

Goff's plans for Auckland

Despite only being a few weeks into the job, new mayor Phil Goff has a firm grasp on his council's priorities, report

James Penn and
Tim McCready

Auckland Mayor Phil Goff acknowledges that virtually everyone agrees upon the city's challenges.

"Our population went up by 42,600 last year. Our infrastructure in both transport and housing is creaking at the seams," explains Goff.

"It has not coped, it has been historically underfunded, and the failure of infrastructure to keep up with growth has given us growing traffic congestion leading to gridlock, and a growing housing shortage leading to gross housing unaffordability."

On one level, the solution appears simple: increase infrastructure spending. The Unitary Plan will ease previous building consent issues, making it theoretically possible for many more houses (or perhaps more accurately, apartments) to be built. But alongside consent as a precondition for construction sits infrastructure – roads, public transport, utilities – to support them.

"Now, I think that analysis is accepted by almost everybody," says Goff, moving the discussion along to where things are more challenging: "How is local government going to do that?"

"It can't do it through rates, which is the narrow revenue base that statute gives to us. I made a clear promise – cap it at 25 per cent – I intend to keep that promise."

The next obvious pathway to infrastructure spending might be further borrowing. "Cross that one off the list too," says Goff.

"Standard & Poor's gives us a very high AA credit rating, and also gives us a constraint that says the debt-to-revenue ratio should not be more than 265 per cent. In next year's budget, it will be 256 per cent," he points out, with impressive adroitness for a man only five weeks into the job.

"I have very little freeboard, and I'm not about to give away prudential reputation or my credit rating – that will cost tens of millions, potentially hundreds of millions, of dollars – so I can't borrow to do that."

Selling the council's assets – such as its 22.4 per cent holding in Auckland Airport – is also off the cards. Being a one-off solution, Goff says it doesn't sufficiently address the revenue side of the equation on an ongoing basis to warrant consideration. Beyond the airport, the council's asset ledger is rather limited.

Such is the extent of the need for cash, though, that Goff won't entirely rule out selling the council's own office building in the city.

"If I had to sell this building and lease it as the price of an arrangement with government – it's not a strategic asset."

"All in all I'd probably rather keep



Phil Goff, Auckland's new mayor, has biffed the chauffeur driven mayoral limousine in favour of a self-drive hybrid car and an electric bicycle.

the building than sell it, but I'm flexible on that."

Private sector and efficiencies

The mayor stresses that the infrastructure investment effort is not purely a public-sector consideration; he wants business involved as well.

"I think business can be Auckland's strongest allies in terms of investment spend. I think they're a critical part of the equation, and their support for the increase in investment in infrastructure will be critical in terms of government's thinking."

Goff says he has been doing all he can to send that message to the business community, through discussions with key figures such as Auckland Chamber of Commerce's Michael Barnett and the EMA's Kim Campbell in particular.

Council-controlled organisations (CCOs) such as Ateed have been the subject of criticism from the business community in recent times, with Barnett outspoken on the recently-announced new slogan.

Goff is cognisant of the issues around CCOs and how they operate, pointing to Auckland Transport's light-rail announcement earlier this year as an example. "The sense that I've got from being on the campaign trail is that Aucklanders by and large thought that the term 'council-controlled organisation' was a misnomer; that we'd set up a group of boards that had taken over the function of council but were not particularly responsive to them."

How might that be addressed? The council restructure already implemented will see CCOs reporting more directly to council committees, part of an overall effort to make them

more responsive to their shareholder – "which is the council and people of Auckland".

"CCOs will report not only to Finance and Performance, but also to the committees that deal with their particular field. So for example Auckland Transport would be reporting not only to Finance and Performance, but also to Planning because it has jurisdiction over that area of transport."

One area where Goff wants to bring some of the flavour of central gov-

ernment with him is in utilising the existing accountability mechanisms available to councillors under the Auckland Council Act.

that we've got the best performing council in the country.

"We've been through six years where the council has worked out what it means to have one council in place of eight, but I don't think we've done enough in terms of exploring the efficiencies that we might've expected."

He wants to see a reduction in staff numbers – "preferably by attrition" – and a reduction in resource use more broadly.

CCOs are not immune from these

I think business can be Auckland's strongest allies in terms of investment spend. I think they're a critical part of the equation, and their support for the increase in investment in infrastructure will be critical in terms of government's thinking.

Phil Goff, Mayor of Auckland

efficiencies. Shared services are on the agenda, with functions such as human resources and procurement to be potentially merged and shared among multiple CCOs.

And a more radical restructuring, while not on the agenda, is not ruled out either.

"My first priority is to see that they can work as effectively as possible within the current structure," explains Goff. "But over time if there seems to me to be a business case for amalgamating I wouldn't rule that out. But it's not on the top of my list of priorities, and no definite decision has been made around that."

Creative funding solutions

Goff's preferred solutions are a little more creative, and arguably unconventional for a former leader of the Labour Party.

Getting Auckland's fair share of the Government's Housing Infrastructure Fund is the first step. While Labour opposed the fund, Goff supported it while still an MP.

The \$1 billion fund will provide financial support for projects in the areas of roading, water, wastewater, or stormwater infrastructure. The projects must be intended to support the building of new dwellings and must be from councils in "high-growth urban areas".

"I would hope to get a significant share of that fund," says Goff. "Done right, that will enable me to do a whole lot more."

It's no surprise that securing Auckland's slice of the new fund is on the mayor's agenda. But the idea of a petrol tax might raise a few more eyebrows. "I have been for quite some time a convert to a degree of user-pays in a system," explains Goff.

"I always thought that was part of the National Party's philosophy, and I can't think of strong rational grounds for opposing it, other than – probably – no government wants to be associated with a new form of tax."

The political ambition of such a plan is not lost on Goff, but he senses potential co-operation from central government in the future.

"I think there is room to negotiate there – it's maybe about timing."

"The Government has already accepted that a congestion tax would make a lot of sense. A congestion tax

Project Auckland

'Innovative City' a solution

The path to development lies to Auckland's south, writes **Stephen Selwood**

If there is one thing we should have learned by now, after decades of rising house prices and ever-increasing traffic congestion, it's that incremental and dis-integrated development of housing and transport is both extremely expensive and insufficient to keep pace with Auckland's growth.

Right now, Auckland is nowhere near building the homes it needs to house its population, and congestion is rapidly getting worse.

What we really need is a transport system that's affordable and sufficient to meet our mobility needs. That means pricing at a level that people can afford and faster investment in infrastructure.

It also means investing in unconventional things like phone apps which show the best route, intelligent traffic signalling, and taking advantage of new vehicle technologies.

In housing, there's loads of capital looking for homes to buy. In transport, we don't know where the money's coming from. Wouldn't it be nice if we could use the money attracted to housing to also pay for transport which would then enable us to build at scale and deliver the huge amount of homes we need with the resources we have?

Even better, what if we could do this in a way which took the pressure off our existing transport networks, helping to address congestion at the same time as we provided housing?

Well, we can. But we are going to have to do things a lot differently.

Auckland's approach to constraining land prevented the flow of large land holdings onto the development market. That meant development at scale was very difficult. This undermined productivity and drove up house prices.

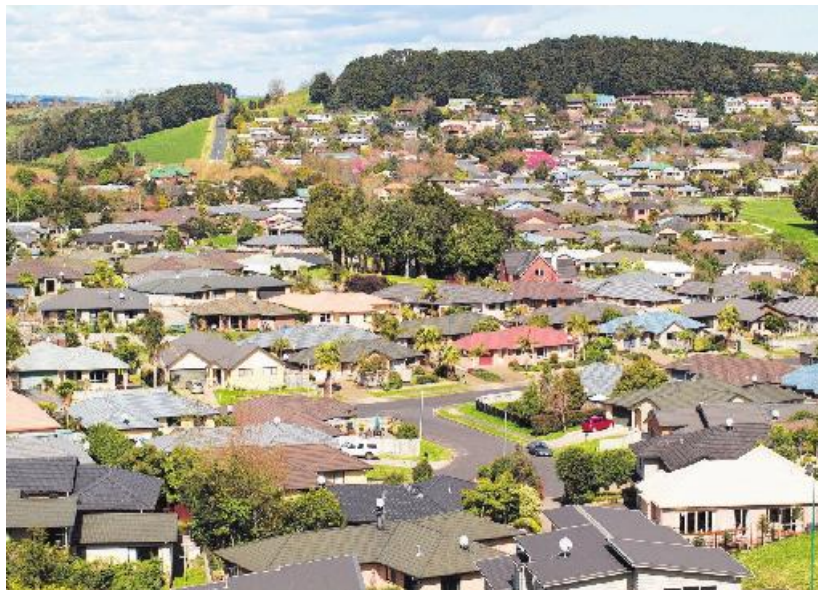
The Unitary Plan now allows significant urban intensification – though much of it through urban infill not well aligned with public transport – and large future urban areas at Dairy Flat, Hobsonville, Helensville, Papakura and Pukekohe.

While this provides more land for housing, allowing fringe development adjacent to motorways increases trip distances and motorway dependency.

On the other hand, enabling urban infill across the city that is poorly aligned with public transport increases traffic density and makes congestion much worse.

When transport planners don't know where development will go, they can't provide transport capacity in advance. We're making congestion worse by not providing enough direction about where to invest our transport dollars.

A major new urban development – the Innovation City – can solve



Developing an "Innovation City" near the South Auckland suburb of Pukekohe could work because it already has necessary infrastructure in place and there is plenty of room for expansion.

Picture / Richard Robinson

both sides of the housing and transport problem.

If central government and Auckland Council were to partner with existing land owners or purchase and aggregate land outside the defined metropolitan boundary, and rezone it for development, then the public could realise much, if not all, of the resulting capital gain in land value. That capital gain could then be used to subsidise the infrastructure needed to support the new development.

The potential for capital gain is vast. Currently, land sells for as little as \$100,000 and \$200,000 per hectare – or \$10,000 to \$20,000 a section – in areas not zoned for development in the Unitary Plan. Future Urban Zoned land would sell for roughly 10 times that.

In contrast, a zoned and serviced 500sq m section in Papakura right now costs close to \$500,000. That's \$5 million per hectare (setting aside half the land for transport, parks and schools). Four million dollars-plus per hectare goes a long way to funding development costs.

At the moment this money is being captured by private land holders who are actually incentivised not to develop land because the longer they hold it the greater their no-risk capital gain. As soon as they try to develop, they're exposed to development

levies, interest rates, market fluctuations and other investment risks.

The government and council can break the cycle of land value increases, land banking and slow housing supply by aggregating land and creating the opportunity to build at scale.

Picking a location optimised for transport could also revolutionise mobility for Auckland.

For example, imagine if land around the rail line in Auckland's south was aggregated and rezoned for high density residential and commercial development.

The area between Pukekohe and Papakura offers lots of advantages. There's a railway line already in place. The airport is nearby. The motorway has room for expansion. Industrial land already exists at Drury.

The water comes from the south, the power comes from the south and even the aggregate needed to build the city comes from the south.

Harnessing these resources to our advantage, we could create a 'live, work, walk and play Innovation City' designed to world's best practice.

The new city would be built to enable public transport and walking from the start. It would not be an afterthought delivered at great expense.

Auckland's third rail line would be

delivered and express rail services provided between the new city zone and the Auckland CBD, putting the new city site within 45 minutes of Auckland's heart.

Arterial roads would be rolled out or corridors protected before developers moved in, dramatically reducing the cost of construction.

What's more, we could gain huge efficiencies from co-ordinated development of infrastructure at scale instead of piecemeal investment everywhere. A targeted rate would be placed across the entire area to pay for infrastructure which could be either privately or publicly funded. Then the whole development would be tendered out to major private developers, with a government underwrite to purchase a minimum number of homes.

The underwrite would carry the requirement to meet certain targets for jobs, affordable homes, parks and other amenities.

Access to uninflated land would give the developer the buffer they need to roll out housing at the price point Aucklanders can afford.

Growth provides us with a unique opportunity. If we act now, we can design the kind of future we want.

Stephen Selwood is Chief Executive of Infrastructure New Zealand

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Project Auckland 2016

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Goff's plans for Auckland: 'Investment in infrastructure'

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is much harder to sell politically. It's also much more effective because it changes behaviour.

"But nobody thinks that we can get a congestion tax in place short of maybe six or seven years. If you're going to bring congestion charging in, you would need to set the infrastructure up and expend money on putting in place the admin system, when a fuel tax is simple, cheap, easy to administer, and interim."

Goff stresses that last word: his fuel tax would be interim. And those raised eyebrows may furrow once the figures are canvassed – which he does, again with impressive acuity.

"Under the Auckland Transport Alignment Project there is a \$4 billion deficit over 10 years. We've got to find

\$400 million a year extra to fund even a modest growth in infrastructure that will only slow and not reverse the level of congestion."

The existing Interim Transport Levy will provide \$60 million towards that total. Assuming the Government picks up 50 per cent of the tab, that still leaves a \$140 million hole to fill. "A 10 per cent fuel tax probably would produce about \$150 million," argues Goff. "But it would at least make a direct connection between utilisation of the roads and paying for transport infrastructure."

Another interesting source of revenue mooted is a targeted rate, imposed on large-scale developments. This could be paid off over 20 years, and would provide a revenue source which could in turn enable the council to invest in infrastructure that

is required for those developments to actually come to fruition at all – or so the logic goes. "So someone might be paying a targeted rate over 20 years. But if it works, and we get more houses on the market, they'll be paying a lower capital price than they would've if the housing crisis was allowed to continue."

One important way Goff's plan functions is that the increase in revenue doesn't necessarily cover the entire increase in expenditure – it will simply provide the added revenue for council to leverage and take on more debt, while still remaining within the prudential levels demanded by the rating agencies.

Radical incrementalism?

The preference for improvements within existing structures seems to be

a hallmark of Goff's thinking as he settles into his new role: a kind of 'radical incrementalism'.

"It's not so much that we lack instruments of accountability, but we haven't properly used the ones that are already in place, and I want to try to work to ensure that that will occur," he explains.

More stringent enforcement of standing orders is another small change – without overhauling the rules which already exist – that Goff has personally implemented. "A number of councillors have expressed a pleasure that council seems to be operating with a little more discipline and sense of purpose, and that's what my intention for council will be."

Working with a new government

Goff's approach to dealing with the

Government seems decidedly non-partisan, and entirely unaffected by who sits at the helm. "I will deal with government in good faith, as I will this government or any other government," says Goff. "For New Zealand to succeed, Auckland has to succeed."

"I doubt that there's a parliamentarian – apart from maybe Winston Peters, who has his own particular agenda about provincial areas – that wouldn't accept that if Auckland fails it will come at a huge cost to the country."

Goff joked that perhaps with more foresight he could have changed his approach to Twitter – having met with both Key and English the week prior to Key's announcement, the mayor tweeted a photo with Key but not English. "Maybe I should've done it the other way around," he laughs.

Project Auckland

Looking beyond the big smoke

We need to capitalise more on the 'golden triangle' of Auckland, Tauranga and Hamilton, writes **Robert Jones**

By 2030, Singapore's mass transit rail network will be as dense as those in London, New York and Tokyo. It will have doubled in size to 360km, with eight in 10 households within a 10-minute walk of a train station and complemented by an integrated bus network.

All this has been achieved in 40 years. It took more than 100 years for those other cities to achieve the same results.

When a country spans just 50km from east to west and 27km from north to south and has been ruled by the same political party since 1959, it's tempting to downplay this achievement. But there's a lot we can learn from their approach.

Singapore's success lies in the coherence of its planning. The city's master plan sees its 719sq km of space as a single entity, needing to accommodate population growth, business development, recreational amenities, a major port and an aviation hub. Like Newton's Law, it acknowledges that for every action there is an equal and opposite reaction.

Auckland has an opportunity to show similar leadership, along the lines envisaged in the 30-Year New Zealand Infrastructure Plan 2015. It recommends establishing regional centres of excellence to support decision-making and options to support long-term and integrated infrastructure plans.

We need to think beyond the "Super City" and think "Super Region." We have the golden triangle in Auckland, Hamilton and Tauranga – three



Collaborative thinking and co-operation would help get some of our key infrastructure projects underway, and help regions outside of Auckland, such as the Bay of Plenty.
Picture / NZME

cities offering excellent regional opportunities, if only we could get the planning and investment right.

The time is right to adopt the regional centre of excellence thinking the National Infrastructure Plan envisages. This starts with taking a much wider and longer term view which crosses regional boundaries.

Here's an example. We all know about Auckland's growing pains, but all the thinking is focused on building housing within the region.

Meanwhile, with developments like the Waikato Expressway along with that region's more affordable housing and land, Waikato is beginning to look attractive as a home base for Auckland workers. Yet not a single commuter train makes the Hamilton to Auckland run. We have the track, but no trains. Why?

Compare this with policy direction

in the UK that says funding rail unlocks multiple benefits including making land on the fringes more attractive for all types of housing because it is newly served by transport.

The UK's ambitious Crossrail project, spanning 118km of east to west rail, is an example. Projects like this ascribe to the logic that infrastructure is a growth enabler for the economy, not vice versa. In other words "build it and they will come."

As the National Infrastructure Plan observes, infrastructure assets often form part of a wider system that can span different parts of the economy and geographic boundaries.

Taking a "system" view of service delivery outside of any individual infrastructure sector requires close collaboration between infrastructure providers. It also helps when central

government draws policy and resources into a portfolio to lead development across local, regional and national levels.

There is a good example in Australia's Ministry for Infrastructure and Regional Development and its A\$10.7 billion Inland Rail Project. This is a priority project with state and federal government interests and industry working collaboratively and in consultation with industry and communities to create a national solution.

The Melbourne to Brisbane Inland Rail project will provide a dedicated 1700km direct freight line and move goods between the two cities and states in less than 24 hours.

It will travel through inland eastern Australia, connecting the richest farming areas of Victoria, New South Wales and Queensland. It will also link into the existing national rail

network to connect southeast Queensland more directly with Adelaide and Perth and every major port in the Australia.

The project involves upgrades of 1100km of existing rails and 600km of new tracks. It will move significant freight volumes off congested roads, reduce freight fuel consumption by a third and deliver economic benefits calculated at A\$22 billion.

During more than 30 years in the infrastructure sector, I've seen how collaboration can work, even with competitors. It's common today to see competitors forming alliances and joint ventures to get the big jobs done. We take pride in the projects we're delivering together and we do them well.

We also need to apply collaborative thinking to funding. Auckland's Western Ring Route with its Waterview tunnels was considered as a public-private partnership (PPP) way back in 2008. Why has it taken another eight years to see the first PPP project underway in Transmission Gully?

A total of \$110 billion will be invested in New Zealand's infrastructure in the next 10 years. We need to be confident each scarce dollar is wisely spent for maximum benefit and that we work together to make this happen.

To quote Earnest Rutherford: "We haven't the money, so we have to think". Auckland could lead that thinking.

Robert Jones is CEO New Zealand of Fulton Hogan

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Project Auckland

Council must unlock revenue

The visitor levy proposed by Auckland's new mayor is an unfortunate distraction to where the real action to fix Auckland's big issues needs to be, argues

Michael Barnett

We all know Auckland has challenges – it has some big infrastructure issues and requires a dramatic step up in the pace of action to deal to them.

But resources (money and skills) and the culture needed for Auckland to lift its game is in short supply. We know that Mayor Phil Goff and his new council team want to be the fixer, but we still don't know how.

The new council inherited a limited additional debt-raising capacity of \$1-2 billion, nowhere near the \$12-20 billion-plus needed to finance infrastructure work critical to managing Auckland's projected growth over the next decade to 30 years.

It's early days, but one thing is clear – the decades of treating general ratepayers as cash cows to raise the revenue the city needs to manage its growth are over.

Auckland Council needs a new business model if the city is to have any chance of becoming, as the mayor put it in his proposed Budget rhetoric, "one of the world's best performing cities".

The mayoral proposal gave veiled hints of council wanting to set a new direction, lift performance and get faster action on delivering infrastructure. But the "big fix" story he needs to be telling repeatedly was missing. Instead, proposals to introduce a visitor levy, a living wage for council employees, and contribution of funds to support homeless Aucklanders reflect a business-as-usual approach.

The starting point for the new council should be its agenda to improve the performance of the council organisation to become fit for purpose.

The mayor needs to make clear that he will use mayoral powers proactively while exercising a discipline taking several forms:

- Budgetary discipline: Live within your means.
- Lean staffing: A team tailored to the delivery of core services and the fixing of the big issues.
- Efficiency should be paramount: e.g. Generating savings from efficiencies across the council group. Obvious low-hanging fruit areas to tackle include rationalising commercial property (including car-parking buildings), more disciplined spending, greater back office savings in human resources, ICT and communications; and transparent contracting of "competing" private sector firms with performance-based contracts.
- Recognising that Auckland (and New Zealand) has a shortage of resources and therefore prioritising will be essential, with the emphasis on investing in projects that will lift productivity, enable employment and attract businesses and events here that will add value to Auckland's growth and development.

What Auckland needs is a council leadership group with the courage of their convictions, to motivate, lead and take, correct if unpopular decisions, and to actually implement policies designed to fix Auckland.



What Auckland needs is a council leadership group with the courage of their convictions, to motivate, lead, and take correct if unpopular decisions, and to actually implement policies designed to fix Auckland. And it should do so by going out of its way to collaborate with central government, business and community groups. It must be results-driven. Avoid complacency. And be transparent and open with Aucklanders as it goes.

Michael Barnett, Auckland Chamber of Commerce



New mayor Phil Goff has a challenging road ahead to make Auckland one of the 'world's best performing cities', says Michael Barnett, and may have to change the way some of our major infrastructure, such as Ports of Auckland (below left) operates.
Pictures / Doug Sherring; Dean Purcell

And it should do so by going out of its way to collaborate with central government, business and community groups. It must be results-driven. Avoid complacency. And be transparent and open with Aucklanders as it goes.

Obviously, internal savings alone won't generate the revenue required. The new Unitary Plan suggestion for a more integrated service-driven approach, for example, in urban design and delivery of infrastructure and utilities is another area needing attention. This is not just about eliminating silo delivery by each CCO acting alone, but the whole group working in a co-ordinated business-like way in which timely delivery within specified budgets becomes the norm.

To change Auckland Council's risk-averse culture, changes at the top are needed – to be able to appoint people to the CCO boards with expertise in specific project areas for limited terms, to actively seek out contestable ideas, and, as I have said, use appropriate private sector organisations to leverage, test and champion ideas.

Then we get to the real agenda for unlocking serious new funding. Council has been sitting on \$500,000 consultant reports from EY and Cameron Partners for nearly a year on alternative financing other than rates. As well as recommending council look at more creative borrowing options, the consultants' reports identified asset sales. We need to see the benefits and cost details of proposals to sell down a portion of Auckland Airport shares, and restructure arrangements with Ports of Auckland to a land-lease model which most international port cities now have.

Of critical importance here is to ensure that if airport shares are sold, that this one-off can be used to deliver more revenue for council than continuing to enjoy the annual dividend stream currently generated. Measures can also be taken to ensure that any part sell-down could be ring-fenced to a limited range of NZ Inc places – e.g. Accident Compensation Commission or NZ Super Fund.

Similarly with Ports of Auckland, leasing the land the port uses will reduce the approximate 4 per cent of rates revenue council receives annually from its 100 per cent ownership of port shares. We need to see the details to ensure a net gain for funding infrastructure.

Another revenue tool used widely overseas centres on targeted user-pays mechanisms for major new infrastructure.

Is it time for Auckland to scrap the development contribution model and look at a revenue model that better captures user-pays by all beneficiaries of major projects – so not just developers are paying up front but there is a revenue stream through the lifespan of the development?

I am strongly of the view that Auckland doesn't need a 10-year debate before deciding on a new funding model for transport investment, as suggested in the central government and Auckland Council's Auckland Transport Alignment Project (Atap).

I sympathise with the mayor in wanting a quicker answer – whether his regional fuel tax is it, I'm not sure. But what I do know is that Auckland's freight sector is already on a user-pays model through the RUC system which is monitored by GPS technology. Why not implement a simple extension of this technology to the rest of Auckland's vehicle fleet?

The point: Options to unlock long-

term new revenue sources that would bring the millions needed to accelerate action are available. If you agree that the speed at which Project Auckland does things is far too slow, then you should also agree that capturing the funding tools available should be at the top of the Auckland 'can do' agenda for moving the city forward.

Like it or not, Auckland's destiny is to continue to grow into a big, multi-cultural city of diverse talents and opportunities. The businesses and Aucklanders who stay deserve the support of a council that will deliver an agenda for action on Auckland's big issues so that the city becomes more productive and enjoyable to live, work and invest.

It is an indictment that Auckland Council wants to be one of the world's best performing cities, yet has an immediate problem in supplying infrastructure to (housing) growth areas such as the North Shore (see separate story) and continues to allow traffic congestion in other areas of Auckland to get worse and spread through the working day.

That is unacceptable. I am looking to Auckland Council's Year One Budget and the evidence that our new mayor and councillors are passionate to support it.

Michael Barnett is chief executive of the Auckland Chamber of Commerce



to fund city's infrastructure

Penlink ready to go – what's the hold up?



An acid test of new mayor Phil Goff's leadership will be to ensure the 'ready-to-go' Penlink Project gets a construction start in his three-year term.

The project is all about congestion relief for the Silverdale-Whangaparaoa area by building a new 7km road direct from the Whangaparaoa Peninsula to the Northern Motorway, and bypass Silverdale, a rapidly expanding business centre which has its own growing congestion issues. Private sector commuters, freight and bus services stand to benefit hugely.

Penlink is ready to go. It is consented. Appeals have been dealt with. The land has been purchased.

There is a strong business case: Benefit cost ratio of 2.9 for four lane version – 5.7 for two lane version.

The community desperately wants it – they are sick of 5km of morning peak period congestion everyday and a number of businesses on the peninsula are struggling.

So why isn't the \$380 million construction underway? The answer that keeps coming back is that there are more deserving projects in south and west Auckland for the limited resources available.

But that excuse doesn't stack up. They aren't ready to go. Besides Penlink's business case provides for a toll – which the community has



The community is desperate for the Penlink Project to get underway on the Whangaparaoa Peninsula.

agreed to – giving a revenue stream that has potential to reduce the capital cost and cover operating costs long-term.

Penlink is in the central government-Auckland Council aligned project (Atap) programme for the second decade – starting 2028. But this decision was taken before the 'live zoning' of nearby Wainui which adds another 20,000 to the population growth of next the 10 years (already the size of a Hamilton).

Without Penlink this development and other potential urban developments in this area of Auckland will be hugely compromised.

In the total scheme of Auckland's transport investment needs, Penlink is small-scale.

A public-private partnership is an option and the private sector is interested, but it is a growing political weeping sore.

Common sense says let's just do

it. Both politically and doing something for North Shore it is win-win.

Surely, the private sector, central government and Auckland Council working together can find a way to build Penlink with minimal impact on Council's debt levels. I say it could/should be first cab off the rank for the new council – a test case for Auckland Council showing it has a 'can do' culture.

– Michael Barnett



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- Waikato Expressway Huntly section
- Te Atatu Interchange (West Auckland)
- Hairini Link (Tauranga)
- Christchurch Northern Corridor
- Western Belfast Bypass (Christchurch)

Left: Footbridge lift - Onehunga Foreshore Restoration project

Project Auckland



Solving traffic congestion is one of the top priorities for Auckland, but it shouldn't be addressed in isolation.

Picture / Greg Bowker

Transport and housing links crucial to future

Tim McCready talks priorities for the new Auckland Council and mayor with ANZ's Patrick Brockie and John Vetter

We have new leadership in Auckland with Mayor Phil Goff and the council. What should be their priorities when it comes to infrastructure to service Auckland's growth?

Patrick Brockie: Clearly congestion is continuing to be a major issue, and it only seems to deteriorate. I think Phil Goff is very much aware of that as everybody else is.

The ability to accelerate the infrastructure rollout to try to unlock the congestion that is getting noticeably worse by the day is crucial, and I don't hear anyone saying anything differently, no matter who you're talking to. It's a matter of putting an action plan in place.

It is very important to have good public transport links with housing development through the Unitary Plan. It's all very well building within special housing areas, but if they don't have good transport links, then they're just going to worsen the congestion issue. The devil is in the detail though on how you get transport and housing to go hand-in-hand.

John Vetter: It's crucial to link housing and transport together. If you look at them individually, you could solve one problem and create another.

Do you get a good sense that the new council is prepared to take action?

Brockie: It's still early days with the new administration. Deputy Mayor Bill Cashmore spoke recently at the Infrastructure New Zealand AGM.

He recognised that there probably won't be one solution, and council will look at all options to accelerate infrastructure. Everything is on the table – nothing has been ruled in or out.

It's very important we have strong collaboration between central and local government to deal with the congestion issues.

People take it for granted, but it's only over the last few years that Auckland Transport and government transport agencies have aligned. They now

have a shared view – you would have thought that would have happened 20 years ago. It's very important.

What do you think of government initiatives to support council to develop infrastructure?

Vetter: The infrastructure development fund is a good example of collaboration and balance sheet optimisation. Particularly recognising the constraints within which council has to operate.

It can turn very quickly into an effective tool – it won't be the silver bullet – but it could be a very strong string in the bow and contribute to a solution. But while it's a council and central government initiative, you have to have developers and land banks available in Auckland that want to participate.

It's a three-way Bermuda Triangle that must be worked through to find a solution. Council must bring Auckland business with them, which may involve changes in attitudes and expectations.

What mechanisms do you think Auckland Council needs to put in place in order to raise the required funding for Auckland's infrastructure?

Brockie: It's a question of how much they raise. Many forms of funding don't move the needle too much. When you have a funding gap of \$400-\$500 million a year, you need to implement something that will allow the city to develop the infrastructure it needs.

Each funding option has a different impact in terms of quantum and effectiveness. There is a large need, and Auckland will likely need more than one particular method of funding to allow the city to catch up with the backlog of infrastructure.

From a banking perspective, the banks have liquidity. The Government has done a lot of good things on alternative procurement. That includes the PPP model and the other private sectors obviously have capital.

We should be open-minded to

alternative procurement methods. There is liquidity available and there are plenty of recent examples that have been successful.

If you look at Puhoi, it attracted international companies, who would not have participated in the New Zealand construction infrastructure market without that model.

Should Auckland look elsewhere for best-in-class models?

Brockie: We should look at what has been done successfully offshore. There are a lot of good examples of funding methods – we are not first by any means.

None of these things are terribly new. It's just a case of looking globally, taking the best model, and moving forward with a bit of urgency.

There is an opportunity cost every day that we don't take action. There is undoubtedly a significant cost that comes from sitting in traffic – particularly to Auckland, which has a lot of small businesses.

What role is ANZ playing in building Auckland's infrastructure?

Brockie: ANZ is an active participant and has played a leading role in many of New Zealand's largest infrastructure projects, including the Government's initiated Public-Private Partnership (PPP) program, and New Zealand Transport Agency's national road program. There is quite a bit of activity coming up in the defence sector, social housing, and potentially a prison as a PPP.

What we like about the PPP model is not so much the funding, but bringing best practice and learnings into those sectors.

The public sector always dominates – but can we take lessons or learnings from privately run prisons or roads, and use best practice. It's about the best outcomes for New Zealand. We believe the learnings can be applied across the whole sector.

Patrick Brockie is Head of Global Loans at ANZ and John Vetter is Executive Director, Institutional

First on Goff's agenda: Reducing plastic bag waste and

Tim McCready

Auckland Mayor Phil Goff has expressed a strong desire to see "assets sustained and protected for generations to come".

In line with this, many of his campaign policies in the lead up to the election were environmental, including protecting Auckland's marine environment and the Waitemata Harbour, planting a million additional trees in three years, reducing the city's waste, addressing global warming, and reducing carbon emissions from transport.

The new council may have only been in place for a couple of months, but many of these policies are already underway.

Reducing waste

Goff wants to increase the city's recycling efforts, implementing

initiatives that will work towards an aspirational goal of zero waste to landfill by 2040, set out in the Auckland Council's Waste Management and Minimisation Plan.

Of the initiatives, one expected to pass fairly quickly is a charge on plastic bags.

"The truth of the matter is that we all know we shouldn't use them. But we are all lazy," says Goff.

"Unless we're pushed, we won't do it. We could probably cut 500 or 600 million plastic bags a year out of the waste stream in Auckland when we do it."

Governments around the world have been taking action to ban plastic bags or charge customers for them, beginning with Bangladesh in 2002.

Even some supermarkets in Myanmar are now promoting "No Plastic Bag Day Fridays", and instead

The truth of the matter is that we all know we shouldn't use [plastic bags]. But we are all lazy. Unless we're pushed, we won't do it. We could probably cut 500 or 600 million plastic bags a year out of the waste stream in Auckland when we do it.

Phil Goff
Mayor of Auckland

pushing reusable and recycled bags.

California is one of the most recent regions of the world (and the first US state) to ban all retailers from handing out single-use plastic shopping bags at the checkout.

California Proposition 67 – or the "Plastic Bag Ban Veto Referendum" – was included on the ballot in the United States election last month, and passed with 52 per cent of votes.

But rather than an outright ban, a more likely model for Auckland is a plastic bag charge similar to that implemented in Britain in 2015.

British retailers with more than 250 full-time employees are required to charge 5p per plastic bag, which has resulted in a reduction of around 80 per cent.

There is an exemption on certain products (such as uncooked meat, poultry or fish), and small business in England are also exempt as the

administrative burden is considered too high for them to manage.

"It's simple," says Goff. "Focus on your supermarkets – New World, Countdown, Pak'nSave, which already does it, as does The Warehouse."

"We would allow exemptions for meat, fish and vegetables, and encourage people to use reusable bags." Goff has two options for implementing charges on plastic bags.

"I can get an agreement from the supermarket chains to do it voluntarily," he says.

"I have ready talked to both Foodstuffs and Progressive Enterprises."

Alternatively, legislation could be passed through a local bill in Parliament.

continued on F7

Project Auckland

Housing offer too good to refuse

Phil Goff hopes Auckland gets a good share of the Government's \$1b housing fund, writes **Tim McCready**

Auckland Council has put in an indicative bid for the \$1 billion housing infrastructure fund, and Mayor Phil Goff hopes New Zealand's largest city will gain a significant share of the investment.

"Done right, that will enable us to do a whole lot more," he says. "We could build 36,000 more houses with the Government's assistance. That's an offer I don't think they would want to refuse."

The Government is making the fund available to local councils in high growth areas – Christchurch, Queenstown, Tauranga, Hamilton and Auckland – to assist them to establish "substantial new infrastructure investments" that are crucial to increasing housing supply.

At the time of the announcement, then Finance Minister Bill English said the fund will help bring forward the new roads and water infrastructure needed for new housing where financing is a constraint.

"The Government will invest up front to ensure the infrastructure is in place," he said. "But councils will have to repay the investment or buy back the assets once houses have been built and development contributions paid."

English acknowledged that infrastructure and its financing is one of the three key constraints to building more houses, alongside land supply and consenting requirements.

"Councils have strict debt limits which means some lack the headroom to invest in infrastructure now and then wait for future development contributions to recover the costs. The fund will help provide more infrastructure sooner by aligning the cost to councils with the timing of revenue from development contributions."

Building and Housing Minister Dr Nick Smith stressed that the fund is available only for substantial new infrastructure investments that support more new housing, not to replace existing infrastructure. "To access the fund, local councils must outline how many new houses will be built, where they will be built and when they will be available," he said.

"Ideally, they will have agreements with developers on these issues."

Auckland has clearly been struggling to deal with the housing crisis. In order to meet the demand over the next 30 years, the council predicts Auckland will need more than 400,000 new residential homes.

Goff agrees with the Government – in order to build more houses, the city must put more money into infrastructure. "I welcomed the housing



infrastructure fund when I was still a Labour MP and my party was opposing it," he says. "That's because I knew it was important symbolically. The Government knows that with a fast-growing population, it is a cost not a benefit to a council."

It is that pragmatism that saw many of New Zealand's top CEOs in the *New Zealand Herald's* Mood of the Boardroom survey – held before the mayoral election – agree that Goff's connectivity to Wellington is a capability that will help things get done.

We have to find \$400 million a year extra to fund even a modest growth in infrastructure that will only slow – and not reverse – the level of congestion.

Phil Goff, Mayor of Auckland

But will a portion of \$1 billion be enough to break the logjam when it comes to housing Aucklanders?

Stephen Selwood, chief executive of Infrastructure New Zealand, thinks that even if Auckland were to get the entire \$1 billion, it would only make a small dent in the infrastructure funding deficit. "New Zealand has a legacy of investing too little too late," he says. "Even though investment has increased significantly in recent years, it is not keeping pace with growth. The reality is that we need to increase investment with urgency and consolidate growth by lead investment in infrastructure."

"This would enable us to develop residential and commercial development at scale integrated with transport investment and make maximum use of limited dollars."

Selwood says the current plans allow growth everywhere. The infrastructure providers, especially trans-

port providers, can't keep up, even if they had the budgets to do so.

Goff agrees that even the entire infrastructure fund wouldn't be enough for Auckland – let alone being spread around all five centres it is being offered to.

The Auckland Transport Alignment Project, presented in September by outgoing Mayor Len Brown and Minister of Transport Simon Bridges, revealed an extra \$4 billion must be found over the next decade to fund transportation projects.

"That means we have to find \$400 million a year extra to fund even a modest growth in infrastructure that will only slow – and not reverse – the level of congestion," says Goff.

He is considering alternative funding tools to supplement above and beyond the housing infrastructure fund, one of which is the adoption of a fair level of user-pays for roading infrastructure.

"I have never understood why rates should fund infrastructure, when a significant section of our population who are retired, or who hardly use the roads or public transport, are paying the same as those of us who are working our roads and transport system to death," he says.

While there are many different mechanisms that could be used to implement a user-pays system, Goff favours a fuel tax for its simplicity to implement. "A 10 per cent fuel tax would probably provide about \$150 million per year. I have been a convert to user pays for quite some time – it would make a direct connection between utilisation of the roads and paying for transport infrastructure. It's simple, cheap, easy to administer – and interim."

The chart above, produced by Branz and Pacifico, projects the value of all construction nationally (historic and forecast), and shows the increasing gap between projected investment in residential construction (in blue) vs infrastructure (in green).



Auckland Council will start working with different agencies and sectors to tackle the city's growing homelessness problem. Picture / Michael Craig

Help for city's homeless people on the way

Auckland Council will play a co-ordinating role, working with central government, NGOs, and the private sector to eliminate homelessness in the city.

"When I walk up from Britomart, I walk past lots of people sleeping on the street," says Mayor Phil Goff.

"It's not simply the perception that's bad for the city – it's the reality. Who in their right mind would be sleeping on the pavement if they had some alternative," he says.

Goff's policy to help the homeless will be based on the principle of "Housing First" – where priority is given to obtaining stable housing. Once accommodation is provided, wraparound services can be provided to address the issues that lead to homelessness.

"I would argue that by the time you take into account hospitalisation of people of the street, law and order, and imprisonment issues, there is a strong economic case as well as a social case," he says.

The People's Project, operating in Hamilton, adopted the Housing First model in 2014. Following the lead of

Canada, the United States, Europe and the United Kingdom, it aims to address the public's concerns about the number of people living on the streets and sleeping rough.

Key organisations – including Hamilton City Council, New Zealand Police, Ministry of Social Development, Child, Youth and Family, Housing New Zealand, Department of Corrections, Waikato District Health Board, Midlands Health, Hamilton Central Business Association, Te Puni Kokiri and the Wise Group – work collaboratively together to end homelessness, rather than manage it.

"I went to visit the People's Project where they pull it all together," says Goff. "It just makes sense."

"NGOs have told me the best thing council can do is co-ordinate things. We have 50 different NGOs doing different things. On top of that, government departments are not coming together."

"The People's Project has had a 93 per cent success rate keeping people in their homes. It works," Goff says. – *Tim McCready*

making the Auckland region much greener and purer

continued from F6

Outgoing Prime Minister John Key was ambivalent about introducing any national policy to force a behavioural change.

But assuming New Zealand is serious about living up to its "100% Pure New Zealand" tourism slogan, rolling out a policy throughout not only Auckland but the rest of the country must surely be just a matter of time.

Goff points to a 1 NEWS Colmar Brunton poll conducted last month, which found that 78 per cent of those polled thought it was a good idea to charge for plastic bags, and use the money raised to go towards reducing plastic's impact on the environment.

"It's a no brainer. I'll be pushing hard on it," says Goff.

A Million Trees programme
On the campaign trail, Goff

announced an urban forestation programme for Auckland, aiming to plant a million, predominantly native, trees and shrubs across the region during his first term with council – in addition to those already being planted.

His goal is to "green our city", offset carbon emissions, protect Auckland's water quality by planting along rivers and coastlines, and improve our living environment.

The transformation of Te Auauanga Awa (Oakley Creek) is already underway. It is Auckland's longest stream, and is undergoing a transformation to replace the concrete channel and underground pipes with a wider, natural flowing stream with cycle paths, walking trails – and 50,000 new trees.

Goff wants a formal plan for the Million Trees programme to be in place in autumn, in time for the start

of next year's planting season.

The programme has a budget of \$1 million a year, which will fund practical support and help provide an overall strategy around which tree species to plant and where.

Local boards, schools, service and social sector groups, private entities, farmers, the Department of Conservation, New Zealand Transport Agency and developers are among the organisations which already plant trees and shrubs around the region. Council will work alongside all of these groups, and offset costs through partnerships.

"We have also got the potential to use nurseries within prisons and those used for training purposes," Goff says. "Things are underway."

Addressing global warming
Reducing carbon emissions from transport was a key priority on the

campaign trail for Goff's mayoral bid. Extending beyond an ambitious tree planting exercise, Goff plans to increase public transport use with non-polluting electric trains and light rail, and by building more walkways and cycleways.

"We're more than a third of the country's population, we have to demonstrate that we can pull our weight as well," he says.

Interestingly, in the lead up to the byelection to appoint his Mount Roskill successor (which Labour's Michael Wood won convincingly), Goff wouldn't commit to paying half the \$1.36 billion cost for Labour's pledged light rail service from Mt Roskill to the CBD – instead disclosing he would negotiate hard to protect ratepayers.

"It will be carrying far more passengers than many other roads around New Zealand that are

funded 100 per cent," he said.

"We'd want to negotiate between the Labour Party position of 50 per cent funding and what would currently be paid for a road of national significance by central government, which is 100 per cent."

Goff has said he would like to reduce the council's 800 cars, and convert those that remain over time to electric vehicles.

Changing his own car has been something he's quickly acted on. "I don't believe that council needs 800 cars, just like I didn't believe the Mayor needed two chauffeurs and a big Holden – I have neither of those things now."

Goff is now driving a Toyota Prius, and makes use of an electric bike.

"It's fantastic because I can peddle up Albert St and look like I'm really fit – and it's quicker."

Project Auckland

New roads great, but long overdue

Waterview's wonderful motorway connection is exciting but more catch-up is needed, writes **Liam Dann**

The Waterview Connection is now just weeks away from completion. As the landscaping gets underway, bringing to an end near six years and \$1.4 billion of work, it makes a marvellous sight.

If the concrete splendour of the pillars and motorways weren't enough, there is the tunnel, the tower, bridges and cycleways, parks, even a BMX track and skate park.

For locals, like me, there is a lot to like.

It's also a vital piece of Auckland's roading puzzle – linking Mangere and the south with the northwest and providing an alternative motorway route to and from the CBD.

So there is good cause for celebration and it has been a tremendous effort to get the construction done on time.

But those celebrations should be tempered by the fact that the project has been on the Auckland City planners' books for decades.

The first consultation about it began in 2000 but the route once known as the Western corridor has been identified as crucial for Auckland growth since the 1960s.

So, as welcome as the completion will be, it doesn't represent a great leap forward.

It represents the completion of work that should have been done last century. It is Auckland playing catch-up after years of under-investment in infrastructure.

Similarly, excitement that the City Rail Link is finally underway is tempered somewhat when you consider



We should celebrate the opening of the nearly complete Waterview Connection, says Liam Dann, but there's still a lot of work to be done on Auckland's infrastructure.
Picture / Nick Reed

it was first mooted in 1923 at a cost of £440,000.

It was on the cards again in the 1960s, when Auckland Mayor Sir Dove-Myer Robinson pushed for an underground rail loop which became known as "Robbie's Rapid Rail".

Those plans were scrapped by central government.

Frankly getting anything done in this city has been a nightmare for most of its history.

The tension between Auckland, as New Zealand's commercial centre, and Wellington as its political power base has always been present. But that deadlock appears to be breaking.

Perhaps that is because the imbalance (in Auckland's favour) has become so great under John Key – who went as far as to suggest that Well-

ington was dying in 2013 (although he later tempered those remarks).

Regardless, Auckland has surged ahead. Its population has exploded. It surpassed 15 million in the year ended June 2014, and is projected to reach 2 million by 2033.

According to Statistics NZ, by 2028 Auckland will be home to 37 per cent of New Zealand's population, compared with 34 per cent in 2013. By 2043, the population of Auckland could make up 40 per cent of New Zealand's population.

If nothing else, the powers-that-be in Wellington can do the maths. You can't win an election without dominating Auckland.

So we have seen progress on that front.

The Super City has largely unified

the Auckland lobby. The arrival of a centrist mayor in Phil Goff also holds promise. He is local and brings a wealth of central government insight.

Goff hasn't wasted time throwing some fresh ideas on the table for funding future infrastructure projects.

He's suggested a tourist bed tax (or technically a rates levy) and is in favour of a regional fuel tax.

The reaction has inevitably been mixed. New Zealanders don't like new taxes and they don't like tolls.

But then we don't like government debt or deficits either.

Something has to give. A compromise has to be brokered.

As a motorway commuter, the regional fuel tax appeals. A few cents a litre on the weekly fuel bill is quickly

forgotten in the ups and downs of the petrol pump price fluctuations.

If it is to be done, let's do it now while petrol is cheap. Here's hoping our new Prime Minister can see the logic.

Tolls are also a logical option – especially now electronic payment systems have removed the logistics of collecting the revenue.

They are common place internationally and it seems crazy that the new tunnel will open untolled. Tolls need not be excessive to gather substantial revenue over time.

They also have the advantage of allowing the use of economics to regulate the use of roads and they make public-private partnerships more logical.

The problem with building infrastructure is not unique to New Zealand.

America's roads and bridges are in poor shape and Donald Trump has made much of the need for federal government investment. But he too will face political problems at a local level.

We can look enviously at the mega projects that China and other Asian nations build in record time but capitalist democracies require hard yards to be done to reach political consensus and they require innovative funding solutions. Auckland will need to keep working on both issues.

We still need to fully fund that rail link. We will need a second harbour crossing.

We should celebrate the opening at Waterview but there still much work to be done.

EAST WEST LINK

Restoring the health of the Māngere Inlet

The East West Link is about more than creating efficient freight routes. It will also connect communities to the foreshore through a new coastal edge and boardwalks.

It will improve water quality by treating stormwater run-off in new wetlands and restore the area for birds and wildlife.

Visit www.nzta.govt.nz/east-west



Project Auckland



Guests experience the latest virtual and augmented reality technology at the opening of Ateed's AR/VR Garage in Eden Terrace.

Stepping into the 3D world

Auckland is at the forefront of development in virtual and augmented reality, writes **Graham Skellern**

Last week Datacom moved its seven-strong augmented reality team into the AR/VR Garage as Auckland's latest innovation hub steps up the pace in developing the hot new technology.

Datacom's development unit will work with Microsoft's HoloLens headset (the world's first self-contained holographic computer) and technology to develop new augmented reality products, which will be available in the form of apps.

"We will focus on front-end visualisation and get data to the surface in the 3D holographic world," says Chris Blair, Delivery and Innovation Agent at Datacom.

"We want to work with content developers and help design and shape [new] augmented reality products."

The Datacom team is first concentrating on developing an earthquake response application in collaboration with Microsoft, and is also working with Auckland Museum to allow HoloLens users to share the same view of collection items that have been scanned into 3D holographic images, despite the viewers being in different locations.

Blair says augmented reality is "going to have huge appeal" in a variety of sectors such as education and training, health and safety, search and rescue, construction, manufacturing and architecture.

A recent Goldman Sachs report predicted that virtual and augmented reality revenues will surpass the television market, making this growing space a \$100 billion dollar industry by 2025.

Augmented reality can be used in education, for example medical students can dissect a human body which is a hologram; for training by overlaying a manual on a motorbike while a trainee mechanic repairs it; for search and rescue by mapping out the terrain to improve navigation; for construction by using map coordinates and overlaying all the

What is VR and AR?

Virtual reality is an immersive video and audio experience that makes you feel like you're inside a real or imaginary scene. The goggles you wear show a 3D view of the scene you're in, and as you move your head around, the headset detects your movement and matches the view to your movements as if you're really there.

Augmented reality takes a real view of the world and adds computer-generated elements to the

scene, such as holograms. The best-known recent example is Pokemon Go, which places animated characters into the real world when you view it through your phone's camera. Heads-up displays in car windshields is another example.

Unlike virtual reality, which creates a totally artificial environment, augmented reality uses the existing environment and overlays new information on top of it.



plans, diagrams and data to make better decisions.

"There will be evolutionary development of apps that create 3D spaces in the real physical world," Blair says.

Opportunities abound at the AR/VR Garage, a state-of-the-art research and development facility in Newton established by Auckland Tourism, Events and Economic Development (Ateed) in early September. The innovation hub was set up to accelerate and showcase the development of New Zealand's augmented and virtual reality capability.

The operating model is unique – a collaboration between industry, corporates, tertiary and research institutions, and local and central government agencies – all connected to key international players in the virtual and augmented reality space.

Microsoft New Zealand last month announced a strategic partnership with the AR/VR Garage, saying the HoloLens and Windows Holographic technology would be used by start-up companies on their own applications and also for collaborative projects aimed at developing

world-leading outcomes.

The Media Design School has also become a partner with its students studying virtual and augmented reality and being involved in the latest developments.

The rapid development of the AR/VR Garage was triggered by the relationships and interest forged at the Tripartite Economic Summit and Techweek AKL 2016 held during the same week in May.

More than 1300 people attended the Magnify – The Virtual Reality/Augmented Reality Pacific Summit. There was such a buzz at the summit about the advances and future of this disruptive technology that Ateed decided Auckland needed a special precinct.

The AR/VR Garage now has 15 tenants sharing co-working space, ideas and solutions, and the number is expected to grow to 20 by the end of the month.

Many of the present tenants are focused on creating content for "the virtual reality revolution" in television and the movie industry.

For example, people could find themselves on the *MasterChef* set and

move around the benches watching the contestants cook.

The AR/VR Garage has become the Oceania headquarters of the United States-based VR Society, joining chapters in Beijing and Canada. The society last year secured more than \$200 million of virtual reality projects for its global members.

A New Zealand Virtual Reality and Augmented Reality Association has been formed and is based in the AR/VR Garage, which has fuelled the local community of game developers, screen and film producers, animators, educators and digital storytellers, and quickly become an international hub.

Through its connections, the AR/VR Garage wants to become a test bed for global proof-of-concept and prototyping innovations.

VR Society board member Jonas Hudson, who spoke at the May Tripartite summit, said his organisation was well aware of New Zealand's reputation for high quality content creation.

The VR Society's member studios included Walt Disney, Pixar, Marvel, Warner Bros, Universal, Sony Entertainment, Paramount, DreamWorks

Animation and Virtual Reality Company.

"The partnership with AR/VR Garage will enable Los Angeles and Auckland to deliver on the Tripartite Economic Alliance's goals by driving new business, creating jobs and training programmes in production and technology. It will also grow a Pacific Rim technology corridor for virtual and augmented reality start-ups."

Blair says the build-up of interest and momentum in augmented reality over the past four months has been incredible and "take it a further six months out and this is going to be everywhere."

The establishment of the AR/VR Garage by Ateed and the collaboration between Datacom and Microsoft was perfect timing.

Blair has no doubt that the AR/VR Garage will become internationally known as a centre of excellence that will attract plenty of product development. "Without the Garage, international players and organisations might never have come to New Zealand to have a conversation. They will now bring opportunities for us and them alike," he says.

Project Auckland

'Imagine how much better we could do'

We all know Auckland is full of problems, writes **Simon Wilson** but it's full of potential too



Why don't we put a parking building on the wharf? Like the one pictured far right, in Miami Beach, Florida. Immediate achievement of that "parking garage" as the Americans say, is to demonstrate that no type of building needs to be ugly. Beyond that, it speaks of possibility. If you can do it in Miami, why can't you do when you grow a city?

ACKLAND'S FULL of problems, we all know. But it's also full of potential. It's changed so much in the last 80 to 90 years, but we are far from finished. It is, perhaps, that carpark that becomes a challenge. If we could have a carpark that good, how much more remarkable might other new buildings be? The intractable problem with a side-ways solution, what other problems can we solve in the same way? Before we know it, we'll really be on the same level as the beautiful sites we want to live, as Mayor Phil Goff said.

Maybe we should try to make both sides of the street work. I asked Auckland mayor Phil Goff in an interview what he thought of putting a carpark building on the wharf, and he said, "Oh, no, an ugly building."

I asked why he thought it would be ugly, and he conceded that it wouldn't, but still, "It's not the best idea that I don't think the city should do." Enormous possibilities, limited vision, stalemate? In fact, the Miami Beach building is a beautiful example of what happens when the cars come and go in frequent streams. No problem. Maybe we should have a cylindrical building, a tall thin tower, with twin parking floors. It would be a great parking hub inspired by the New York Guggenheim and the Tower of Babel. Bilbao effort, with a carpark. Who would have thought that, maybe it would be fitting for this commercial town.

So why don't we just get on and do it? The answer makes some people uncomfortable. The problem with planning is in the hands of engineers and accountants and, frankly, politicians. That's a terrible thing to say. I know, I know, it's not what my best friends, etc. Sorry about that. But Goff's response to my question about a carpark was pretty standard. "We don't think carparks are that ugly. When we think carparks are that ugly, we're going to create for our new Museum of the Sea, away to the west on what is now the Tank Farm. And that's a beautiful building, a building which could go somewhere along Quay St. And even, perhaps, about a quarter of a mile from the waterfront stadium."

It would also suggest we return in the evening, because of the summer concerts. One night Arahura, the next one, Togo and friends, and dedicated to the same point. Many of our best buildings are on the waterfront. Because with the cars gone and a time monitoring, for example, allows them to keep fine-tuning the light phases, we'd also have the City Hall, provides an extraordinary opportunity to Arahura to rethink how we go to the inner city and how we move around it. Where are the incentives to get us to the waterfront? What's the edge? Do we need a few more spectacular carpark buildings? I just don't know. That's when we spend a bit of money on it.

marketplaces that would allow the unfortunate retailers cut out from their customers by construction hoardings, to be able to trade. I think that's a great idea. This is the fundamental thing Auckland needs to change. If we want to stop doing business as usual, we need to put creative thinking at the heart of our development.

IMAGINE how much better we could do. Take the City Rail Link (CRL) building. It's a beautiful building, a building which could go somewhere along Quay St. And even, perhaps, about a quarter of a mile from the waterfront stadium. It would also suggest we return in the evening, because of the summer concerts. One night Arahura, the next one, Togo and friends, and dedicated to the same point. Many of our best buildings are on the waterfront. Because with the cars gone and a time monitoring, for example, allows them to keep fine-tuning the light phases, we'd also have the City Hall, provides an extraordinary opportunity to Arahura to rethink how we go to the inner city and how we move around it. Where are the incentives to get us to the waterfront? What's the edge? Do we need a few more spectacular carpark buildings? I just don't know. That's when we spend a bit of money on it.



The stylish car-parking building in Miami (above) and Sydney Opera's Turandot staged on a pontoon in Darling Harbour (left).



The City Rail Link build provides an opportunity for Auckland to rethink how we get to the inner city and how much more we can do. Auckland mayor Phil Goff (right). Photo: Nick Hume, Goff

Goff's attack on Ateed was not an attempt to burn it down, as some have called for, but to save it by refocusing it. He told me he is not planning to restructure the CCOs.

Cliffed the plan like it was poison. He said he has asked for a new approach from Ateed. "I want Ateed to focus on the things that are important to the city, like tourism and I want these industries to be directly involved in its plans," he told me. "It's about helping create and share the cost."

Goff's attack on Ateed was not an attempt to burn it down, as some have called for, but to save it by refocusing it. He told me he is not planning to restructure the CCOs. He'll hold them more accountable, but he's not a fan of relying on organisations. He'll hold them more accountable, but he's not a fan of relying on organisations. He'll hold them more accountable, but he's not a fan of relying on organisations.

He's counting on the election next year to help. A government that wants to take the high ground on strategic issues, that's what he wants. He's counting on the election next year to help. A government that wants to take the high ground on strategic issues, that's what he wants.

GOFF DOESN'T think creatively like that. But he is making changes. He is restructuring the governing body of the city. He's restructuring the governing body of the city. He's restructuring the governing body of the city.

marketplaces that would allow the unfortunate retailers cut out from their customers by construction hoardings, to be able to trade. I think that's a great idea. This is the fundamental thing Auckland needs to change. If we want to stop doing business as usual, we need to put creative thinking at the heart of our development.

IMAGINE how much better we could do. Take the City Rail Link (CRL) building. It's a beautiful building, a building which could go somewhere along Quay St. And even, perhaps, about a quarter of a mile from the waterfront stadium.

It would also suggest we return in the evening, because of the summer concerts. One night Arahura, the next one, Togo and friends, and dedicated to the same point. Many of our best buildings are on the waterfront. Because with the cars gone and a time monitoring, for example, allows them to keep fine-tuning the light phases, we'd also have the City Hall, provides an extraordinary opportunity to Arahura to rethink how we go to the inner city and how we move around it. Where are the incentives to get us to the waterfront? What's the edge? Do we need a few more spectacular carpark buildings? I just don't know. That's when we spend a bit of money on it.

Project Auckland



Auckland is a city of harbours and waterways, but we don't capitalise on them enough to get our city moving.

Picture / Paul Estcourt

Where Auckland could win

Improving the city's ferry network is one way to ease congestion on our roads, writes **Tony Garnier**

To see where Auckland's greatest internationally competitive assets are just stand on any of the city's volcanic cones and look out across the glistening expanse of water and marvel at the view.

Dominating the gateway to the Waitemata Harbour – along with Manukau, Kaipara and Mahurangi, one of four harbour jewels that define Auckland – is the iconic Rangitoto volcanic cone, a natural feature that brands Auckland internationally, as the Statue of Liberty does for New York or the Sydney Opera House or Sydney's harbour bridge is to that city.

On a good weather day, hundreds of small boats can be seen crisscrossing the harbour and, if you are lucky, larger yachts that, with Rangitoto, brand Auckland as a world marine capital.

Each yacht showcases Auckland as an agile, innovative and creative city that sees technology-driven disruption as a friend of Auckland's growth success.

For what you are seeing is how the Waitemata Harbour gives Auckland an internationally comparative advantage without peer; it is the nursery on which world-leading sailors and technologists have honed their passion and competitiveness.

From developing the first fibre-glass 12m yachts to the modern composite hull construction now commonplace in yacht building around the world to the folling technology, Auckland boat builders and yachties have provided the vision and led the way in world sailing development for at least the last 25 years.

But what about other opportunities we could be exploiting from our pre-eminent marine-centric city environment?

It is a fact that of Auckland's 16,141sq km, 70 per cent is water. Every Aucklander lives within 4km of a water feature.

On Auckland's northern border, Kaipara Harbour alone is the second largest harbour in the southern hemisphere with some 1500km of barely

inhabited coastline within the city's boundaries.

Our waterfront diversity includes oceans, bays, inlets, surf beaches and estuaries – around 3200km of foreshore. There are also some 80 lakes and numerous rivers and streams.

But our city planners appear blind to the urban development and transport opportunities presented by Auckland's marine-dominated environment. Our city of harbours is hardly mentioned in Auckland's 30-year plan (other than in glossy photographs). Why?

Instead, derelict jetties that remain over Auckland today tell a story of the part played by our harbours in pioneer days.

Numerous bays and inlets – Ngataranga, East Tamaki, Mangere – have been pushed into the back-ground, become overgrown by mangroves, dumping grounds for rubbish and ignored by urban planners.

If Auckland's point of difference is the (potentially) stunningly beautiful coastline, the three harbours, Hauraki Gulf and the many bays in the upper Waitemata, Manukau and Kaipara harbours – surely urban development along well-chosen sections of the water's edge offers an exciting, viable option for Auckland's growth.

It would facilitate the commercial viability of a greatly expanded network of ferries, taking pressure off our congested road network.

Who wouldn't want seaside communities efficiently linked by ferries? Who in South Auckland wouldn't make recreational use of a nearby Tamaki River Wynyard Quarter equivalent on the large area of unused land adjacent to Pakuranga Creek – if they could get access to it?

At a recent Living by the Waterfront symposium in which Panuku Development hosted a group of overseas city specialists co-ordinated by British OECD urban guru, Greg Clark, a three-tiered challenge was delivered to the planners of Auckland's next phase of waterfront development:



● To think past the central city waterfront, or as Auckland Council's new Planning Chair Chris Darby put it in summing up the symposium – "to rediscover all our waterfronts and their potential".

● To work out how Auckland's 3200km of water's edge can respond to Auckland's housing and urban development challenges – "has the Tamaki Edge development fully tapped the potential of improved access to the nearby waterfront?"

● To work through what water transport opportunities Auckland has. Are there areas of foreshore ripe for residential development that might be serviced primarily by ferry services?

Their overall message, politely delivered, was clear: Auckland can do much better to fit its economic and social outcomes to the natural environment advantages it enjoys, especially to exploit its four magnificent harbours and lifestyle opportunities they provide Aucklanders.

If the road network is congested and losing Auckland billions in lost productivity, obviously, the harbours are an alternative 'highway' both for commuters and freight.

Tony Garnier
Business consultant

If the road network is congested and losing Auckland billions in lost productivity, obviously, the harbours are an alternative "highway" both for commuters and freight.

The strength of ferries is that they operate independently of the road network, so should be part of any tuned-up strategy to reduce congestion. So why isn't this a feature of the Auckland Plan?

Short-term more could be done to improve the ferry system by sweating the existing asset better – improve the feeder bus system, extend their range and improve ferry wharf car parking.

Longer term, as Auckland's population increases a more creative approach may be needed. A 19th century dream of Auckland pioneers was to build canals linking the three harbours. Their vision included a 15km canal from the Manukau to the Tamaki Basin, an option that was supported by legislation until re-

moved in 2010 when Parliament created the single city.

Auckland's urban intensification would have had a different direction, with new communities with front doors facing the water's edge and linked by ferries to central Auckland or Onehunga, in those days a busy coastal and transman town port.

And in modern day twists, barge services could take cargo from Auckland's port to the industrial suburbs of South Auckland. Tourists landing at Auckland Airport could be taken by water transport direct to their destinations – Waiheke, the Upper Waitemata, Whangaparaoa – even Great Barrier.

"Living by the Water" keynote speaker, Carl Weisbrod, chair of the New York Planning Commission, reminded Auckland that New York's origins as America's commercial capital depended on its connections to the water – with the competitive point of difference over other US seaboard cities that drove New York's prosperity for 200 years the vision to build the Erie Canal linking the Great Lakes in the west to the Hudson River, opening up the US interior to massive trade and development.

We have yet to see how Auckland Council will convert the investment it made to bring overseas experts to show how Copenhagen, Hamburg, Glasgow and New York have improved "living by the water" in respective cities.

Council's water focus to date has been on tackling worsening environmental issues. But a takeaway from "living by the water" and Darby's closing comments is that a transformational change in our approach to marine and land planning is needed, and for that a mind-set change will be required.

An obvious next step, then, should be that the updated Auckland Plan now being worked on takes seriously that Auckland is a city of harbours, with 3200km of waterfront urban development potential.

Tony Garnier is an Auckland-based business consultant.

Project Auckland

East-west passage eagerly awaited

Completion of the new motorway link can't come soon enough for Onehunga and Penrose, writes **Brett Gliddon**

The manufacturing and industrial hub of Onehunga and Penrose is waiting with bated breath for the East-West Link, a new four-lane road between Auckland's Southwestern and Southern motorways.

Many of the consumer goods which are transported and delivered throughout New Zealand start their journey in the Onehunga-Penrose area.

As a key contributor to the country's economy, the area needs to be supported by an efficient and reliable transport network.

The area employs about 68,000 people and contributes \$4.6 billion a year to Auckland's economy. The Auckland Plan estimates that improving freight efficiency will contribute to an increase in GDP per capita from 2.9 per cent to 4.6 per cent.

For businesses like O-I New Zealand, the East-West Link is a key connection to the global marketplace.

O-I New Zealand has been operating its glass bottle manufacturing factory in Penrose for almost 100 years. It produces the majority of glass bottles made in New Zealand and supports the growing premium New Zealand wine industry.

The bottles come off the production line in Penrose before they are packed in shipping containers at another site in Onehunga, and then trucked to the port to be shipped on to Nelson, Christchurch and Dunedin.

O-I's Head of Supply Chain, Angela Johnson, says the East-West Link will make a big difference to its business. She says the new road gives a real



The East-West Link will make a big difference to O-I New Zealand's glass bottle manufacturing business.



Brett Gliddon

opportunity for businesses like O-I to move more easily and efficiently around the area which will deliver time and

cost savings. That will enable them to provide certainty to their customers that they are able to deliver their bottles on time, every time, whether that's to local customers here or to customers overseas.

She says the wine industry in New Zealand is growing and the East-West Link will support her business to grow alongside it. It's hoped that this will attract more and more associated businesses to the 'cluster' of producers in the Onehunga and Penrose area supporting the wine industry.

The East-West Link is a key part of the greater Western Ring Route that connects State Highways 1 and 20 and is part of the transport investment needed to build a prosperous Auckland.

However, it acknowledges the current transport connections into and through the area are either incomplete or highly congested. This makes it slower and more expensive to move freight, and these costs are passed on to customers. It also makes it harder for local residents and businesses to get around.

With freight movements expected to double by 2035, we need to start building solutions now.

More than 80 per cent of those working in the Onehunga-Penrose

area travel from other parts of Auckland, and the project will help their commuting. Taking traffic off local roads will make public transport more efficient, while 16kms of new cycling and walking paths will mean travel times are also reduced for those walking and biking to work.

There are also benefits for smaller local businesses and the community. Our vision is to create an area where the community gets its streets back.

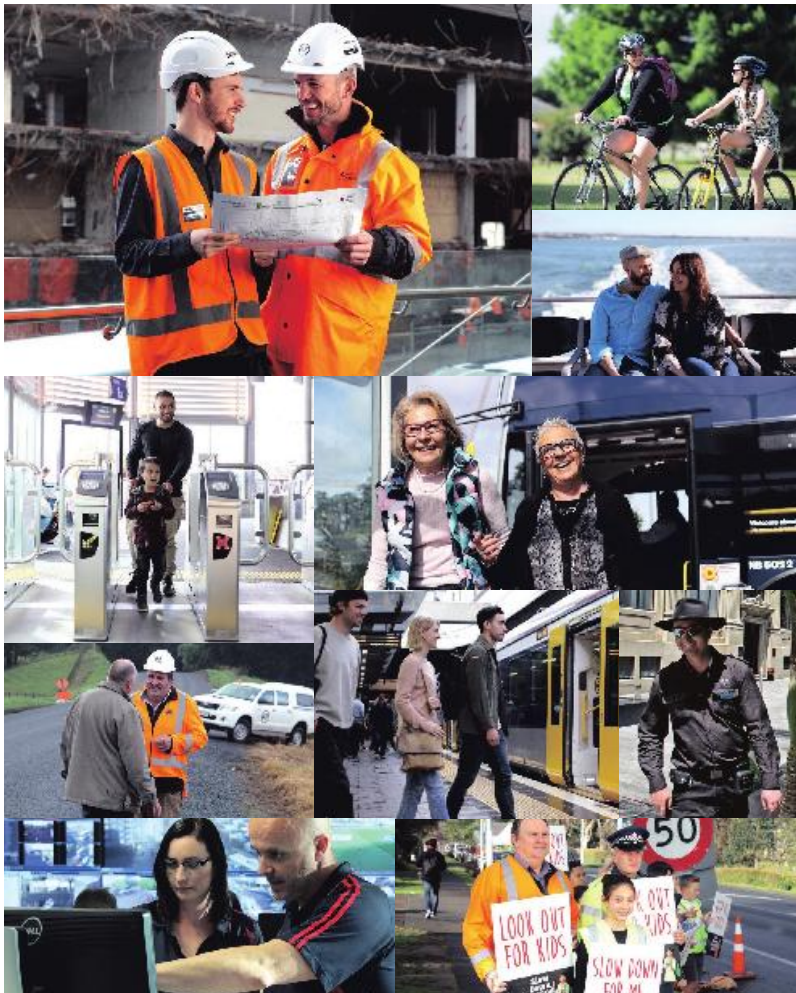
By taking freight off local roads it will free up Onehunga's town centre, making it a safer and more attractive place to work and live. This will also mean local business owners can safely and reliably access their properties and their markets.

We want to make it easier for them to do business, by creating more reliable journey times.

The Transport Agency is working with Auckland Council, Panuku Development Auckland, Auckland Transport, Mana Whenua, and the community to make the Onehunga Wharf and waterfront more accessible, and help reconnect the communities with the Manukau Harbour.

We want to replicate many of the community facilities that we have created along with Auckland Council on the Onehunga Foreshore. This area has become a popular recreational area and the East-West Link can extend these benefits and create a more natural coastal edge that better reflects the original shoreline.

Brett Gliddon is the Auckland Highway Manager for NZ Transport Agency



Moving Auckland Forward

Auckland is growing at unprecedented levels. Every week around 820 more people make this great city their home. With vibrant new neighbourhoods in development, we need to ensure everyone is better connected and the wheels of business keep turning.

So we're working hard to build new transport infrastructure and to make our buses, trains and ferries easier to use, more frequent and reliable. We have lots of exciting new initiatives rolling out across Auckland, including the introduction of new cycle paths and new bus networks. There are major road upgrades, and work has begun on the City Rail Link. We're preparing for Auckland's growth and making sure this city is one we're all proud of.

For more information go to AT.govt.nz



Project Auckland

New housing strategy needed

Quality affordable accommodation is essential to become a world-class city, writes **Oliver Hartwich**

There is no doubt that Aucklanders want to live in a world-class city. There is less agreement on what that means.

There are people who believe that the hallmark of a great city is that it is extremely expensive. Their argument goes something like this: If we want Auckland to be a significant global city, it will attract immigrants and they will drive up the prices of the houses we live in. In the end, Auckland should be a global city like New York, London, Paris. None of them are cheap to live in.

But this line of thought contains a non sequitur: The world's great cities are not great because they are expensive. And cities can be great even if they are not expensive.

In fact, we should not accept a trade-off between greatness and affordability.

To put it another way, imagine a city well connected to the rest of the world, with a vibrant cultural scene, great job opportunities, good schools, universities and transport links. Would such a city not be better if it also provided its residents with decent accommodation?

Or, aren't all the other great amenities that cities provide diminished by a lack of affordable housing?

The ambition to make Auckland a world-class city is admirable. But this ambition should not stop short of making Auckland a liveable and affordable city also.

To counter the most expected objection first, a globally attractive city



There are ways to increase the supply of housing in Auckland, says Dr Oliver Hartwich.

Picture / Greg Bowker

is of course likely to grow. Being attractive literally means attracting people – that is a sign of its success. It is a challenge, then, to accommodate such growth. If we do not, prices will necessarily increase. That is the basic law of supply and demand.

So what Auckland needs is a housing strategy that ensures supply keeping up with demand.

There are no silver bullets that will solve all our problems. We need a combination of the following:

- A relaxation on height and density restrictions.
- The abolition of the Rural Urban Boundary.
- Alternative ways of funding urban infrastructure such as Municipal Utility Districts.
- Financial incentives for councils to increase housing supply, such as

keeping the GST component of every new development project.

At The New Zealand Initiative, we have produced a series of reports which explain how these mechanisms would work to make housing affordable once again.

Suffice to say, there are ways to increase the supply of housing – even though New Zealand has not applied them yet.

What is clear, however, is the fact that ever-rising house prices are not a law of nature. On the contrary, they are only the result of bad policy choices. Empirical evidence from around the world shows how cities that artificially restrict the supply of land for development have seen prices shoot up, whereas other cities with more accommodative planning policies have kept their housing

markets more affordable.

There is a social imperative for making housing more affordable, too. If we do not solve Auckland's housing crisis, or if we actually believe that extreme price levels are a sign of success, we are ignoring the needs of ordinary Aucklanders on average incomes.

Sure, if you are an investment banker, a media personality or a sports star, you will always be able to live a decent life, no matter how expensive the city is. And if you are within this group, you will also benefit most from the amenities that global cities provide.

If, however, you are teacher, a nurse, or shop assistant your experience of city life would be very different. You would then have to put up with all the downsides of extreme

Unaffordable housing does not have to be the price we have to pay for living in a globally connected city. And telling people on average incomes to just put up with it is the modern equivalent of Marie Antoinette's 'Let them eat cake'.

Oliver Hartwich

price levels without being able to participate in metropolitan life.

Is this the kind of society we want to live in? And isn't this kind of social polarisation exactly the breeding ground for populism and resentment we are witnessing overseas?

Unaffordable housing does not have to be the price we have to pay for living in a globally connected city. And telling people on average incomes to just put up with it is the modern equivalent of Marie Antoinette's 'Let them eat cake'.

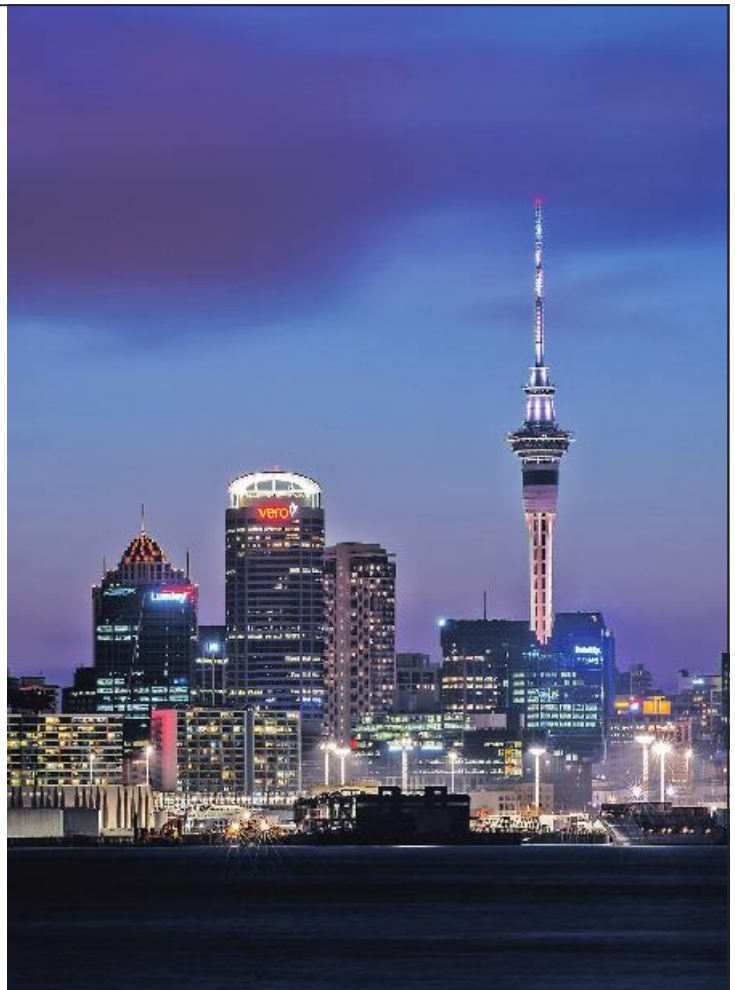
Yes, let's make Auckland a world-class city. But let's also make it the world's most affordable world-class city.

Dr Oliver Hartwich is the Executive Director of The New Zealand Initiative (nzinitiative.org.nz)

Supporting local businesses



www.aucklandchamber.co.nz
09 309 6100



Project Auckland



There's evidence that central Auckland's growth is being held back by capacity constraints, leading to questions about developing a second CBD. Picture / Brett Phibbs

Next steps for booming city

Central Auckland's strong knowledge and service-based economy is generating pressures the rest of Auckland and the Waikato-Bay of Plenty neighbours are starting to happily exploit, writes **Tony Garnier**

The claim is that "the health of New Zealand depends on the wealth of Auckland". True or not, little noticed is that Auckland's importance to securing New Zealand's high and rising living standards has grown to a new level over past six years.

Auckland's GDP per capita (\$54,000 in 2015) is eight per cent higher than the rest of New Zealand, and in the year to March 2015 Auckland contributed 42 per cent of total national GDP growth – up from 35 per cent in 2006.

According to Treasury, Auckland firms are generally more productive than those of the rest of the country. But of real significance is the fact that productivity in central Auckland's business area is 72 per cent higher than the rest of New Zealand (including wider Auckland). This suggests that growing jobs in central Auckland especially will have a bigger impact on national outcomes than elsewhere.

If you accept this, the take-home message of central Auckland's disproportionately higher productivity than the rest of New Zealand is obvious. Auckland's (and New Zealand's) future prosperity depends on its central city labour market, the firms and skills inherent in it, the pipeline of new skills from the education and migration systems, and the nature of jobs it both demands and creates.

The theory – agglomeration economics – is that the concentration of firms and workers in one place increases the thickness of the labour market and effectiveness of connections between firms and workers, making them and the economy more productive.

For Auckland's (and New Zealand's) future success, then, businesses and jobs in central Auckland need to be highly accessible, which in turn heightens the importance of ensuring Auckland's transport system is up to the job and property development growth isn't stifled.

The signs aren't all positive – far from it. Auckland's population is increasing at twice the rate of the rest of New Zealand and faster than other similar sized international cities because of comparatively high birth rates and strong immigration flows.

Housing Taskforce in the wind

A housing taskforce to both assess and chart progress to solve Auckland's housing crisis is in the wind.

"Bringing together government, Auckland Council, developers, academics, economists, community housing providers, financiers, materials suppliers and practitioners is on the cards for early 2017," says Auckland Council's planning committee Chairman, Chris Darby. "The idea is to do a cross-sector stocktake on whether supply and affordability targets are being met, assess data, look at constraints and opportunities and set a refreshed agenda for moving forward."

After three years the special council-government housing accord has enabled close to 40,000 new residences but just 1700 have been built. There has also been a lot of activity undertaken independently of government and council Darby notes.

"A stocktake and refreshed strategy would help establish what dividend we have achieved and what the need going forward is."



New housing at Hobsonville is just a drop in the ocean.

Market assessment suggests an immediate shortfall of 32,000 homes with around 13,000 needed each year to accommodate new growth for the foreseeable future.

The daunting challenge this presents is demonstrated by the 3000-home Hobsonville development – which will take 10

years to complete.

Based on current projections, the Productivity Commission estimated last year that 11 more Hobsonvilles were needed immediately, and then four more needed to be completed each year.

Plainly, we are a long way short of that. – Tony Garnier

Current projections suggest that in 30 years over 80 per cent of the total working age population growth will be in Auckland.

Despite central Auckland's private sector driven building boom and the start of turning the dead-end Britomart rail station into a through station that will double services, there is compelling evidence that the central city's growth is being held back by capacity constraints. Congestion is everywhere. Office space is at a premium. Peak hour bus and train services are crammed, standing room only. And access to central Auckland by private vehicles is being actively discouraged.

One way to address the transport congestion is for residential accommodation to be significantly increased in the city centre – "commuters" can then walk to work. True, more apartments are being built, but

are not affordable options for office workers or a family lifestyle. Instead, most of the "affordable" small-sized city-centred accommodation appears to be taken by international students, an important spending (and tax-generating) group but non-contributors to increasing Auckland's high-value productivity.

No surprise, then, that there is an emerging debate around whether Auckland Council needs to become active to establish a second central business district (CBD). The new Unitary Plan's adoption of "out and up" for housing development offers developers this opportunity – to intensify Auckland's growth of commercial activity into new and/or transformed commercial precincts closer to where people live, especially in South Auckland.

The private sector is not waiting around. To the south, business areas

– Auckland Airport, Manukau, Southdown, Ellerslie/Penrose, East Tamaki and south to Drury, Pukekohe and into northern Waikato – are expanding and changing at a rapid rate, from industrial to commercial and with an emerging tier of professional services.

Each precinct offers a full range of commercial and business services – professional and creative firms, smaller scale private sector training through to an expanding Manukau Institute of Technology. For many Auckland workers, central Auckland might as well be another town or city.

Over the next 30 years, two cities the size of Hamilton will have been built.

Auckland Council's recently appointed Planning Committee chair, Chris Darby, is aware of the trend.

"A strong 'city-centre' core is essential for a thriving Auckland, and some smart work is needed to unlock the

congestion constraints – there is nothing new in that."

But he insists that the commercial and residential development potential of the rest of Auckland's urban core also needs to be strongly supported by Council. He sees the task given by Mayor Phil Goff as leading the challenge to respond to Auckland's big issues of transforming public transport and addressing the housing crises (see panel story), but in a way that addresses connectivity road blocks to where people "live, learn and earn".

With three council-controlled organisations reporting to him (Panuku Development, Auckland Transport and Watercare), Darby wants to see a lot more integration through all tiers in respect of how the CCOs perform – less silo planning and independent project delivery, and more collaboration and co-operation. The rationale is twofold – to accelerate delivery and make better use of scarce capital.

To capture the huge growth and productive potential of South Auckland, he wants to forge a co-ordinated and accelerated agenda linking the triangle of the commercial hubs of Onehunga/Southdown, Manukau and Auckland Airport and the enveloped residential suburbs of Mangere, Otahuhu and Papatoetoe.

There is tremendous leverage when combining Panuku Development's "transform" focus on Onehunga and Manukau with the development potential of Housing New Zealand's extensive land holdings in the triangle.

Where people work, learn and recreate in the triangle should be well connected by fast and frequent public transport services, he insists.

"Getting faster momentum to convert South Auckland's economic development opportunities will be the partnership built with central government and in particular Housing New Zealand, the potential big game-changer in this part of the city."

Moving all Auckland successfully into the next stage of development requires a quantum leap in a number of areas.

- For Darby this includes:
 - Public transport – peak hour

continued on F16

Project Auckland

Fixing the building skills shortage

A new campaign aims to attract more people into the busy construction sector, writes **Graham Skellern**

Traditionally, construction companies are squaring off and bidding against each other for the latest multi-million dollar project. Now they are also banding together to improve the industry's skills shortage in Auckland and in other parts of the country.

Employers, industry groups and Auckland Tourism, Events and Economic Development (Ateed) are participating in the interactive social media campaign, #BuildAKL, designed to attract 4000 young people into Auckland's booming construction and infrastructure sector over the next year.

"This is a great initiative to bring organisations together and highlight the [employment] issue," says Pauline Brown, National Recruitment Manager for Downer Group and a member of the #BuildAKL campaign advisory group.

"We joined up not just for the placement [of workers] but to look at long-term branding and increasing the profile of the construction industry. Many young people don't understand the breadth and depth of the industry."

"There are employment opportunities right across the industry from labour intensive roles through to senior management," says Brown. "There are more entry level roles and options to promote young people into the industry – most companies will pay for training and development and put them through cadetships."

Brown says there's definitely a massive labour shortage in the Auckland market and it's not helped because it's costly to live in Auckland and people are leaving to go to the regions. "It's easier to recruit in the regions."

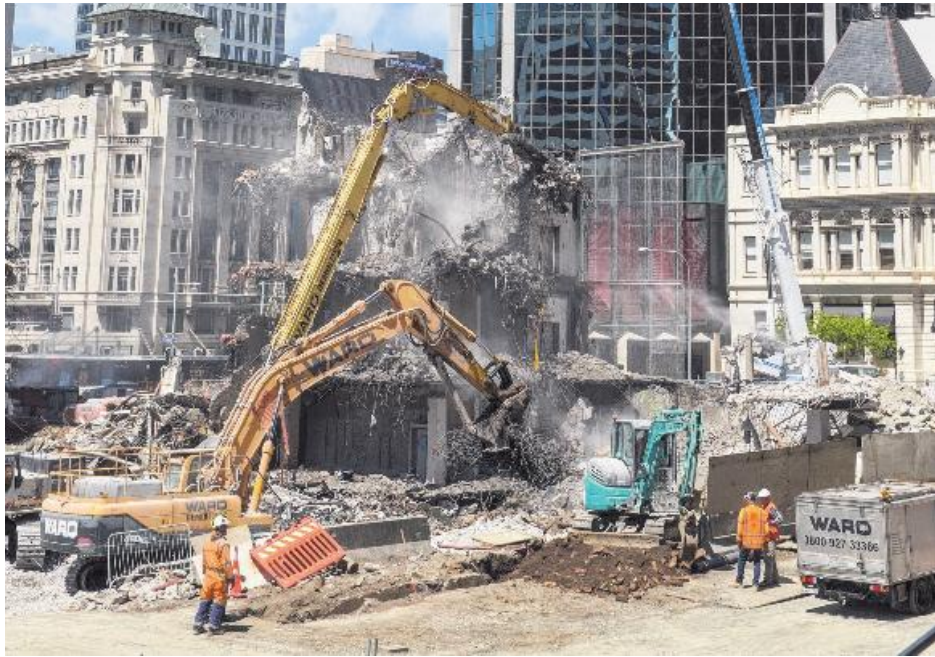
In Auckland alone, more than \$18 billion is expected to be spent over the next decade on key capital projects, and some 400,000 new dwellings need to be built over the next 25 years to cater for the increased population as it nears 2.5 million.

A forecasted 32,000 new people will be required to work in the construction and infrastructure industry over the next few years. Projects such as the City Rail Link, New Zealand International Convention Centre, second harbour crossing, large five-star hotels and the big house building drive in Auckland have collided to produce a strong demand for skilled labour.

While backing local employment, apprenticeships and cadetships (including the Maori and Pasifika Trades Training programme), companies such as Downer are presently having to look overseas for skilled workers in specific roles.

Downer's recruitment team will be visiting the Philippines in the new year to hire staff with technical expertise such as grader drivers and concrete workers.

"We need people with two to five years of experience operating equip-



Auckland is in desperate need of more construction workers.

Picture / Peter Meechan

ment – that's where our [present] challenge is," says Brown.

Downer may also look at recruiting mid-management people from the United Kingdom and Canada later in the year. The group has about 400 roles to fill.

"Our current workbook is very strong and it's going to increase once the digging starts on the City Rail Link," says Brown.

She says Downer has put three groups through the apprentice training programme over the last six months. "We are investing in youth employment."

A Fletcher construction team has attended two employment expos in United Kingdom this year and hired about 60 skilled people from that process. In total, the company's construction division is aiming to hire 400 employees this year.

Fletcher Building's Chief People and Communications Officer Kate Daly says there has never been a better time to work in the industry.

"There is no doubt it is a competitive market for talent, and we counter this by being very active in recruitment of new employees and by being focused on retaining and developing good people we have already employed."

"Each year we invest millions of dollars in training and leadership development," she says.



With 23,000 young Aucklanders not in employment, training or education, we want to lift the lid on the diverse range of job opportunities within the sector by using social media channels which are popular with under-25-year-olds.

Patrick McVeigh
Ateed

Fletcher Building has a \$3 billion backlog of work, and Daly says there are plenty of opportunities across all five business divisions and in the corporate head office.

She says each year Fletcher Building employs about 2000 employees from new graduates through to senior managers.

"As an integrated manufacturer and distributor of infrastructure and building products, we are always looking for good engineers, quantity surveyors, project managers, truck drivers, manufacturing managers, health and safety managers, and other building industry specialisations."

"What people may not realise is we also need professionals with legal, finance, procurement, supply chain, ITC and sales and marketing experience," says Daly.

"While it is a tough market, we are

confident we can find the right people for the right roles as we are used to gearing up or down by as much as 20 per cent in the construction division."

Nancy McConnell, Hawkins Group's general manager corporate affairs, says one of the big things is getting young people to understand what the world of construction can offer them. It's no secret there's a skills shortage given the sustained [construction] boom.

"The important thing is to build awareness and present the opportunities for our young people."

Hawkins is taking on 16 cadets to complete a construction management programme and it had 160 applications. The group spent \$1 million on training in Auckland in the past year, and it is mentoring 35 trainees and apprentices, men and women, in the trades that form the

construction supply chain.

One of the first steps in the #BuildAKL campaign was to select 20 finalists who will compete for 10 four-week paid rotational work placements, starting in January. These young people will work with companies like iTraffic, Hawkins and Watercare and experience different areas of work ranging from traffic management design, water engineering to tunnelling and roading.

Their stories and experiences will be shared on Facebook @buildAKL in an effort to engage and interest more young people in the construction industry.

Patrick McVeigh, Ateed general manager business innovation and skills says the construction and infrastructure sector is a key driver of Auckland's economic growth.

"With 23,000 young Aucklanders not in employment, training or education, we want to lift the lid on the diverse range of job opportunities within the sector by using social media channels which are popular with under-25-year-olds," he says.

"The campaign showcases the diverse range of jobs available and highlights industry training opportunities and projects."

Technology advancements have also broadened the range of roles and expertise required including computer-aided design and engineering, and building information modelling which creates virtual reality models of buildings and other structures.



Pauline Brown



Kate Daly



Nancy McConnell

Planning the next steps for our booming city

continued from F15

trains, buses and ferries are all at capacity – a big step up is critical. Auckland needs to be a lot more ambitious to make better use of existing transport assets, especially in peak hours.

"Motorways are congested but private vehicles are not – most have only one person, the driver and no passengers. Incentives encouraging more efficient use of private vehicles are needed, including more T3 lanes and priority parking for High Occupancy Vehicles (HOVs) at park and

ride facilities and council-controlled car parking buildings."

- "Value-add" urban developments at suburban rail and park and ride stations – park and ride facilities at Albany, Papakura and many other suburban rail and busway stations could be expanded to include medium-rise developments incorporating retail, office space, apartments utilising shared parking.

Around these transport hubs further mixed use residential and commercial development would be encouraged.

"We are only just scratching the

surface with Transit Oriented Development patterns – it works both from a living and value for money point of view."

- Upper North Island context: To be successful as New Zealand's only international city of scale, Auckland's next urban development phase must also look at global city mega trends happening in transport and housing.

"Auckland would develop a lot differently if we had a fast train system," Darby agrees.

"A fast inter-city train like those connecting Paris and Frankfurt would allow people to work in high-

value, productive jobs in central Auckland and live 120km away in Hamilton".

Commuters would get on the train, plug in their laptops and go to work for the 45-minute commute. In turn, a fast train network linking the Waikato and Bay of Plenty regions might contribute to solving Auckland's housing problems, making them more affordable and attractive to families wanting a less stressful city commute lifestyle.

"Proximity to work becomes more a question of time rather than distance with rapid mass-transit"

A fast Auckland-Waikato commuter train service is a conversation that neighbour regions have raised from time to time.

As the upper North Island closes in on being home to more than half of New Zealand's population, getting a business case together to support including a modern, rapid inter-city rail investment on the Project Auckland action agenda looks to have merit – a work in progress for Darby to lead?

Tony Garnier is an Auckland-based business consultant

Project Auckland

Public transport use on the rise

Along with housing, getting around Auckland is the biggest challenge our city faces, writes **Dr Lester Levy**

We live in exciting and challenging times in Auckland as we deal with an inherited legacy transport infrastructure deficit as well as unprecedented growth in our population. This provides us with some extreme challenges and has really put transport in Auckland under the spotlight.

Housing and transport are the critical issues in Auckland and have attracted a lot of attention from the public, government and council. This is not going to go away, there is no quick, simple fix, and as the population increases the pressure will remain on us to find new solutions.

Fifty five per cent of New Zealand's recent population growth has been in Auckland where the population will reach 1.6 million this year.

Fundamentally this means that Auckland will have grown by over 125,000 people in the past three years, effectively absorbing a city the size of Tauranga.

In this context, Auckland Transport is placing more emphasis on two of the board's key strategic priorities, which are public transport, and walking and cycling.

Public transport is clearly important because it has the capacity to move many people, quickly and effectively. The new electric trains, AT Hop and key rail station developments are already revealing their worth through record public transport use on the city's rail network.

Other public transport initiatives such as the deconstruction and reconstruction of the entire Auckland



Public transport is the critical centrepiece and our biggest opportunity to solve the transport problems in Auckland, says Dr Lester Levy (left), but infrastructure alone is not the solution.

bus system through the Public Transport Operating Model (PTOM) are in an emerging phase, but have very significant potential to be "game-changers" within the Auckland transport landscape.

Bus generally does not get the same profile as trains but nonetheless is critical to transport in Auckland. In point of fact, bus is the backbone of public transport accounting for around 80 per cent of the total public transport use in Auckland.

The redesign of the bus service network is the biggest change for Auckland public transport in recent decades with the first stage implemented in South Auckland in October.

Along with simpler fares, the new bus network will offer for the first

time a new value proposition for public transport in Auckland similar to successful overseas cities.

Within Auckland's public transport model, rapid transit stands out as the real opportunity. In Auckland people have already voted with their feet as shown by the annual compound growth of the northern network busway and the rail network.

An increasing share of our public transport network usage, and certainly our growth, is related to the rapid transit network. We plan to extend and enhance this network with the City Rail Link, the augmented Northern busway, the Ameti busway, the Northwestern busway, and a mass rapid transit solution across the isthmus and out to the airport.

Cycling and walking also have an

important and growing role to play as part of the transport solution. Again there are obvious congestion benefits in getting people out of cars, as well as documented health benefits.

Safety has always been a barrier for people wanting to get around Auckland's busy roads on two wheels, which is why we are investing in more on and off-road cycleways, assisted by funding through the Government's urban cycleway programme.

This is another case of "if you build it, they will come" – just last week the Quay Street cycleway, which was opened just a few months ago, logged its 100,000th trip. Thanks to initiatives like the 7km path between Glen Innes and St Heliers (the first section of which was opened by

Mayor Phil Goff and the Minister of Transport Simon Bridges last week) commuter and recreational cycling numbers are at record levels.

While public transport is the critical centrepiece and our biggest opportunity to solve the transport problems in Auckland, realistically we aren't going to be able to build our way out of it, and infrastructure alone will not be the solution. We will need to turn to complementary measures such as demand management, which includes elements as diverse as parking strategies and road pricing.

However, demand management in itself will also not be enough so we will need to quickly adapt and rollout emerging technologies, many of which may seem like science fiction but are in fact an impending reality.

Here we are talking about driverless cars for example, which are an exciting and high-potential opportunity.

Ultimately the solution will be a thoughtful and considered mix of infrastructure development, a range of demand management techniques and intelligent transport technologies.

The rate at which new technologies and interventions can be introduced and taken up will determine the extent of infrastructure that will need to be developed.

New infrastructure will necessarily be part of the mix but these two other elements will play an increasingly critical balancing role.

Dr Lester Levy is Chairman of Auckland Transport



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Project Auckland

Plan infrastructure decades ahead

We need a 'big-picture approach' when it comes to building our communities, writes **Connal Townsend**

Infrastucture provision and more specifically the ability to link the housing developments with key infrastructure such as water, transport and electricity is vital to building a thriving, vibrant city that we all want to live and work in.

The best result for cities is to take a long-term view and for governments and councils to work with developers in building communities and cities that are well supported by infrastructure.

Developers understand this and spend much time considering factors like proximity to public transport and the surrounding infrastructure in determining if a project is worth doing.

But often there is friction between developers and planners when it comes to looking at and addressing infrastructure requirements needed to support both current and future population growth.

Rail, roads, water supply and sewerage infrastructure all come with a large amount of cost and disruption, however they are all inherently important factors when facilitating future growth.

The main challenge will always be that infrastructure is expensive and very time-consuming to make available. Also, it is mostly over the long term that debts raised to pay for them are able to be paid off.

For too long New Zealand's "number eight wire" and "she'll be right" attitude towards infrastructure and a "just-in-time" philosophy has impacted timely provision of infrastructure as well as economic productivity.

Auckland provides a perfect illus-



The Auckland Harbour Bridge is a good example of where Auckland got infrastructure wrong in the past.

Picture / Jason Oxenham

tration of this with an incomplete motorway system, a harbour bridge that needed the "Nippon Clip-ons" ten years after first opening, and now a City Rail Link that has possibly compromised its potential through reducing stations and access points. We still do not have a motorway to the airport.

In New Zealand, we traditionally develop housing first and then think about the infrastructure needed. We also do not develop housing or infrastructure in an integrated manner or at a large enough scale.

There is no big-picture approach

in how we build our cities, towns, and communities. Instead, we develop incrementally, adding bits here and there, which is short-sighted and can lead to poor urban outcomes.

Cities exist because of people, and people need not just a house but a home.

Cities are where we go to work, play and live. Their sheer size and scale give us opportunity.

Infrastructure benefits everyone – the residents of the new homes, existing residents, businesses, tourists.

Traditionally, housing infra-



For our cities to become and remain economically and socially prosperous, we need a variety of housing, and enough of it ... It needs to be supported by quality infrastructure.

Connal Townsend
Property Council New Zealand

structure is funded by developers through a "development contribution" levy. This just makes housing more expensive as it is added to the cost of the house.

Exacerbating housing affordability is the last thing we want in a housing crisis.

The Government's \$1 billion housing infrastructure fund, when it is up and running, will be a good start. Despite the large headline figure, it is just a drop in the ocean given the need in Auckland but it must also cover Hamilton, Tauranga, Christchurch, and Queenstown.

Labour is talking bond financing. Targeted rates to spread the cost over years instead of capitalising at the outset into a more expensive house is also a good idea. We need all the tools we can get.

We also need a culture change in councils to recognise infrastructure as an investment in a liveable city.

They need to move away from the "just in time" approach currently favoured to planning infrastructure decades out, and building in spare capacity from the start.

Leaving construction too long will act as a choke on growth and risks infrastructure that is obsolete from the start.

For our cities to become and remain economically and socially prosperous, we need a variety of housing, and enough of it that reflects the specific needs and aspirations of a city's inhabitants. It needs to be supported by quality infrastructure, and enough of it.

So, let's be bold, think nimbly and set in motion the momentum needed to build the sorts of cities we all want to live in both now and in the future.

Connal Townsend is Chief Executive of Property Council New Zealand

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Project Auckland

Mobile data is main priority

Spark is making sure the Auckland region is well covered with mobile connection, reports **Bill Bennett**

If you want fast wireless data now, move to Silverdale. Spark recently installed one of the world's first 4.5G mobile sites in the suburb.

The tower there can handle about five times as many connections as today's 4G cellular sites. Data speeds are three, four or even five times faster than you'd see elsewhere.

It's a taste of the future. With the right equipment, people can download at gigabit speeds, although 4.5G devices are not available yet. In a few years, however, gigabit mobile data will be the new normal.

Spark New Zealand chief operating officer Mark Beder says the company chose Silverdale for its second 4.5G site because it's a fast-growing area. It is typical of how Auckland's outer areas will expand in coming years as the city continues to expand.

Silverdale also has several business parks and there are huge new residential developments underway. He says the Silverdale mobile tower already sees higher than usual traffic.

The company has another 4.5G site in central Christchurch and both foreshadow a move to 5G mobile data networks sometime after 2020. Spark is investing in the spectrum, equipment and infrastructure needed to support next generation wireless. The company is pushing to get there early because it anticipates that's what customers will want.

Beder says demand for mobile data is growing at a huge pace as communications moves centrestage in people's lives.

"That means we need to look at it in a different way. People have long viewed services such as power and water as essential. At Spark we see communications and the infrastructure needed to support it in the same light.

"We'd like to see more consideration given to telecommunications infrastructure and for councils and others to include it in their planning. It needs to be included in planning for other infrastructure such as roads, tunnels and railways.

"People have become a lot more dependent on communications. Not just voice but also data."

He says the need is there and so is the consumer desire.

"Take my family as an example. If we look back five years, our use of data has grown exponentially. We've gone from something like 5GB of data a month to 150GB.

"The way we use information technology now is also different. It's become an essential service for our customers."

Five years ago, cellphones were all about voice calls and text messages.



Silverdale is now home to one of the world's first 4.5G mobile sites, which can handle five times as many connections as 4G sites.



We'd like to see more consideration given to telecommunications infrastructure and for councils and others to include it in their planning. It needs to be included in planning for other infrastructure such as roads, tunnels and railways.

Mark Beder, Spark New Zealand chief operating officer

Today they are pocket computers. People use them more for connecting to the internet. They use phones to pay bills, shop and hail rides.

Mobile is also about entertainment as well as work. Beder says.

"Who would have guessed five years ago there would be hundreds of people on the streets playing Pokemon Go?"

"We use our phones to download music with services like Spotify and

to watch video on services like Lightbox."

He says about two-thirds of Spark customers use their phones to connect to the internet. When it comes to those customers aged between 18 and 29 that number climbs to 85 per cent.

Beder says one of the drivers for Spark's Auckland infrastructure investment is to ensure the right level of coverage as the city expands.

"We want to stay ahead of the game. An example of this is the 4.5G towers. The devices aren't ready yet, but we want our network to be ready when they are."

A decade or so ago most of the attention went on covering the central business district. Now the focus is on the wider Auckland region all the way from Drury to the Rodney district.

Beder says investment is critical to get the right service and capabilities out there for our customers.

"It's not just about expanding the coverage but increasing the capacity."

One example of this is the new Waterview Tunnel, expected to open early next year. Beder says Spark invested to deliver good connectivity and coverage as travellers pass through the tunnel.

Likewise, there has been considerable investment on the waterfront and around the Britomart area to

ensure networks are not swamped when cruise ship passengers arrive with hundreds of roaming mobile phones.

It's not just mobile. Beder says Spark has also been investing in building the fibre and optical transport networks to support its operations. The investment isn't likely to stop soon.

He says Spark is already planning to increase capacity in Auckland as the city grows over the next 10 to 20 years.

Resilience is an important part of this planning. Beder says it is built in to all Spark's networks which are designed with alternative routes and back-ups.

He says his team was at the office within an hour of the recent earthquake in Kaikoura, and staff worked with other telcos to restore communications in the town. But even careful planning isn't always enough.



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Modern Auckland is a perky gold-digger, over-talkative but full of ideas, mildly interested in the arts and much in love with life. She's very good company.

- JC Reid

Project Auckland

Building a world-class city



An artist's impression of the proposed Downtown Tower at Commercial Bay, which is due for completion in 2019.

Picture / Precinct Properties

Auckland will be a completely different city five years from now, Heart of the City's Viv Beck tells **Bill Bennett**

Auckland is now well on the road to becoming a "world-class harbour city", says Heart of the City chief executive Viv Beck.

She says the city is now going through the most significant change in its history. For evidence, look up at the cranes on the horizon. There have never been so many active at one time.

Beck says the accelerated development is a sign of new-found confidence in the city. She says it will be a different place to live and work five years from now.

"It will be better for all the groups of people who use the city. There's a development plan for residents, there's a development plan to support business and there's a development plan to support visitors to the city. Most people see that as positive."

There's hard evidence to back Beck's optimism.

"We've got more people coming to live in Auckland. There are more people visiting the city. We measure things like pedestrian counts and spend, these indicators are good. If you look at the numbers for office space and retail vacancies, they show growth and a thriving city. We've got developing public transport and the perceptions are good."

Taken together this makes a city successful on an international scale. It is important to have a vibrant city centre — a busy place that people enjoy.

Yet Auckland is not without challenges.

One of Beck's top concerns is for the city to stay vibrant when there is so much disruption.

Among other things this means keeping as much commercial activity going while developments like the City Rail Link result in closed streets and diversions.

The art of managing this comes down to getting the various organisations to work together and co-ordinate their efforts.

"You wouldn't make a major change to a company without drawing up a clear plan of the different



Artists' impressions of the new Park Hyatt (left) and Downtown Tower's outdoor room.
Pictures / Panuku, Precinct Properties

things you need to do and who is involved. We have a massive change going on here. It can't just happen with individual projects where no thought is given to the consequences on other projects and on businesses. There are people working here and people living here. There are cruise ships arriving delivering people to Lower Queen St. It's important all these things are considered."

This is the focus of Heart of the City's work.

Beck says it means talking to the people involved in the projects and raising the importance of these issues.

"We want them to reflect on the impact on business through the change and understand that a city is about many components that must work together. Things can't happen in isolation."

Take the CRL, Beck says building a new rail line through the city centre is a significant engineering feat. When it is complete people will be able to come and go in ways they can't do

now. "But it can't happen in isolation of its impact on business and on other people who use the city. We're now moving towards having the right conversations with the right people and making sure it all happens in a more co-ordinated way", she says.

Beck says you don't want to let everything rip, then come in behind and pickup the pieces.

Another concern is the impact of homelessness and begging on central Auckland. It is a complex problem and there is no single, simple solution. Beck's plan is to make sure homeless people can have help if they need it.

This means bringing interest groups together in a broader discussion: the social services organisations, but also business and the council. "We got good traction by first deciding that we have to end homelessness in the city, we don't just want to manage it. We need people to join forces to resolve the issue," she says.

We got good traction by first deciding that we have to end homelessness in the city, we don't just want to manage it. We need people to join forces to resolve the issue.

Viv Beck (left)
Heart of the City

"There's an initiative called Housing First which different providers are getting behind. The new City Missioner Chris Farrelly was great when he came on board. Another organisation called Lifewise was already working on homelessness. Now they are working together."

The model means giving people a home first, then wrapping other support services around them. There is targeted rate-funding for short-term emergency housing at James Liston

Hostel. From there they should move to a home.

Auckland is still a work in progress and while the focus is on five years from now when the City Rail Link opens, several developments will be complete sooner. These include the Commercial Bay development at the bottom of Queen St, part of which is scheduled to open in 2018, and the SkyPath project to build a walking and cycle route over the Harbour Bridge. A new five-star Park Hyatt hotel will open in the Wynyard Quarter in the same year.

Next year will see improvements to Freyberg Square which will revitalise High St.

But Beck warns against complacency. She says it is important to think even further ahead and determine long-term priorities for the city. She says we don't want to get caught up again and need to do a lot of catching up in a hurry.

This includes planning for a stadium. She says that is aspirational and may not happen for 15 years, but it is important to have a stadium within walking distance of the central city.

"We need to start thinking about it now. It means bringing together the various organisations with an interest in a new stadium now, not leaving it to the last minute".