

May update: UNISCS timeline adjustment in response to COVID-19

Reason for this briefing	To provide options for the provision of advice in relation to the Upper North Island Supply Chain Strategy (UNISCS).
Action required	Decide on a timeline for provision of advice.
Deadline	N/a
Reason for deadline	N/a

Contact for telephone discussion (if required) Withheld to protect the privacy of Natural Persons

Name	Position	Telephone
Nick Brown	Deputy Chief Executive, System Performance and Governance – Ministry of Transport	██████████
Robert Pigou	Head of Provincial Development Unit – Ministry of Business, Innovation and Employment	██████████
Matthew Gilbert	Acting Director, Commercial, Infrastructure and Urban Growth – The Treasury	██████████

MINISTER'S COMMENTS:

Date:	8 May 2020	Briefing number:	OC200366 (MoT) T2020/1414 (TSY)
Attention:	Hon Grant Robertson (Minister of Finance) Hon Phil Twyford (Minister of Transport) Hon Shane Jones (Minister for Regional Economic Development)	Security level:	In-Confidence

Ministerial office actions

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| <input type="checkbox"/> <i>Noted</i> | <input type="checkbox"/> <i>Seen</i> | <input type="checkbox"/> <i>Approved</i> |
| <input type="checkbox"/> <i>Needs change</i> | <input type="checkbox"/> <i>Referred to</i> | |
| <input type="checkbox"/> <i>Withdrawn</i> | <input type="checkbox"/> <i>Not seen by Minister</i> | <input type="checkbox"/> <i>Overtaken by events</i> |

Purpose of report

1. To seek a decision from Ministers on the timeline for provision of advice on the Upper North Island Supply Chain Strategy (UNISCS) work programme.

Background

2. Cabinet agreed in December 2019 that the Ministry of Transport would lead a work programme to inform future decisions on the UNISCS, with Ministers reporting back to Cabinet by the end of May 2020. This work programme was initiated to resolve questions, gaps and uncertainties flagged by officials in response to the UNISCS Independent Working Group's analysis.
3. Officials provided a briefing on 30 March 2020 [OC200252 (MoT)/T2020/700 (TSY) refers] indicating that, because of COVID-19, the original timeline for the provision of advice to UNISCS Ministers, and therefore for Ministers to report back to Cabinet, could not be met. The core project team working on the UNISCS project have been diverted to COVID-19 related work since late March. The briefing sought agreement to a deferred timeline for the project, noting that officials are very unlikely to be able to provide policy advice to Ministers prior to the forthcoming general election.
4. We understand that rather than agreeing to this, UNISCS Ministers are seeking a timeline that still enables the option of a report-back to Cabinet prior to the election. This briefing responds to that request.

Current status of the UNISCS work programme stages

5. The UNISCS work programme consists of four parts:
 - technical and analytical work, being undertaken primarily by Sapere, an economic consultancy
 - communications and engagement work, in particular with cornerstone and Treaty partners
 - once the technical and analytical work is complete, officials to undertake policy work leading to a briefing paper to UNISCS Ministers
 - once UNISCS Ministers have agreed a recommendation, officials would draft a Cabinet paper in accordance with Ministers' instructions to frame the Cabinet report-back.
6. Sapere has now completed its technical analysis, and has provided a draft report which sets out benefit cost ratios for each of the five options for moving the Ports of Auckland that are under consideration, plus qualitative analysis of the five options against government objectives. It will require an estimated four weeks until the report can be accepted as a final version.
7. Officials and Sapere have also undertaken significant levels of engagement with cornerstone and Treaty partners since January 2020. This has demonstrated a high level of interest in both the merits and risks of the five options and the process by which the government will decide on the future of the Port, and a desire for further engagement in the future. We had intended to continue this engagement at least until the point at which we provide advice to UNISCS Ministers. However this engagement has slowed since the start of the COVID-19 crisis, and is currently on hold. We anticipate that it would take approximately three weeks to produce a report that summarises the insights from stakeholder engagement, undertaken prior to the new analysis being concluded, in parallel with the completion of the Sapere report.

8. The next, and in our view, critical phase of the process, is for officials from the three Departments to take these products, and develop them into policy advice for Ministers. This policy advice would augment and complement the Sapere and stakeholder engagement reports by:
 - providing commentary on the cost benefit analysis, and assessment of options against government objectives
 - identifying the risks and uncertainties associated with the analysis and the individual port options
 - drawing all of the above into a framework for decision-making
 - providing advice on next steps.
9. We consider we would need a further four to six weeks following receipt of the final Sapere report to complete this policy development phase, and prepare a final report back to UNISCS Ministers for their consideration.
10. Once Ministers have decided on an agreed recommendation to Cabinet, we anticipate needing around three further weeks to draft up the Cabinet paper, and undertake Departmental consultation prior to cross-party consideration.

Recommended way forward

11. Given the inability for officials to complete the full policy process in time for a Cabinet decision before the election, due to redeployment to COVID-19 response, our proposal is to provide UNISCS Ministers with the Sapere report and the summary report from stakeholder engagement, once finalised. Our briefing would include a short narrative on top of these two reports, but would not include advice or recommendations based on a full policy process. We anticipate this could be done by early June 2020.
12. Ministers would then have two choices:
 - (a) Take a recommendation to Cabinet having considered the material received, but without having received policy advice from officials. We anticipate it will take five to six weeks from the date of a decision by UNISCS Ministers to present a paper to Cabinet, including drafting, departmental consultation and cross-party consultation. We anticipate this could be done in time for consideration by Cabinet on or before the final DEV committee, which is scheduled for 5 August 2020.
 - (b) Commission officials to complete the policy analysis stage. This would mean that policy advice would not be possible early enough to enable Cabinet decisions until after the election.
13. When submitting the Sapere and stakeholder engagement reports, we will provide advice on next steps. This will include the risks of proceeding to a Cabinet decision without officials' full policy advice, given the major economic, fiscal, social, environmental, cultural and stakeholder implications of such a decision, and the additional uncertainty created by the economic effects of COVID-19, compared to those of waiting until after the election for that policy advice.

Informing cornerstone and Treaty partners, and other stakeholders

14. We consider it important to inform cornerstone and Treaty partners, and interested parties as soon as possible once Ministers have made decisions on the future timeline and process for the UNISCS project. This reflects the high level of interest in the project, and the widespread desire for continued, open engagement.

Recommendations

15. The recommendations are that you:

- (a) **note** that in December 2019, Cabinet agreed that UNISCS Ministers would report back to Cabinet by late May 2020 to resolve questions, gaps and uncertainties flagged by officials in response to the Independent Working Group's analysis
- (b) **note** that on 30 March 2020 officials provided a briefing noting that a late May/early June 2020 report back date to Cabinet would be untenable due to the still unfolding COVID-19 situation, meaning the UNISCS project timeline required adjustment
- (c) **agree** to Ministers receiving the final Sapere report and stakeholder engagement report by early June 2020, noting this would not include policy advice from officials. Ministers would be asked to decide whether to progress to a Cabinet decision at that point, or await full policy advice after the election. Officials would provide a short narrative in addition to the reports, including advice on the risks associated with the alternative timelines for decision-making Yes / No
- (d) **agree** that officials send a letter, following consultation on wording with Ministers' offices, to notify cornerstone and Treaty partners, and other key stakeholders, of the change in approach. Yes / No

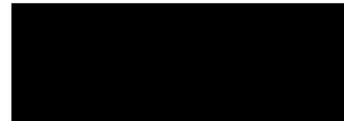
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DATE: