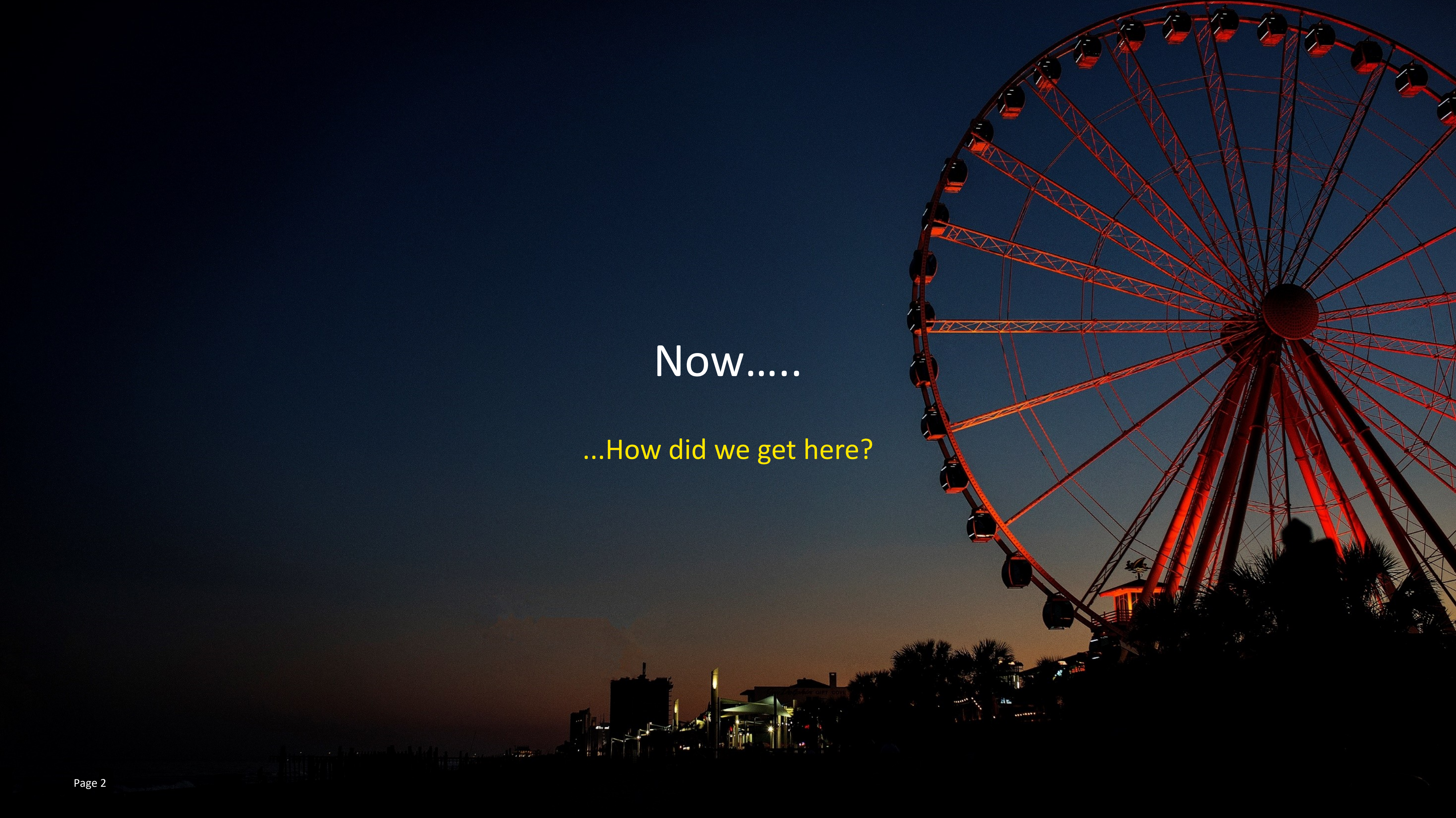
The Upper North Island Logistics and Supply Chain - Planning for a Country of 6 Million

Chris Money, EY

EY
Building a better working world



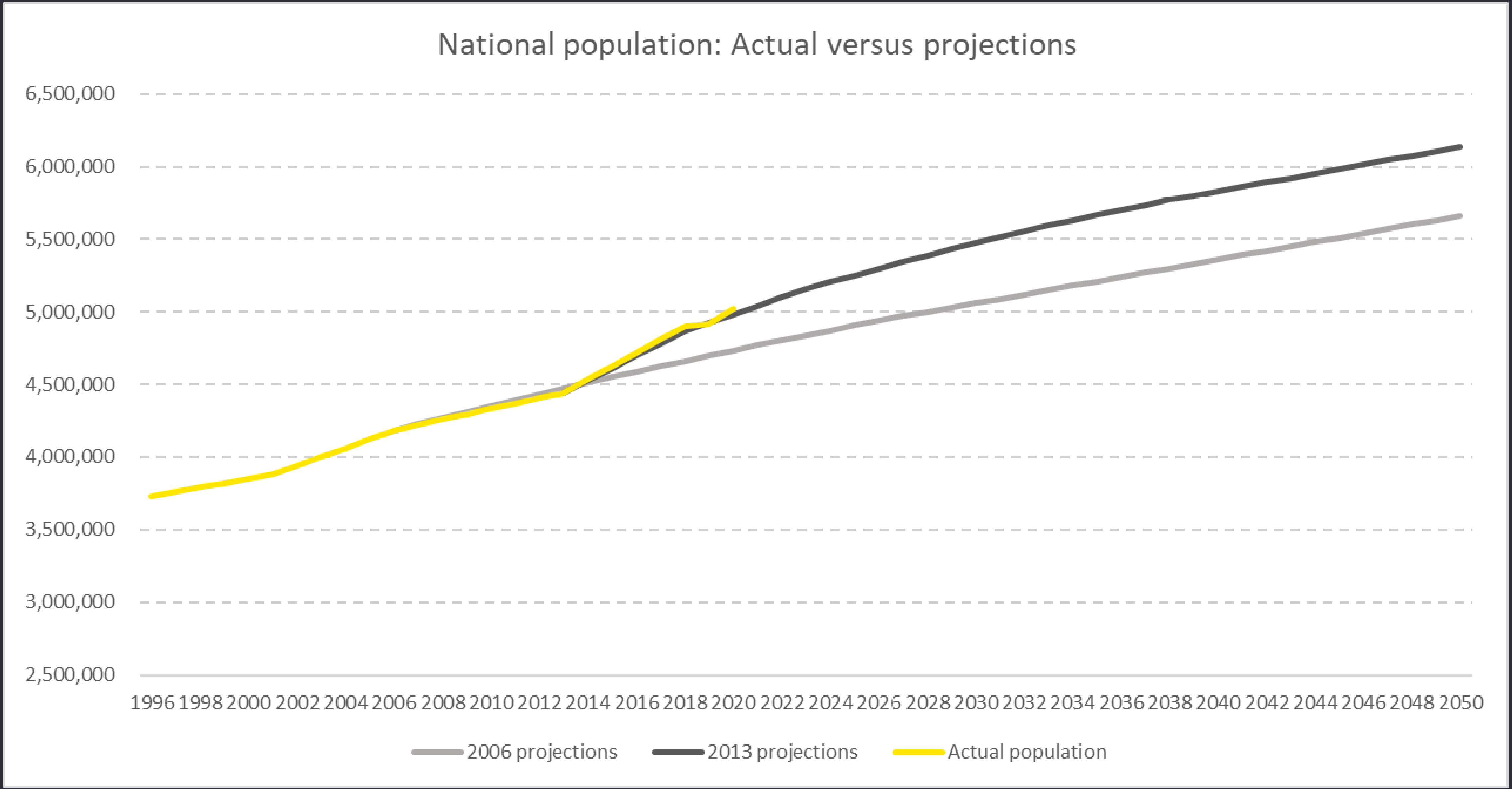
Now.....

...How did we get here?

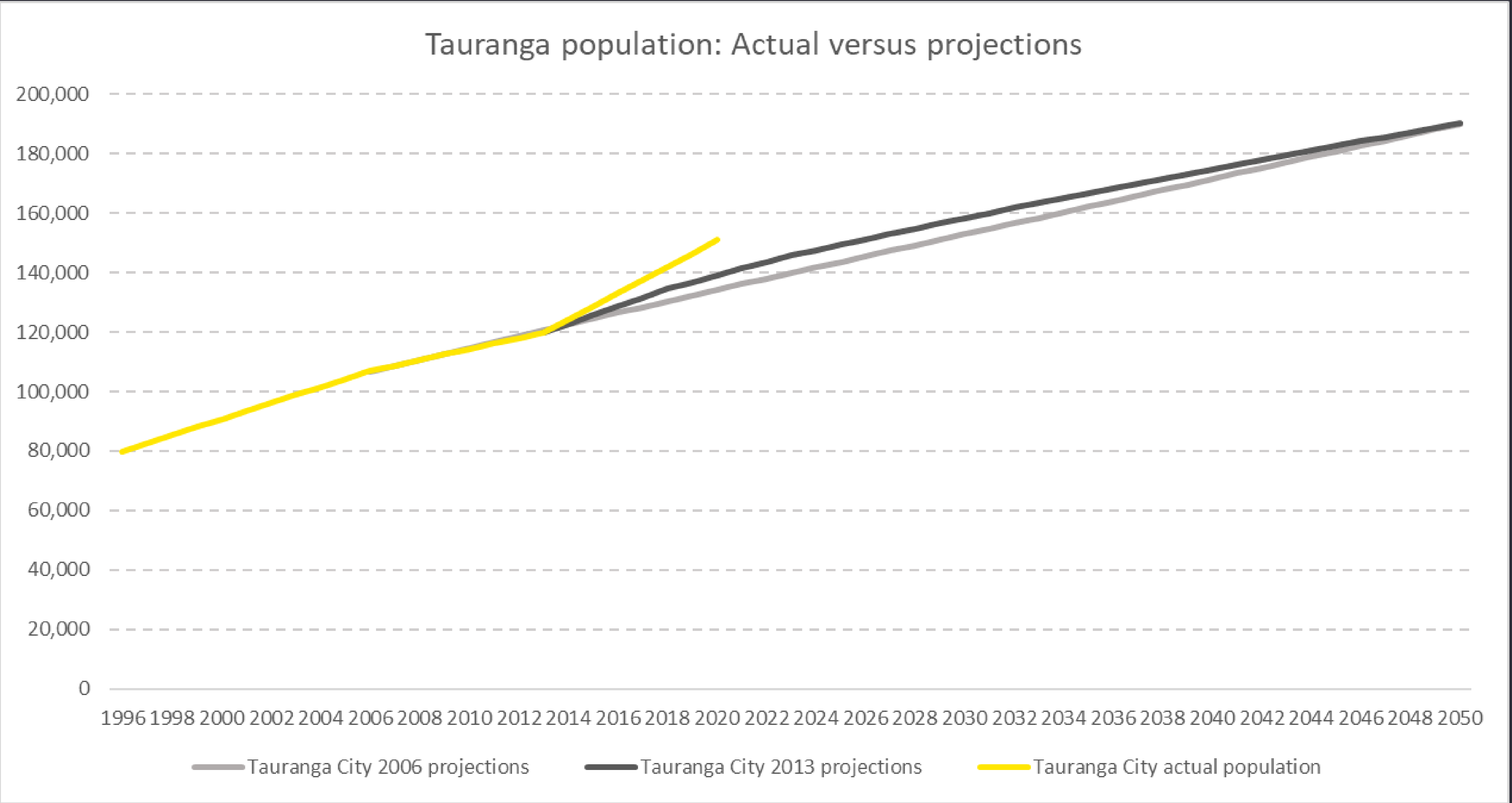
Why is the UNI Supply Chain So Important? – The three critical planks

- A key to our growth, and minimising the growth penalty
- Population
- Land use:
  - Friction
  - Efficiency
  - Signalling

How Many People are in New Zealand



UNI Population Snapshot



Lines on a Graph have real meaning from a planning and funding perspective

5 million people at least 10 years earlier than planned

- Waikato Expressway
- Transmission Gully and Kapiti Expressway
- Northern Gateway
- Tauranga Eastern Motorway
- Christchurch Transport Interchange
- Auckland Electrification and double tracking
- Victoria Park Tunnel
- AMETI

5 million people at least 2 years earlier than planned

- City Rail Link
- Puhoi to Warkworth
- East-West Connections
- Inter-Island Ferry and Terminal Upgrades
- Entire NZUP programme (e.g. Otaki to North Levin)
- 3rd and 4th Main

Next.....

.....what do we need to consider?

UNI Logistics should be a whole of supply chain view – not just about ports

The better the question. The better the answer.
The better the world works.

Building a better working world

Over 30 studies in the last 15 years – are we any further ahead?

Yes

- You ultimately can't tinker
- Multimodal solution
- Port side technology for container operations
- Timing and windows of opportunity
  - Timing drives feasible options
- Finite window driven by land side considerations

No

- Location for ports
- 1, 2, 3 or 4 Port strategy
- Structural and competitive arrangements
- Technical feasibilities (especially FoT and Manukau)
- Clear understanding and agreement on social license to operate

Ongoing questions

- If you build it, will they come?
- Frictional priorities
- Impact of COVID in the medium to long term

Does COVID give us some breathing space?

- High demand for returnees:
  - 62,000 returnees since March
  - Demand remains high
  - Net Migration in the year to August 71,500 (compared to average annual net migration of 53,000)
  - MIQ capacity around 170,000 per annum
- Outlook for returnees remains strong
- "COVID Dividend" emerging for both long-term migration (Trump/Biden and Brexit refugees) and "Safe Haven" business operations (e.g. Film and Television)

Beyond.....

….we can’t afford to make the mistakes we are making.
We can afford to make the mistakes we aren’t making

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Land side considerations always out-value port considerations

Maybe we’ve been starting at the wrong place?

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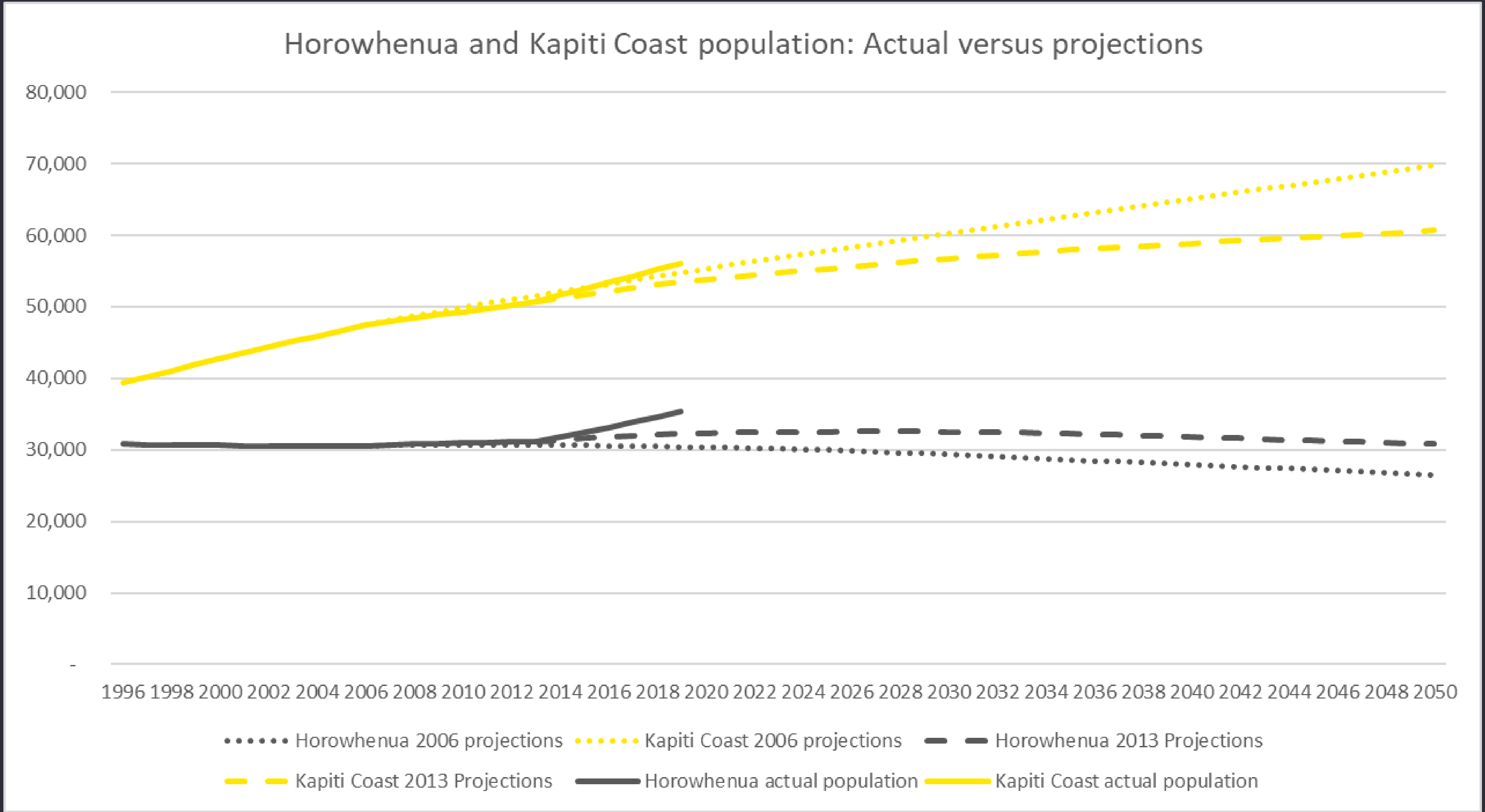
We are underestimating the value of certainty and signalling

We need to put a price on inaction


Horowhenua and Kapiti Coast population: Actual versus projections
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
-
1996 1998 2000 2002 2004 2006 2008 2010 2012 2014 2016 2018 2020 2022 2024 2026 2028 2030 2032 2034 2036 2038 2040 2042 2044 2046 2048 2050
Horowhenua 2006 projections
Kapiti Coast 2006 projections
Horowhenua 2013 Projections
Kapiti Coast 2013 Projections
Horowhenua actual population
Kapiti Coast actual population

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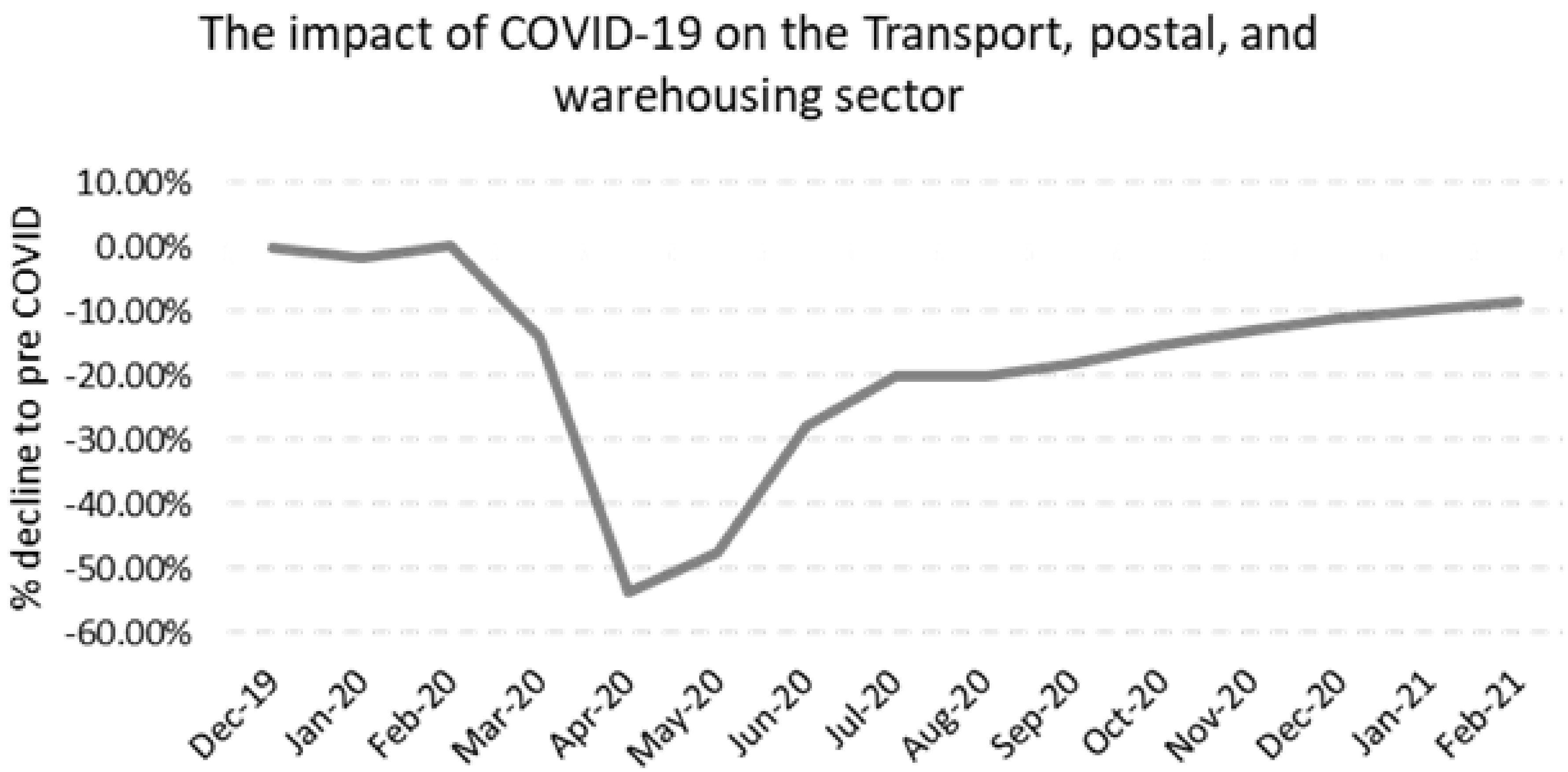
Is COVID the breathing space the Transport and Logistics sector needed?

Or has it made things worse?

EY Transport Sector Forecast



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Courage – to set the strategy

“

Nerve – to hold the course

“

Awareness – to understand the gains and consolidate success

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