



16 March 2015

Long-term Plan 2015-2025
Auckland Council
Freepost Authority 182382
Private Bag 92 300
Auckland 1142

Email: longtermplan@aucklandcouncil.govt.nz

**Submission of North Harbour Business Association
Long Term Plan 2015-2025
Regional Land Transport Plan**

Introduction

The North Harbour Business Association is a commercial Business Improvement District (BID) area, representing over 4,000 property owners and businesses within the North Harbour area.

Our businesses comprise of a mix of Small Medium Enterprises (SME), multinational organisations representing sectors such as ICT, business services, specialist manufacturing and light – medium warehousing and office park facilities. In addition to the businesses, we have key educational institutions such as Unitec, Pinehurst, Kristin and Albany Primary schools – plus other vocational institutions, all within an estate, which is on average less than 20 years old.

Our primary interests are those decisions within the LTP which:

- support or will restrict business growth opportunities
- impact on the cost of business – across a short to medium timeframe
- impact on economic development and the ability to leverage value from location
- impact on access to both regional and localised transport hubs
- impact on R&D and investment – sector development and capability
- provide the scope to leverage natural assets for economic development across leisure and tourism sectors – enhancing Auckland’s reputation as the world’s most livable city

Our submissions on the Long Term Plan and the Regional Land Transport Plan follow.

Janine Brinsdon
General Manager
North Harbour Business Association

Consultation Questions and Our Responses

Question 1a: *Do you agree with the proposed overall average general rates increase of 3.5 per cent each year, which will enable the proposed investment and spending outlined in this document?*

Our Responses

- We acknowledge the need to spend on core local infrastructure assets and services (such as transport, water, wastewater and stormwater, and solid waste collection).
- We acknowledge growth must be supported by appropriate core local infrastructure
- However, we object to the Council's claim that *"While affordability is often expressed in terms of consumer price inflation, due to a healthy economy, the income for the average Auckland household is growing faster than inflation"*. It is based on outdated statistics from 2013.¹ We would hope there was a mechanism put in place to link rate increases to a transparent and independently verified cost of living adjustment.
- We note the New Zealand Inflation Rate was recorded at 0.8% in the fourth quarter of 2014, and is forecast to remain less than 1% for 2015.²
- We note that the BERL overall cost index for local authorities (LGCI) annual average percentage change for June 2014 was only 1.13% and is forecast to be only 2% in June 2015³
- We are concerned that the overall domestic rate increase on the North Shore of approximately 10% will impact on the cost to our businesses of attracting and retaining key skilled staff.
- We do not agree with the proposed overall average general rates increase of 3.5 per cent each year. Instead, we support a reduction in Council asset holding to 51% retention of ownership in Auckland Airport and 51% retention of ownership in Ports of Auckland. The reduction of shareholding should be through a mechanism that supports ownership remaining with Auckland based companies and individuals to retain ownership within the Auckland Region.

Consultation Question 1b: *If you do not agree, in which activity areas do you think we should spend more or spend less, and what level of general rates increase would you support?*

Our Responses:

- We note that funding the City Rail Link in advance of Central Government commitments has placed significant pressures on Auckland Council funding other projects (especially transport projects)
- We note that:
 - water and wastewater infrastructure projects remain fully funded from Watercare's charges with no reliance on rates
 - the maintenance of the stormwater network is planned to continue at existing levels
 - ATEED's programme to work with the business sector to grow jobs will continue
 - the completion of the Unitary Plan is being prioritised
 - the introduction of a region-wide organic collection and a "pay as you throw" waste collection will continue, but there will be changes to the inorganic collection service
- We note that a complete prioritised list of transport projects are set out in the Regional Land Transport Plan.⁴ There is also a Table setting out Transport Project Status under the Basic Transport Programme identifying Projects funded by the Basic Network Plan and those cut-off from funding.⁵ We note that the specific projects below in our area have been cut off from funding, but should instead be prioritised:

¹ Auckland Council, *10-year budget 2015-2025 Consultation Document*, page 18

² Reserve Bank of New Zealand

³ BERL, *Forecasts of Price Level Change Adjustors – 2014 Update: Note to Society of Local Government Managers* (October 2014), page 10

⁴ See <https://at.govt.nz/about-us/transport-plans-strategies/regional-land-transport-plan/>

⁵ <https://at.govt.nz/media/917219/RLTP-Comprehensive-project-descriptions.pdf>

- In addition to the specific transport projects outlined in our response to Question 2C (below), we seek greater economic development and business training initiatives across the region.
- We endorse the councils] plan for greater efficiencies and would encourage them to seek continued outsourcing and delivering greater internal efficiencies.

Transport network

Question 2a: *Do you support the basic transport network or do you think we should invest more to get the Auckland Plan transport network that would address our transport problems?*

Our Responses:

- We note that funding the City Rail Link (CRL) is included in both the Basic and Auckland Transport Network and that funding the City Rail Link in advance of Central Government commitments has placed significant pressures on Auckland Council funding other transport projects.
- There is a \$2.5 billion cost for the city rail link. We believe that this is not a project local government should be funding. It is 'national' infrastructure. There is a huge impact on other transport projects. The rail link accounts for 72 per cent of the public transport budget, but will only move small proportion of the travelling public. Our interest is the impact funding the CRL will have on other projects.
- Albany has been one of the largest population growth areas in New Zealand over the past decade and this (along with Silverdale) is set to continue. We recognise the investment in stage 2 of the Silverdale Park and Ride, under the Auckland Plan proposal. In addition, significant upgrades to the parking facilities at Albany and Constellation Road Park and rides are required, but not provided for in the Basic Plan.
- Upgrades in 'Feeder routes' are also necessary to support a localised congestion free transport network. Access to local and sustainable networks for employment is a direct benefit of efficient feeder routes. The stated goal (RLTP 2015-25) of 45 minute PT commute, or a 30 minute drive for employees is important for local economic growth.
- We give qualified support to the Auckland Plan, but would again draw Council's attention to our priority projects as listed in 2c. Any such support is dependent on the availability and affordability of funding.

Question 2b: *If we decide to invest in the Auckland Plan transport network, how do you think Aucklanders should pay for it? Annual fuel increase of 1.2 cents per litre and an overall annual rates increase of around one per cent each year (in addition to the proposed 3.5 per cent overall annual general rates increase); or A motorway user charge of around \$2 each time people enter Auckland's motorway system, which would be free at night and may vary by time of day.*

Our Responses:

- We are concerned that both options will have a significant impact on residents of the North Shore.
- We note that the 'Fuel Tax Option' spreads costs broadly across households and businesses; the average household would pay increased costs of \$348 in 2026. This option can be achieved at low implementation cost with little or no legislative change required.
 - Under this Option, the business sector would contribute 34 per cent of additional charges, facing additional transport costs of \$106 million – or 2.2 per cent of their overall transport costs. New transport costs will be offset by the travel-time savings on the transport network. Under this pathway, businesses will benefit from savings of \$256 million, although these savings are not distributed evenly across all business sectors. The commercial transport sector would save approximately \$9 million.⁶

⁶ <http://www.shapeauckland.co.nz/media/1180/section-111-the-auckland-plan-transport-network.pdf>

⁶ <http://www.shapeauckland.co.nz/media/1182/section-113-alternative-transport-funding-informationa4.pdf> (Page 43)

- We note that the 'Motorway User Charge' is more complex to introduce, expensive to implement and requires legislative change. However, this option provides greater ability to manage transport demand and provides economic benefits more than three times greater than the other option. It aligns the costs with those who use it. The average household would pay increased costs of \$345-371 in 2026.
 - Under this Option, the business sector would pay 41-46 per cent of additional charges, facing extra transport costs of between \$125 and \$145 million. These account for 2.5-3.0 per cent of their overall transport costs. New costs will be offset by traveltime savings that result from transport improvements and the effect of motorway charges on congestion. Under this pathway, businesses will benefit from savings of \$303 – \$314 million, although these savings are not distributed evenly across all business sectors. The commercial transport sector would save approximately \$11 million⁷
 - We are concerned that under this Option, there are no non-tolled alternatives from North Shore to the South.
 - We believe that the toll system will be permanent. We need reassurance that the revenue generated will continue to be used solely for transport initiatives rather than falling into the common pot.
- Given the need for both options to have government agreement, they commence post 2015/2016. Therefore, if the choice is the larger Auckland Plan Transport Network, the Council will likely introduce a targeted rate for transport in 2015/16 (that will also apply the business differential)
- We accept that the investment in East/West connections by NZTA and improvements to Public Transport will keep freight congestion similar to current levels throughout the decade. ⁶The State Highway programme is very similar for both networks. State Highways - the backbone of the freight network - are funded 100 per cent through the National Land Transport Fund and are not reliant on rates or other local funding. For that reason, little difference is seen between the Basic and Auckland Plan (rates and fuel tax) transport networks until after 2035. However the payback to business for increased freight capacity shows significant long benefits through the Auckland Plan Network modelling, in particular from 2036.
- We note that the Employers and Manufacturers Association ('EMA') is supporting the 'Motorway User Charge'. While it is more complex to introduce, expensive to implement and requires legislative change, this option provides greater ability to manage transport demand and provides economic benefits more than three times greater than the other option. It aligns the costs with those who use it. The average household would pay increased costs of \$345-371 in 2026.
- Overall the NHBA supports a 'Motorway User Charge' because it will be a direct charge rather than a tax (despite businesses overall paying more), but we wish to emphasise that local transport projects need to be advanced to avoid or reduce the effects 'rat running' on local roads by people avoiding the motorway toll.

Question 2c: *Are there specific projects or priorities e.g. cycleways, improved public transport services, or more bus lanes, we should focus on delivering as part of the basic transport network or the Auckland Plan transport network?*

Our Responses:

- We ask that the following local transport projects be prioritised:
 - Albany Highway (while we acknowledge this project has commenced, we look to inclusion of improved exit safety and flow when turning left from SH18 into Albany Highway)
 - Albany Highway South (Sunset to SH18) Upgrade of Albany Highway from SH18 to Sunset Road. Provides the connection between two major projects (being the Albany Highway North Upgrade and the Glenfield Road Stage 4 Upgrade). Aims to widen the road to two lanes in each

⁷ <http://www.shapeauckland.co.nz/media/1182/section-113-alternative-transport-funding-informationa4.pdf> (Page 43)

- direction. Provides for on-road cycle lanes, provide for pedestrians and improve services/utilities)
- Northern Busway Extension Stations (as well as measures to reduce local congestion caused by use of the Park & Ride facilities)
- Development of Priority Lanes for freight, buses, business services (courier/logistics) either under a user pays model or for restricted timeframes
- Cycling lanes are great, but do not help businesses. Putting cycle ways on a path alongside the walkway rather than the road is our preferred option.
- Due to the impact on local congestion and availability of alternative modes of transport for our employees, we support the escalation of investment in Silverdale Transport Improvements – including the Park & Ride, and Penlink construction.

Development Auckland

Question 3: *Do you support the council taking a more active role in the development of Auckland through replacing two existing Council Controlled Organisation (CCOs) with a new development agency?*

Our Responses:

- We note that while the review of the seven Council-controlled Organisations identified several options for structural changes (such as water/wastewater/stormwater services being consolidated in either Watercare or Auckland Council, or combining the functions of Regional Facilities Auckland and ATEED), the only major option progressed at this point is to establish 'Development Auckland' from Waterfront Auckland and Auckland Council Property Ltd.
- We acknowledge that Development Auckland is being established to facilitate Council having a more active role in development (such as encouraging amalgamation of fragmented land, redeploying existing strategic property budgets, using Council land holdings as potential development sites), but the proposal is not be directly involved in development, nor significantly increase Council's direct investments, nor to expose the Council to any new property development risks.
- We acknowledge that the 'Development Auckland' option will not be seeking new legislative powers (such as master planning, resource consenting or compulsory acquisition powers)
- We suggest Development Auckland should be positioned to address market failures, and not compete against existing developers (e.g. it should focus on: land amalgamation; bringing about major upfront infrastructure investment; developments with significant non-commercial outcomes; and developments with complex consenting issues – and then attract private developers)⁸
- We suggest that Central Government support and involvement will be essential to its success
- We suggest that Development Auckland have broader economic development objectives rather than the more narrow 'development' objectives, a focus on greenfield as well as brownfield sites, and a portfolio of industrial/commercial opportunities as well as residential
- We suggest coordination between Development Auckland and other CCO infrastructure providers (ie Auckland Transport and Watercare) be a priority and a mechanism established to resolve 'deadlocks' (e.g. referral to a CE's Coordination Group or the Auckland Development Committee)
- We consider better options for Council to capture 'property uplift' as sites are developed
- We believe better clarity should be made to the differing investment attraction roles of Development Auckland, the Auckland Investment Office and ATEED

Rates

Question 4: *What do you think the fixed portion of rates (UAGC) that everyone pays should be?*

Our Responses:

- We acknowledge that Auckland Council sets a fixed portion of rates, known as the Uniform Annual General Charge ('UAGC'), to ensure that every ratepayer pays the same minimum contribution for council services
- We note that after reviewing a range of options, the Council is proposing to keep the UAGC at its current level of \$385 per year for 2015/16 (or 12% of total rates)

⁸ http://infocouncil.aucklandcouncil.govt.nz/Open/2014/11/GB_20141127_AGN_4576_AT.PDF (pp 149-152)

- We note, however, that a higher UAGC negatively affects smaller businesses and the application of the UAGC on the basis of a 'separately used and inhabitable part' (SUIP) also favours larger businesses. Having a variety of commercial sites also makes a UAGC difficult to administer fairly and effectively between businesses.
- We ask that the UAGC remain at \$385 per year

Question 5: Do you support gradually reducing business property rates from 32.8 per cent of all rates to 25.8 per cent over the next 10 years (the business differential)?

Our Responses:

- We acknowledge that when Auckland Council was formed, businesses were contributing 34% of the overall rates even though their properties only made up 17% of Auckland's total property value, and that the Council decided to slowly reduce the share paid by business from 34% to 25.8% by 2022/23 because they were too high
- We note, however, that as a result of the 2014 revaluation, which saw business properties increase by much less than residential homes, Council is now adjusting this – to reduce the adjustment more slowly, to instead reach 25.8% by 2025/26
- We note that Auckland businesses will pay 2.63 times more than other ratepayers, or \$150 million more, than if there were no differential
- We note that the policy reasons for Auckland Council applying a business differential (ie that business ratepayers make more use of council services like transport and stormwater than residential ratepayers, and are better able to afford rates as they can claim back GST and rates can be claimed against income tax) are unsound, particularly when applied to small businesses
- We note that the Shand Report on *Funding Local Government* recommended against rating differentials.
- We ask that Council keep to a reduction adjustment to reach 25.8% by 2022/23

Upper Harbour Local Board

Question 6a: Which local board does your feedback relate to?

Upper Harbour Local Board

Question 6b: Do you support the proposal for your local board area?

Our Responses:

- We note that the local activities that the *Upper Harbour Local Board* is promoting as part of the Long-term Plan 2015-2025 include:
 - Support of the Youth Employment Traction Hub project
 - Identifying local economic initiatives in partnership with the North Harbour Business Association (\$35,000)
 - Financial Policies (Advocate for the review of development contributions and financial policies, with attention paid to current and future population growth and the subsequent need for infrastructure and the acquisition of open space to cater for the growth. Emphasising the importance of neighbourhood parks in new subdivisions).
- We support these projects and advocacy by the Local Board, but suggest that \$35,000 for identifying local economic initiatives in partnership with the North Harbour Business Association is inadequate.

- Note that certain aspects of the *Upper Harbour Local Board Plan 2014* have not been picked up by the Long-term Plan 2015-2025 (and perhaps are now unfunded or unsupported). These include:
 - Advocate for the ongoing provision of business land to meet increasing demand
 - We ask that this advocacy be included in the *Upper Harbour Local Board* part of the Long-term Plan 2015-2025.
- We also hold concerns about future investment in the QBE (North Shore Stadium).
- We are also concerned with the absence of investment for projects which leverage connectivity between education and business (and request funding to develop a pilot programme)
- We support the ongoing review of future commercial options at Whenuapai for commercial passenger and freight services due to the impact and flexibility this provides in terms of long-term infrastructure.

Any Other Feedback

Water/wastewater charges

- We acknowledge the proposed increase by Watercare of water/wastewater charges of 2.5% in first two years and increase to 3.6% each year thereafter
- We note the New Zealand Inflation Rate was recorded at 0.8% in the fourth quarter of 2014, and is forecast to remain less than 1% for 2015⁹
- We note that the BERL overall cost index for local authorities (LGCI) annual average percentage change for June 2014 was only 1.13% and is forecast to be 2% in June 2015¹⁰
- We note that the EMA has raised concerns that Watercare imposes a wastewater differential on business of between 1.53 and 1.85 that means the business sector is paying \$39M more than the domestic sector per annum that is more in the nature of a tax than a service charge
- We note that the EMA strongly objects to this wastewater differential and wants it phased out over 3 years
- We ask that Watercare's water/wastewater charges be kept to the rate of inflation (0.8%)

Other fees and charges

- We note that Council says that most council charges will increase with inflation each year
- However, it is noted that some council charges for resource management and building licence inspections are increasing beyond levels of inflation or the overall cost index for local authorities (LGCI) annual average percentage change. Council expects there to be additional revenue from fee increases of \$4.5 million per annum.
- We ask that Council's fees and charges be kept to the rate of inflation (0.8%)

Contributions Policy

- We see a greater need for transparency and clarity across the Contributions Policy to ensure developers can assess the financial viability of their projects early in the process. Council must recognize that if the price of contributions becomes uneconomic, then the rate of new development will halt, affecting the ability to deliver increased employment and opportunity for Auckland. Further considerations should

⁹ Reserve Bank of New Zealand

¹⁰ BERL, *Forecasts of Price Level Change Adjustors – 2014 Update: Note to Society of Local Government Managers* (October 2014), page 10

reflect cost recovery opportunities for new infrastructure and support achieved through new or expanded infrastructure and services.

- The Watercare Services Ltd 'Infrastructure Growth Charges' completely lack transparency and a questionable legal basis. They are not mentioned in any of the Long Term Plan consultation documents, yet are a significant cost to development.

Waste Management

- We note the proposal to continue to implement the Waste Management and Minimisation Plan over a slower timeframe than previously proposed to enable any risks associated with new technologies and funding changes to be carefully managed. The proposal is to move to a full user pays regime for refuse collection and introduce an enhanced recycling service (regional Resource Recovery Network supported by Community Recycling Centres) and organics collection service in urban areas. We support a full user pays system being introduced as soon as possible.

Business Improvement District Programme

- Note that the Business Improvement District (BID) programme "to enable economic development in town centres and industrial/commercial areas" is now being managed and supported under the Auckland Development set of activities.
- The overall BID targeted rate is \$16.1M (excluding GST) for 2015/16.
- We ask that "100% of the targeted rate" be returned to the BIDs and not be used to fund internal BID Partnership Team costs.

Parking

- We note that Auckland Transport undertook consultation on an 'Auckland Parking Discussion Document' in 2014.
- We note that the North Harbour Business Association and its members made submissions opposed to paid parking in and around the North Harbour Business Area.
- We note that the Long-term Plan and Regional Land Transport Plan do not specifically consult on paid parking, but appear to assume it will be introduced region-wide.
- We note that the Board of Auckland Transport will be considering paid parking during deliberations on a Parking Strategy at closed session Board meetings in March and April 2015 and wish to register our opposition to paid parking being introduced.
- The North Harbour Business Association believes that a one-size fits all approach to parking applied across Auckland will not work as parking demands of broader commercial areas differ from those of town centres.
- Many of the parking issues in our area are caused by commuters travelling through the area to the CBD and beyond. Parking issues around the successful park and ride sites are also causing problems. The majority of demand in the area is for all day parking because there are no real alternatives for the estimated 24,000 employees.
- Parking is a major problem and impacts on business. Another option may be that requirements should change so that buildings require greater internal parking or there should be more flexible options (e.g. regular local buses from a centre point into Albany over peak times) to reduce parking on the road.
- We oppose paid parking in the North Harbour Business Association area.

Economic Development

- We are concerned that local economic development initiatives are not being given emphasis. We would prefer deferment of some 'Community and Lifestyle' projects to enable these funds to be reallocated against transport and infrastructure improvements, which have a far reaching impact across the entire community – with benefits realised 24/7.

Other Feedback - Regional Land Transport Plan

Every three years Auckland Transport is required to prepare and consult on a Regional Land Transport Plan ('RLTP'), which forms the basis for funding from Auckland Council and Central Government.

In the Introduction, the Chairman, Dr Lester Levy, remarks that *"the Long Term Plan (the sister document to this RLTP) paints a somewhat bleak picture, one in which Aucklanders get to choose between poor transport outcomes or paying an extra \$300 million a year."*

Auckland Transport released its draft RLTP 2015/25 on 23 January, with submissions closing at 4pm on Monday 16 March. With a focus only on the RLTP, Auckland Transport is asking the three technical consultation questions:

(1) Do you agree with the criteria we have used for prioritising projects, and the way the methodology has been applied?

Our Responses:

- We acknowledge that the criteria used for prioritising the Auckland Transport projects is set out in Chapter 4 of the RLTP and includes a Problem Definition, Benefit Identification and Strategic Response.
- We note that the criteria emphasise a transformational mode shift to public transport as the primary means of addressing congestion¹¹
- We note, however, that modelling (including the proposed projects) estimates that weekday public transport patronage will only make up 12 per cent of peak period trips and eight per cent of daily trips by the mid 2040s.
- We note that the modelling also shows that private vehicles are projected to remain the dominant mode of transport for work, education and social activities.
- This modelling reinforces the need for balanced investment between PT vs. private motor vehicle as reflected in our priorities in question 2.

(2) Do you agree with the way we have prioritised projects with the constrained funding available?

Our Responses:

- We note that the way Auckland Transport has prioritised projects in the *Basic Transport Network* is set out in Chapters 4 and 16 of the RLTP. In particular, each project has been ranked.
- We ask that the following local transport projects be prioritised:

¹¹ http://www.beehive.govt.nz/sites/all/files/Government_response_to_Auckland_Plan.pdf

- Albany Highway (while we acknowledge this project has commenced, we look to inclusion of improved exit safety and flow when turning left from SH18 into Albany Highway)
- Albany Highway South (Sunset to SH18) (Upgrade of Albany Highway from SH18 to Sunset Road. Provides the connection between two major projects (being the Albany Highway North Upgrade and the Glenfield Road Stage 4 Upgrade). Aims to widen the road to two lanes in each direction. Provides for on-road cycle lanes, provide for pedestrians and improve services/utilities)
- Northern Busway Extension Stations (as well as measures to reduce local congestion caused by use of the Park & Ride facilities)
- Development of Priority Lanes for freight, buses, business services (courier/logistics) either under a user pays model or for restricted timeframes

(3) Do you agree with the way we have prioritised other projects, which would be brought into the programme if more funding was available?

Our Responses:

- We note that the Auckland Plan Transport Network Option proposes an ambitious programme of roading and public transport projects. However, the Council's own modelling results show that, even if these projects are implemented, congestion is forecast to increase significantly from 2021, affecting the majority of trips on the Auckland network.¹²
- Congestion is likely to have flow-on effects to the ability of Auckland's transport network to support economic activity: congestion will be significant throughout the working day, making business related travel more difficult; travel time to key economic centres, including the city centre, airport and ports, is forecast to increase significantly; and although the workforce is expected to increase by 30 per cent, the number of potential employees available within 45 minutes travel by private motor vehicle or public transport will only increase marginally after 2021, suggesting overall network performance will limit the productivity gains from a larger workforce.
- The Auckland Plan Transport Network Option estimates \$12 billion in additional funding will be needed over the next 30 years to deliver the proposed transport programme. The cost of the proposed programme, particularly within the next 10 years, will pose significant affordability challenges for Auckland Council.
- The Auckland Plan Transport Network Option proposes new mechanisms to provide additional funding and notes that Aucklanders will need to provide a significant part of this funding (e.g. fuel taxes or motorway charges). It is not clear whether the additional costs of any proposed new projects are outweighed by benefits to users of Auckland's transport system. It is not clear that equity and fairness issues, such as ensuring that the benefits from additional funding streams fall to those (such as road users), who will be paying, are proven.

We support the additional projects in the Auckland Plan Network (first decade) across, public transport, road improvements, transformation projects, walking and cycling, AT Safety programmes and renewals. However as previously stated, this support is conditional upon availability of affordable funding, and evidence that such investment will deliver greater efficiency to our commercial members.

¹² <https://at.govt.nz/media/917219/RLTP-Comprehensive-project-descriptions.pdf>