

AUCKLAND BUSINESS FORUM

Outcome: Integrated Transport Network

AUCKLAND BUSINESS FORUM SUBMISSION TO THE BOARD OF INQUIRY FOR THE PUHOI TO WARKWORTH PROPOSAL

INTRODUCTION

1. The Auckland Business Forum welcomes the opportunity to make a submission to the independent Board of Inquiry considering the New Zealand Transport Agency's (NZTA) applications for notices of requirement and resource consents for a new section of highway between Puhoi and Warkworth.

AUCKLAND BUSINESS FORUM

2. The Auckland Business Forum confirms that it wishes to present in support of this submission. Address for service is:
 - Auckland Business Forum project co-ordinator, Tony Garnier, email: tg.vsg@clear.net.nz , phone (09) 368 7772 or Box 28-147, Remuera, Auckland.
3. The Auckland Business Forum comprises:
 - *Auckland Regional Chambers of Commerce and Industry,*
 - *Employers & Manufacturers Association (Northern) Incorporated,*
 - *Ports of Auckland Limited,*
 - *Auckland International Airport Limited*
 - *New Zealand Automobile Association Inc (Auckland District),*
 - *New Zealand Council for Infrastructure Development*
 - *National Road Carriers (Inc),*
 - *New Zealand Contractors Federation*
4. These organizations represent a cross-section of Auckland industry and commerce whose role includes guardianship of businesses responsible for more than 450,000 Auckland jobs and generating 36% of New Zealand's gross domestic product (GDP).
5. The Auckland Business Forum (Forum) was established in 1999 out of frustration at the increasing time-cost to businesses - estimated at more than \$1 billion annually - arising from Auckland's severe traffic congestion which basically reflected years of inaction and under-investment to complete construction of the city's long-planned transport infrastructure network needed to keep pace with Auckland's growth and development.
6. The Forum's specific interest in land transport is from the perspective that Auckland's *"commercial and industrial traffic, which is critical to the city's economy, is wholly dependent on an efficient road transport network"*.¹
7. The Forum has pursued initiatives to encourage transport infrastructure providers to take an "integrated network approach" and implement the Auckland Plan's major transport projects in a single, integrated and fully funded phased programme over no more than 10 years. These prioritised projects include the

¹ "Auckland State Highway Strategy," Transit NZ, December 2000, p4.

construction of the Puhoi-Wellsford Motorway, first phase Puhoi to Warkworth by 2020.²

SUBMISSION SCOPE

8. This submission is mainly at a high level and gives in principle support to the two notices of requirement and 15 resource consents applied for under the Auckland Council jurisdiction (refer NSP 33/001-017). However, we have some qualifications and suggestions in respect of aspects of the application that relates to the construction, operation and maintenance of the proposed road network.
9. The submission provides:
 - The reasons for the Forum's submission; and,
 - The decision the Forum wishes the Board of Inquiry to make
10. The submission also raises some additional matters related to the overview of resource consents and notices of requirement set out in the Public Notice and which the Forum requests the Board of Inquiry take into account in its decisions.

REASONS FOR THE SUBMISSION

Context – Auckland Plan (AP) & Proposed Unitary Plan (PUP)

11. As noted, the AP anticipates the construction of the Puhoi to Warkworth motorway section by 2021 and the Warkworth to Wellsford section by 2030.
12. Meanwhile the AP-PUP envisages Warkworth adding some 20,000 dwellings and 11,000 jobs by 2030³; that's a population increase in the order of some 70,000 and a significant expansion of business activity in the township over the next 15 years.
13. Currently, Warkworth's resident population is approximately 4,030, assuming growth trends since the 2006 Census have been maintained.⁴
14. Clearly, a massive population increase is envisaged, and which will have significant implications for the provision of transport infrastructure (and other services).
15. Putting aside assessment and judgment of whether an increase of population on the scale envisioned is achievable, completion of a modern, integrated land transport (motorway) network with options seems to be an essential platform on which Warkworth's planned growth and development as a satellite 'town' of a size of many NZ cities can proceed on. It becomes a major justification for the Puhoi-Warkworth RONS in its own right, but possibility on a reconfigured scale and design – i.e. more than simply a motorway, but a multi-modal transport corridor (discussed in more detail below).

Context - National and Auckland-Northland economic growth benefits

² See AP, page 334.

³ See AP, page 235.

⁴ See Further North's "Assessment of Environment Effects," Appendix F. Social Assessment, page 10 (August 2013).

16. As well as supporting the intentions of the AP that Warkworth develop as a satellite town within Auckland, the new highway section will help increase the potential for economic and social development in Northland as a whole.
17. It is a complete misnomer to label the Puhoi to Wellsford RONS as a holiday highway. In fact, it will serve as Northland's economic lifeline through three core transport functions:
- Two-way freight and commercial traffic for goods and services from Auckland to Northland and from Northland producers to the Auckland market and beyond (including airfreight of horticulture produce to Pacific city markets);
 - Tourism traffic; and,
 - Commuter (including bus service) traffic to-from Warkworth (and Wellsford) to Auckland's employment centres.
18. Currently around 67% of freight between Auckland and Northland (Whangarei) is carried by road, compared with 2% by rail and 31% by coastal shipping.
19. Based on a nationwide study on projected freight demand growth, Auckland-Northland' inter-regional heavy freight vehicle traffic is expected to double over the period to 2005-2020, putting it at the top of New Zealand's regional growth rates.⁵
20. This growth in road freight traffic is projected regardless of whether or not options to improve rail services proceed and/or there is an uptake in usage of the larger high productivity vehicles.
21. That is, an argument can be made that road freight traffic uptake will increase faster than projected. This is because:
- KiwiRail has raised questions over the long-term viability of its Northland rail service;
 - The planned growth of centres such as Warkworth (as noted above) will accelerate demand for distribution of goods to retail and wholesale sector outlets and other commercial traffic in daily services from Auckland;
 - The new road itself will act as a stimulant for development in Northland (not just Warkworth) and resulting traffic growth; and, not unimportant,
 - While the majority of freight transported on Northland's roads is currently from primary resource industries and supporting secondary manufacturing industries⁶, an important growing segment of Northland-Auckland traffic relates to growth of tourism.

Key role of the Inquiry – enabling the economy

22. If these context points are accepted, it suggests that the Board of Inquiry is not simply a decision-making forum for deciding some 17 separate applications for resource consent and notice of requirement. Neither is it set up to decide whether the project proceeds or not; that decision has already been taken. It is about quality and timely decisions to enable delivery of the best possible Project outcome for Auckland, Northland and New Zealand long-term.
23. The "Project" will have strategic fit and potential value for money benefits to Auckland's transport system by what it does to enable the opening up of urban

⁵ See National Freight Demands Study (2008)

⁶ See Upper North Island Freight Story – Summary of critical Issues (April 2013)

development opportunities in north Auckland (Warkworth) as well as improving effectiveness of the main and only motorway connection to Northland, including opportunities for:

- Improved freight distribution between Auckland and Northland;
- Efficient and reliable commuter (including bus) services along the new section of highway that currently is impractical and unsafe on the scale projected (from both the likely freight traffic growth and private vehicle traffic growth anticipated) under the current roading network – the safety issue is discussed below;
- Providing a modern transport route for through traffic while continuing to enable local resident and business traffic to have an option to use the existing main highway – whether the new highway should be tolled is discussed below.

24. These considerations – improved freight and commercial traffic efficiency and safety, improved productivity, providing Auckland – Northland with efficient, modern transport connectivity, opportunities for enabling Warkworth’s potential for significant growth and development while still enjoying efficient connectivity to the rest of the city – are at the heart of the reasons for the Forum’s submission.

25. The project will enable:

- Many jobs and activity for supplier industries during construction;
- Growth of two-way economic activity between Auckland and Northland;
- A further step to providing modern transport infrastructure that is vital to linking Auckland and Northland as well as facilitating Auckland’s urban development; and,
- Generate strong travel time savings, de-congestion benefits and see some progress to mitigate serious road accident issues on this section of the state highway system (see Safety section below).

26. That is, as well as the specific environmental matters the Board of Inquiry has been asked to address (i.e. NSP 33/001 - 017), the project as a whole has potential to deliver significant wider macro economic and social benefits (including local road safety improvements) to the affected Auckland and Northland communities.

Efficiency and engineering standard of the route - need to future-proof for urban growth and plan, design and build on a ‘whole of route’ long-term basis

27. The Forum notes the Project incorporates a four-lane, dual carriageway motorway. The Project will bypass Warkworth to provide a northern tie-in with SH1 near Warkworth and motorway ramps at Puhoi to provide access to and from the south only.

28. In considering NZTA’s proposal for a new section of highway between Puhoi and Warkworth, we strongly encourage the Board of Inquiry to adopt a ‘total corridor’ perspective and approach by setting conditions on the basis that the new road will:

- Form part of a modern, efficient and safe Auckland to Whangarei Highway within 15-20 years or sooner.
- Enable improved access to-from Warkworth, accepting the AP imperative for a significant increase in the township population and business activity by 2030 – discussed above.

29. The new section should be future proofed for a bus-way (and which is of a standard for a commuter rail service), and which could also perform as a freight-way. Certainly, the design needs to include passing lanes to separate freight and general traffic as much as possible in terms of safety and efficiency, and also reliability and cost effectiveness.
30. Also, the Forum agrees with other submitters that the new highway section should be built to a 'motorway standard'⁷ that will permit usage of high productivity as well as over-dimension and over-weight vehicles (OD-OW), and that this level of standard should be the long-term aim in future upgrading of the whole of SH1 between Auckland and Whangarei.
- Explanation: High Productivity vehicles are what will effectively become the norm over time. OD-OW vehicles are what are needed for special loads of plant, machinery etc which are less frequent and well outside norms in terms of dimensions and weights. Both types are needed into the future.
31. Accordingly, the Puhoi to Warkworth section needs to be of a standard that includes wide shoulders, pull over pits for breakdowns and other stoppages, and an effluent facility.
32. In summary, the Forum requests the Board of Inquiry satisfy itself that the environmental/ engineering standards of the new route will be future-proofed to ensure:
- Efficient, safe access to-from the proposed urban intensification of Warkworth (on its western edge)
 - Provision for shoulders to become a fully functioning, efficient busway to meet expected growth of demand arising from Warkworth's urban development without major re-engineering; and can also be shared with freight vehicles;
 - New over-dimension, over-weight heavy freight vehicles will be able to use the route efficiently and safely over the long-term (and without detriment to the local environment).

OTHER BUSINESS COMMUNITY CONCERNS

Value for money – benefit-cost ratios and wider economic benefit assessments

33. The Forum notes that the benefit cost (B-C) ratios (in 2012 dollars) for the Puhoi to Warkworth section varies between 0.6 (standard NZTA B-C ratio) to 1.1 (including wider economic benefits). This assessment is on an 8% discount rate over 30 years.
34. In terms of standard NZTA assessment methodology this outcome puts the project at the low end of prioritization. For example, the Western Ring Route assessment is between 2.1 and 2.5, Victoria Park (3.2 and 5.3); and, well below the estimated 4-to-6 range that has been indicated for the East-West Link between Onehunga and East Tamaki on the northern side of Manukau Harbour.
35. Elsewhere the Forum has questioned the methodology used for assessing benefit cost ratios and wider economic benefit assessment techniques on a number of grounds. These concerns include the 8% discount rate (which is well below the international 4% norm), and the 30 year term. In fact, the benefits will continue to accrue for many years beyond the time period the NZTA use to assess them.

⁷ See EPA Public Notice (16 November 2013)

36. The Forum strongly believes that the highest priority road infrastructure project needing to be delivered in New Zealand at the moment is in fact the East-West Link, and notes that Government has indicated as much in a recent announcement that it has asked NZTA to inform it on which elements could be accelerated with additional funding and where the funding should be targeted.
37. The relevant point with respect to the Inquiry is that while acknowledging that the release of the major benefits of the Puhoi-Warkworth Project are contingent on future urban development of Warkworth and completion of a 'whole of route' road improvement for freight and tourism traffic between Auckland and Whangarei, the need for a project to address the considerable daily congestion in Auckland's industrial suburbs that an east-west link will traverse is regarded by the Forum as a far a more urgent matter deserving focused action.

Road safety improvements needed

38. Nonetheless for the reasons set out above the Forum supports the Puhoi to Warkworth Project proceeding on a basis of completion by 2020 as proposed. There are also some important additional considerations in the Forum's support not least of which is the need to address some serious road safety concerns with some urgency.
39. There is no doubt that much of the Puhoi-Wellsford road is very dangerous at the moment. Between 2000 and 2009 there were 41 fatalities along State Highway 1 between Puhoi and Wellsford, along with 31 serious injuries (between 2004 and 2008) and 118 minor injuries between 2004 and 2008:
- 16 of the fatalities were between Puhoi and Warkworth, while 25 were between Warkworth and Wellsford, through the notorious Dome Valley. Most of the deaths were from head-on collisions.
40. Given the long time frame envisaged for completing the new Puhoi to Warkworth and Warkworth to Wellsford highway sections, the Forum requests the Inquiry take a wide view of its brief to set conditions to mitigate social effects and request NZTA to give some urgency to prevent further serious accidents on these existing sections by putting a concrete median barrier or 'wire rope' down the middle of the highway.
41. Because a modern 'whole of route' highway between Auckland and Whangarei is clearly still decades off, we urge the Inquiry to request NZTA to look at the efficiency and safety needs of the whole route (Puhoi to Whangarei) to identify sections north of Wellsford that may need upgrading with urgency and speed in order to support the class of freight vehicle that will benefit from the Puhoi-Warkworth-Wellsford RONS but could become unreliable, unsafe and inefficient on the sections further north. The point being that for the full benefits of the new Puhoi – Warkworth (Warkworth- Wellsford) sections to be realised, funding will also be needed for 'strategic' upgrading compatible with a long-term RONS between Puhoi and Whangarei.

Environmental Effects

42. The Forum notes that the most of the work of the Inquiry relates to resource consent applications in respect of detailed actual and potential environmental effects (NSP 33/003-017)⁸.
43. It is beyond the Forum's brief and area of expertise to submit on these matters. However, we put on record that in the 12 years that the Forum has submitted on NZTA (and its legacy Transit NZ) projects to build Auckland's motorway network there has been a project-by-project improved performance in addressing environmental effects. This improvement has been across a wide spectrum of effects – e.g. road surface improvements, bridge design and addressing heritage and marine and terrestrial ecology considerations.
44. While we have confidence in NZTA's track record in this area, we nonetheless encourage the Inquiry to seek further improvements. We suggest the Inquiry benchmark the project against suitable projects offshore; e.g. the new motorway south of Melbourne to the Mornington Peninsula, where considerable attention to sound and visual effect has been given and also to address effects on terrestrial ecology.

Funding Options

45. Elsewhere the Forum has encouraged NZTA to focus on how it can obtain the funding needed to enable faster delivery of the many 'catch-up' projects required for progressing construction of greater Auckland's long-planned but still incomplete strategic State Highway network, including a modern Auckland to Whangarei highway.
46. In particular, the Forum encourages NZTA to adopt a network-outcome approach in which its funding and procurement systems are designed to deliver an agreed 'whole of route' Project and/or a 'package' rather than project-by-projects drip-fed over decades.
47. We suggest that shifting the investment focus to debt funding of capital programmes and using private debt where benefits exceed costs, together with optimising contract size and scope to complete "whole corridors" and/or "packages" of projects in parallel would help reinforce the direction that the Prime Minister has signaled that Government wants in progressing construction of Auckland's transport network – "to accelerate vitally-needed projects and get on with the job".⁹
48. With respect to the Puhoi to Wellsford RONS, the Forum has suggested a private-public partnership (PPP) procurement package option also embracing the long-planned nearby Penlink connection to Whangaparoa Peninsula. A possibility is to undertake both projects with a view to a toll system that is integrated with the existing toll for the nearby Johnstone Hill tunnels.
49. This approach would result in faster delivery of more projects, deliver greater certainty to the construction industry, value for money and scale.
50. In summary, we suggest a PPP package that combines the Puhoi to Warkworth Project, with Penlink to the Johnstone Hill toll system. An option is to also

⁸ See Further North "Puhoi to Warkworth" Executive Summary matrix, pages 15-17.

⁹ See Rt Hon John Key, "Backing Auckland," Speech to Auckland Chamber of Commerce, 28 June 2013, p.10.

consider extending the 'whole of route' PPP project delivery approach to include the Warkworth to Wellsford section, and seek its completion well ahead of the current AP target of 2030.

THE PREFERRED DECISION

51. The Forum notes and disputes claims of some submitters questioning the value of the Project and branding it as simply a 'holiday' highway. It is far from that; it is arguably a critical economic lifeline for Northland, but as well has potential to also be a vital link to enabling the growth and development of Warkworth township as set out in AP-PUP documents.
52. Accordingly, the Forum strongly supports the Board of Inquiry taking a decision to support the relevant applications for resource consent and notice of requirement to enable the Project's progress towards completion by 2020 or sooner.
53. We also encourage the Inquiry to reinforce the view that the Project as presented is simply a section or sub-project to addressing the need for an upgraded, modern highway between Auckland and Whangarei. In particular, we request the Inquiry to reinforce the need for the next section, the Warkworth to Wellsford RONS, being progressed without delay; and, to call for this with some urgency given the high accident rates in the current road section (Dome Valley).
54. Our main conditions sought relate to ensuring:
 - A high level of engineering standard and future-proofing, to enable the route to form part of New Zealand's freight logistics system for distributing goods efficiently between Auckland and Northland;
 - A high-level of design and supporting works, to enable introduction long-term of rapid-bus services to-from Warkworth (of a standard similar to the North Shore busway), and which traffic management can allow for freight usage.
 - A high-level of design and supporting works, to enable efficient and safe access to Warkworth, noting the proposed urban development of the township is on the western side of the current township; i.e. a redesigned on-off ramp further south in consultation with land planning seems required.
 - A high level of safety, especially in respect of ensuring appropriate separation and/or passing lanes for freight and other heavy vehicles from other traffic.
 - A high level of mitigation, particularly in relation to sensitive marine and terrestrial environments, and also in regard to landscaping and noise and visual effects experienced by neighbours.
55. In conclusion, the Forum wishes the Board of Inquiry to take full cognizance of the fact that the Puhoi to Warkworth Project is strongly aligned with Government's priority for its investment in land transport to increase economic productivity and growth. The Project delivers a strong signal of encouragement to Northland interests wanting to improve the region's economic performance and build the two-way trade and business relationship with Auckland. The "Project" is the start to investing in improved transport infrastructure links between Auckland and Northland and should not be regarded as an end point; without the further investment, the full benefits of the Puhoi to Warkworth section will remain unfulfilled.

56. This is a project that Auckland – Northland need; to help neighbours in New Zealand's most populated area have the benefit of a modern land transport system. As such it is vital the Board of Inquiry play, and be seen to play, a constructive role in helping position Auckland with its Northland neighbor to lift its performance and progress as a great city to live and work.



Michael Barnett
Chairman
Auckland Business Forum

12 December 2013