

**AUCKLAND BUSINESS FORUM SUBMISSION ON HE TUAPAPA KI TE ORA:
INFRASTRUCTURE FOR A BETTER FUTURE (STRATEGY CONSULTATION
DOCUMENT)**

To: New Zealand Infrastructure Commission Te Waihanga
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Date: 2 July 2021

Introduction

1. The Auckland Business Forum is pleased to submit on the Strategy Consultation Document for He Tūāpapa ki te Ora: Infrastructure for a Better Future. We strongly support the New Zealand Infrastructure Commission Te Waihanga (Infracom) in its efforts to develop a national infrastructure strategy, and see potential for critical benefits in terms of joined-up planning, robust decision-making, and a clear and predictable operating environment for industry.
2. The consultation document is concise and coherent, and we support the vision, outcomes and guiding principles that sit behind it, as well as the thrust of the recommendations it puts forward. All the same, there are elements we disagree with, or that we feel have been overlooked or require more emphasis.
3. Our feedback is structured around these elements, and provides additional insights that we consider to be of value. It focuses predominantly on transport infrastructure in Auckland, which is the central priority for our members. It begins with a set of overarching observations, before responding to a number of specific issues and recommendations raised under the three Action Areas in the consultation document.

About the Auckland Business Forum

4. The Auckland Business Forum is a group of Auckland-based business organisations formed to advocate for greater urgency around the planning and delivery of the Auckland transport programme. The group was formed out of concern for a long-running decline

in the standard of Auckland's transport infrastructure, and the subsequent impact on productivity and quality of life. The Auckland Business Forum's membership incorporates broad-based user and industry perspectives on transport issues, and consists of:

- Auckland Business Chamber
- Civil Contractors New Zealand
- Employers and Manufacturers Association (Northern)
- National Road Carriers Association
- The NZ Automobile Association (Auckland District Council)
- Ports of Auckland Ltd

Overarching comments

Investment levels in Auckland's transport network

5. The Auckland Business Forum remains deeply concerned about sub-standard levels of investment in Auckland's transport infrastructure, and what this means for the city's growth, productivity and liveability. The under-investment is manifested in network performance outcomes such as congestion levels, safety statistics and infrastructure failures (including the closure of the Auckland rail system in late 2020).
6. We observe that Auckland and New Zealand's transport investment levels are below comparator nations. Australia invested twice as much as New Zealand between 2008 and 2018 in road and rail as a percentage of GDP.¹ Infrastructure leader Hong Kong budgeted \$2000 per person for transport investment in 2019, excluding its heavy rail investment,² while New Zealand invested under \$1500 per person (and we note that Hong Kong has lower population growth). Singapore, meanwhile, is committing \$64 billion to a ten-year rail package alone.³
7. Addressing this under-investment, and committing to a bolder, more ambitious approach to addressing Auckland's congestion challenges, must be an explicit focus of Infracom's strategy work. While we agree with the emphasis in the consultation document on 'sweating the asset' and on improving pricing efficiency before adding capacity, the pressures Auckland is facing mean there is only limited scope for this approach. New Zealand must find a way to lift investment levels in Auckland's transport system to support population growth and a more competitive, dynamic economy.
8. New funding tools are essential. The National Land Transport Fund (paid for by road users) can no longer be relied on alone. Shifting emphasis from road to rapid transit investment is resulting in value transfer from road users to property owners. Tools that ensure that a portion of property value improvement resulting from, or dependent upon, transport investment are as important as road pricing to ensure efficient transport and development outcomes.
9. There is also opportunity for better use of debt to finance large, 'lumpy' capital expenditure. All major projects should be financed via long term debt tied to special purpose vehicles or other entities residing off council and core government balance sheets.

¹ Sense Partners, *Infrastructure for the Long Haul*, September 2020, p. 17.

² Infrastructure New Zealand, *Insights from Asia*, June 2019, p. 33.

³ <https://www.railjournal.com/passenger/metros/singapore-outlines-us-43-5bn-investment-in-rail-to-2030/>

Addressing implementation failure

10. While we support Infracom's emphasis on ensuring good investment decisions are made, we also observe that rigorous analysis of project costs and benefits is not New Zealand's predominant weakness – implementation of agreed programmes is. The Auckland Transport Alignment Programme continues to be delayed by underfunding, as do programmes in other parts of the country (including Let's Get Wellington Moving).
11. We would like to see much greater focus by Infracom on addressing the barriers to investment and delivery of the infrastructure that is needed to achieve competitive and affordable cities.

Vision for Auckland

12. A long-standing frustration for the Auckland Business Forum is the absence of a strong vision to guide the economic growth agenda, and with it the transport programme, in Auckland. What scale of growth do we aspire to? And how should that be achieved? What is Auckland's role in the national economic growth story?
13. The lack of such a vision has hindered big-picture thinking about the transport system that the city needs. Again, we would hope to see the need for this vision incorporated into Infracom's strategy work, including how the Auckland Council group and the Government can work more closely together and with business to agree future investment priorities that give effect to the vision.

Freight

14. We are disappointed by the lack of emphasis on freight in the consultation document, and by what we would interpret as a lack of recognition of the role that freight plays in society and the economy. Until freight is approached as a strategic priority, Infracom will struggle to understand and respond to the needs of the freight sector, and will miss opportunities to develop solutions that support other infrastructure priorities. We would therefore see value in a follow-up meeting with Infracom to discuss freight specifically.

User outcomes

15. We believe there needs to be a much more explicit focus within Infracom's approach on user outcomes – that is, the benefits that accrue to those whom the infrastructure is being built for, and who are paying for it. User/customer outcomes should be built into project planning and decision-making, and into the long-term operation of infrastructure assets. Projects should be justified on the basis of user outcomes, and success measured against them.
16. Such an approach will help drive greater accountability and transparency on the part of decision-makers, build public trust and confidence in the quality of transport planning, and encourage a more constructive public debate around transport projects.

Specific points

i. Action Area One: Building a Better Future

Population growth

17. The population growth pressures facing the country are well articulated in the consultation document, including the pressures generated by uncertainty about growth and/or by negative growth. One aspect of the population growth story that does not appear to have been covered, however, and that appears to us to be increasingly significant, is evidence that an increasing number of Aucklanders are abandoning the city for nearby centres, particularly Whangarei and Tauranga.
18. Census data shows that Auckland's recent growth rate has not been as high as expected, while Whangarei and Tauranga have grown significantly faster than expected. We would like to see this emerging trend investigated further, in order to understand underlying causes, and the regional and national costs and benefits (in an economic and environmental sense).

Decarbonisation of transport

19. Private vehicles continue to account for the vast bulk of travel on the transport network – around 95% of the distance travelled in Auckland – and there is no sign of that changing significantly in the years ahead. For that reason, our firm view is that the largest gains when it comes to decarbonising the transport system will come through reducing the emissions of the vehicle fleet, rather than through mode shift. This is where efforts towards reducing emissions should be focused.
20. In our view, the heavy emphasis on mode shift at a local and central government level will not succeed in addressing congestion, and will result in perverse outcomes that may well end up doing more harm than good for the Government's climate change goals. It will lead to an increase in general traffic congestion, and therefore more emissions; and will exacerbate the trend of Aucklanders relocating, which will lead to more driving overall (vehicle kilometres travelled per capita typically increase outside larger centres), and therefore greater net emissions.

ii. Action Area Two: Enabling Competitive Cities and Regions

Road capacity

21. As noted above, our view is that Auckland is desperately in need of greater transport investment in order to address congestion issues. Given the ongoing role of private vehicles in carrying the bulk of the transport load, much of this investment will take the form of additional road capacity – mainly new roads on the periphery of the city to support growth, but also targeted motorway widening and, at some point in the future, new strategic roading corridors.
22. On this basis, we fundamentally disagree with the assertion on page 80 of the consultation document that:

“Historically, transport agencies have attempted to relieve peak-period traffic congestion by building more road capacity. This strategy has not been successful because increasing road capacity encourages people to drive more.

“International research shows that there is a one-to-one relationship between road capacity increases and increases in traffic volumes – the ‘fundamental law of road congestion’. Locally, this effect can be observed in the slow and unreliable peak travel times on urban motorways that have recently been widened.”

23. This, in our view, reflects a simplistic, inaccurate perspective. For a start, it discards the benefits that adding road capacity – including the roads constructed as part of the “unsuccessful” historical strategy – confers, even if the benefits are relatively short-lived. Projects such as Victoria Park Tunnel and Waterview Tunnel have enabled vital social interactions and economic transactions, and any questions about how long the benefits have or have not endured must be counter-balanced by questions about the economic and social costs that would have been incurred had those projects been cancelled or deferred.
24. Further, to present the theory of induced demand (which sits behind this argument) as a universal truth is misleading. Other international research⁴ shows historical population growth has a significantly greater influence than shifts in behaviour when it comes to absorbing new road capacity.
25. Indeed, in Auckland, with annual population growth regularly in the 30,000-50,000 range over the past decade, it stands to reason that ever-increasing demand from new transport users will have accounted for much of the absorption of additional road capacity. In the case of Waterview Tunnel, for instance, we understand that the rate of growth in demand post implementation was closely in line with the city’s historical population growth rate.
26. The induced demand theory also appears to assume that the effects are limited to road widening – why should it be any different for network optimisation initiatives (such as ramp metering), rapid transit or cycle ways?
27. Given the growth pressure Auckland is facing, and the structure of the transport network, any argument that we should severely de-prioritise road building cannot be justified. This is not a call for a carte blanche approach to roading investment, but rather a call for balanced, evidence-based decisions (with full accounting of costs and benefits over the service life of an asset), and for a rejection of narrow, doctrinaire analysis. This would appear to resonate closely with Infracom’s mandate.

Congestion charging

28. The Auckland Business Forum is a long-standing supporter of congestion charging, and the benefits it can deliver to the Auckland transport network. As such, we are pleased to see the strong focus on this issue within the consultation document.
29. What is required now are firm and swift steps forward on congestion charging, and we would highlight the following with regard to its implementation:
 - For the foreseeable future, congestion charging is only feasible in the Auckland context. The congestion pressures in other centres are not acute enough to warrant it, in our view, or to generate the required levels of public buy-in

⁴ Robert Cervero, “Are induced-travel studies inducing bad investments?” *Access*, No. 22, Spring 2013, pp. 22-27.

- First and foremost, the objective must be to optimise the performance of the network, not to suppress demand. Congestion charging is about enabling as many people as possible to travel on the network efficiently (thereby getting more out of the existing capacity), rather than discouraging travel that is essential to the economic and social and cultural wellbeing of Aucklanders
- Harmful social impacts must be mitigated, but it is essential that this take place through the central government welfare system, rather than by building an excessive number of discounts and exemptions into the scheme

Working from home

30. The consultation document acknowledges the potential for working from home to play a larger role in the future, and we are curious as to why it has not been more thoroughly explored. The potential gains in terms of de-congestion and reduction of emissions are enormous, and it would appear to align perfectly with Infracom's prioritisation of non-built solutions.

iii. Action Area Three: Creating a Better System

Construction costs

31. We share Infracom's concern with the scale of construction costs in New Zealand, and see shedding light on the causes of – and possible solutions to – inflated construction costs as a critical part of Infracom's work. Particular focus should be given to the impact that mitigation work has on construction costs, and possible changes in the approach to delivery (such as higher rates of upfront compensation to local residents, in order to enable 24/7 operations by contractors) that would reduce the amount of mitigation required.

Concluding remarks

32. To reiterate, we welcome the steps toward a national infrastructure strategy, though we believe a number of additional elements are required, in particular an explicit focus on increased investment in transport infrastructure in Auckland (in order to alleviate general traffic congestion) and a stronger emphasis on freight. We would be delighted to meet with Infracom's strategy team to discuss the content of this submission in more detail.

Yours sincerely,



Michael Barnett
Chair, Auckland Business Forum