



Auckland Matters

The AA's Auckland infrastructure issues newsletter

MAY 2014 | ISSUE 01

GUIDING
LIFE'S
JOURNEYS
FOR OVER
110 YEARS.

New Zealand
Automobile
Association



ISSUE 1: A SNAPSHOT OF THE VIEWS OF OUR AUCKLAND MEMBERS

From the policy team



Welcome to the first edition of Auckland Matters, the AA newsletter on Auckland transport infrastructure issues.

In these pages we'll shed light on areas of the debate we believe warrant more attention. We'll tell you what our Auckland Members think; and we'll tell you what we think needs to be done when it comes to policy.

This first edition is designed to provide a snapshot of the views of our Auckland Members on general transport issues; further ahead, each edition will focus on a specific issue, for instance funding, public transport, or project choice.

Whatever the subject matter, our aim will be to raise awareness, encourage debate, and push for policy approaches that will help to deliver the best outcomes for Auckland.

I really look forward to the feedback from all stakeholders as Auckland Matters takes shape.

Mike Noon, GM Motoring Affairs

Introduction: Proceed; with caution

Auckland AA Members strongly support infrastructure development across all transport modes, but once the dollar impacts get personal, support falters and the focus goes on trimming costs.

That's the main take-out from a comprehensive research project we completed earlier this year on the views of our 285,000 Auckland AA Members.

As Council prepares to lead Auckland through a once-in-a-generation debate on infrastructure development, our advice to officials is to proceed, but with caution.

It is essential that they build on initial support for the infrastructure vision by

packaging and explaining the full programme – warts and all – in a way that secures genuine and lasting public buy-in, and it's essential that they get it right. Failure to do so could see projects rejected and, in a worst-case scenario, the future of the entire programme compromised.

Who are our Auckland Members?

The AA has 1.4 million Members nationwide – around 900,000 personal and the rest business. Approximately 285,000 of our personal Members are Aucklanders.

Our Auckland Membership is a diverse group, and includes people of all driving ages, ethnicities, and income levels, from all corners of the city.

Though not perfectly representative of the city as a whole, the views of Auckland Members provide an important window into what Aucklanders are thinking and feeling.

Auckland AA Members

Number	285,000
Gender split	47% men; 53% women
Average age	50 yrs
Average Membership tenure	14 yrs
Number of call-outs to Auckland Members per year	142,000

The research

Between November 2013 and February 2014 we carried out two in-depth research projects to better understand the views of our Auckland Members. The first consisted of an on-line survey sent to more than 14,000 randomly selected Auckland Members. Questions focused on Auckland's infrastructure funding debate, and specific cost-benefit trade-offs.

For the second, a research consultancy was commissioned to carry out face-to-face interviews with Auckland Members.

Members were asked about their travel habits, modal preferences, Auckland's Integrated Transport Programme (ITP), and the funding debate, with the goal being a "conversation" with Members rather than statistical detail.

What our Auckland Members are telling us

Strong support for infrastructure development

Auckland Members want better infrastructure for all transport modes, and they want it sooner rather than later.

They believe their city has been held back by an infrastructure deficit, and are excited to see new projects brought into the frame that could ease congestion, provide transport alternatives, and energise the city.

But details are sketchy

While Auckland Members are positive about infrastructure development, awareness of what is actually being proposed is limited.

Most Members have heard of one or two of the projects included in the ITP, but few understand them in any detail or recognise them as being part of a specific programme.

There is a tendency on the part of Members to assess large-scale projects not on the basis of economic costs and benefits, but rather of civic pride and the potential to raise Auckland's international profile.

Appetite for infrastructure masks concerns about cost...

Auckland Members' appetite for infrastructure development masks deep-seated concerns about the impact of additional costs.

Though some initially say they are prepared to open their wallets to help bring the full programme to life, the willingness to pay dissipates when the costs are extrapolated out (for instance, when it's explained that

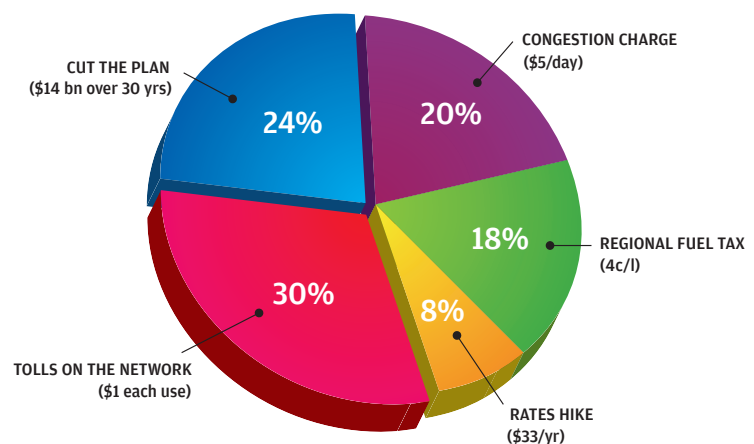
a \$2 dollar toll paid twice daily equates to around \$1000 each year).

Underlying this concern is the issue of Auckland's housing unaffordability, which is rated by Members as the chief source of insecurity when it comes to living costs.

...and willingness to cut the programme

Also, 60% of Auckland Members would rather scale back the infrastructure programme than help to fully fund it. On average, those Members say that one quarter of the \$200 million per year infrastructure funding shortfall should be met by programme cut-backs (though no specific projects were identified). Members who are less financially secure say one third of the shortfall should be met in this way.

Figure 1: Bridging the \$200mn/yr funding gap



Tolls the preferred funding option

Auckland Members prefer a user-pays approach to funding, particularly tolls on new infrastructure.

Members believe that tolls are fair – those that want the benefits pay for them; those that can't pay don't have to.

To keep the system fair, Auckland Members say tolls on new infrastructure should be backed up by a free alternative route.

But partly because they could be avoided

However, the receptiveness to tolls appears to stem partly from the fact that Auckland Members could avoid paying them. For instance, when we asked how much impact a \$3 motorway toll would have on Members, 33% said it would have no impact at all, either because they don't use the motorway or because they could avoid doing so if they had to.

Meanwhile, close to 43% of Members use the motorway only once or twice a week or less.

Funding mix should include elements of “everyone pays”

As Figure 1 illustrates, there is also support for a small “everyone pays” component to the funding model, on the basis that the benefits of infrastructure development will accrue to all Aucklanders.



Rates increases and regional fuel taxes remain deeply unpopular, but the message from Auckland Members is that they could potentially stomach a little of each.

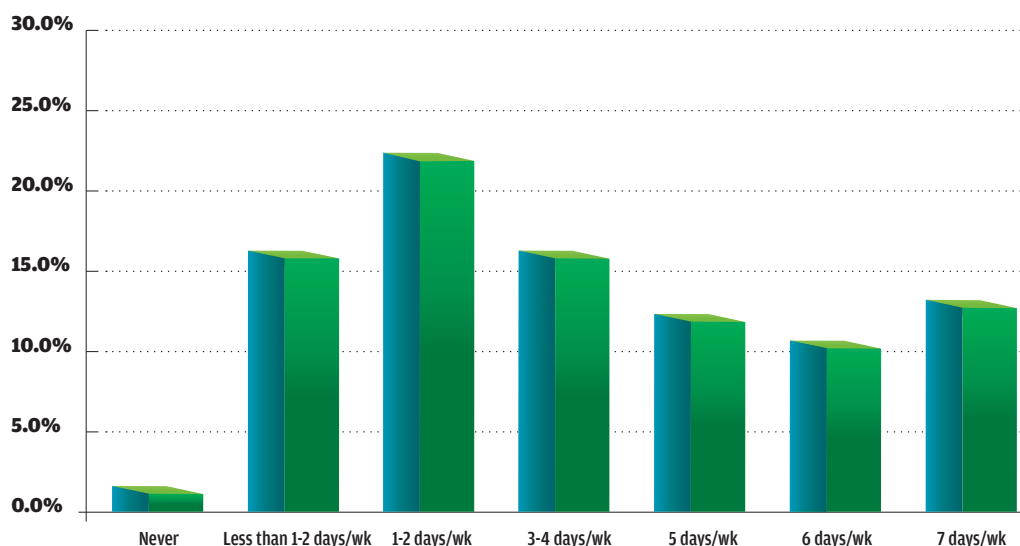
Public transport and active modes popular, but usage low

Though there is no question about the status of the private car as the default transport mode, Auckland Members strongly favour increased investment in Auckland's public transport (particularly rail) and active modes.

There is a tendency to see public transport as symbolic of the shortcomings of the network, but also of the network's potential.

Due to concerns about personal safety or the level of convenience, however, actual usage remains low. Interestingly, there is no evidence among Auckland Members of status-based attitudes standing in the way of greater use of public transport or active modes.

Figure 2: How often do you use the motorway?



Recommendations

Based on our findings, we have five high-level recommendations for officials:

1. Auckland is ready for the conversation

With careful management, a workable funding model seems possible. Though Auckland Members are not necessarily ready to commit to specifics, they are prepared to talk maturely about funding options. They recognise that, as users of the network, they are both part of the problem and the solution. In short, they appear ready for the funding conversation.

2. Expect a tough road ahead

As Figure 3 illustrates, the cost-averse response of Auckland Members is fairly typical of the public approval process around any infrastructure project: initial excitement about a vision gives way to anxiety and disillusionment as cost impacts become real. If the project survives, support trends upwards as the public better understands costs and benefits and sees success.

As the debate advances in Auckland, officials should anticipate similar sentiment from the wider public.

Figure 3: Public support for infrastructure projects



3. Be prepared to have the hard conversation

Aucklanders have embraced the infrastructure vision, and it's now time for political leaders and officials to provide them with the reality behind it, even though it may prove politically painful. To be able to make informed decisions, and to have confidence in local and central government stewardship of a \$60 billion programme, Aucklanders need far more coherent communication from officials about what the programme actually is, and they need concrete

proposals they can assess on the basis of clear costs and benefits. The longer the hard conversation is put off, the greater the risk that the overall programme will be damaged.

4. Heed the warning signs

Motorway usage patterns of Auckland Members suggest there is significant scope to miscalculate demand for any pricing of the motorway network, and for revenue generation to fall well short of forecasts (as has occurred with Brisbane's Clem Jones Tunnel).

While many could avoid road pricing mechanisms, on the motorway network or otherwise, feedback from Auckland Members points to many others simply being unable to afford them. The risk is that the programme could become a social equity cause célèbre: underprivileged groups locked out of the immediate benefits of infrastructure projects because they can't afford to pay the charges, yet being forced to pay higher rates and fuel taxes.

It is imperative that officials heed these warning signs from an early stage and avoid repeating mistakes that have been made in other jurisdictions.

5. Keep it flexible

Coming up with a workable formula will require officials to be flexible, creative and resourceful. While trimming the programme budget may prove inevitable, the approach should be one of 'cutting our coat according to our cloth' rather than simply cutting projects out. That could mean going a little further to strip out fat, eschewing gold-plated solutions, or looking at phasing options that ease the pain without limiting the eventual project scope.

As the debate evolves, officials should be prepared to test out new approaches, and make adaptations and concessions as they learn more about what will work for Auckland and what won't.

Finally, various funding options were dismissed early in the debate, but could still prove useful – value capture mechanisms in particular. These should be given further consideration, especially in light of the Council's determination to cap rates hikes, and the limitations this places on the revenue pool.

For more information contact:

Barney Irvine
Principal Advisor – Infrastructure
T. +64 9 966 8608
M. +64 27 839 9309