

**Employers and Manufacturers Association
(EMA)**

Submission to the

**Draft Government Policy Statement on Land
Transport 2024-2034**

March 28, 2024

Introduction

The Employers and Manufacturers Association (EMA) is largely supportive of the goals outlined in the Draft GPS Transport, especially the focus on economic and productivity growth and the desire to improve the movement of both freight and people across the country's economic powerhouse that in the Upper North Island.

As various studies commissioned by the EMA, Northern Infrastructure Forum (NIF), the Western Bay of Plenty Infrastructure Group and Northland businesses have shown, congestion and the lack of interconnectivity across that economic region has cost GDP growth significantly while also costing the region socially (as I write Auckland's Southern Motorway outside my office window is its usual Easter holiday carpark).

The GPS rightly highlights underinvestment, the resultant deterioration in networks and the lack of resilience, sub-optimal delivery and the lack of action in implementing alternative funding options.

But the GPS also highlights another weakness in our system, which may only be partially addressed by its extension to a 10-year timeframe.

The unfortunate reality is that unless a number of the projects behind the strategies are introduced within the next few years, then several of them will be consigned to the dustbin again whenever the Government inevitably changes.

We can't continue to plan and build transport infrastructure this way and the hope is that the combined influences of the 30-year plan from the National Infrastructure Commission (NIC) and the yet to be formed National Infrastructure Agency (NIA) will reduce the rapid leaps in change of strategic direction.

The previous GPS Transport is barely six months old. Division along political lines doesn't provide an optimal outcome for land transport needs.

NZTA will also need to sharpen its focus on delivery, especially on getting business cases completed in a timely manner and in its procurement. It's not too many years ago that NZTA was regarded by the infrastructure sector as the best government agency to deal with for procurement. It is not there now, while revisiting business casing has become almost as much a handbrake on major infrastructure delivery as the RMA used to be pre-fast-tracking.

The EMA welcomes the opportunity to provide feedback on this latest GPS Transport, and would also note our general support for submissions from the NIF and the infrastructure groups we both support and belong to in the Bay of Plenty and Northland.

More specific feedback follows.

Economic Growth and Activity

The EMA's support for enhanced land transport strategies across the country has always been based on the principle of better infrastructure supports economic growth and enhanced productivity.

Our 2019 study from NZIER showed the still-quoted loss to GDP in Auckland from congestion was \$1-1.3 billion annually – a number that has only grown. For the man-in-the-van economy that was one to two jobs per day and for the larger scale businesses that meant costs of longer delivery times, more staff and resources to do the same jobs and loss of productivity as goods, products and raw materials were help up in transit.

Subsequent studies across the country have highlighted similar issues from deteriorating or not fit for purpose land transport networks.

You only have to look at the economic disruption across the country when weather events break and constrain our networks to understand why an economic and productivity focus is critical.

Northland and the Coromandel are obvious examples within the EMA region where more resilient and efficient transport infrastructure is a key to boosting growth and maintaining both economic and social resilience.

We also support separating the maintenance budget from new construction as the degraded state of roads has led to a direct increase in maintenance for freight fleet operators and the costs of damage for private motorists.

While the economic focus is welcome, it shouldn't be so narrow as to rule out the safety and amenity values of active modes. Dedicated walking and cycling pathways are far safer than jamming disconnected cycleways into existing and often congested road corridors in our major cities.

RoNS

Given the bulk of the RoNS programme is in our Upper North Island membership region, the EMA strongly supports this programme.

Projects north and west of Tauranga, south of Hamilton, within Auckland and through to Whangarei around the problematic Brynderwyn Hills will go a long way to enhancing economic growth but also to encouraging housing development in those unlocked areas in and around those cities.

The economic benefits were quantified in the NIF report on the extensions to Wellsford and Piarere while those new 110kph roads south of Hamilton and north of Auckland to Warkworth are also amongst the country's safest roads.

These grade-separated, 4-lane highways will almost complete a network connecting the three major Upper North Island ports, creating a functional corridor from Warkworth to Whangarei and likely encouraging more economic growth north of Whangarei.

Funding remains the critical question for the implementation of this programme.

Public Transport (PT), Rail and Auckland Issues.

Despite the common perception, Auckland does not receive its appropriate share of transport funding on either a per capita or percentage of contribution basis.

Auckland, with about a third of the population, contributes more than a third to the economy with the downtown city area contributing about 7%.

But as Auckland's congestion issue grows its public transport funding is being decreased.

In the context of plans for housing growth, maximising the benefits of the City Rail Loop (CRL) and the prospect of introducing congestion charging the timing of that reduced investment is off.

The focus on completing the Eastern Busway and developing a new Northwestern Busway is much needed, but as the city continues to grow outwards as well as upwards the need for more PT connections to new suburbs grows as does the cost of the necessary supporting infrastructure. A perfect example is the rapid expansion around Riverhead/Coatesville with no supporting PT or significant new connections or upgrades to existing road links to accommodate additional PT, private and freight vehicle access.

Inner city Auckland, where infrastructure already exists, is among the least densified city centres in the world. The CRL creates an opportunity to further intensify the city centre and improve the vibrancy, attractiveness and security of downtown and the inner-city suburbs.

Completion of CRL is a laudable goal but a better one is maximising its efficiency and usage. More than 30 level crossings need to be grade separated or closed but only a handful will be completed by the time it finally opens.

The GPS also asks for greater contributions from the PT fare box. Fare box revenue and utilisation has yet to recover to pre-covid levels and price increases directly correlate to a drop-off in patronage.

This is at a time when both Central and Local Government are drawing up design plans for introducing congestion/time-of-use charging on arterial and motorway networks around the city. Opponents of such a scheme continually highlight the need for good PT to provide an alternative.

The ideal time to introduce congestion charging would be around or just following the opening of the CRL. But current PT also needs to be optimised to support the arguments for congestion charging.

Rail funding is rightly separated from the funding pool created by user pays on our roads but there are rail projects that could enhance the land transport network and the GPS may have missed a trick on supporting those.

The fourth main rail line for Auckland benefits both freight movement off the wharves at POAL and into the network while also creating the possibility of a commuter rail express from Puhinui station (close to the airport) with a further fast link to the airport terminals – probably bus.

If Northport is to play a greater role in freight movements to and through Auckland, then a rail link from the port to an inland hub may also present a sound business case to overall enhancement of the transport links north.

Funding and Financing

Transport-based city or regional deals, greater use of tolling, PPPs, overseas investment and time-of-use/congestion charging are all welcome additions to the funding mix.

None are a silver bullet to New Zealand's chronic underinvestment in transport infrastructure but all should be in the mix.

Tolls should be applied to the new RoNS while the level of tolling on existing roads should also be revisited, as should the costs of collection. The toll on the road from Auckland to Warkworth does not reflect the fact the four-lane highway has now doubled in length – the toll has not.

Despite the ideological aversion, PPPs do work when managed well and many jurisdictions elsewhere in the world utilise that private sector expertise. They can also be used contractually to upskill our own workforces through the procurement process.

Congestion/Time of Use Charging

EMA-commissioned research demonstrated the value to businesses of these charges several years ago. The relatively minor costs have much larger scale benefits for businesses of all sizes.

The questions of social equity for those in stretched financial situations that still have to travel at peak times can be addressed through links to existing social equity schemes like community services and gold cards or

discounts. These are much easier to implement in the digital systems that exist now.

Waiting for a fully developed public transport network as an alternative is not an option. Demand growth for private and freight traffic continues to outstrip growth in the use of public transport and alternatives and will continue to do so as a post-covid Auckland continues to outstrip population growth projections.

Congestion charging and ongoing improvements in public transport work alongside each other to reduce congestion. It is not a case of one or the other, although coinciding the introduction of congestion charging with the opening of the CRL is good timing. The EMA also favours hypothecating a portion of the congestion charge to funding the ongoing development of transport networks, including PT.

A successful implementation in Auckland will pave the way for other cities to look at this option.

Emissions

Although not a focus in this most recent GPS, transport emissions need to be reduced. Electrification of the fleet is probably the fastest route to significant reductions. This requires the obvious upgrade to the charging network. That poses separate issues for electricity demand management and electricity transmission.

Deferring alignment with emissions reduction policy until the completion of the second Emissions Reduction Plan (ERP) adds a sense of urgency to completing that plan.

Summary

The EMA is very supportive of the focus of the new GPS Transport and looks forward to further engaging with the Government on the details of the plan's components.

Funding and delivery remain our key concerns, alongside the lack of political alignment to deliver the land transport network New Zealand needs to enhance productivity and economic growth.

For questions or clarifications on this submission, please contact:

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About the EMA

Established in 1886, the EMA is New Zealand's largest business association representing more than 7,000 businesses in the upper half of the North Island. Combined, our members are responsible for employing around 25% of the country's workforce.

We are the unapologetic voice of the business community, advocating strongly on behalf of our members and the wider business community to ensure their voices are heard by government and decision-makers. In collaboration with our nationwide network, including BusinessNZ, Business Central, Business Canterbury and Business South, we represent and support over 76,000 member companies.

As a not-for-profit association, we provide trusted, expert and affordable advice to our members. Delivering a wide range of services, including learning and training courses, health and safety advice, employment support, and HR and PX services, we support our members to upskill and build capability in their teams.

More broadly, we aim to create an ecosystem of support for all businesses in New Zealand, enabling them, their people and their communities to prosper.

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