

26 August 2020

New Zealand Productivity Commission  
PO Box 8036  
WELLINGTON 6143

## **Submission to Frontier Firms Consultation**

### **Introduction**

The Rosebank Business Association ('Association') - 'Rosebank – Gateway to the West' - welcomes the opportunity to make this submission.

The Rosebank Business Improvement District is a commercial and industrial hub of 575-600 businesses located on the Rosebank Peninsula in the West Auckland. It has direct access to the SH16 North-Western Motorway and through the Waterview tunnel links to the SH20 Airport Motorway. Businesses in the area generate an estimated \$1 billion in revenue, pay significant rates and employ about 9,000 FTEs. The predictions are that this workforce will increase to 20,000 by 2025.

### **Background**

The terms of reference for the Productivity Commission's Inquiry into Maximising the Economic Contribution of New Zealand's Frontier Firms outlines the inquiry's purpose as: to identify interventions that could maximise the performance and contribution to the economy by frontier firms and identify practical policy levers for government to use. The Issues Paper canvasses relevant issues for frontier firms and forms a strong basis for this inquiry.<sup>1</sup>

As discussed in Chapter 6 of the Issues Paper, a key purpose of the Inquiry is to identify practical policies available to government that could lift the performance of New Zealand's frontier firms and improve the diffusion of knowledge and technology through the economy. The Commission's focus will be on the first three stages of the policy development cycle (diagnose problem; identify policy levers; and assess policy options & develop recommendations).

As an Auckland-based industrial business improvement district, the Rosebank Business Association is particularly interested in those policy settings that could influence firm level productivity, such as the current levels of investment in public physical infrastructure (such as transport) and local government regulations governing infrastructure supply and development (eg, land supply).

#### *Current levels of investment in public physical infrastructure (such as transport),*

In terms of the current levels of investment in public physical infrastructure (such as transport), the Association notes that investment in transport infrastructure through the Rosebank Precinct is of critical importance to productivity, especially the efficiency and effectiveness of the Rosebank and Patiki Roads (and their connections to SH16). Also of importance is that the Precinct be well served by public transport.

Of considerable concern to the Association are that the NZTA and Auckland Transport Policy frameworks are not prioritising firm productivity. For example, the Rosebank Road upgrade (upgrading the existing Rosebank Road to improve vehicle and freight access to and from State Highway 16 costed at \$36M) is scheduled as unfunded in Auckland's Regional Transport Plan. These improvements have been scheduled as unfunded for many years.

<sup>1</sup> <https://www.productivity.govt.nz/assets/Documents/990a36d674/Issues-paper-New-Zealand-firms.pdf>

This is contrary to the need for road corridor improvements to address congestion on the arterial network, especially congestion on the freight network (and thus, improve firm productivity).<sup>2</sup> It is also contrary to the need for network capacity and performance improvements, so that better use is made of the existing transport system to increase the number of people who can travel through key routes and corridors. The Association has advocated for many years that this must include the efficiency and coordination of traffic signals to enhance throughput and reduce delays as well as the introduction of more dynamic traffic lanes to improve peak traffic flows, and giving priority to freight movements on key freight connections.<sup>3</sup>

At peak traffic times the pace of traffic is very slow along the Rosebank and Patiki arterials, which are critical for firm productivity in the Precinct. Even outside these hours, traffic travel times are at around 40km/hr. The ability to exit driveways by large freight vehicles is now almost impossible without taking risks during any daylight hours. The Association's view is that these issues now impose severe productivity constraints on firms in the Precinct.

The Association also holds concerns regarding the practice of national freight operators beginning overnight freight delivery services (using Auckland based manufacturers / storage sites) for to North Island and South Island provincial towns in the afternoon, bringing Auckland's traffic from 2.30pm-onwards to a standstill. This is leading to a loss of productivity and the Association has consequently suggested other freight options (such as coastal shipping) being considered.

#### *Local government regulations governing infrastructure supply and development (eg, land supply)*

During the hearings of the Auckland Unitary Plan, the Rosebank Business Association, together with a number of other business associations made submissions that industrial zones (especially heavy industrial zones) were relatively scarce in the Auckland region. As noted in the legacy Manukau City District Plan, "[t]hese areas are a scarce resource of major importance because they are areas where potentially noxious activities can be established with separation from sensitive activities. Therefore, it is important that the use of this resource be maximised for potentially noxious activities and not other business activities which can be established in a wide range of other areas." (Manukau City District Plan, 14.9.6).

There are only nine small areas of heavy industry zoned land in the entire Auckland region (Silverdale, The Concourse (Waitakere), Rosebank, Span Farm (Waitakere), Onehunga/Penrose, James Fletcher Drive, East Tamaki, Wiri and Hunua Road (Papakura)). The Auckland Unitary Plan as notified did not zone any more heavy industry land (apart from a small site east of Carbine Road, Mt Wellington) within the Rural Urban Boundary ('RUB').

The Association remains concerned over the scarcity of industrial land to meet forecast demands. Nearly one third of industrial land has been used for non-industrial purposes over the past decade, principally for retail, office and residential use. The Auckland Plan states that Auckland's restricted store of industrial land must be actively managed to ensure that industrial activity – critical to Auckland's economic performance – is not impeded. This requires the safeguarding of existing industrial-zoned sites, effective reuse of brownfield sites, and the provision of new industrial-zoned land in suitable locations.<sup>4</sup>

The proposed relocation of the Sleepyhead manufacturing site from Auckland to a greenfield site in Ohinewai appears to be an example of this.<sup>5</sup>

Of equal concern is the increasing impact on the permitted use of industrial land from nearby sensitive activities (such as residential development). Reverse sensitivity, particularly associated with permitted noise effects from industrial activities, is undermining the use of industrial land. So too is the layer-upon-layer of regulation in the Auckland Unitary Plan that cumulatively restricts the uses that can be made of industrial land. Intensive residential development (which in many cases is being planned close to industrial land) has the potential to exacerbate these problems.

<sup>2</sup> See *Draft Auckland Regional Land Transport Plan 2018-28*, page 45.

<sup>3</sup> See *Draft Auckland Regional Land Transport Plan 2018-28*, page 40.

<sup>4</sup> *Auckland Plan*, paras 390 and 391.

<sup>5</sup> [https://www.nzherald.co.nz/business/news/article.cfm?c\\_id=3&objectid=12252196](https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=12252196)

In the view of the Rosebank Business Associations, these concerns need to be emphasised a lot more strongly in the way they impact on the productivity of firms. It is critical that that the use of the industrial land (in particular heavy industrial land) be maximised for use by industrial activities and not for other business, or community activities - which can be established in a wide range of other areas – or that activities in these areas are impeded by nearby land uses sensitive to these activities (such as residential uses).

**The Association would be pleased to be discuss these and any other matters further.**

Yours sincerely,



Mike Gibson  
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Rosebank Business Association