



BRIEFING

PROVINCIAL GROWTH FUND: HAWKE'S BAY TRANSPORT PACKAGE

Date:	21 March 2019	Priority:	High
Security classification:	In Confidence	Tracking number:	2940 18-19

Action sought		
	Action sought	Deadline
Hon Grant Robertson Minister of Finance	Direct officials on a preferred approach for a Hawke's Bay transport package	25 March 2019
Hon Phil Twyford Minister of Transport	Direct officials on a preferred approach for a Hawke's Bay transport package	25 March 2019
Hon David Parker Minister of Economic Development	Direct officials on a preferred approach for a Hawke's Bay transport package	25 March 2019
Hon Shane Jones Minister for Regional Economic Development	Direct officials on a preferred approach for a Hawke's Bay transport package	25 March 2019
Fletcher Tabuteau Parliamentary Under-Secretary to the Minister for Regional Economic Development	Note the contents of this briefing	25 March 2019

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Kate Styles	Manager Regional Development – Central South	Commercial Information	✓
Cody Davidson	NZTA - Acting Manager Cross Government Collaboration	Commercial Information	

The following departments/agencies have been consulted
New Zealand Transport Agency, Ministry of Transport

Minister's office to complete:
 Approved

 Declined

 Noted

 Needs change

 Seen

 Overtaken by Events

 See Minister's Notes

 Withdrawn

Comments



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Purpose

The purpose of this briefing is to seek direction on the proposed Hawke's Bay transport package. Officials have worked up three options, which are outlined below.

Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a **Note** the three options the Provincial Development Unit recommends for consideration for a Hawke's Bay transport package.

Noted

- b **Direct** officials on a preferred approach for a Hawke's Bay transport package

Agree / Disagree

Privacy of natural persons



Ben Dalton
Head of Regional Development
Provincial Development Unit, MBIE

21 / 03 / 2019

Hon Grant Robertson
Minister of Finance

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Hon Phil Twyford
Minister of Transport

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Hon David Parker
Minister of Economic Development

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Hon Shane Jones
Minister for Regional Economic Development

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Proposal

1. Officials have been engaging with the Hawkes Bay to determine the priorities for the Hawke's Bay integrated regional package. The region has identified these as transport, water storage and skills. Officials have begun to test the details of Hawkes' Bay's priorities with Ministers. The timing of Hawke's Bay announcements have been moved from early April to mid-late May to enable further consideration of the package to take place. This note seeks direction from Ministers in relation to transport projects, as Minister's views will determine whether a Cabinet paper is required for the package. Water storage projects will be brought to the next Red Ministers meeting in early May.
2. The Hawke's Bay is the last surge region to receive an integrated package. As with all surge regions, funding for enhancements to elements of the transport network is seen by the region as an essential component of its package. Hawkes Bay have identified improvements to a number of local roads as the number one priority to support its 'gate to market' approach. The gate to market approach refers to the transport infrastructure investment required to get produce from growers to processors and on to domestic and international markets via inland distribution hubs, ports and airports. PGF investment in roads will support growth in the region's key sectors (horticulture, viticulture and tourism) and support the expansion of forestry by enabling greater volumes to be transported by larger trucks to food and wood processors and distribution hubs. This will enhance the opportunities of value add for processors as well as greater levels of production.
3. This paper seeks direction from Ministers on the transport related projects they would like to see brought forward for the Hawkes Bay package.

Options for Hawke's Bay transport packages

4. The HPMV improvements allows fewer, larger, and newer vehicles to move freight between places of product origin in Hawkes Bay and Manawatu/Wanganui and the Napier port, or to the rail connections at Wairoa, and then to the Port.
5. The improvements are designed to increase road safety, increase productivity and lessen emissions.

6. The table below outlines options for Minister's to consider:

	Full package	Prioritised package	Basic package
<p>High productivity motor vehicle improvements (HPMV)</p> <p>Upgrades, strengthens and improves the safety of key routes linking to the Wairoa freight (rail) hub and Napier Port. Supports expanding, emerging, and future economic activity within the region. Provides alternative HPMV links between Hawke's Bay and adjoining surge regions (Tairāwhiti and Manawatū-Whanganui).</p>	<p>Wairoa: improve 20 structures on priority routes to HPMV standard. (\$^{Commercial Inform})</p> <p>Central Hawke's Bay: Improve essential economic routes that lead onto SH2, processing facilities and Napier Port: 1. Route 52 – Waipukurau to Porangahau 2. Farm Road 3. Pourerere Road (\$^{Commercial Informa})</p> <p>Hastings District Council: accelerate the seven-year programme by bringing forward currently unfunded components of the programme to be delivered within 4 years. (\$^{Commercial In})</p>	<p>Wairoa: improve 20 structures on priority routes to HPMV standard. (\$^{Commercial Inform})</p> <p>Central Hawke's Bay: Improve Route 52 - highest priority route for economic activity, also most investment ready in PGF timeframes (\$^{Commercial Informa})</p> <p>Business case on the remaining Central Hawkes Bay proposed HPMV routes to support greater access to NLTF funding (\$^{Commere})</p>	<p>Wairoa: improve 20 structures on priority routes to HPMV standard. (\$^{Commercial Inform})</p> <p>Business case on all Central Hawkes Bay proposed HPMV routes to support greater access to NLTF funding (\$^{Commere})</p>
	Total \$ ^{Commercial Inform} PGF	Total: \$ ^{Commercial Inform} PGF	Total \$ ^{Commercial Inf} PGF
Other transport components	Commercial Information	Commercial Information	Commercial Information
	<p>Integrated Transport Programme Business Case: identify a longer term suite of multi-modal transport solutions that increase the efficient movement of product (freight) from origin to market. Total \$^{Commercial Informa} (\$0m PGF)</p>	<p>Integrated Transport Programme Business Case Total \$^{Commercial Inform} (\$0m PGF)</p>	<p>Integrated Transport Programme Business Case Total \$^{Commercial Informa} (\$0m PGF)</p>
	Total: \$ ^{Commercial Information} PGF	Total \$16.4m (\$16.0m PGF)	Total \$ ^{Commercial Informa} (\$ ^{Commercial Informa} PGF)
Total	\$ ^{Commercial Inform} PGF	\$ ^{Commercial Inform} PGF	\$ ^{Commercial Informa} PGF

Option A - Full package (\$^{Commercial Information})

7. **High Productivity Motor Vehicle improvements (HPMV) totalling \$^{Commercial Information} PGF):** The project will support expanding, emerging, and future economic activity in the region through the upgrade, strengthening and improvements to safety of roads in the region on key routes linking to the Wairoa freight (rail) hub and Napier Port and providing alternative HPMV links between Hawke's Bay and adjoining surge regions (Tairāwhiti and Manawatū-Whanganui).

- Hastings District Council (\$^{Commercial Information})
- Wairoa District Council (\$^{Commercial Information})
- Central Hawke's Bay District Council (\$^{Commercial Information}).

8. **Commercial Information**

9. **Hawke's Bay Integrated Transport Programme (ITP) Business Case totalling \$^{Commercial Information} (\$0 million PGF):** The project will identify a suite of complementary transport solutions that provide benefits through the increased efficiency in movement of product (freight) from origin to market. The plan will take a multi-modal approach and include both road and rail options in consideration of the integration with existing transport modes and infrastructure.

10. These projects were identified as a priority by the region from a regional economic development perspective. Note that business cases have not been completed for Wairoa and Central Hawke's Bay, and their completion under this option would ascertain the level of NLTF eligibility and availability and, correspondingly, the final value of PGF funding. As they currently stand, the Wairoa and Central Hawke's Bay HMPV components are not supported by the NLTF.

Option B – Intermediate package (\$^{Commercial Information})

11. State Highway 38 sealing (\$^{Commercial Information})
12. Prioritised HPMV projects (\$^{Commercial Information})
- Prioritisation of Central Hawke's Bay District Council Route 52 (\$^{Commercial Information})
 - Wairoa District Council (\$^{Commercial Information})
 - Business case on the remaining Central Hawkes Bay proposed HPMV routes to support greater access to NLTF funding (\$^{Commercial Information})
13. This option prioritises Central Hawke's Bay District Council's Route 52 proposal, which opens up significant Māori and forestry lands including in the and Manawatū-Whanganui surge region. The upgrade of Route 52 to HPMV standard is a high priority for Central Hawke's Bay and Tararua districts, so the improvements will benefit two of the PGF's surge regions as well as support forestry and the One Billion Trees programme.
14. It also prioritises the Wairoa District Council proposal given the levels of deprivation in the sub-regional area, the connections to the Tairāwhiti HPMV projects which provide an alternative route to SH2 (building transport network resilience for two adjoining surge regions), and connections to the rail hub at Wairoa.

15. Hastings District Council already have the first three years of their HPMV programme funded through the NLTF so they are not included in this option. Note that business cases have not been completed for Wairoa and Central Hawke's Bay, and their completion under this option would ascertain the level of NLTF eligibility and availability and, correspondingly, the final value of PGF funding. As they currently stand, the Wairoa and Central Hawke's Bay HMPV components are not supported by the NLTF

Option C – Basic package (\$^{Commercial Information})

16. State Highway 38 sealing (\$^{Commercial Information})
17. Wairoa District Council (\$^{Commercial Information})
18. A business case on the Central Hawkes Bay proposed HPMV routes to support greater access to NLTF funding (\$^{Commercial Information})
19. Wairoa District Council is prioritised (see 14 above) and funding is provided for completion of business cases for the CHB HPMV projects. These business cases would better ascertain eligibility and availability of NLTF funding. ^{Commercial Information}
^{Commercial Information}

20. **Free and frank opinions**