

Thank you Sir and members of the Board.

The purpose of my representation to you today is to outline the reasons why the Board should decline the application before it. The reasons are clear and simple.

On page 5 of his evidence, NZTA Highways Manager Brett Gliddon set out the principles by which the Transport Agency must operate.

Under section 96 of the Land Transport Management Act, the Agency must exhibit a sense of social and environmental responsibility. It must use its revenue in a manner that seeks value for money. Of particular relevance to our argument, it must act in a transparent manner in its decision making under the Act.

While Mr Gliddon contends that:

The Transport Agency is required at all times to act in accordance with its statutory roles and [responsibilities] and takes those obligations very seriously

our evidence shows that decision making has been anything but transparent in relation to this project.

It is perhaps arguable whether or not a Board of Inquiry is the right place to test whether the Land Transport Management Act has been followed, but I put it to the Board that it should not be confirming a project that potentially falls outside of the law. It is right and proper for the Board to inquire if the Land Transport Management Act has been followed. If it is not the responsibility of the Board, then there aren't any other avenues where section 96 of the LTMA is enforced, except perhaps through a judicial review.

Of course, the Resource Management Act also has provisions in relation to the consideration of alternatives. Section 171(1)(B) requires that the Board consider whether adequate consideration has been given to alternative routes.

In the Basin Bridge decision, which was upheld by the High Court, it was found that the consideration of alternatives had been inadequate. On page 367 of that decision, the Board found that there was a lack of transparency and replicability of the option evaluation, and a failure to adequately assess non-suppositious options, particularly those with potentially reduced environmental effects.

It is our contention that the same short-comings can be found in the proposal before this Board today.

Under cross-examination, Mr Williamson insists that the assessment of alternatives for this project has been logical, transparent and replicable. He stated that was true in an economic sense as well. (p.4090 of the transcript)

But Mr Williamson also stated that the economic evaluation tool was, in his opinion “the most well-developed economic assessment tool within the public sector in New Zealand by a long way.” (p.4087 of the transcript)

It is difficult to understand, therefore, how the recommendation of this economic evaluation tool, which was not Option F but Option B, has been ignored by the NZTA. The NZTA talk about the enduring benefits of Option F. Enduring benefits are defined in the indicative business case as the change in daily mean travel time from 2026 to 2036, but this time period is already included in the 40 year timeframe of the standard economic evaluation methodology.

The NZTA claim that the Multi-Criteria Analysis also supports Option F, but this is by no means clear when we look at that study. Mr Curtin in his economic evidence states that the NZTA “*should have made clear how it weighed those alternatives against each other*”, and we support this view.

The decision making process that lead to the selection of Option F is opaque. Although one of the authors of the Indicative Business Case, Mr Williamson states that he was not responsible for the conclusion that option F was the best option. Mr Williamson could not answer the question about who was responsible for the conclusion that Option F was the best option, stating that was a question for the New Zealand Transport Agency – a question that to date has not been answered adequately.

In our evidence we also discussed the economic evaluation of option F itself in the Detailed Business Case. It isn't clear to us why benefits in the Detailed Business Case increase by \$200m from the figure in the Indicative Business Case. In determining a BCR of 1.9, some \$453m of agglomeration benefits have been included. As far as I understand them, agglomeration benefits are very difficult to calculate and are usually associated with CBD type office workers/ knowledge based work clustering together, not trucking businesses. In this case, agglomeration benefits are 36% of transport benefits. This seems very high. There is no real analysis of why 36% was chosen for the Detailed Business Case while for the Indicative Business Case 25% was chosen (Appendix P).

Without agglomeration benefits, the BCR falls to 1.4

Mr Curtin's final comment in his evidence was *that we do not appear to have the transparency around the most current calculations of benefits and costs that he would have expected to have been available at this advanced stage of a major infrastructural project*, and we support that view.

There has been some discussion about whether a quantified economic analysis is actually required within the context of the RMA.

Certainly there have been projects with very low benefit cost ratios that have been approved by Boards of Inquiry. For instance, in his cross-examination of Mr Norman on page 3279 of the transcript, Mr Mulligan points out that the BCR for Transmission Gully was 0.82. In other words, on the face of it, constructing Transmission Gully would yield 82c to the economy for every dollar invested. Similarly, Puhoi – Warkworth was confirmed even though quantified benefits and costs were not presented to the Board in evidence. Subsequent Official Information Act enquiries found a detailed business case did exist at the time, containing a BCR of 0.92 when considering conventional benefits.

However, it is our contention that, even if not strictly required in a legal sense, there is value in quantifying benefits and costs for any proposal before a Board of Inquiry.

The core decision a Board needs to make is to weigh up the economic benefits against the environmental cost. It is difficult to do this without an up-to-date economic assessment of benefits.

On the question of costs, I note the question posed from Mr Bickers who on page 711 of the transcript asks “ *Let's say the benefit cost ratio is less than one, let's say it was 0.8, why should the application be declined? ... At the end of the day, it's a matter between the NZ Transport Agency Board and the government that provides its funding.*”

Our response to that is that it is not the NZTA itself funding the project before us today. It is taxpayers. And as the Land Transport Management Act states, the NZTA must seek value for this money. In the current National Land Transport Programme 2015 -2018, revenue from fuel excise duty is expected to be \$5.5bn. That's \$1.83bn per year, which is the upper bound of the expected cost of this project. In other words if this project was to be funded solely from fuel excise tax, then every motorist in NZ will be taxed at the pump for a year to pay for it. Every time they fill up, at least \$30 + GST will go to the NZTA for this project. That's quite an opportunity cost. More worthwhile projects will not proceed or be pushed out to the distant future if this project is approved.

For the reasons set out above, we believe the decision the Board has to make is a simple one. Decline this application.

This is a project opposed by the majority of individual and business submitters to the Board of Inquiry. It is not supported by iwi.

It is opposed by Mercury Energy, which own the Southdown power station site in the path of the motorway.

Declining the application will not lead to an adverse outcome for the economy or the environment.

It will give the NZTA an opportunity to present an option that local individuals and businesses actually support. An option that makes better use of public transport options and active modes like walking and cycling. An option that doesn't make rail to the airport from Onehunga more difficult. An option that doesn't sever Onehunga from the foreshore, or involve one of the largest reclamations in New Zealand's history. An option that will cost less and so leave money available for more worthwhile projects.

That concludes my representation. Thank you for this opportunity to present to you today.