Government Plans Auckland's Economic Future

Joel Cayford
7/10/2008

Auckland should be afraid, very afraid, of election promises threatening years of local government work to smarten regional economic development and stop urban sprawl.

With weeks of campaign commitments still to come, National has promised to rewrite the Resource Management Act within hundred days of getting elected, and Labour has promised to build a toll-free Penlink Motorway which will open up the Hibiscus Coast to a new wave of speculative development. And there will be no shortage of development interests lobbying both parties to further loosen planning controls, build more roads, and let greenfield property development rip.

The Metropolitan Urban Limit imposed by the Auckland Regional Council (ARC) almost ten years ago was widely criticised at the time, as was its support in 2005 for shifting $1 billion from motorway investment to public transport. These planning initiatives have slowed the sprawl tsunami that has engulfed so much rural land and led to longer and longer commutes to work and school.

ARC research reveals that transport costs amount to more than 30% of household budgets for an increasing number of low decile families living in South West Auckland. This problem can be expected to worsen as fuel costs escalate.

Already Auckland has one of the least efficient metrocity economies in the western world. Analysis shows that a full 13% of Auckland's productive revenue is expended on transport when its annual cost of transport is compared to its regional GDP. In modern Asian and European cities the comparative figures are 6% and 8% respectively.

Auckland's economy runs like a car with the choke out, and this is primarily because of the huge distances everything and everybody has to be transported. This economic drag will worsen with more sprawl, more and longer roads, and fuel scarcity.

It is ironic that adding value to milk through the sort of processing carried out by Fonterra, and adding value to logs before export, is regarded as sensible economic development by central government and political parties, but the same thinking is not applied to the development of land.

This has not always been the case. Between 1925 and 1950 it was government policy to develop urban rail from the proceeds of land development. The 1926 Town Planning Act imposed a 50% capital gains tax on land zoned for intensive development. This funded rail infrastructure and state housing as well. In 1953 this provision was repealed, and developers pocketed all windfall gains from rezoning.

It is obvious that an economic incentive like this turns greenfield development into a goldmine. While the recent Local Government Act (2002) developer levy regime has taken some of the cream from these profits as a contribution to infrastructure costs, developers continue to enjoy huge short-term gains when their land shifts from rural to urban zoning.

Developers tell me they'll still take their chances by investing in land just over the current metropolitan limit, rather than risking a mixed use urban regeneration project in Auckland, North Shore, Waitakere or Manukau Cities. Yet these are the developments Auckland needs more of, if it genuinely wants to become more economically competitive. But brownfield redevelopment projects need good urban design, and they will only happen if councils recognise and encourage good urban design, and when councils reward developers by supporting such projects and speeding them through consent processes.

According to urban design authorities Jacobs and Appleyard good urban regeneration design means: liveable streets and neighbourhoods; a minimum density of residential development as well as intensity of land use; an integration of activities – living, working, shopping – in reasonable proximity to each other; buildings that define public space - as opposed to lonely buildings that alienate the public realm; and separate, distinct buildings with complex arrangements and relationships - as opposed to a few, large buildings.

This sort of development is about place-making and people destinations. And it needs careful funding and more planning. Not less planning.

The New Lynn rail station and town centre is the first significant example of this sort of thinking on the ground in Auckland. It needed almost $200 million central government investment. Auckland's waterfront needs government investment too – not necessarily a stadium – perhaps a gallery, museum (like Te Papa), convention centre, or national Polynesian maritime heritage venue. The economic multiplier effects of this sort of government investment are known to be huge over the long term. Auckland could leave its tinsel-town short-term profit-taking image behind through government investment in cultural and network infrastructure.

This is the sort of government intervention Auckland needs now so all of New Zealand can truly benefit from this special part of the world.

ENDS