



**EMA Submission**

to the

**Productivity Commission**

on the

**Better Urban Planning Draft Report**

**Submitted**

**October 2016**

## About the EMA

The EMA has a membership of more than 4000 businesses representing around 40% of the New Zealand workforce.

The EMA advocates on behalf of its members to bring change in areas which can make a difference to the day-to-day operation of our members, such as RMA reform, infrastructure development, employment law, skills and education along with export growth.

We have a solid reputation as a trusted and respected voice of business in New Zealand, and our presence makes a difference. Therefore, we are constantly called on to speak at conferences, comment in the media and partner or provide advice to Government on matters which impact all employers (such as ACC, health and safety, pay equity).

The EMA also provides its members with employment relations advice from industry specialists, a training centre with more than 600 courses and a wide variety of conferences and events to help businesses grow.

## CONTACT

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## Submission

The EMA welcomes the opportunity to submit on the Productivity Commission's Better Urban Planning Report.

The EMA is largely supportive of the findings of a report that thoroughly sets out the issues facing urban planning in New Zealand while making a number of pragmatic and practical recommendations.

The EMA welcomes changes that will enhance the current planning regime and give rise to a strategic focus on infrastructure-led development in this country.

At present provision of infrastructure largely follows development leading to the current national infrastructure deficit and the situation in Auckland and other fast growing regions

where it is almost too late to provide the infrastructure required to support the rapid business and residential growth being experienced in those areas.

The recent, almost approved, Auckland Unitary Plan also highlights an ongoing deficit in urban planning – a lack of co-ordination between land use planning and transport planning. The Unitary Plan makes land use provision for more than 420,000 new homes in Auckland through a combination of green field development and intensification but is entirely silent on the provision of transport infrastructure, both public and private to support that intensification and development.

Indeed some areas marked for intensification in Auckland’s Unitary Plan already feed into some of the City’s most congested arterial and major road routes.

The EMA also largely supports the comments made by Business New Zealand in its submission to the Commission, therefore our organisation restricts its additional comments to the following:

### **1. Legislative separation of planning and environmental protection?**

While the Commission is considering two options, the EMA believes this is the wrong conversation to be having at this time.

The EMA partnered with Property Council NZ and the New Zealand Council for Infrastructure Development to commission the Environmental Defence Society (EDS) to produce an evidence-based report into the effectiveness of the RMA in protecting the environment.

The report “Evaluating the Environmental Outcomes of the RMA” is available at this link [www.ema.co.nz/resources/Pages/reports.aspx](http://www.ema.co.nz/resources/Pages/reports.aspx)

The key finding of the report is that the while the values and key goals of the now 25-year-old legislation are widely supported the founding and much amended legislation has largely failed to deliver those goals. This is often the result of poor implementation with lack of capacity, lack of capability and capture of the implementing organisations by special interests cited as three of the major causes of poor environmental outcomes.

The report also highlights the fact the RMA, the first piece of legislation to combine environmental and planning outcomes in the same Act, does not align well with current major planning legislation such as the Local Government Act and the Land Transport Management Act and it is also often cited or used to over-rule or undermine the protections provided in other resource focused legislation.

While the RMA is often blamed for many of the woes experienced in our planning systems it carries the can for faults in our wider resource management system.

It is widely accepted the current system does not cope well with economic development, rapid growth and the needs of business. But the EDS report also firmly establishes the case that the RMA is also failing in its goals to protect the environment.

Therefore the EMA believes that rather than deciding on further refinement of current law or separation of environmental and planning law, the time has come for a much wider and more mature national conversation about the future of our resource management system.

We support a wide ranging and binding discussion on the future of our environmental and planning legislative framework and systems – perhaps a Royal Commission – before going further down the path of trying to amend or improve current legislation that has now been taken down so many different pathways to places it was never meant to influence or control.

## **2. Centralisation of environmental enforcement, or greater oversight of regional councils?**

As the Commission notes, monitoring of environmental outcomes by regional councils has been disappointing and the paucity of information and monitoring was noted and highlighted by the EDS report commissioned by the EMA.

This scenario lends itself to the idea of central monitoring by a separate agency with an enforcement capability of those councils that fail to report and monitor.

The EMA is agnostic as to which agency that might be, but a system of audits of council performance and monitoring is a desired outcome.

Just as Treasury requires updated audits on the state of infrastructure within the Education and Housing portfolios, an organisation that requires Councils to audit the state of the environments they are supposed to be managing and monitoring would give clear signals to the business and other affected communities about what is happening within their districts.

These audits would show which projects are delivering successful or failing environmental outcomes, make a case for enforcement measures against failing developments, and how those results can be applied to future development projects to enhance or maintain environmental results.

## **3. Uniform Annual General Charge**

The EMA supports Councils taking a more pragmatic user pays approach to the application of the Uniform Annual General Charge as they currently remain too low and do not reflect the actual costs of services to ratepayers included in the charge.

For example the original \$350 charge at amalgamation in Auckland was too low. The amalgamating councils had varying uniform annual general charges that when combined gave an average of the proportion of rates paid for by a UAGC of 18.5%. A UAGC then would have been \$507. But Auckland Council decided on a low figure of \$350 and there have been only small increases since.

The Uniform Annual Charge is a critical part of the rating system. Under the Local Government Act, it can make up to 30% of the rates take. At just 20% of the rates take in

Auckland the UAGC would be \$550. We would also support Business NZ's suggestion of a UAGC higher than 30%.

### **Business Differential**

The EMA does not support the continuation of large business differentials on rates.

Our arguments against maintaining very high differentials are:

#### A Higher Level of Benefit for business should mean a higher proportion of rates paid by business?

The allocation of benefits between business and residential sectors requires sweeping assumptions that are difficult to quantify. In a system currently based on capital value, there should not be a differential. The Shand report on Funding Local Government makes the same point.

Councils attempt to justify the differential on the basis of higher road maintenance and storm water costs from business properties. However, businesses arguably do not gain the same benefits as residents from community services, parks, libraries, swimming pools and other Council-funded social programmes and activities. You could possibly, on a user pays basis, make a case for a higher residential rate with a lower business rate.

#### Deductibility and GST argument spurious

The argument that businesses have greater ability to pay because they are able to deduct GST has no validity. If this was the case then the differential should be 100% of residential rates plus GST.

The ability to pay is not based on the deductibility of expenses, but on net profit or income.

### **PPPs**

The EMA encourages Councils to identify and utilise opportunities for Public Private Partnerships as a procurement method for large-scale infrastructure projects. PPPs provide a financing opportunity to Councils at a time when they are struggling to fund major projects. They can quickly and cost effectively provide the necessary infrastructure to support both business and residential growth.

While accepting individual Council projects may be too small to attract a PPP, a case can be made for aggregation of projects across close geographical or multiple jurisdictions to create a scale and project pipeline attractive to those in the PPP sector.

The EMA would support expansion of the current PPP office function within Treasury to assist at both local council and central government procurement level in identifying such projects and lending its capabilities to support less capable jurisdictions in shepherding successful projects through such a pipeline.

### **Tolling and/or congestion charging**

The EMA largely shares the view of Business NZ on introducing tolls to existing road networks that have already been paid for by tax and/or rate payers.

But there is a pressing issue emerging in Auckland where the Auckland Transport Alignment Project (ATAP) has identified a \$4 billion funding gap in its early phase programme of \$23 billion of transport projects to alleviate congestion in the city.

ATAP is silent on funding and implementation of these projects but suggests a congestion charging regime will be introduced in about 10 years' time that will reduce congestion on the revamped existing road network while bringing about the behaviour change required to present public transport as a viable option to Aucklanders.

It makes this recommendation without presenting a compelling case to support the introduction of tolling to Aucklanders and with the acknowledgement that congestion in the city will only get worse for the next decade or more.

The lack of supporting evidence for the introduction of congestion charging in Auckland is an issue that must be addressed.

There needs to be compelling research to show Aucklanders the productivity and time saving gains available from such a charging regime and there needs to be more urgency attached to the time frames outlined in ATAP.

Given the frustrations of congestion for Aucklanders now and the comparatively long time frame before congestion charging is introduced to manage the issue, there may be a case for the earlier introduction of a temporary regime to fund and speed up the timetable for delivery of the entire \$30 billion ATAP programme.