized to focus on log capacity (to cater for the Wall

of Wood) and a more intense container business on a smaller footprint. The future of CentrePort's container business continues to be hotly debated but for the foreseeable future, the port plays a significant role in LNI distribution and CNZ logistics through its CentreRail network.



CentreRail

CentreRail is a cost effective freight solution linking business with CentrePort. We're helping exporters, importers and the regional economy be more competitive.

The CentreRail service is a scheduled daily train service which links key trade areas in the lower North Island and upper South Island. The service is available to all export and import customers regardless of size, location or commodity.





PORT OF NAPIER

Working side-by-side with our customers and our community, we can drive growth and success that benefits our region, our people and our environment.

With key partners, Napier Port aims to grow a resilient and agile network of supply chain infrastructure that operates as a connected, intelligent system, delivering our customers’ cargo to market.

In building our future, Napier Port will collaborate with like-minded organisations, creating a network partners with shared aspirations. This vibrant network will empower the bold pursuit of ideas and opportunities, supporting growth and success, and enabling our region to reach its full potential.

Our success will be founded on a culture of care for our customers, our community and each other.

Together, we build a thriving region by connecting you to the world.

6 Wharf

Napier Port is building a new wharf to support growth for its customers and economy.

6 Wharf will future-proof the port, allow it to handle more and larger ships, and improve operational performance.

Over the past 10 years* the port has experienced solid growth in container volumes and bulk cargo exports.



50% more containers



94% more cruise ships



64% more bulk cargo

Whakatu Inland Port/Manawatū Inland Port

Napier Port continues to invest in its inland nodes in the Manawatū and Hastings. It is likely that Port of Napier would support the transition of its services from Longburn to the new hub in North East Palmerston North.

If Port of Napier continues to dominate regional growth over CentrePort, Port of Napier could be a sound partner in the LNI distribution strategy and growth.

Summary

When considering the market and the LNI distribution strategy within it, there are some key messages that support our approach:

1. Full containers movements are influenced and controlled by a handful of powerful players. Most of those players are focused on UNI and Golden Triangle growth.
2. The Kiwirail Regional Freight Hub will encourage investment from those players in the region and will assist them with the movement of containers inter and intra-region.
3. If the region does not create a credible and strong position and proposition in the national transport and logistics network, cargo will continue to leave the region.
4. The investment proposition for national distribution centres in the Manawatū is proven. The LNI strategy recommends building on this momentum and creating a strong and articulate case for accelerated and increased investment, both private and public.

Partnerships are essential to build credible and scalable opportunities in NZ. They are particularly important when a strategy is of national significance, like the LNI Distribution Strategy. Some key considerations when building partnerships are:

1. Meaningful engagement with iwi cannot be underestimated. By truly partnering, the strategy can be elevated swiftly, investment opportunities arise, and long term visionary objectives can be pursued.
2. Partnering with entities that have a strong focus on UNI development requires caution. Executives change but strategic positioning often does not. The LNI strategy requires commercial partners that have a holistic view of NZ supply chain and are genuinely port agnostic.

3. Alignment with our regional and nation's ports is essential. Although the ports compete for cargo, the LNI strategy must focus on creating a resilient, efficient and competitive supply chain for all users to encourage and incentivise investment into the region's infrastructure.
4. Key potential partners are KiwiRail, Mondiale Freight Forwarding, Toll, Mainfreight and international ports.

The LNI distribution strategy has many benefits and finding common motivations will continue to draw investment:

1. The NZDF has committed over \$660m to the region for Ohakea and Linton developments.
2. Supporting a NZDF warehousing and distribution strategy may create additional investment stimulus for the hub.
3. The key to unlocking these broader benefits lie with the building of the proposed Ring Road.

A solid identity and associated governance structure that fits the strategy is essential to accelerating the growth and elevating the strategy's importance to a National level. Establishing the governance as outlined in section three is recommended as a high priority.



Positioning recommendations

Recommend that the region’s leaders, sponsored by the Lead Team, openly support the three zone approach to New Zealand of UNI, CNZ and SI, and Manawatū’s role as the primary distribution hub for the Lower North Island.

Recommend that the region’s leaders engage the mayors and leaders of Taranaki, Hawkes Bay and Wellington to gain their support for the LNI Distribution Strategy.

Recommend that the region’s leaders support the notion that the LNI Distribution Strategy forms a key pillar in a broader CNZ Transport and Logistics Strategy. That they also advocate for such a strategy to be commissioned by MoT. That the Program Team should be part of the MoT CNZ strategy development.

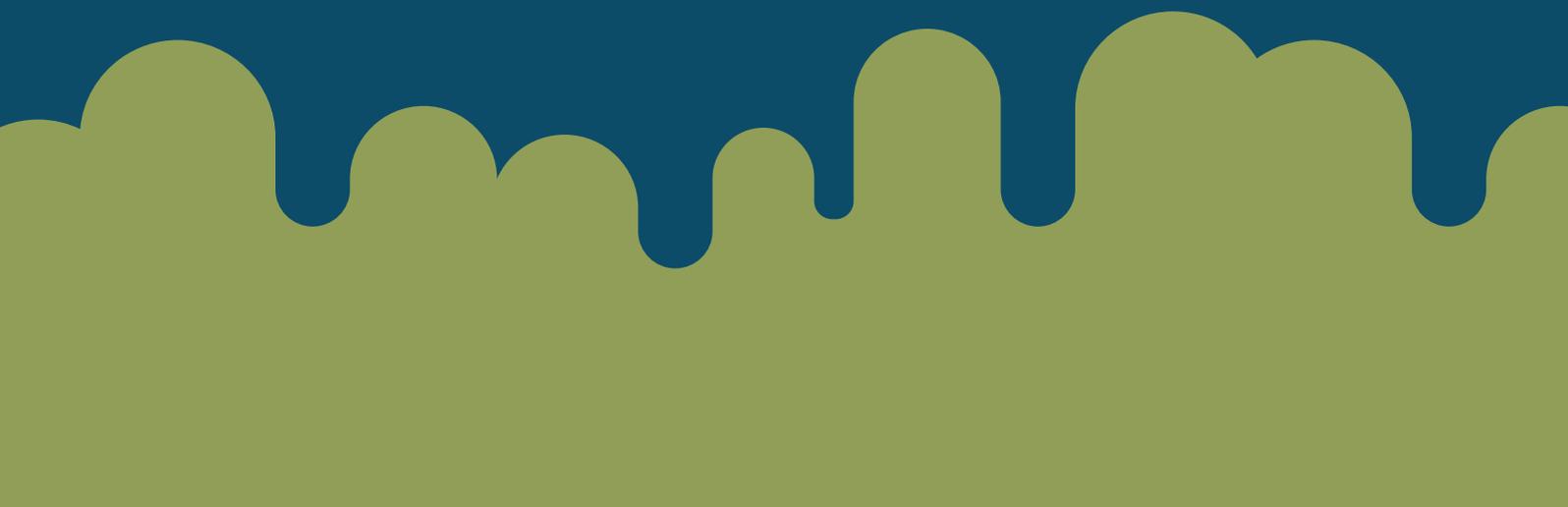
Recommend that the region’s leaders demonstrate support for all secondary distribution nodes across the LNI as key components of the regional network and strategy.

Recommend that the region’s leaders actively share and discuss the strategy with core partners across central government, local government, iwi and interest groups.

Recommend that the Program Team creates a coalition of willing parties to support the strategy, being careful to ensure interests are aligned with the three zone approach to NZ transport and logistics.

SECTION TWO

STATUS
More than just theory



Introduction

Establishing the LNI primary distribution hub in the Manawatū is far more than a vision or pipedream. It is already happening and gaining momentum through private investment, KiwiRail investment and government investment.

There are several large projects underway that are fully funded and supported by Central and Local Government including the Manawatū Gorge replacement (Te Ahu a Tūranga, Manawatū-Tararua Highway), and the expressway extension from Otaki to North of Levin (O2NL).

MBIE has funded KiwiRail’s land acquisition to create a modern Regional Freight Hub and the formal process to purchase the land is underway through a Notice of Requirement (NOR).

Large scale distribution centres already exist in the North East Industrial Zone (NEIZ), the latest being a 40,000m² regional distribution warehouse for Progressive Enterprises.

Palmerston North Airport has established an aviation industrial park development, Ruapehu Business Park to cope with passenger and freight demand.

The Defence Force is investing approximately \$660m into upgrading Ohakea Airforce Base and Linton Army Camp, and there is potential for the NZDF to consolidate its logistics operations in the region.

The region has developed cohesive and advanced regional and city plans to understand how to pull the total package together to create a centre of excellence for goods distribution across the Lower North Island (LNI). This includes a thorough assessment of the user requirements between the airport, industrial hubs and Kiwirail hub as well as understanding how to create competitive advantage through efficient connectivity between the developments.

An in-depth understanding of the wider implications has been achieved through the Palmerston North Integrated Transport Initiative (PNITI). PNITI has identified eight key areas of focus ranging from housing development to city traffic flows and industrial zone expansion to support the new KiwiRail hub, a ring road to connect Te Ahu a Tūranga,

Manawatū-Tararua Highway to State Highway One, and finally connectivity from State Highway’s 56 and 57 to the Distribution Hub in North East Palmerston North.

The region’s international ports of Napier, Taranaki and Wellington are investing heavily and connect international supply chains to regional businesses.

And finally, Waka Kotahi is finalising its business case to support the construction of the Regional Freight Ring Road which is one of the final building blocks to creating the primary distribution hub for the LNI in the Manawatū.

This section summaries the current status of the strategy as well as identifying the next steps to complete a transport and logistics system.



The region has developed cohesive and advanced regional and city plans. We now understand how to pull the total package together to create a centre of excellence for goods distribution across the Lower North Island (LNI)

Regional plan

Accelerate 25

The central location of the Manawatū-Whanganui region has seen the area develop as a key freight and distribution hub in New Zealand, taking advantage of its strategic and centralised geographic location. The Accelerate 25 Economic Action Plan has identified immediate and medium-term priorities for the region’s transport network to enable economic growth and development. The Action Plan identifies Palmerston North as a major intersection requiring more investment in streamlined transport movement, both rail and road networks.



Four key projects vital to unlocking the region’s distribution and logistics potential and reducing large commercial traffic volumes on local urban roads are:

- 1 Te Ahu a Tūranga, Manawatū-Tararua Highway (Manawatū Gorge replacement),
- 2 KiwiRail Regional Freight Hub (rail),
- 3 Regional Freight Ring Road (Palmerston North Integrated Transport Initiatives) and
- 4 Ōtaki to North of Levin highway

In terms of this strategy, the connections identified in the Regional Land Transport Plan (RLTP) are considered as **freight corridors** connecting the distribution centres across the LNI, international ports, and cities. Three of the four projects are funded and underway. The Regional Freight Ring Road is at business case stage.

Palmerston North Integrated Transport Initiative (PNITI)

The recommended PNITI programme is a comprehensive package of transport and land use initiatives to achieve regional aspirations of being a strategic freight and distribution hub in the national supply chain and support the ~\$5bn of economic development investments proposed over the next 10-15 years.

The programme includes both short and long term initiatives. The short term activities, such as online corridor and intersection upgrades for safety and access, together with safer speeds, and land use changes across the network, will deliver significant transport benefits for a modest level of investment.

These shorter-term activities will be complemented by the longer-term interventions to support the Government’s investment in the KiwiRail regional freight hub, including the potential development of a ring route and future downstream bridge to reduce trips through the city and enhance mode shift through placemaking and amenity improvements.

Immediate activities such as the completion of the Palmerston North regional transport system improvement plan (PNRTSIP) and the East/West Access Indicative Business Case will set the necessary foundations and inform the scope and timing of more complex future investment decisions such as the proposed ring route.

The PNITI programme provides the Manawatū with a blueprint for improving the transport system to support the Government’s economic development investment and ongoing growth in the long term. The programme is estimated to cost between \$335–370m and has an estimated BCR between 1.3–1.5 when wider economic benefits (WEBs) are included. The BCR range is between 0.9–1.0 without WEBs and depending on the extent of speed reductions. Investment benefits from PNITI.

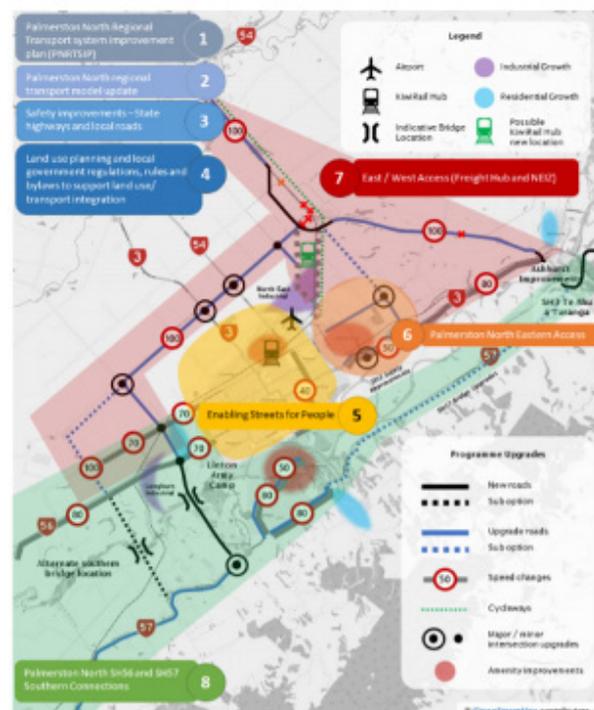
The recommended programme is expected to deliver the following transport benefits:

1. 50% reduction of freight movements on residential and place-based streets
2. 50% reduction in the number of congested intersections

3. Improving journey times on key freight routes by up to 10 minutes
4. 35–40% reduction of deaths and serious injuries across the rural freight network
5. Supports and enables the Urban Cycling Masterplan initiatives by reducing traffic flow through the city centre, rural villages/ townships, and other key places and routes
6. Improve safety and accessibility to new housing developments.

The transport benefits are in addition to the economic development benefits resulting from other public and private investments forecast across the Manawatū region.

EIGHT PACKAGES MAKE UP THE PNITI PROGRAMME



Palmerston North City plan

Palmerston North is the major economic hub for the Manawatū–Whanganui region for education, research health services, retailing, business services such as banking and finance, insurance, and professional services, government administration, agribusiness and logistics.

The city’s growing economic influence within the region is demonstrated by the number of people commuting to work in Palmerston North from surrounding local authority areas, and the expansion of the city’s labour market region over the past 25 years. With 36% of the regional population, Palmerston North has 49% of jobs and 49% of earnings for the region.

Projected growth in the economy will lead to more industrial, commercial and residential development, all of which requires additional infrastructural capacity.

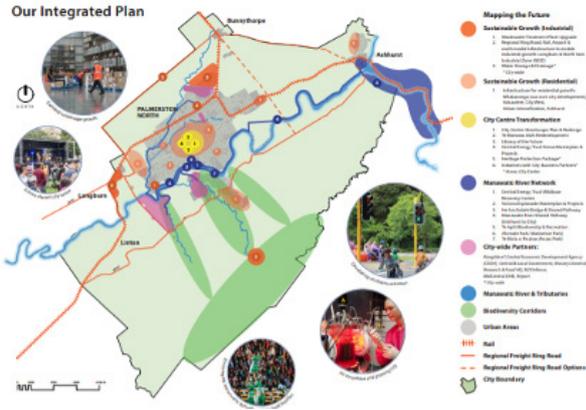
Palmerston North is expanding, and Council wants to accelerate the city’s growth and prosperity. Having a ready supply of land with infrastructure to support the city’s growth will ensure Council can harness new development opportunities and increase Palmerston North’s competitiveness.

Council will provide infrastructure in a timely way while managing the financial risks of providing too much infrastructure in multiple locations. Integrating land use planning and infrastructure can be a powerful economic development tool.

The Government has provided strong direction about this, particularly for housing, in its National Policy Statement for Urban Development (2020).



Projected growth in the economy will lead to more industrial, commercial and residential development, all of which requires additional infrastructural capacity.



The Council has adopted the medium growth household and population projections from Infometrics plus the additional margins required by the National Policy Statement for Urban Development. Despite taking a medium growth approach, the projections exceed the high growth assumptions made in the previous Long Term Plan.

Enabler for growth

PNCC is the lead planning agency for the KiwiRail hub and subsequent road connections. The council’s strong focus on accelerated growth supports the strategy to create the LNI distribution hub in the city’s environs.

Otaki to North of Levin (O2NL) Highway

The Ōtaki to north of Levin project is the northernmost section of the Wellington Northern Corridor and will improve the safety and resilience of the transport network connecting Ōtaki and Levin, and the wider region.

This project is the fourth and final major stage in the development of the Wellington Northern Corridor and establishes a highly efficient **Southern freight corridor** making distribution to Wellington cheaper and faster.

The Wellington Northern Corridor Improvement will, when completed:

- support Wellington’s growing regional population
- support increased freight volumes in the region
- improve access to Wellington’s port, CBD, airport and hospital
- reduce congestion on state highways and local roads
- make travel safer
- make journey times more reliable
- make the highway more resilient to crashes or natural disasters by providing viable alternative routes and constructing roads that can recover quicker from natural events.



This project is the fourth and final major stage in the development of the Wellington Northern Corridor and establishes a highly efficient **Southern freight corridor** making distribution to Wellington cheaper and faster.

Te Ahu a Tūranga / Manawatū-Tararua Highway

A major slip in April 2017 left SH3 through the Manawatū Gorge impassable. A new road will be built over the Ruahine Range, to provide a safe, resilient, and efficient route between Woodville and Ashhurst.

The new 11.5km long road will include roundabout connections with State Highway 57 south of Ashhurst and with State Highway 3 west of Woodville. The road will have two lanes in each direction over the majority of the route, separated by a median strip. There will be a new bridge crossing the Manawatū River, a number of structures crossing unnamed streams, and property access underpasses.

The new highway is due for completion by the end of 2024.



This project re-establishes an efficient and resilient **Eastern freight corridor** between the Hawkes Bay, wider East Coast, and the Manawatū.

This project re-establishes an efficient and resilient **Eastern freight corridor** between the Hawkes Bay, wider East Coast, and the Manawatū.



KiwiRail regional freight hub

Palmerston North is a nationally strategic freight location, with domestic and export goods moving to the city from Auckland and the upper North Island, Taranaki, Hawkes Bay and Wellington.

Freight volumes are expected to increase significantly in the coming decades and it is crucial that we have an integrated transport network to support this growth. Rail is an important part of this picture.

KiwiRail is progressing plans for a high-tech, intermodal freight hub which will help grow Palmerston North's role as a critical freight distribution centre for the lower North Island.

It will support rail and road transport working together to meet the freight demand in the lower North Island, while boosting the regional economy.

The hub project is aligned with Accelerate 25 regional and Palmerston North City Council growth plans and it will tie in with other freight transport projects in the region.

KiwiRail has received investment through the Government's Provincial Growth Fund to undertake the design (Master Plan) of the hub, have the land designated for rail use and commence purchasing the required land.



Benefits

- Reducing transport emissions and road costs** - every tonne of freight carried by rail has 66 per cent fewer carbon emissions than heavy road freight. Getting more freight on rail also reduces road maintenance costs and improves road safety.
- Taking pressure off city roads** - situating the hub outside Palmerston North and integrating it with NZTA's planned freight road and Manawatū Gorge road, will take freight traffic out of central Palmerston North and reduce congestion.
- Growing the logistics industry in Manawatū** - KiwiRail will also work with key customers on major infrastructure requirements to encourage logistics and distribution businesses into the area, to help grow the sector and create more local jobs.

Master Plan

The Master Plan was developed to guide site selection for the new Regional Freight Hub. It represents a new approach to integrated logistics for New Zealand.

The site combines a container terminal, warehousing, and bulk goods and forestry loading operations with KiwiRail’s train operations and maintenance facilities.

It allows distribution companies to co-locate on the site, ensuring access to rail and improving operational efficiencies.

The Master Plan is based on best international supply chain practice and is future focused – designed to ultimately accommodate longer, more economical 1,500-metre trains.



Notice of Requirement/Designation

In late October KiwiRail lodged its Notice of Requirement (NoR) for a designation in the Palmerston North City Council (PNCC) District Plan for the construction and operation of a new intermodal rail and freight hub on land between Palmerston North and Bunnythorpe.

PNCC reviews the NoR and can request that KiwiRail provide further information. KiwiRail has requested that the NoR be publicly notified for submissions. Once any further information has been provided by KiwiRail, the NoR will be publicly notified for submissions.

Following the close of the period for submissions, there will be a hearing before of an Independent Panel of Commissioners, and they will make recommendations about the NoR.

NoR progress

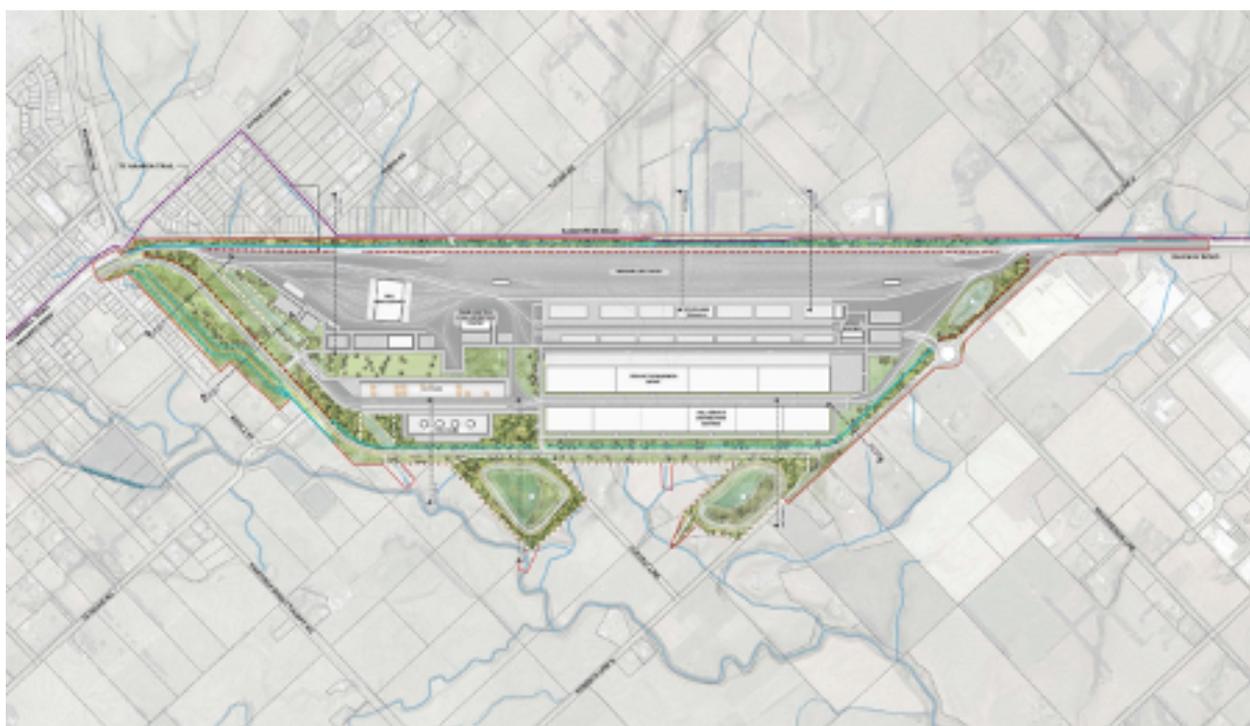
- PNCC requested further information late 2020
- KiwiRail responded mid-February with additional information but have decided to not respond to a significant amount of the requests.

- KiwiRail are able to proceed to submissions without responding to requested information. Any gaps are likely to be raised again during the process by PNCC and the public.
- Submissions will open in March 2020
- The Public hearing is scheduled for mid 2020
- The NoR process is helps to preserve the opportunity for KiwiRail so a key focus for PNCC and CEDA is to ensure that the projects is completed in a way that does not limit broader planning objectives of our LNI Distribution Strategy. CEDA and PNCC have a key role to play in that respect, along with adjoining landowners and operators.
- *November 2019:* Master Plan (high level design) announced
- *July 2020:* Preferred site announced
- *From July 2020:* Seeking public feedback as the Hub design is finalised and mitigations are developed
- *October 2020:* Designation process begins - including public notification
- After the designation is complete and land has been purchased, the next stage will be to begin planning to build the Regional Freight Hub, including any necessary resource consents, building consents and other third-party approvals

Project phases

August 2018: Application for funding to design the hub, have land designated for rail use and purchase land submitted to the Ministry of Business, Innovation and Employment

- *November 2018:* Regional Economic Development Minister Shane Jones announced \$40 million funding to develop a new road-rail hub near Palmerston North



Distribution hubs

City Planning

The formal planning framework for future industrial development is well settled. Industrial land has been made available to the north-east of the city and at Longburn.

The north-east is earmarked for large-format freight, distribution and logistics activities, while Longburn is best suited to wet or processing industries. Both locations are well placed for the new regional freight ring road.

Industrial capacity also exists within the historical industrial spine adjacent to the rail corridor at Tremaine Avenue and at the airport. The Longburn site has significant legacy issues with private wastewater and water services which will require significant investment in upgrading of services.

A potential shortfall in small and medium scale industrial activities from 2024 onwards was identified in the Housing and Business Needs Assessment that Council published in May 2019. Therefore, more industrial land will need to be identified, rezoned and serviced to ensure adequate supply is available to the market from 2024 onwards.



A potential shortfall in small and medium scale industrial activities from 2024 onwards was identified in the Housing and Business Needs Assessment that Council published in May 2019. Therefore, more industrial land will need to be identified, rezoned and serviced to ensure adequate supply is available to the market from 2024 onwards.

North East Industrial Zone (NEIZ)

Being adjacent to the KiwiRail hub and the airport makes the NEIZ an integral part of the overarching LNI distribution hub strategy.

With four large scale, national and international distribution centres, and several smaller businesses, the investment into the NEIZ is well advanced. There is room to expand to the West of the current designation and through thorough planning, the NEIZ will connect seamlessly with the airport, KiwiRail hub, and proposed Regional Freight Ring Road.



Ruapehu Aviation Business Park, Palmerston North Airport (PNAL)

As the gateway to one of New Zealand's fastest growing regional airports, Palmerston North Airport Limited (PNAL) is developing and managing Ruapehu Aviation Business Park – the central North Island's peak business location for freight and logistics, aviation training, retail and light industrial businesses.

The only business park in New Zealand with direct air and easy road and rail access, servicing over two million airport users a year. This unique location is only ten minutes to Palmerston North City centre.

Operating 24/7 with no curfew on flights and business operations. Ruapehu Aviation Business Park ticks all the boxes for organisations seeking a first-class logistics, warehousing, distribution or manufacturing base.

Passengers, meeters and greeters make up over two million airport users a year. With over 200 people working on the airport precinct and a further 200 plus students and staff based at the Massey University School of Aviation, these numbers keep increasing.

Ruapehu Aviation Business Park, will include extensive landscaping, a new motel, eateries and retail centre. With an unrivalled integrated transport network, flexible property management solutions and commitment to long-term development, it is easy to see why there is strong interest from businesses.

Freightways

New Zealand Post 



Parcel Air

Parcelair Limited is a joint venture company owned by Fieldair Holdings Limited, a subsidiary of Freightways, and Airwork Holdings Limited.

The company operates Boeing 737 aircraft between Christchurch, Palmerston North and Auckland.

Freightways' Managing Director, Dean Bracewell, announced that as express package volumes have grown, demand for earlier positioning of freight through the airport hubs has increased, and to sustain the current and the expected new levels of freight required by customers, Freightways has for some time been exploring alternative aircraft. "This new airfreight service will provide increased airfreight carrying capacity, faster sector speeds, savings in annual capital and operating costs and reduced carbon emissions per item of freight carried. In addition, the new fleet will provide sufficient capacity to accommodate the expected future growth of our Business to Business and Business to Consumer customers."

Parcel Air provides PNAL and Ruapehu Business Park with express parcel delivery nationwide and connections to international services in Christchurch and Auckland. Planning connectivity between PNAL, NEIZ and Kwiirail will enhance the development opportunities at the business park.

Regional freight ring road

Waka Kotahi business case

The projects that would complete the LNI distribution system are well identified and documented in the Waka Kotahi business case. However, the case recommends a staged approach over the long term before all the component are built.

If the LNI programme is to accelerate these projects, it needs to:

1. Understand the investment hurdles that Waka Kotahi uses to justify expenditure.
2. Develop their own business cases to demonstrate and quantify the benefits.
3. Explore funding options other than traditional National Land Transport Fund (NLTF) processes.

Cost Benefit Analysis (CBA)

A CBA has been commissioned by PNCC which consists of two phases:

1. Qualitative assessment of the benefits of the Regional Freight Ring Road with respect to the growth areas identified in PNITI.
2. Secondary quantitative assessment of the benefits to encourage earlier investment.

This will provide a top down assessment of value for the strategy.

Freight Demand

To demonstrate increase freight demand, the region could commission a quantitative study to show the financial returns for investors and business operators in the region.

This work could be used to generate investment leads in the distribution and logistics sectors which in turn demonstrates demand for the area.

Through these two approaches, CBA being ‘top-down’ and Freight Demand being ‘bottom-up’) the case to accelerate investment becomes more appealing.



Figure 9-3: Longer Term Programme

Connectivity

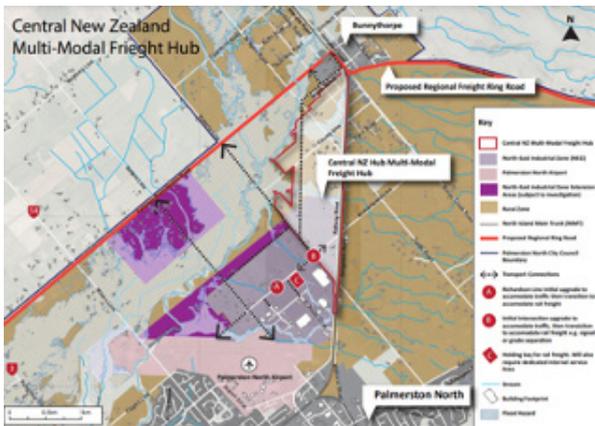
Connecting the Ring Road

One of the most important aspects of the broader strategy is to ensure efficient connectivity exists between the core projects.

This starts with the need to connect the proposed Regional Freight Ring Road with Te Ahu a Tūranga, Manawatū-Tararua Highway, and the NEIZ, PNAL and KiwiRail hub.

Through the Multi Criteria Analysis (MCA) processes for the KiwiRail land designation and the proposed ring road, PNCC and CEDA have ensured that connectivity remains top of mind with planners.

With the location of both key projects now understood, planning at the next level down has commenced with local stakeholders, KiwiRail and Waka Kotahi to ensure the regional roads and respective hubs connect in smart ways to facilitate the efficient movement of freight. By doing this well, the city will also benefit from better connectivity to their other growth projects (e.g. FoodHQ) and will reduce heavy traffic movements in the city.



Connecting PNAL, NEIZ and KiwiRail

Adjacency of the sites alone does not bring efficient movement of freight between them. It is important to plan integrated transport and logistics solutions for the component parts of the LNI distribution hub to extract the maximum value from the system.

To better understand what good connectivity looks like, PNCC and CEDA developed a tier of user requirements:

Level 1: Users requiring a railhead location e.g. major freight forwarders. These users will prefer to locate themselves on the KiwiRail site.

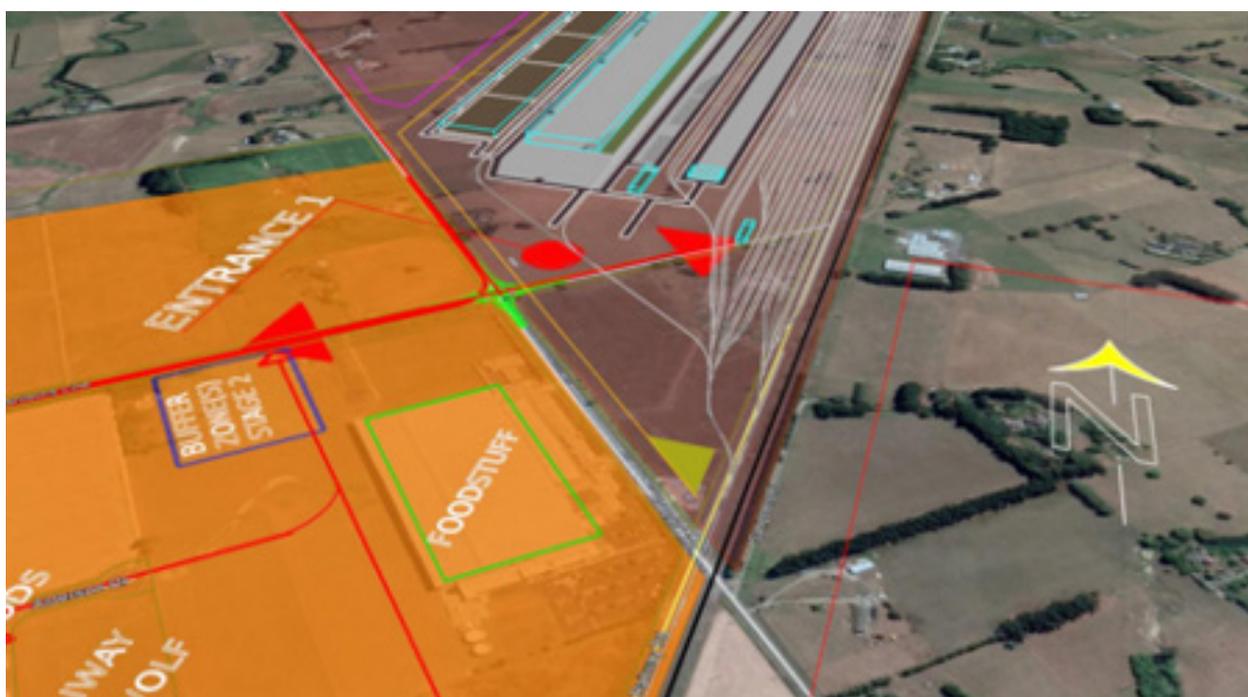
Level 2: Users who prefer to locate outside the KiwiRail site but want enhanced access to the rail facility e.g. a dedicated freight corridor enabling use of heavy-duty rolling stock.

Level 3: Users who prefer to locate outside the KiwiRail site and only require public roadway/gate access to the rail facility (or no access at all).

The level 2 user has the most to benefit from creating a seamless connection between the NEIZ, PNAL and rail hub. WSP Opus was engaged to help plan the connections between the zones with the biggest challenge being the intersection of Roberts Line and Richardsons Line. Several options have been explored at high level to accommodate various growth profiles:

1. Signalling could be upgraded in the short term to facilitate the conflicts at the intersections. This option requires traffic to stop regularly between the NEIZ and the rail hub but may be sufficient in the short term.
2. As development growth in the NEIZ and PNAL continues, the intersection could be upgraded with a large fit for purpose roundabout. This would facilitate a smoother transition of traffic between the zones.

- The next level of connectivity is to create a graded separation so traffic doesn't need to stop. This option is expensive (approx. \$80m compared to \$30m for a roundabout) and would have the added advantage of potentially being road or rail served (a siding could be extended into the NEIZ).



The benefits of this approach are:

- Users get a better experience and a more efficient operating model, which will encourage more investment in the freight precinct.
- KiwiRail can help achieve optimal outcomes for the region without undermining its value proposition.
- The LNI strategy creates a competitive edge and position as a significant hub within the national freight network.
- Landowners increase the value of the NEIZ and the PNAL proposition by enabling streamlined access to rail for large distribution businesses.

KiwiRail, landowners and developers in the industrial zones, have been involved in planning throughout and are supportive of the approach. PNCC will continue to push this agenda throughout the NOR process.

Housing



Integrating land use planning and infrastructure can be a powerful economic development tool. The Government has provided strong direction about this, particularly for housing, in its National Policy Statement for Urban Development (2020).

The Council has adopted the medium growth household and population projections from Infometrics plus the additional margins required by the National Policy Statement for Urban Development. Despite taking a medium growth approach, the projections exceed the high growth assumptions made in the previous Long Term Plan.

The following population projections are assumed:

- 10-year projection 2021–31, 1089 people per annum at 1.1%
- 20 year projection 2021–41, 1039 people per annum at 1.0%
- 30 year projection 2021–51, 1002 people per annum at 1.0%.

The following household projections are assumed:

- 10-year projection 2021–31, 504 households per annum at 1.4%
- 20 year projection 2021–41, 459 households per annum at 1.2%
- 30 year projections 2021–51, 432 households per annum at 1.1%.

Council’s main role is to make sure land and infrastructure are available to accommodate growth and provide market choice, while responding to changing demographics. Housing choices now allowed under the District Plan include multi-unit developments and minor dwellings.

The planning framework also enables apartments in or near the city centre, including as part of a mixed-use development. The demand for infill housing is expected to continue and extend to areas west of the city. Lifestyle blocks are directed away from productive land and need to have their own infrastructure. Strong housing growth has occurred in the past three years.

A significant feature of housing growth has been as a result of infill and multi-unit development. The traditional housing preference for greenfield development has been overtaken by intensification. This has likely been influenced by large value uplifts in land value, which has made intensification attractive for landowners. Greenfield capacity has also been consumed quickly, which is driving the need to bring forward long-term growth options to satisfy short and medium term demand.

Significant capacity is proposed to be rezoned and serviced over the first three years of this long term plan to meet greenfield housing demand over the next 30 years. Changes will also be made to the District Plan to further encourage and enable more intensification, to place less reliance on growing the city outward. Additional growth in the outlying villages (Ashhurst, Longburn, Bunnythorpe and Linton) will also need to be explored to provide greater locational and price point choices for the market.

Council wants land for new sections for housing within the various greenfield sites within the Whakarongo growth area brought to the market quickly. The Council will work closely with landowners and develop its Council-owned site within Whakarongo, under a subdivision named Tamakuku Terrace.

To release pressure and meet updated growth projections, significant capacity at Kākātangiata (formerly called City West), between Palmerston North and Longburn, identified for medium- to long-term greenfield housing sites will need to be released earlier than previously anticipated. The first stage of Kākātangiata has recently been rezoned. This area is referred to as Kikiwhenua, and is the area bound by the Mangaone Stream, Te Wanaka Road and Pioneer Highway (the Racecourse land).

Limited greenfield housing capacity remains at Aokautere, but additional land is being planned to be rezoned and serviced to enable significant housing capacity. As well as the Hokowhitu Residential Area, Council will work with landowners at Napier Road and Flyers Line, where small greenfields additions can be made without the need for substantial new infrastructure.

Affordable and first homes are in high demand in all locations throughout the city. An area within Ashhurst is also being sought to be provided by rezoning and servicing land for over 300 additional homes. Council will also work with landowners at Roxburgh Crescent to enable a transition from Industrial to Residential and to encourage medium density housing to be built.

Rezoning and servicing the wider Kākātangiata growth area, Aokautere and Ashhurst will ensure there is adequate supply of greenfield housing for more than 30 years, based on medium growth projections.

Defence



The Coalition Government has approved a business case for \$206 million in upgrades to critical infrastructure at Royal New Zealand Air Force Base Ohakea.

The investment will be made in three phases over five years, and is part of the Defence Estate Regeneration Programme. Cabinet approval will be sought for final project and funding arrangements for each phase.

“Base Ohakea plays an essential role in maintaining New Zealand’s national security. It is a principal staging point for NZDF operations, and our response to national, regional and global humanitarian disasters and emergencies,” said Ron Mark.

Linton Army Camp also has a long term regeneration plan with work on several projects underway. In total there is approximately \$660m of upgrades going into Ohakea and Linton including defence housing to accommodate the increased personnel numbers.

FoodHQ



FoodHQ is New Zealand’s international centre for collaborative food research. FoodHQ offers food and beverage companies access to organisations that have a proven record of remarkable research – science that is useful and innovative.

FoodHQ partners

The partnership is made up of Palmertson North City Council, Fonterra, Cawthron Institute, AgResearch, Massey University, ESR,ASUREQuality, Plant and Food Research, Riddet Institute, The Factory and Manawatū District Council.

The partners share information, consult on investments and strategically align capability, resources and infrastructure. Most of the research and innovation members of the FoodHQ family are located alongside each other in Palmerston North’s Fitzherbert Science Park and Massey University’s Manawatū campus.

More than 2,200 food scientists, engineers, researchers, PhD students, professionals and educators are employed by FoodHQ partners. They connect and collaborate, build and maintain links, recruit and retain top talent, and manage New Zealand’s resources for a sustainable future while serving the international food industry and growing our economy.

Background and strategic goals

FoodHQ is working to deliver on the Government’s Business Growth Agenda, which calls for a trebling of the real value of food exports. FoodHQ was launched in 2013, growing out of Food Innovation New Zealand, which was established in 2009.

FoodHQ’s 20-year strategic plan outlines how the organisations will collectively play a key role in the global food community and how it will further unify established research organisations.

Summary

The system that is required to create a nation leading distribution system for the LNI is well defined and understood and several key projects are funded and underway.

In a sense, 80% of the task is well advanced and the construction of the Regional Freight Ring Road and Kiwirail Regional Freight Hub will complete the package.

These two projects become the primary focus of the Program Team to accelerate their investment and construction.



Status recommendations

Recommend that the Program Team and the region’s leaders talk in broad terms about the value of creating the system to support the LNI Distribution Strategy. It is important to make specific references to housing, economic and social outcomes associated with the program.

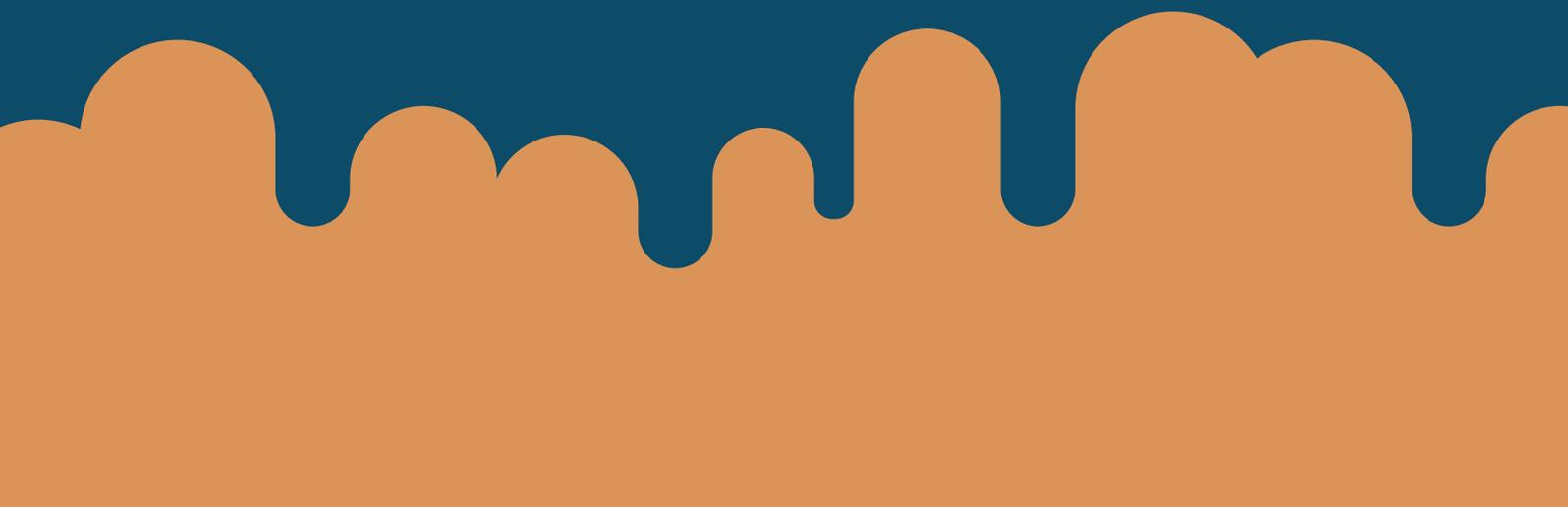
Recommend that the Program Team creates a workstream to prove that there is greater total value by partnering across the different projects rather than looking after individual project outcomes e.g. a common planning approach for PNAL, NEIZ and Kiwirail will deliver the most value.

Recommend that the Program Team ensures efficient connectivity and planning between Kiwirail, NEIZ landowners and PNAL.

Recommend that Program Team continues to quantify the benefits through multiple assessments of value for each component of the system e.g. bottom up and top down reports including CBA.

SECTION THREE

ACCELERATING
*Governance, funding and
master planning*



Introduction

The region has successfully completed and articulated a program of works that will create one of the four key distribution hubs in New Zealand. It now has a clear positioning strategy that links into the national network, supports regional and CNZ growth, and identifies some key potential partners.

This section of the paper presents some discussion points to push the strategy forward to execution and builds on the good work completed to date.

The large number of inter-related projects involves multiple responsible agencies and is therefore complex. Adding to this complexity is the fragmented ownership structure of the industrial zones, Kiwirail's own desires with respect to their hub, and a group of iwi and Local Government Agencies (LGA) with vested interests spanning the LNI.

The new Urban Development Act (2020) and associated Specified Development Project (SDP) framework in Kainga Ora provides a model that appears to be well suited to the development this strategy is looking to execute.



It is important that strategy drives structure, not the other way around. By getting a structure (and through it a clear identity) right, the project will accelerate and become more prominent.



Acceleration will come from actively engaging with private investors in property development, transport and logistics and demonstrating how their investment can create strong returns.

Central government funding options through the Infrastructure Funding and Finance Act need to be explored as the legislation is developed and applied to projects.

Secondly, traditional funding mechanisms are largely exhausted. The NLTF has no capacity for new projects. The change to Kiwirail funding from July 2021 into the NLTF puts them in a similar position where funding will provide core enabling infrastructure rather than fund new projects like the KiwiRail regional freight hub.

On this basis, this strategy needs to explore different funding options and potentially different models for each specific project. The Infrastructure Funding and Finance Act (2020) is a potential source of funding for housing related aspects of the project.

Finally, and most importantly, the strategy would benefit from a clear and strong governance structure that elevates the project to a national objective. Referencing other models helps understand what has worked in large scale regional infrastructure projects and how they have linked LGA and Central Government to a common purpose.

It is important that strategy drives structure, not the other way around. By getting a structure (and through it a clear identity) right, the project will accelerate and become more prominent. It will also provide an opportunity to obtain co-funding to ensure the appropriate professional resources are available to execute the strategy.

Funding approaches

When considering funding approaches, the strategy needs to consider each element separately. There is unlikely to be one model that fits all, especially given the complexity of ownership over different parts of the strategy e.g. PNAL, private landowners, KiwiRail etc.

It is also important to consider the value proposition of each component. This will help understand what funding options are most likely to succeed. There is a need for considerable ground work in preparing business cases before funding is pursued but understanding the funding frameworks will help shape the business cases appropriately.

Commercial developers

The private landowners and developers will pursue their own funding through traditional means. To help them understand the opportunities for investment in the region more clearly, the programme team could commission a professional study into land value uplifts from the program of works. This is based on the hypothesis that the sum of the value (NEIZ, Ruapehu Business Park, KiwiRail) is greater than the individual parts and land values and return on investment improves from having an overarching strategy and plan for execution.

By proving a case for better returns, inward investment into the region should increase so phase II of this work would involve dedicated business development resources which could include private and public representatives.

Increased investment from private owners would then help accelerate investment into other areas e.g. roads and rail.



When considering funding approaches, the strategy needs to consider each element separately. There is unlikely to be one model that fits all, especially given the complexity of ownership over different parts of the strategy.

Potential solution – The Property Group (TPG)

During the development of the strategy, CEDA, PNCC and KiwiRail co-funded a facilitated workshop with local stakeholders which was run by The Property Group. TPG are experts in their field and subsequent discussions found areas where their quantitative analysis techniques could help the region build a clear picture of investor returns and value.

The strategy is seeking to identify the potential benefits that can be generated from the planned infrastructure investment in the Lower North Island Distribution Hub (the hub). This includes understanding the potential for urban development around the hub, taking into consideration the demand driven from different levels of users that would be attracted to the location, and also the broader benefits for the region and along the national supply chain network. An evaluation of benefits across the different beneficiaries can be undertaken to support alternative means of funding and financing and build the case for further government investment.

The TPG and Value Advisory Approach (VAP)

TPG and Value Advisory Partners have an established approach to understanding the benefits that can be driven through infrastructure investment that is based in the realities of the place and an understanding of the key market drivers. This bottom-up assessment can be used alongside a traditional top-down economic assessment to understand benefits.

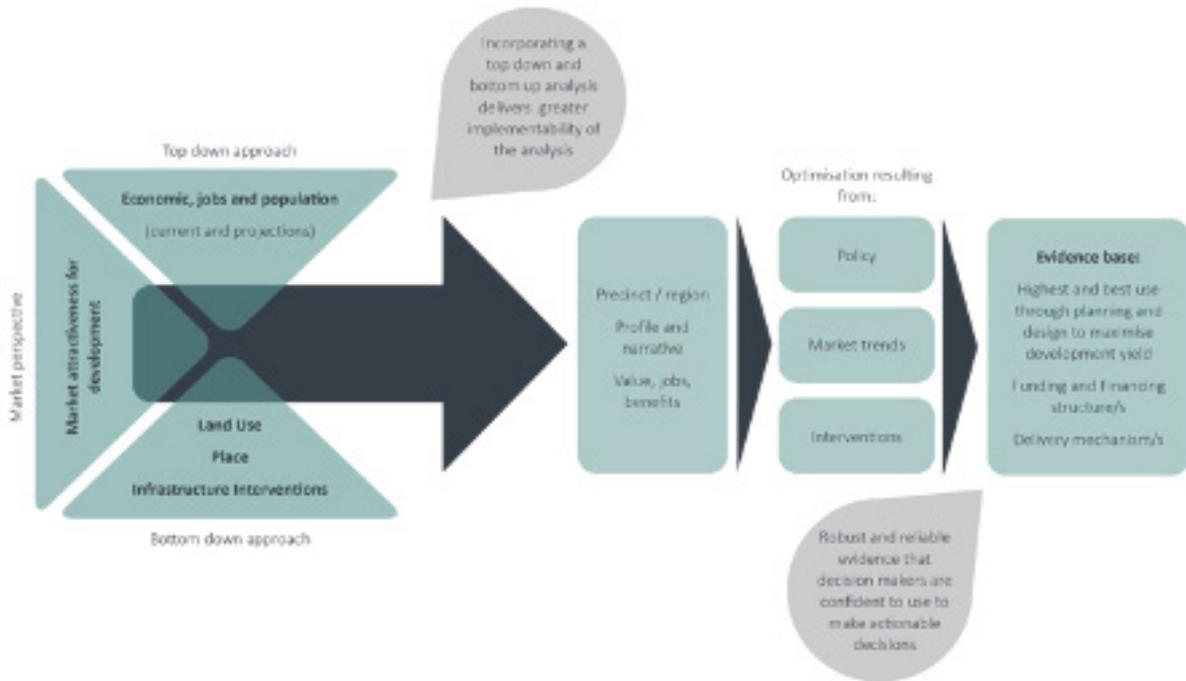


Figure 1. TPG/VAP integrated approach

Benefits

TPG integrates property, urban design, GIS and planning with place economics to help unlock the potential of communities, improve our transport and infrastructure systems and contribute to sustainable and efficient growth. Through this process they also create a dashboard that allows real time analysis of the impacts of investment decisions and how those impacts can be managed through finance and funding arrangements. This is particularly useful for decision makers and bringing together multiple parties who can then use it as a tool for analysing their level of investment.

Innovation in delivery - dynamic dashboard reporting

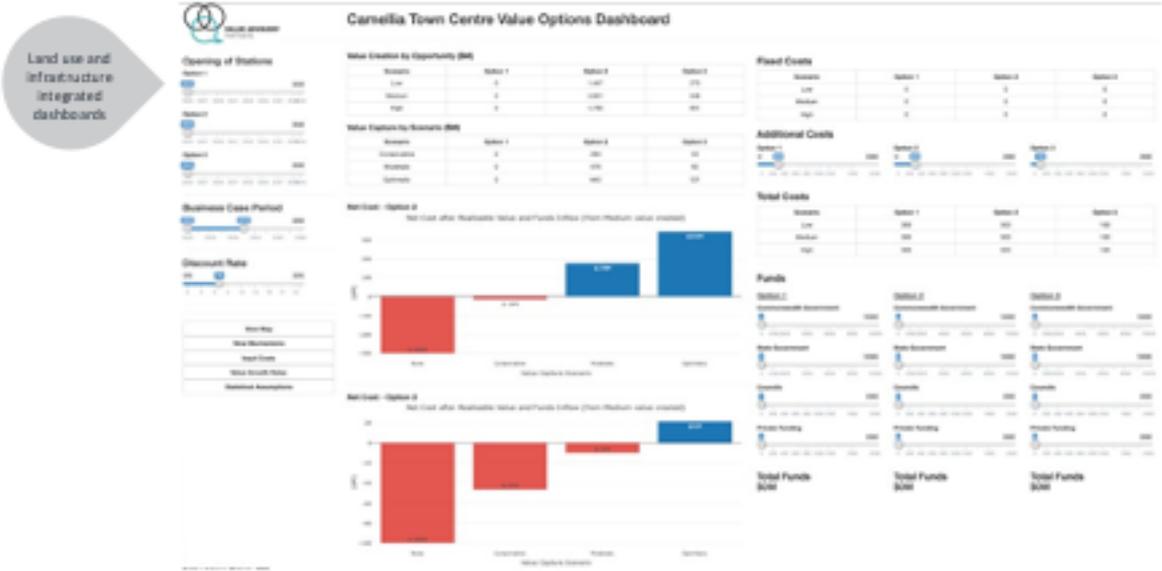


Figure 2: An example of a project dashboard

They take a design led approach to ensure that the proposed solutions resolve the identified problem and through the development of spatial modelling we are able to visually illustrate how a place might develop over time, quantify the potential impact of investment on development, identify the distribution of benefits and how that distribution could be used to generate alternative sources of funding.



Figure 3: An example of a GIS spatial model output

Scope of analysis

TPG would work with the programme director to tailor an approach based on the following key pieces of work:

1. **Market analysis** - development of a market assessment that considers the impact of population growth and demographics, potential demand for freight and industrial uses, including analysis of how the KiwiRail investment (and other supporting infrastructure initiatives) will distribute benefits to the broader region and lower north island. Analysis of the supply chain and the types of freight and logistics services that will provide the best commercial return should also be explored within this analysis, this work should build on the existing Waka Kotahi Freight Study.
2. **Development of the broader economic narrative** - that identifies the economic development benefits of the range of planned investments (freight hub, roading, etc) and outlines how the investment into this location has benefits at national, regional, and local scales. This should include:
 - Analysis of direct and wider economic benefits particularly those related to supply chains
 - Identification of beneficiaries and their locations
 - Consideration of sequencing to maximise programme benefits
 - An outline of costs and consideration of commercial viability
 - Identification of the expected private investment and development capacity created by the infrastructure investment
 - Development of a succinct and compelling economic development narrative.
3. **Development of an integrated precinct plan** – alongside the economic narrative and business case a precinct plan that integrate the key elements proposed for investment and spatially defines a visions and concept for the area that responds and directs co-investment should be developed. This would include the following:
 - Identification of key infrastructure investment projects, their relationships and interdependencies
 - Definition of place outcomes including potential planning controls for built form
 - High level integrated land transport strategy
 - Identification of development potential and commercial feasibility
 - Sequencing and staging including potential trigger points for investment related to growth
 - A programme of short-term improvements
 - Operational and logistics requirements and how they change over the implementation timeframe
 - Implementation strategy including the identification of tools and techniques available to implement urban optimisation

Housing related components

Engagements with the Ministry of Housing and Urban Development (HUD) has identified new pathways for planning and financing infrastructure projects. PNCC and CEDA have advanced discussions with senior representatives at HUD and Kainga Ora and having outlined the strategy and components, there appears to be strong alignment of objectives. The following outlines a financing approach that could support some of the PNITI objectives.

This could be wrapped into a dashboard tool as illustrated above.

INFRASTRUCTURE FUNDING AND FINANCING ACT 2020

The Act is a new way to fund and finance infrastructure projects that support housing and urban development.

The Infrastructure Funding and Financing Act 2020 (the Act) established a new funding and financing model to enable private capital to support the provision of new infrastructure for housing and urban development. Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development (HUD) is responsible for administering the Act. In addition, HUD has been appointed to the roles of “recommender” and “monitor” established by the Act.

The Act provides opportunities for local councils, Māori and iwi, and developers to partner and deliver infrastructure, free of the council’s debt limits or from charging high upfront costs to developers.

New Zealand’s cities are growing fast, with housing supply and infrastructure often not keeping pace with demand. Local councils are responsible for providing water, roading and community infrastructure to support housing but often face financing constraints. This means infrastructure to support housing is often delivered on a ‘just in time’ basis or postponed – which delays the construction of new houses.

The Act creates a new model where a ‘Special Purpose Vehicle’ (SPV) is used to fund and construct infrastructure to support housing and urban development. SPVs will repay any finance raised by charging a levy to those who benefit from the infrastructure (for example, homeowners in the area serviced by the new infrastructure).

LEVIES ARE COLLECTED FROM DEFINED AREA

Like property rates charged by local councils, levies will be applied to a defined geographic area. Properties within this area will be charged an annual levy for as long as specified in the levy order.

The responsible council will be responsible for collecting the levy and transferring it to the SPV. The council will continue to collect the levy on behalf of the SPV until the financing is repaid and the levy period concludes.

Levy payers will not be charged twice for the same infrastructure. Development contributions can be used alongside a levy but cannot be used to fund infrastructure already being funded by a levy.

INFRASTRUCTURE

SPVs can build and finance the following types of infrastructure:

- three waters infrastructure – such as water supply, sewerage, sewage treatment, or stormwater drainage
- transport infrastructure – such as roads, cycleways, rapid transit, rail, walkways, ferries and the associated infrastructure
- community facilities – including reserves
- environmental infrastructure that manages risks from natural hazards, including avoiding or mitigating those hazards, and environmental restoration.

Once constructed, the responsible council or infrastructure provider (such as the city council or in Auckland, Watercare) will take over the infrastructure and be responsible for its ongoing operation and maintenance.

Crown Infrastructure Partners (CIP)

DEVELOPING LEVY PROPOSALS

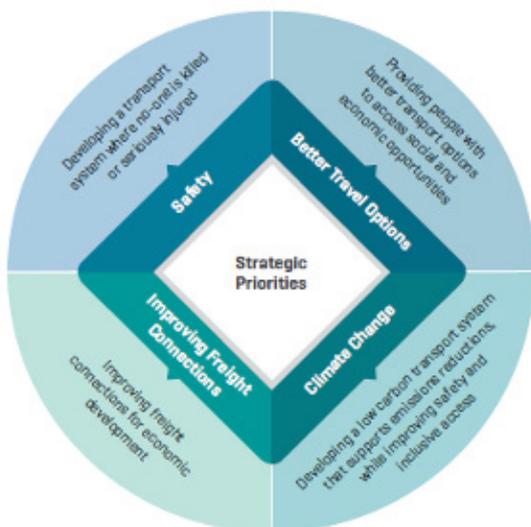
Local councils, developers or any other person may propose that an infrastructure project be funded using the SPV model. The proposer of a project will need to develop a levy proposal containing information about the proposed levy and SPV.

Crown Infrastructure Partners (CIP) are acting in a facilitation role for projects that want to utilise the SPV model. CIP will assess the feasibility of potential projects and assist developers, local councils, Māori and iwi, contractors and financiers in developing levy proposals. CIP will use their commercial expertise in structuring and raising finance for projects.

Project proposers can work with CIP to develop or progress proposals and prepare them for submission to the recommender. However, proposers are not required to work with CIP to develop levy proposals and can submit levy proposals directly to the recommender.

Central Government frameworks

Although the NLTF is potentially exhausted in terms of funding, it remains important to structure any business cases for roading projects, or associated rail projects on the Government Policy Statement for Land Transport (GPS).



It is also important to position the projects in consistent ways to support the GPS frameworks.

For this strategy, that means quantifying how improved freight connections contribute to economic development (top down and bottom up approaches).

To accelerate the long term project plan in the Waka Kotahi PNITI business case, understanding the investment hurdles for each component is important.

It is also important to position the projects in consistent ways to support the GPS frameworks.

For this strategy, that means quantifying how improved freight connections contribute to economic development (top down and bottom up approaches).

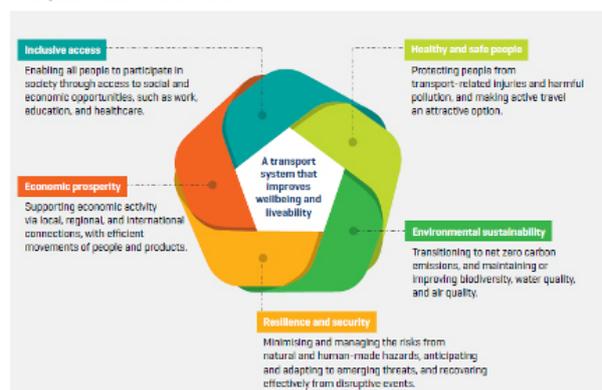
The secondary objective could be to provide better travel options.

Outcomes

The GPS also identifies five key outcomes from planning. In terms of the LNI distribution strategy all five outcomes can be achieved.

These outcomes become stronger when the positioning strategy for distribution extends and supports a CNZ transport and logistics strategy. To achieve this expansive approach, MoT should be engaged and supported by the region to develop a CNZ strategy that includes the LNI distribution strategy.

Transport Outcomes Framework



Master planning

CEDA and PNCC has engaged with Kainga Ora and HUD to understand how the new UDA is applied and how it could relate to our distribution strategy. There appears to be strong alignment and a dedicated workshop is planned.

The key opportunity through the Specified Development Projects (SDP) framework is to create one overarching planning regime on all components. That could include the landowners, multiple councils, KiwiRail, NZTA etc. There are additional powers applied under an SDP which provides additional advantages to executing a complex and far-reaching program of works like this programme.

Kainga Ora is impressed with the level of preparation in the strategy including the extensive stakeholder engagements. It is recommended that CEDA and PNCC continue to engage on the SDP framework to fully understand the opportunities to accelerate planning outcomes.



The CNZ distribution strategy needs to be developed into a robust plan through the Master Planning workstream if it is to be considered as a Specified Development Project. This work is now underway and a formal application could be created in early 2022 to assist with centralized planning through the legislation.

Specified Development Projects

The Urban Development Act 2020 (the Act) gives Kāinga Ora the ability to facilitate growth through a new type of urban development project known as a Specified Development Project.

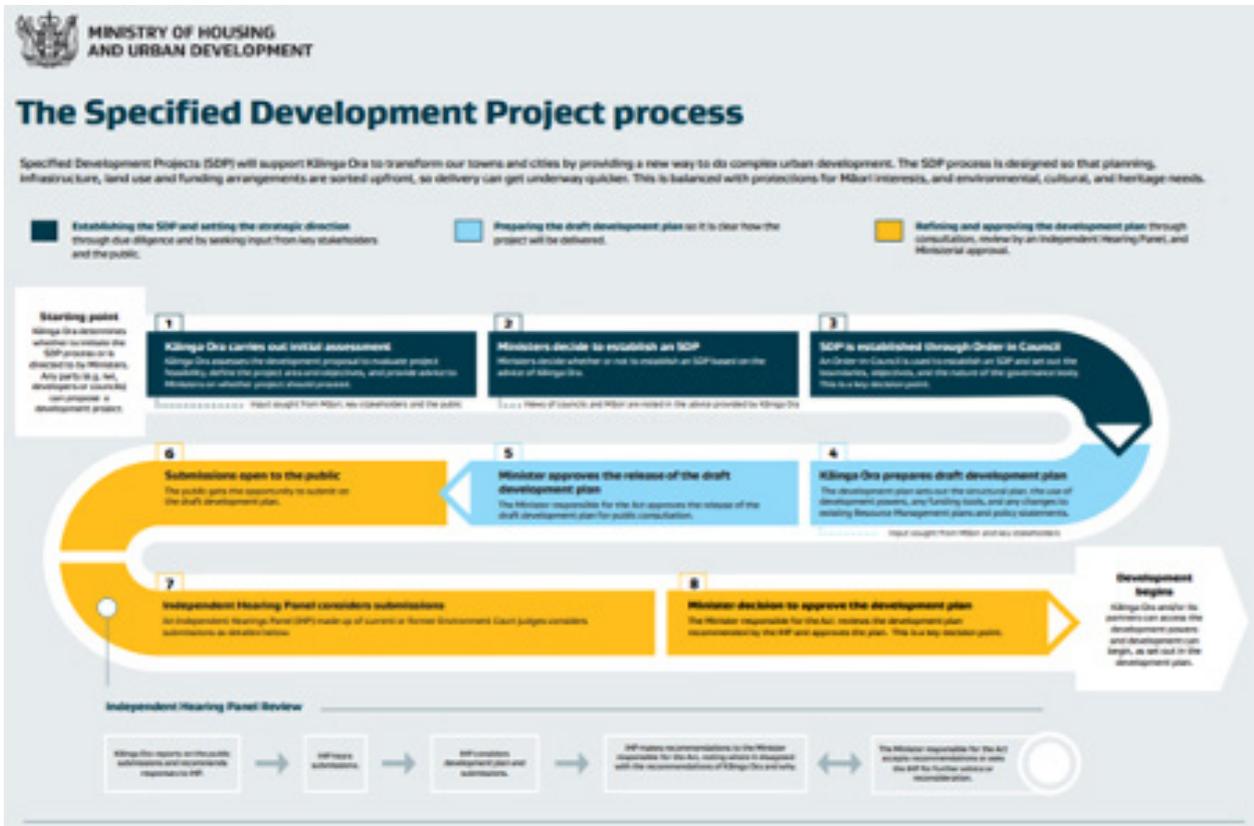
SDPs are able to deliver improved urban development outcomes, including a mix of housing types, transport connections, employment and business opportunities, key infrastructure, community facilities, and green spaces. They can be used to progress the kinds of projects that have historically struggled due to barriers like fragmented land parcels, uncoordinated decision-making processes, and poor and aging infrastructure.

The value of the SDP process is that it brings together multiple, disconnected processes required for urban development and enables them to be accessed through a single, more streamlined process - without

losing important checks and balances. This results in the planning, infrastructure and funding for a project being agreed up front, providing greater certainty and coordination for developers and investors.

The Act sets out a rigorous process that must be completed before the delivery of an SDP can begin. This will mean that projects can be shaped by local needs and aspirations, and the benefits of urban development are balanced against environmental, cultural and heritage considerations.

Key features of this process include early engagement with Māori and key stakeholders, and full public consultation on the draft development plan. The obligations of Kāinga Ora with respect to Māori when it comes to urban development can be more fully understood by reading the Act in conjunction with the Kāinga Ora – Homes and Communities Act 2019.



Auckland Transport Alignment Project (ATAP)

During engagements with MoT and NZTA, ATAP was recommended to CEDA as a well respected governance model that was delivering large scale infrastructure projects.

Background

Auckland, home to 1.7 million people, is New Zealand’s largest and fastest growing urban centre, and over the next 30 years a million more people will call Auckland home. Growth brings opportunities but we need to do things differently to what has been done in the past.

In 2015, the Government and Auckland Council joined up to address these challenges and ensure the opportunities of a growing and diverse city are maximised. This strategic approach to transport was agreed through the Auckland Transport Alignment Project (ATAP). ATAP will ensure Auckland has a transport system that encourages more people to use public transport, to walk and to cycle, addresses congestion, increases accessibility, reduces negative impacts on the environment and sees a reduction in deaths and serious injuries on our roads.

The ATAP includes a cross-agency partnership including the Ministry of Transport, Waka Kotahi NZ Transport Agency, KiwiRail, the Treasury, Auckland Council, Auckland Transport and State Services Commission.

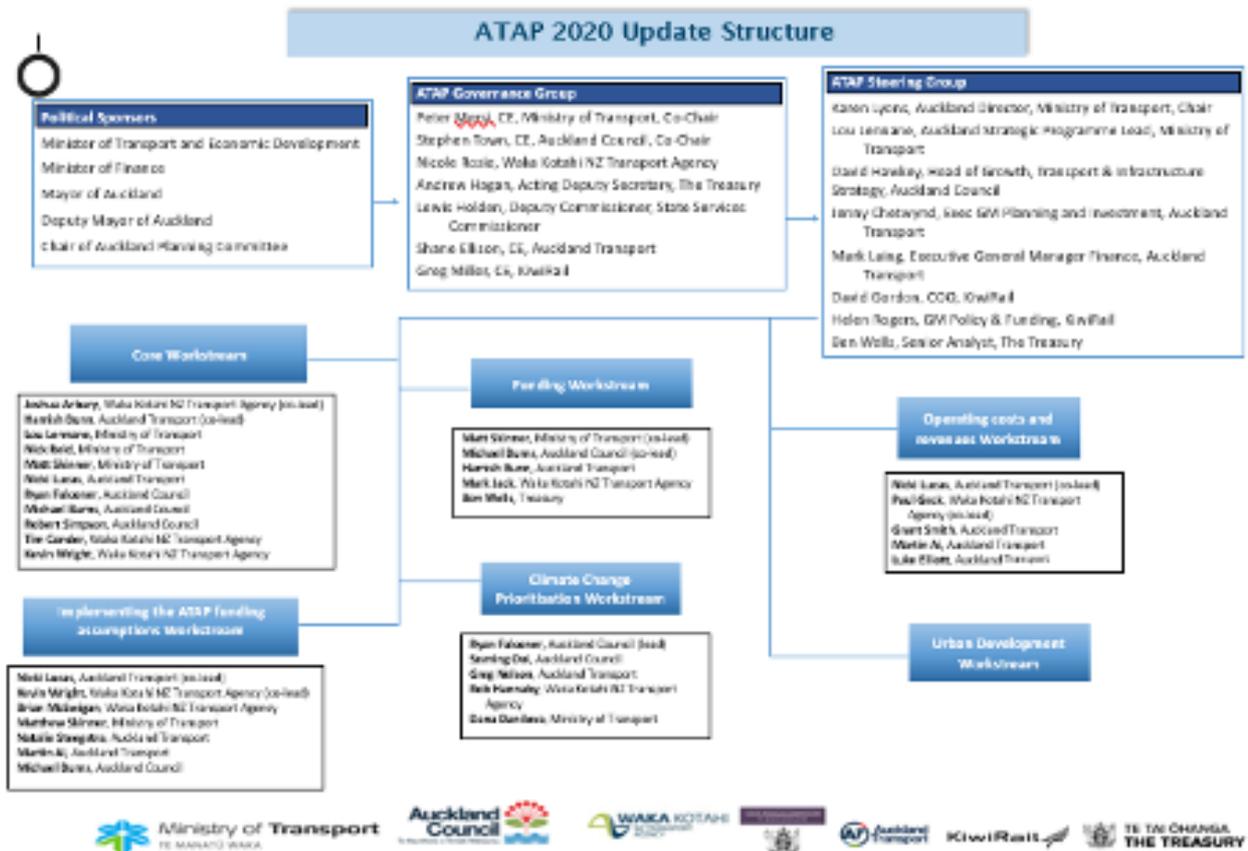
Since 2015, the partnership has delivered a series of strategic reports and develops an indicative package of transport investments for Auckland (the ATAP package) every three years. This package informs statutory processes including the National Land Transport Programme and Auckland’s Regional Land Transport Plan.

Work on the 2021-2031 indicative package is currently underway.

Governance Model

ATAP operates a three tier governance structure; political sponsors, governance group and steering group. Given the complexity of the distribution strategy and its far reach, a similar model is recommended.

It is important to note that in many ways the LNI distribution strategy is more complex in terms of governance than ATAP. This is because of the larger number of stakeholders, cross-regional collaboration, and the various LGA that are involved in its execution.



Sponsors

ATAP has impressive sponsors in the Ministers of Finance, Transport and Economic Development. The LNI distribution strategy may not achieve this level of support although having one minister as a sponsor may be achievable. The Minister of Transport may be appropriate given the multi-modal aspect to the strategy.

Iwi

The strategy would benefit from increased engagement with iwi at a governance and holistic level. This section does not intend to determine how best to structure engagement with iwi (that needs to be done in consultation with iwi). Rather, it is intended to provide some guidelines for consideration when creating the engagement plan with iwi.

Ngā Kaupapa o Te Māori

The Kaupapa refers to the collective vision, aspiration and purpose of Māori communities. Larger than the topic of the research alone, the kaupapa refers to the aspirations of the community. Therefore any research topic, intervention systems or government policies therefore are considered to be an incremental and vital contribution to the overall ‘kaupapa’.

Rangatiratanga requires us to behave in a way that attracts favourable comment from others, to the extent that we might be considered to have attributes commonly associated with a rangatira. We must nurture and promote these characteristics. We must be confident and competent in the way that we do our work, exercising control and discipline to ensure the integrity of our pursuits.

Manaakitanga provides us with endless opportunities to engage with people, individually and collectively. We need to ensure that all of our activities are conducted in a way that is mana enhancing of all those involved and reflects values such as generosity, fairness, respect and consideration. A favourable view formed by others suggests the presence of manaakitanga.

Kotahitanga values the ethic of working together, with energy and enthusiasm, towards the achievement of common goals. We should celebrate our distinctiveness, as an organisation and as individuals, whānau, hapū and iwi; while also revelling in our shared experiences, understandings, philosophies and interests.

Whanaungatanga reminds us that our achievements are typically the result of collaborative effort.

The full potential of our work is realised through working together as a whānau, which encourages us to celebrate our common interests, applaud our diversity and reinforce our connections with whānau, hapū and iwi.

Kaitiakitanga requires us to nurture and protect our people and our place; and to preserve and enrich those things that we have inherited from generations past. It demands that we employ our resources wisely, ensuring that their utilisation contributes to our viability and reputation.

Mana Whenua

1. (noun) territorial rights, power from the land, authority over land or territory, jurisdiction over land or territory - power associated with possession and occupation of tribal land. The tribe’s history and legends are based in the lands they have occupied over generations and the land provides the sustenance for the people and to provide hospitality for guests.

In terms of governance, the broad nature of the LNI strategy will require engagement across multiple iwi. These iwi areas could potentially nominate a council of mana whenua leaders to represent all interests. This model is applied with success in Te Pai Rawhiti.

Governance structure

Accessing Central New Zealand (ACNZ)

ACNZ is the project team as part of Accelerate 25 to provide a strategic overview of all regional projects. The priority of ACNZ is to allow for the efficient movement of goods and commodities into and out of the region along the key transport corridors. These corridors and associated key projects are shown in the Transport initiatives maps below.

ACNZ is part of the ongoing governance structure to provide regional oversight of the strategy.

Combined reference and steering groups

The region has decided to consolidate the PNITI and CNZDH governance and management structure to ensure strong alignment of the region’s transport priorities.

The following diagram outlines the agreed structure.

PNITI & CNZDH Governance & Management Structure – Minister Sponsor TBC									
PNITI & CNZDH Reference Group									
PNCC Mayor & CE	MDC Mayor & CE	Horizons Chair & CE	Rangitāne	KiwiRail	Waka Kotahi Regional Direction				
PNITI & CNZDH Steering Group									
PNCC GM S&P & GM M&C	MDC GM	Horizons GM	Iwi rep	KiwiRail GM	CEDA CE & Ray Mudgway	A25 Rep	PNAL	HUD and / or Kainga Ora	Landowner rep
Projects & Workstreams									
PNITI Projects See Table 15-1 of PNITI Business Case	CNZDH Identity	CNZDH Advocacy: a) Political b) Officials	CNZDH Master Planning	CNZDH Acceleration					
PNCC & NZTA	PNCC GM M&C	PNCC GM M&C CEDA CE	PNCC GM S&P	PNCC GM S&P & CEDA CE					



There are four major workstreams underway to bring the strategy to life:

- 1 MASTER PLANNING.** This workstream will projectise the strategy and help prepare the hub for inward investment including potential status as a Specified Development Project through HUD.
- 2 IDENTITY.** This workstream will create an overarching brand for the CNZ hub that incorporates the many nodes and individual projects across the region.
- 3 ADVOCACY.** This workstream will continue engagements with industry, investors, regional stakeholders, officials and politicians.
- 4 ACCELERATION.** This workstream is about pursuing funding and investment for the various projects and overarching strategy. A strong focus on private investment and Urban Development legislative changes is required.

Dedicated Project Team

The opportunity to co-fund a dedicated team (with a known and marketed identity) should be explored further. This strategy is of national significance, directly supports multiple government strategies and will create economic growth and jobs. By creating a clear identity, resourcing a dedicated and professional team, and partnering across LGA's and central government, the strategy will move faster, achieve consistency and will elevate into national significance.

Establishing a dedicated programme team has the added benefit of clearly showing central government that the region has a partnering and collaborative approach to the strategy.

There are several potential ways to achieve this objective:

- A special entity is created and co-funded from existing funds being committed from PNCC and CEDA (Program Director and Fresh Info for example).
- The Program Director can approach MBIE and NZTE for co-funding of the project team. This funding could be used for infrastructure and property investment benefits analysis, additional economic studies and a secretariat function.
- The LNI distribution strategy has been shared with MoT who want to understand how this strategy fits into a wider CNZ Transport and Logistics Strategy. This partnering approach could provide funding from MoT to broaden the strategy further and elevate its importance.
- The infrastructure and property investment benefits analysis workstream, if funded, provides significant value for private landowners and developers. They could be a source of co-funding for this workstream.

- The benefits of the strategy are genuinely multi regional. Modest contributions from the councils across LNI would help fund the programme team.
- KiwiRail will ultimately benefit from the broader strategy and could co-fund certain workstreams.
- PNAL could provide some co-funding.
- The government agencies that have been engaged to date, MBIE, MoT, NZTA, HUD and Kainga Ora, have all agreed in principle to working on the strategy as partners. These agencies have considerable resources available and could lead certain workstreams.

All workstreams would be organised with a lead agency, clear lines of accountability and responsibility, adequately resourced, and would report to the Steering Group as required.

Creating an identity

The establishment of a dedicated and funded team creates a clear identity, structure and mandate for any entity or person wishing to engage in the execution of the strategy. The governance group would be responsible for establishing and mandating the governance structure and project team as one of the first steps. Once established, the project team would create a **brand workstream** to create a credible, professional and marketable identity.

Summary

There are several frameworks that can assist the Program Team and region in achieving acceleration for the Regional Freight Ring Road and Kiwirail Regional Freight Hub.

The task requires a high degree of engagement, consultation, collaboration and partnering to be successful. Strong and meaningful iwi engagement is a cornerstone of this approach.

Through a robust and lengthy consultation process in the past 12 months, regional and national stakeholders are lining up behind the strategy. By continuing to share the strategy, vision, process and successes to date, the LNI strategy will build momentum and elevate to the national significance.

Establishing a strong team with an identity, mandate and expertise, will accelerate the program of works and bring credibility. Supporting governance structures that expands the strategy from a regional initiative to a national one is crucial and the ATAP model provides a useful comparison.

The bones already exist to take the strategy and execution to the next level.



Accelerating recommendations

Recommend that a dedicated, resourced and clearly identifiable Program Team is established to accelerate the program. They actively engage with MoT to encourage a CNZ Transport & Logistics strategy that incorporates the LNI distribution strategy.

Recommend that the Program Team continue to engage Kainga Ora on the SDP framework. That the Program Team continue to engage with other government agencies, HUD, MoT, NZTA, MBIE, PDU as required to accelerate the agenda.

Recommend that the Program Team explores the IFF option for funding housing related aspects of the program including engagement with CIP.

Recommend that the Program Team seek a formal proposal from property experts to commence the bottom up value proposition.

Recommend that the regional leaders, sponsored by the Lead Team, establish a governance structure to partner across the various agencies as outlined. The Program Team develop a master plan to execute the strategy which includes key steps and associated capital requirements.

Recommend that the Program Team expedite the quantitative assessment of the CBA for the Regional Freight Ring Road.

APPENDICES

Appendix A / Recommendations



Positioning recommendations

Recommend that the region’s leaders, sponsored by the Lead Team, openly support the three zone approach to New Zealand of UNI, CNZ and SI, and Manawatū’s role as the primary distribution hub for the Lower North Island.

Recommend that the region’s leaders engage the mayors and leaders of Taranaki, Hawkes Bay and Wellington to gain their support for the LNI Distribution Strategy.

Recommend that the region’s leaders support the notion that the LNI Distribution Strategy forms a key pillar in a broader CNZ Transport and Logistics Strategy. That they also advocate for such a strategy to be commissioned by MoT. That the Program Team should be part of the MoT CNZ strategy development.

Recommend that the region’s leaders demonstrate support for all secondary distribution nodes across the LNI as key components of the regional network and strategy.

Recommend that the region’s leaders actively share and discuss the strategy with core partners across central government, local government, iwi and interest groups.

Recommend that the Program Team creates a coalition of willing parties to support the strategy, being careful to ensure interests are aligned with the three zone approach to NZ transport and logistics.



Status recommendations

Recommend that the Program Team and the region’s leaders talk in broad terms about the value of creating the system to support the LNI Distribution Strategy. It is important to make specific references to housing, economic and social outcomes associated with the program.

Recommend that the Program Team creates a workstream to prove that there is greater total value by partnering across the different projects rather than looking after individual project outcomes e.g. a common planning approach for PNAL, NEIZ and Kiwirail will deliver the most value.

Recommend that the Program Team ensures efficient connectivity and planning between Kiwirail, NEIZ landowners and PNAL.

Recommend that Program Team continues to quantify the benefits through multiple assessments of value for each component of the system e.g. bottom up and top down reports including CBA.



Accelerating recommendations

Recommend that a dedicated, resourced and clearly identifiable Program Team is established to accelerate the program. They actively engage with MoT to encourage a CNZ Transport & Logistics strategy that incorporates the LNI distribution strategy.

Recommend that the Program Team continue to engage Kainga Ora on the SDP framework. That the Program Team continue to engage with other government agencies, HUD, MoT, NZTA, MBIE, PDU as required to accelerate the agenda.

Recommend that the Program Team explores the IFF option for funding housing related aspects of the program including engagement with CIP.

Recommend that the Program Team seek a formal proposal from property experts to commence the bottom up value proposition.

Recommend that the regional leaders, sponsored by the Lead Team, establish a governance structure to partner across the various agencies as outlined. The Program Team develop a master plan to execute the strategy which includes key steps and associated capital requirements.

Recommend that the Program Team expedite the quantitative assessment of the CBA for the Regional Freight Ring Road.

Appendix B / Data sources

Legislation

- Urban Development Act, HUD
- Homes and Communities Act, Kainga Ora
- Specified Development Projects Framework, Kainga Ora
- Infrastructure Funding and Financing Act 2020
- Government Policy Statement (GPS)
- National Land Transport Fund (NLTF)
- Land Transport (Rail) Legislation Act 2020
 - a. Rail Network Invest Programme (RNIP)

Reports

- Regional Land Transport Plan (RLTP)
- National Exotic Forestry Description (NEFD)
- National Freight Demand Study (NFDS)
- Meat Industry Association (MIA)
- Auckland Transport Alignment Project (ATAP) Governance
- Sapere UNISCS Report.
- Statistics NZ trade data
- Freight Information Gathering System (FIGS)
- The Value of Rail Report (2016)
- Defence Estate Regeneration Implementation Plan (2019)
- Housing and Future Development Plan, PNCC 2018
- Multi Criteria Analysis (MCA) KiwiRail location
- MCA Ring Road
- Manawatū Airfreight Study
- Impacts of PNITI on Key Regional Projects
- Waka Kotahi PNITI Business Case DRAFT
- Upper North Island Supply Chain Study (UNISCS)
- Social Housing Plan, PNCC 2018

- The Property Group Stakeholder Workshop Report
- Urban Design Plan, PNCC 2018
- Manawatū Regional Plan
- Palmerston North City Council Plan
- WSP Opus connectivity plans

Annual Reports

- Port of Tauranga
- Port Napier
- CentrePort
- Kotahi Logistics
- Coda Logistics
- Nexus Logistics

Direct Engagements – Central Government

- Waka Kotahi
 - a. Rail Transformation Director
 - b. Manager, Supply Chain
 - c. Senior Advisor
- NZTA
 - a. Director Regional Relationships
 - b. Regional Director
- MBIE
 - a. Director Rail
 - b. Senior Advisor
 - c. Regional Advisor
- Kainga Ora
 - a. Manager Specified Development Projects
 - b. Regional Director
 - c. Investment Director
- Housing and Urban Development
 - a. Senior Policy Advisor

- KiwiRail
 - a. CEO
 - b. GM Property
 - c. GM Commercial
- Auckland Transport Alignment Project (ATAP)
 - a. Auckland Director
 - b. Auckland Strategic Programme Lead
- Ngā Oro Māori Productions Ltd

Direct Engagements – Business

- Tainui Group Holdings
- Higgins Family Holdings
- Brian Green Property
- Ezibuy
- DKSH
- Coda Logistics
- NEXUS Logistics
- Port of Napier
- CentrePort
- Foodstuffs
- Progressive Enterprises
- Palmerston North Airport
- The Property Group
- Value Add Partners
- Fresh Info
- Direct Connect Container Services
- WSP Opus

CEDA

CENTRAL ECONOMIC
DEVELOPMENT AGENCY

