

“Working well, cities are engines of economic prosperity”

The issue:

Auckland has low productivity when compared to other new-world, developed cities. We simply do not seem to be generating the agglomeration benefits to be expected of a city our size.

Auckland is not the ‘engine of prosperity’ it should be.

Why is our productivity low?

There are many causes cited; typically low capital investment per worker, low research and development spending, low competitive pressure on companies, and too high company tax. But in every list there’s also

lagging infrastructure development.

But what sort of infrastructure?

Not all infrastructure investments will produce equal benefits. Yet discussion on infrastructure is almost exclusively around how it’s funded and what procurement method to follow. The actual infrastructure provided is usually politically motivated.

Surely the first question should be:

what sort of new infrastructure will most effectively raise Auckland’s productivity?

Time for a fresh approach?

Infrastructure NZ has called for an independent public body to research and advise on new infrastructure. We support their call, and we suggest this is expanded into a broader exploration of designing the city. For while urban growth is partly organic, driven by many different players with different agendas, it is also significantly driven by the sort of infrastructure provided.

A public-transport driven infrastructure approach will create a very different city to a more-roads-as-usual approach

Could our transport system be damaging our economy?

Not so long ago, this suggestion would have seemed ridiculous. But the NZIER study released last week on the costs of congestion in Auckland have shed new light on the relationship between urban transport and productivity. Our woefully low public transport use sets us apart from our comparator cities, and must surely be having an economic impact.

A focus on the fundamental design of the city is needed as a part of moving forward with the design-led city concept. Otherwise it’s just window-dressing.

Productivity Commission –“Better Urban Planning” 2017

“The urban planning system and a lack of land transport and water infrastructure have been barriers to agglomeration by preventing increases in housing supply from meeting demand, boosting housing costs and inhibiting people from moving into economically successful, highly productive urban areas.”
OECD Economic Survey June 2017

“While infrastructure investments have been stepped up in Auckland, they still appear to be lagging behind the requirements of such a rapidly growing population. A major problem is that the Auckland Council has weak incentives to invest in amenities to facilitate growth, as local ratepayers bear much of their cost, but the fiscal benefits flow mainly to central government.”
OECD Economic Survey June 2017

The recent (6 July) Property Council breakfast on “The infrastructure issue – Holding Auckland Back” had speakers addressing all manner of funding mechanisms and PPP procurement options, but no mention of what sort of infrastructure is required.

“We could improve public understanding of infrastructure challenges and better support national investment by establishing an empowered national body charged with identifying infrastructure needs. Scotland’s plan-led approach gives greater certainty and better balances strategic priorities with local interests than New Zealand’s effects-based RMA system.”
Infrastructure NZ June 2017

It may seem as though great progress on Auckland’s train, bus and ferry system has been made over the last decade, but it has barely kept ahead of population growth, and user numbers remain at around 45% of those in cities we’d like to emulate. The annual number of rides on public transport per urban dweller for Vancouver, Melbourne and Sydney in 2016 were, respectively 156, 128, 119.

Auckland’s comparable tally is just 56.