

17 April 2023

New Zealand Productivity Commission
PO Box 8036
The Terrace
Wellington 6143
Attn: Improving Economic Resilience inquiry

Tēnā koe,

Waikato Regional Economic Development Agency “Te Waka” Submission to the Issues Paper for the Improving Economic Resilience inquiry.

Thank you for the opportunity to submit on the Improving Economic Resilience Issues Paper. Please find attached the Te Waka submission regarding this document.

Should you have any queries regarding the content of this document please contact Fiona Carrick, Chief Executive Officer, by email or phone.

Nāku iti noa, nā



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Introduction

Te Waka is the authority on how best to power up the Waikato economy for the benefit of Aotearoa.

We facilitate cross-regional collaboration with local government, sectors, communities, markets and investors.

Executive summary

The Waikato region is a hub within the central North Island and a critical part of the national supply chain.

The region is home to export industries such as agriculture, horticulture, dairy, manufacturing, and logistics – all of which are heavily reliant on an effective and resilient supply chain.

The supply chain plays a crucial role in facilitating the movement of goods and services within and outside the region, making it a vital component of Waikato's economy.

In 2022, we released the [Waikato and Bay of Plenty Freight Action Plan](#). We stand by the actions outlined in that document, to provide an effective and efficient freight system in the central North Island.

About Te Waka

1. Te Waka, Waikato's regional economic development agency, is a business-led and governed organisation established to drive economic growth in the Waikato.
2. Our objectives are to:
 - Lift economic performance across the Waikato region.
 - Attract, retain and grow investment, talent and business across the region.
 - Champion and lead the region's collective voices for economic and business needs and opportunities.
3. Te Waka is a limited liability company and is owned by the Waikato Regional Economic Development Trust. We are independent, nimble and move with pace. We have a skills-based Board of Directors.

What supply chain disruptions are you worried about?

4. In the Waikato region, we are most concerned about three supply chain disruption risks – physical disruptions due to weather events, reliance on imported fossil fuels and consolidation of shipping.
5. **Physical disruptions due to extreme weather.** Extreme weather events, becoming more common with climate change, are a major concern for the resilience of the Waikato region.
 - i. This is particularly significant for coastal routes and roading, which are key connections for the Waikato to coastal ports for export.
 - ii. Extreme weather also impacts the resilience of our energy and telecommunications networks that are critical for business continuity.
 - iii. We are particularly concerned about the resilience of critical network assets and what mitigation plans are in place to limit potential disruption, for example the Kaimai Tunnel,

SH29 (Kaimai Ranges), SH1 and SH5 (Tāupo-Napier) to maintain export freight access to the Napier Port.

6. **Reliance on importing fossil fuels.** Most of our supply chain is currently reliant on trucks and ships that run on imported fossil fuels.
 - i. There is a need for greater support for transitioning to and investment in renewable energy – such as green hydrogen and other renewable fuel generation – for our supply chains to operate into the future.
 - ii. Domestic fuel solutions would also mean Aotearoa New Zealand is at lower risk of global supply chain disruption.
 - iii. In addition, we need to ensure we can support alternative fuelling for international ships as they transition away from fossil fuels.
7. **Consolidation in shipping.** There is risk of reduced frequency of international ships, and potential reliance on Australia as a hub in future.
 - i. This may impact time to market and costs – both for those involved or reliant on the supply chain and Aotearoa New Zealand consumers.
 - ii. We need to ensure our key ports remain competitive and attractive for international shipping lines, and have the capacity to serve larger ships.

What is your industry/community currently doing or planning to do to address supply chain concerns?

8. Te Waka is facilitating freight industry collaboration, focussed on providing an industry-led perspective on priority actions and investments that are needed to improve the efficiency and resilience of freight infrastructure networks connecting to and through the Waikato, including north to Auckland, east to Bay of Plenty, and south-west to Taranaki.
9. This work is aligned to and supportive of the Ministry of Transport's work to develop an Aotearoa New Zealand freight and supply chain strategy.
10. It builds on the [Waikato & Bay of Plenty Freight Action Plan](#) Te Waka launched in 2022.

How can the government help to enhance the resilience of your industry/community to supply chain disruptions?

11. The 'Golden Diamond' (Auckland, Bay of Plenty, Waikato, Taranaki) requires ongoing investment in domestic supply chain infrastructure, given its importance as a critical supply chain hub. This includes Waka Kotahi's work in the completion and maintenance of regionally significant road and capital projects, including SH1, SH2, SH29 and the Southern Links project.
12. The Port of Tauranga is of critical importance for freight in the Waikato region and decisions relating to the berth extension should take this into account. If the berth extension was not approved, consideration would need to be given to the potential impact on the long-term resilience of our supply chains.
13. Regarding policy ideas to enhance resilience, we would suggest a key area of consideration is the degree to which resilience of our transport networks is factored into transport policy and investment decisions. Policy frameworks in transport should adequately require consideration

of resilience when policy advice is given or decisions made, relative to other important factors – including efficiency, safety, decarbonisation.

14. We also endorse robust and collaborative scenario planning, particularly across the below scenarios:
 - Outage of East Coast Main Trunk – a key freight route for the Golden Triangle, provides a connection from Waikato to Port Tauranga. There is a consideration of how prepared we are to move freight via alternative routes if the rail route is out of action (e.g., Kaimai Tunnel).
 - Port outage – particularly Port of Tauranga or Ports of Auckland. What would this mean for businesses, how would port overflows be managed?
 - Loss/reduction in direct international shipping. What would it mean if Aotearoa New Zealand were reliant on using Australia (or other countries) as a hub?
15. It would be helpful to identify key single points of failure in our domestic supply chain network and prioritise addressing these based on the estimated level of disruption that would be caused to supply chains if they were to fail. This would then inform policy decisions on investment to improve resilience and redundancy of these single points of failure.
16. All this will require long-term planning and bi-partisan commitment to invest, and it needs to be informed by quality and impartial analysis.

What should the Commission study to learn more about the economic resilience of industries and communities?

17. Freight and logistics is critical in the Waikato region for the Māori economy, with Tainui Group Holdings as a key investor in this sector via the Ruakura Superhub. We encourage the Commission to engage with Tainui Group Holdings on its priorities, opportunities and risks.
18. We would like to see funding directed towards freight demand and flow studies to help understand likely freight flows, identify key single points of failure, and undertake scenario planning as part of that to explore the impact of outages at key nodes.
19. We would encourage the Productivity Commission to align closely with related work conducted by the Ministry of Transport. We encourage the Commission to consider its role via this study to inform and input into the *Ministry of Transport's freight and supply chain strategy*, by providing a productivity focused perspective and helping the Ministry of Transport to prioritise its long-term work programme by identifying areas of significant resilience risks and opportunity.